

Winton Land Limited

Independent Adviser's Report

In Respect of the Proposed Acquisition of Shares by TC Akarua 2 Pty Limited (as trustee of the TC Akarua Sub Trust) from Wanaka Partners, LLC

December 2023

Statement of Independence

Simmons Corporate Finance Limited confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report; and
- has no direct or indirect pecuniary or other interest in the proposed transaction considered in this report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Simmons Corporate Finance Limited has satisfied the Takeovers Panel, on the basis of the material provided to the Takeovers Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

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1. Introduction

1.1 Background

Winton Land Limited (**Winton** or the **Company**) is a residential land developer that specialises in developing integrated and fully masterplanned neighbourhoods. Across its 14 masterplanned communities, Winton has a portfolio of 26 projects expected to yield a combined total of approximately 6,400 residential lots, dwellings, apartment units, retirement village units and commercial lots.

Winton's shares are listed on the main equities securities market (the **NZX Main Board**) operated by NZX Limited (**NZX**) and the Australian Securities Exchange (**ASX**) with a market capitalisation of approximately \$736 million as at 18 December 2023. Its audited total equity was approximately \$510 million as at 30 June 2023.

A profile of Winton is set out in section 3.

1.2 TC Akarua 2 Pty Limited (as trustee of the TC Akarua Sub Trust)

TC Akarua 2 Pty Limited (as trustee of the TC Akarua Sub Trust) (**Akarua**) is Winton's second largest major shareholder. It currently holds 59,293,085 ordinary shares in the Company, representing 19.99% of the shares on issue.

The shares are held by Perpetual Corporate Trust Limited (**Perpetual**) as custodian for Akarua.

Akarua is a real estate investment vehicle that is managed by Macquarie Real Estate Management (Australia) Limited (**MREMAL**).

1.3 Wanaka Partners, LLC

Wanaka Partners, LLC (**Wanaka Partners**) is Winton's fourth largest shareholder. It currently holds 20,843,479 ordinary shares in the Company, representing 7.03% of the shares on issue.

Wanaka Partners is an investment vehicle which is organised in the state of Delaware, United States. It is affiliated with Spring Street Partners, LP (**Spring Street**) and is owned primarily by interests associated with David Liptak. Mr Liptak is a non-executive director of Winton. Spring Street is a privately owned investment firm that has managed capital since 1995.

1.4 Proposed Acquisition of Shares

On 17 November 2023, Akarua and Wanaka Partners entered into the *Agreement for Sale and Purchase of Shares in Winton Land Limited* (the **ASP**), pursuant to which Wanaka Partners agreed to sell 14,830,687 fully paid ordinary shares in Winton to Akarua for \$2.50 per share (the **Share Transactions**).

The 14,830,687 shares represent 5.00% of Winton's total shares on issue.

The Share Transactions are to be completed in 2 tranches:

- under the first tranche, Akarua acquired 7,839,521 shares on 2 December 2023, resulting in Akarua controlling 19.99% of the voting rights in the Company (the **First Tranche**)
- under the second tranche, Akarua will acquire 6,991,166 shares, resulting in it controlling 22.35% of the voting rights in Winton (the **Share Acquisition**).

Completion of the Share Acquisition is conditional upon the Company's shareholders not associated with Akarua or Wanaka Partners (the **Non-associated Shareholders**) approving the Share Acquisition by way of an ordinary resolution.

1.5 Impact of the Share Acquisition on Shareholding Levels

The Share Acquisition will result in Akarua's shareholding increasing by 2.36% from 19.99% to 22.35% and Wanaka Partners' shareholding reducing by 2.36% from 7.03% to 4.67%.

The Non-associated Shareholders' shareholdings in the Company will not change. They will collectively hold 72.98% of the ordinary shares in the Company before and after the Share Acquisition.

Impact of the Share Acquisition on Shareholding Levels					
	Current		Share Acquisition	Post the Share Acquisition	
	No. of Shares	%	No. of Shares	No. of Shares	%
Akarua	59,293,085	19.99%	6,991,166	66,284,251	22.35%
Wanaka Partners	20,843,479	7.03%	(6,991,166)	13,852,313	4.67%
Non-associated Shareholders	216,477,172	72.98%	-	216,477,172	72.98%
	<u>296,613,736</u>	<u>100.00%</u>	<u>-</u>	<u>296,613,736</u>	<u>100.00%</u>

1.6 Summary of Opinion

Our evaluation of the merits of the Share Acquisition as required under the Takeovers Code (the **Code**) is set out in section 2.

In our opinion, after having regard to all relevant factors, the positive aspects of the Share Acquisition outweigh the negative aspects from the perspective of the Non-associated Shareholders.

1.7 Special Meeting of Shareholders

Winton is holding a special meeting of shareholders on 22 January 2024 where the Company will seek shareholder approval of the Share Acquisition (the **Share Acquisition Resolution**).

The resolution is an ordinary resolution, which is a resolution passed by a simple majority of votes of those shareholders entitled to vote and voting on the resolution in person or by proxy.

Akarua and Wanaka Partners and their respective associates (as defined in the Code) are not permitted to vote on the Share Acquisition Resolution.

1.8 Regulatory Requirements

Winton is a code company as it is listed on the NZX Main Board (and has financial products that confer voting rights) and is subject to the provisions of the Code.

Rule 6 of the Code prohibits:

- a person who holds or controls no voting rights or less than 20% of the voting rights in a code company from holding or controlling an increased percentage of the voting rights in the code company unless, after that event, that person and that person's associates hold or control in total not more than 20% of the voting rights in the code company
- a person who holds or controls 20% or more of the voting rights in a code company from holding or controlling an increased percentage of the voting rights in the code company

unless done in compliance with exceptions to this fundamental rule.

One of the exceptions, set out in Rule 7(c) of the Code, enables a person to increase its holding or control of voting rights by an acquisition of shares if the acquisition is approved by an ordinary resolution of the code company (on which none of that person, the person disposing of the shares and their respective associates, may vote).

The Share Acquisition will result in Akarua increasing its control of the voting rights in Winton from 19.99% to 22.35%.

Accordingly, the Non-associated Shareholders will vote at the Company's special meeting on the Share Acquisition Resolution.

Rule 18 of the Code requires the directors of a code company to obtain an Independent Adviser's Report on the merits of an acquisition under Rule 7(c).

This Independent Adviser's Report is to be included in, or accompany, the notice of meeting pursuant to Rule 15(h).

1.9 Purpose of the Report

The Winton directors not associated with Akarua or Wanaka Partners, being Julian Cook, Guy Fergusson, Steven Joyce, Chris Meehan, Michaela Meehan and Glen Tupuhi (the **Non-associated Directors**), have engaged Simmons Corporate Finance Limited (**Simmons Corporate Finance**) to prepare an Independent Adviser's Report on the merits of the Share Acquisition in accordance with Rule 18 of the Code.

Simmons Corporate Finance was approved by the Takeovers Panel on 30 November 2023 to prepare this Independent Adviser's Report.

Simmons Corporate Finance issues this Independent Adviser's Report to the Non-associated Directors for the benefit of the Non-associated Shareholders to assist them in forming their own opinion on whether to vote for or against the Share Acquisition Resolution.

We note that each shareholder's circumstances and objectives are unique. Accordingly, it is not possible to report on the merits of the Share Acquisition in relation to each shareholder. This report on the merits of the Share Acquisition is therefore necessarily general in nature.

This Independent Adviser's Report is not to be used for any other purpose without our prior written consent.

2. Evaluation of the Merits of the Share Acquisition

2.1 Basis of Evaluation

Rule 18 of the Code requires an evaluation of the merits of the Share Acquisition having regard to the interests of the Non-associated Shareholders.

There is no legal definition of the term *merits* in either the Code or in any statute dealing with securities or commercial law in New Zealand.

In the absence of an explicit definition of merits, guidance can be taken from:

- the Takeovers Panel *Guidance Note on Independent Advisers* dated 1 November 2023
- definitions designed to address similar issues within New Zealand regulations which are relevant to the proposed transaction
- overseas precedents
- the ordinary meaning of the term *merits*.

We are of the view that an assessment of the merits of the Share Acquisition should focus on:

- the rationale for the Share Acquisition
- the terms and conditions of the Share Acquisition
- the impact of the Share Acquisition on the control of Winton
- the impact of the Share Acquisition on Winton's share price
- other issues associated with the Share Acquisition
- the implications if the Share Acquisition Resolution is not approved.

Our opinion should be considered as a whole. Selecting portions of the evaluation without considering all the factors and analyses together could create a misleading view of the process underlying the opinion.

2.2 Summary of the Evaluation of the Merits of the Share Acquisition

The Share Acquisition involves the acquisition of 2.36% of the ordinary shares in the Company by Akarua from Wanaka Partners, resulting in Akarua holding 22.35% of Winton's shares and Wanaka Partners holding 4.67% of the shares in the Company. The Non-associated Shareholders will continue to collectively hold 72.98% of the Company's shares.

The Non-associated Shareholders have 3 alternatives with regard to their voting on the Share Acquisition Resolution:

- vote in favour of the resolution, in which case, if sufficient votes are cast in favour of the resolution, the Share Acquisition will proceed, or
- vote against the resolution. In the event that the resolution is not passed, then the Share Acquisition will not proceed and Akarua and Wanaka Partners will continue to hold 19.99% and 7.03% of the Company's shares respectively, or
- abstain from voting, in which case the voting of the other Non-associated Shareholders will determine the outcome.

In our opinion, the positive aspects of the Share Acquisition outweigh the negative aspects from the perspective of the Non-associated Shareholders.

Our evaluation of the merits of the Share Acquisition is set out in detail in sections 2.3 to 2.9.

In summary, the positive aspects of the Share Acquisition, from the perspective of the Non-associated Shareholders, are:

- the rationale for the Share Acquisition is sound:
 - Wanaka Partners wishes to monetise a portion of its investment in Winton following the end of escrow arrangements over the shares it holds
 - given the liquidity (or lack thereof) of the Company's shares, we do not consider it feasible for Wanaka Partners to be able to sell the 5.00% shareholding at a reasonable price over a relatively short timeframe other than via the Share Transactions
- the terms and conditions of the Share Acquisition are reasonable
- Akarua and Wanaka Partners have agreed to reimburse the Company's external costs associated with the special meeting of shareholders.

In our view, there are no major negative aspects of the Share Acquisition, from the perspective of the Non-associated Shareholders.

In summary, from the perspective of the Non-associated Shareholders, the Share Acquisition is unlikely to have any material impact on the following matters:

- the Share Acquisition will not have any significant impact on the level of control over shareholder voting from the perspective of the Non-associated Shareholders:
 - Winston's largest shareholder Korama Limited (**Korama**) holds 55.06% of the Company's shares and can singlehandedly block any special resolution and determine the outcome of any ordinary resolution. Korama holds the shares as trustee of the Amarak Trust (a trust associated with Winton's co-founders – executive chair and chief executive officer Chris Meehan and non-executive director Michaela Meehan)
 - Akarua currently controls 19.99% of the Company's voting rights and cannot singlehandedly pass or block a special resolution or an ordinary resolution
 - following the Share Acquisition, Akarua's 22.35% shareholding will still not be able to singlehandedly determine the outcome of any special resolution or ordinary resolution (although in reality it may be able to block a special resolution as not all shareholders tend to vote on resolutions)
- following the Share Acquisition, Akarua will still not be able to utilise the *creep provisions* of the Code, which enable entities that hold more than 50% but less than 90% of the voting securities in a code company to acquire up to a further 5% of the code company's shares per annum
- immediately following the Share Acquisition, David Liptak will retire as a director from Winton's board of directors (the **Board**). The Share Acquisition will have no other impact on the composition of the Board in the near term
- the Share Acquisition will have no impact on the level of control exerted over the Company's operations by Akarua

- the Share Acquisition is unlikely to have any significant impact on Winton's current share price
- the Share Acquisition is unlikely to have an impact on the liquidity of Winton's shares unless Akarua decides to sell some or all of its shareholding
- the Share Acquisition will have no dilutionary impact on the Non-associated Shareholders' voting rights as no new shares will be issued
- the Share Acquisition is unlikely to have an impact on the attraction of Winton as a takeover target to any significant degree.

The implications of the Share Acquisition Resolution not being approved by the Non-associated Shareholders are that the Share Acquisition cannot proceed and Akarua and Wanaka Partners will continue to hold 19.99% and 7.03% of the Company's shares respectively. However, Korama has stated that it intends to vote in favour of the Share Acquisition Resolution and therefore if Korama votes as it states it will, then the Share Acquisition is certain to proceed as Korama holds 55.06% of the Company's voting rights.

2.3 Rationale for the Share Acquisition

The Share Acquisition is the second leg of the Share Transactions, where Wanaka Partners has agreed to sell 14,830,687 Winton shares (5.00% of the total shares on issue) to Akarua in 2 tranches. The First Tranche was completed on 2 December 2023.

Wanaka Partners was originally a private investor in Winton. Prior to Winton undertaking a \$350 million initial public offering (IPO) in December 2021, Wanaka Partners held 13.94% of the shares in the Company.

Following the IPO, Wanaka Partners has held a 9.67% shareholding in Winton.

Akarua subscribed for \$200 million of shares under the IPO, resulting in it holding 17.35% of the shares in the Company prior to the First Tranche.

As part of the IPO, Wanaka Partners and Akarua entered into escrow arrangements whereby they agreed not to sell or otherwise dispose of 75% of their shares until Winton released to NZX its results announcement for the 2023 financial year. The results announcement was released on 22 August 2023.

The 14,830,687 shares subject to the Share Transactions represent 52% of the shares held by Wanaka Partners.

Given the end of the escrow arrangements, Wanaka Partners decided that it wished to monetise a portion of its investment in Winton. Following an approach from Wanaka Partners, Akarua expressed an interest in acquiring the 5.00% shareholding offered by Wanaka Partners.

In our view, the rationale for the Share Acquisition is sound. Wanaka Partners wishes to monetise a portion of its investment in Winton following the expiry of the escrow arrangements over the shares it holds. Furthermore, given the liquidity (or lack thereof) of Winton's shares, we do not consider it feasible for Wanaka Partners to be able to sell the 5.00% shareholding at a reasonable price over a relatively short timeframe other than via the Share Transactions.

2.4 Terms and Conditions of the Share Acquisition

Key Terms of the ASP

Akarua and Wanaka Partners entered into the ASP on 17 November 2023.

The key terms of the ASP are:

- Akarua will acquire 14,830,687 shares from Wanaka Partners (representing 5.00% of Winton's total shares on issue)
- the purchase price for the shares is \$37,076,717.50, being \$2.50 per share
- the Share Transactions are to be completed in 2 tranches:
 - under the First Tranche, Akarua acquired 7,839,521 shares on 2 December 2023, resulting in Akarua controlling 19.99% of the voting rights in the Company
 - under the Share Acquisition, Akarua will acquire 6,991,166 shares, resulting in it controlling 22.35% of the voting rights in Winton
- the Share Acquisition is conditional on approval of the transaction by an ordinary resolution in accordance with Rule 7(c) of the Code
- completion will be undertaken 10 business days after the condition is satisfied
- if shareholder approval is not obtained at the special general meeting, then each party is released from its obligations to settle the Share Acquisition.

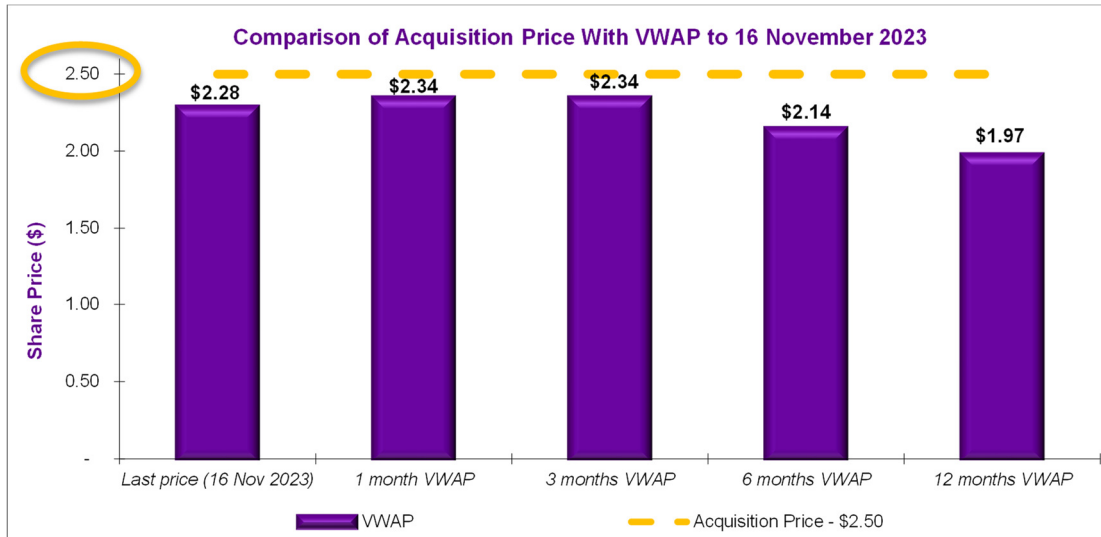
Reasonableness of the Acquisition Price of \$2.50 per Share

In our view, the key term of the Share Acquisition from the perspective of the Non-associated Shareholders is the acquisition price of \$2.50 per share.

We are advised that the price was negotiated between Wanaka Partners and MREMAL (as manager of Akarua).

The acquisition price of \$2.50 per share represents a premium over the prices at which Winton's shares have recently traded on the NZX Main Board up to the announcement of the Share Transactions on 17 November 2023:

- a premium of 10% over the closing share price of \$2.28 on 16 November 2023
- a premium of 7% over Winton's one month volume weighted average share price (**VWAP**) to 16 November 2023 of \$2.34
- a premium of 7% over the 3 months VWAP to 16 November 2023 of \$2.34
- a premium of 17% over the 6 months VWAP to 16 November 2023 of \$2.14
- a premium of 27% over the 12 months VWAP to 16 November 2023 of \$1.97.



Winton's share price increased by 5% to \$2.40 immediately after the announcement of the Share Transactions on 17 November 2023.

Since the announcement, 283,938 ordinary shares (0.1%) have traded between \$2.40 and \$2.48 at a VWAP of \$2.407 up to 18 December 2023.

In our view, given the size of shareholding subject to the Share Transactions (5.00%), the acquisition price is reasonable from the perspective of the Non-associated Shareholders. The acquisition price of \$2.50 per share is:

- at a premium of between 7% and 27% to the recent share prices observed prior to Akarua and Wanaka Partners entering into the ASP on 17 November 2023
- higher than the prices at which the Company's shares have traded at since the announcement of the Share Transactions.

Furthermore, as stated in section 2.6, we are of the view that the Share Acquisition is unlikely to have any significant impact on Winton's current share price.

2.5 Impact on Control

Shareholding Voting

Winton currently has 296,613,736 fully paid ordinary shares on issue held by 477 shareholders.

The names, number of shares and percentage holding of the 10 largest shareholders as at 8 December 2023 are set out in section 3.5.

Korama is Winton's largest shareholder and is associated with Winton's executive chair and chief executive officer Chris Meehan and non-executive director Michaela Meehan. Korama's 55.06% shareholding allows it to singlehandedly block any special resolution (which requires the approval of 75% of the votes cast by shareholders) and singlehandedly determine the outcome of any ordinary resolution (which requires the approval of more than 50% of the votes cast by shareholders). Accordingly, Korama currently has – and, after the Share Acquisition, will continue to hold – significant control over shareholder voting.

The Share Acquisition will result in Akarua's control of the voting rights in the Company increasing by 2.36% from 19.99% to 22.35%.

At present, Akarua is not able to singlehandedly determine the outcome of any special resolution or ordinary resolution.

Following the Share Acquisition, Akarua's level of control over shareholder voting will not change to any significant degree, in that it will still not be able to singlehandedly determine the outcome of any special resolution or ordinary resolution.

However, while a 22.35% shareholding is technically not sufficient to singlehandedly block a special resolution, it might be able to in some circumstances as a number of shareholders in widely held companies (such as Winton with over 470 shareholders) tend not to vote on resolutions and hence the relative weight of the 22.35% interest increases.

Protection for Minority Shareholders

While Korama has significant control over shareholder voting and Akarua has a much smaller degree of control, neither shareholder can act in an oppressive manner against minority shareholders. The Companies Act 1993 provides a level of protection to minority shareholders. Furthermore, any transactions between Winton and any shareholder holding 10% or more of the Company's shares will need to satisfy the requirements of the NZX Listing Rules with respect to material transactions with related parties.

Increasing Shareholding Levels

Following the Share Acquisition, Akarua will not be able to further increase its shareholding in Winton unless it complies with the provisions of the Code. Akarua will only be able to acquire more shares in Winton if:

- it makes a full or partial takeover offer or
- a share acquisition is approved by way of an ordinary resolution of shareholders (which Akarua, the vendor and each of their associates would be excluded from voting on) or
- the Company makes an allotment of shares which is approved by way of an ordinary resolution of shareholders (which Akarua and its associates would be excluded from voting on)
- the Company undertakes a share buyback that is approved by the Company's shareholders (which Akarua and its associates would be excluded from voting on) and Akarua does not accept the offer of the buyback.

Akarua will not be able to utilise the creep provisions of the Code, which enable entities that hold more than 50% but less than 90% of the voting securities in a code company to acquire up to a further 5% of the code company's shares per annum.

Board of Directors

As set out in section 3.4, Winton currently has 9 directors on its Board:

- 6 of the directors are not associated with Akarua or Wanaka Partners
- James Kemp and his alternate director, Jelte Bakker, are representatives of Akarua
- David Liptak is a representative of Wanaka Partners.

Mr Liptak has notified the Board that he intends to retire as a director from the Board immediately following the completion of the Share Acquisition.

The Share Acquisition is not expected to impact on the composition of the Board in the near term, other than Mr Liptak's retirement.

Following the Share Acquisition, Akarua will not have the ability to singlehandedly pass any resolution in respect of the appointment of a director to the Board.

Operations

The Non-associated Directors have advised us that other than through its Board representation, Akarua currently has no influence over the operations of the Company and the Share Acquisition will not have any impact on the level of control exerted by Akarua over the Company's operations.

2.6 Impact on Share Price and Liquidity

Set out in section 3.9 is a summary of Winton's daily closing share price and monthly volumes traded from 17 December 2021 to 18 December 2023.

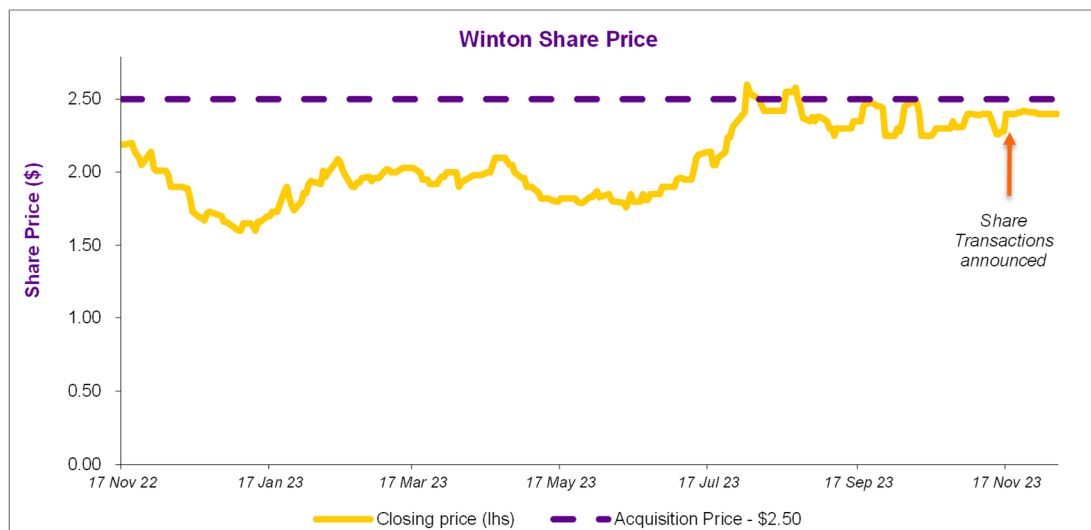
During the period, Winton's shares traded between \$1.600 and \$3.887 at a VWAP of \$2.435.

Share Price Unlikely to be Impacted

The Share Acquisition will be undertaken at \$2.50 per share. As discussed in section 2.4, we consider the acquisition price to be reasonable from the perspective of the Non-associated Shareholders.

In our view, the Share Acquisition is unlikely to have any significant impact on Winton's current share price.

The graph below shows that the Company's share price has consistently been below the acquisition price of \$2.50 for most of the year preceding the announcement of the Share Transactions.



Source: NZX Company Research

Winton's share price increased by 5% to \$2.40 on 17 November 2023 after the announcement of the Share Transactions.

Since then, the shares have traded between \$2.40 and \$2.48 at a VWAP of \$2.407 (up to 18 December 2023).

Given that the Company's shares have continued to trade below the acquisition price of \$2.50 since the announcement of the Share Transactions, we are of the view that the Share Acquisition is unlikely to have any significant impact on Winton's current share price. Any impact of the Share Acquisition on Winton's share price will have occurred since the announcement of the Share Transactions on 17 November 2023.

Liquidity of Winton Shares Unlikely to Change

Trading in the Company's shares is extremely thin, reflecting that Korama holds 55.06% of Winton's shares and the top 10 shareholders collectively hold 95.12% of the shares.

An analysis of VWAP, traded volumes and liquidity (measured as traded volumes as a percentage of shares outstanding) up to 18 December 2023 is set out in section 3.9.

The shares have traded on 244 days in the year to 18 December 2023, with only 1.1% of the Company's shares traded over that period.

The number of shares held by the Non-associated Shareholders will not change under the Share Acquisition. Therefore the liquidity of the Winton shares is unlikely to change unless Akarua subsequently decides to sell some or all of its shareholding or other changes in the Company's share capital occur.

2.7 Other Issues

No Dilutionary Impact

As the Share Acquisition is a transfer of existing shares from Wanaka Partners to Akarua, it will have no dilutionary impact on the Non-associated Shareholders. No new shares are being issued by the Company.

The Attraction of Winton as a Takeover Target is Unlikely to Change

In our view, the Share Acquisition is unlikely to have any significant impact on the attraction of Winton as a takeover target.

Any bidder currently looking to make a takeover offer for the Company is unlikely to be influenced by whether Akarua holds 19.99% or 22.35% of the Company's ordinary shares.

Of far greater importance for any potential bidder is whether Korama would accept the takeover offer.

Non-associated Shareholder Approval is Required

Pursuant to Rule 7(c) of the Code, the Non-associated Shareholders must approve by ordinary resolution the Share Acquisition.

The Share Acquisition will not proceed unless the Non-associated Shareholders approve the Share Acquisition Resolution.

No Impact on Financial Position

As the Share Acquisition is a transfer of existing shares and does not alter the Company's capital structure, it will have no direct impact on Winton's financial position.

No Change in Business Risk

The key business risks faced by Winton are set out in section 3.3.

The Share Acquisition will have no impact on the business risks faced by the Company.

Winton's Costs to be Reimbursed

Akarua and Wanaka Partners have agreed to reimburse the Company's external costs associated with the special meeting of shareholders, including the cost of this report.

2.8 Likelihood of the Share Acquisition Resolution Being Approved

The Non-associated Directors have stated in the notice of special meeting that they unanimously recommend voting in favour of the Share Acquisition Resolution.

The Share Acquisition Resolution is an ordinary resolution. Akarua and Wanaka Partners and their respective associates cannot vote on the Share Acquisition Resolution.

The Non-associated Shareholders collectively hold 72.98% of the Company's shares. If all of the Non-associated Shareholders' shares are voted, then at least 36.49% of the shares must be voted in favour of the Share Acquisition Resolution for it to pass.

Korama holds 55.06% of the voting rights in the Company and has stated that it intends to vote in favour of the Share Acquisition Resolution. If Korama votes as it states it will, then the Share Acquisition Resolution is certain to be passed.

2.9 Implications if the Share Acquisition Resolution is not Approved

If the Share Acquisition Resolution is not approved, the Share Acquisition cannot proceed and Akarua and Wanaka Partners will remain as 19.99% and 7.03% shareholders in the Company respectively.

Wanaka Partners would likely continue to evaluate other options to sell the shares. However, as stated above, on the basis that Korama votes in favour of the Share Acquisition Resolution as it states it will, then the Share Acquisition is certain to proceed.

2.10 Voting For or Against the Share Acquisition Resolution

Voting for or against the Share Acquisition Resolution is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile and other factors. Non-associated Shareholders will need to consider these consequences and consult their own professional adviser if appropriate.

3. Profile of Winton Land Limited

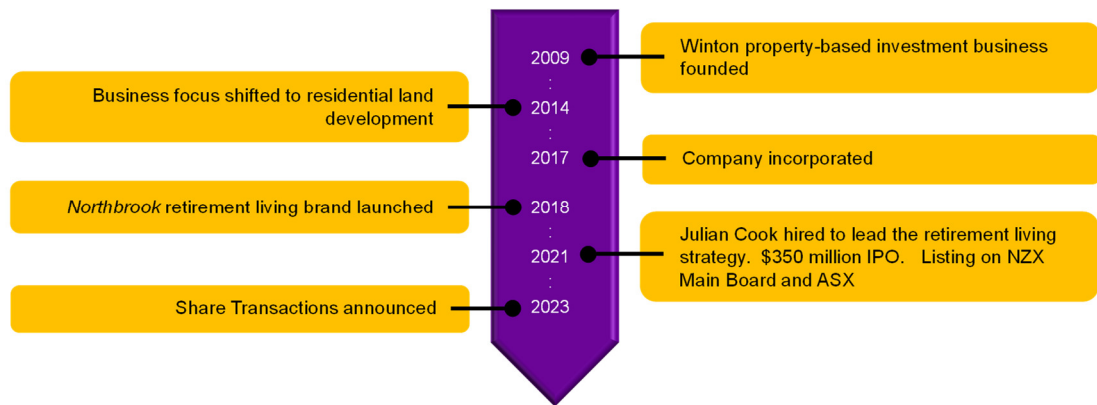
3.1 Background

The Winton business was founded by Chris Meehan and Michaela Meehan in 2009 as a property-based investment business. In response to New Zealand’s housing shortage, the Company shifted its focus to residential land development in 2014, becoming one of New Zealand’s largest residential land developers.

The Company was incorporated on 19 June 2017 as Winton Partners Land Limited. It changed its name to Winton Property Limited on 16 October 2018 and to Winton Land Limited on 18 November 2021.

Winton’s shares were listed on the NZX Main Board and ASX (as a foreign exempt entity) on 17 December 2021 following a \$350 million IPO.

The Company’s key events are set out below.



3.2 Overview of Winton’s Operations

Winton is a residential land developer that specialises in developing integrated and fully masterplanned neighbourhoods.

The Company acquires large parcels of land not currently zoned for residential development adjacent to growth corridors, water and transportation, which have strong prospects for rezoning. A significant part of Winton’s value-creation is securing zoning and resource consents on land acquired.

Winton operates across the entire development value creation chain:

- land acquisition
- zoning approval
- consent approval
- civil works
- develop lots
- develop units
- sale of retirement units
- operate retirement villages.

Across its 14 masterplanned communities, Winton has a portfolio of 26 projects expected to yield a combined total of 6,407 residential lots, dwellings, apartment units, retirement village units and commercial lots.

13 of the communities are located in New Zealand and one is located in Australia. 80% of the portfolio (by units) are residential lots (5,136 units). The largest masterplanned community is Sunfield, Auckland with 3,643 residential units, followed by Lakeside, Te Kauwhata with 930 residential units.

In 2018, Winton launched the retirement luxury living brand *Northbrook* to leverage existing expertise and capability in residential land acquisition and development to build and operate a premium retirement living business. Winton is currently developing 5 retirement village projects in Auckland, Christchurch, Arrowtown and Wanaka comprising 741 independent and serviced retirement units and 161 care suites. The first retirement properties are expected to be completed during 2024.

Winton currently has 7 commercial projects expected to yield a total of 369 units.

3.3 Key Business Risks

The key business risks that Winton faces are:

- land acquisition risk – Winton’s continued growth is dependent on its ability to acquire attractive sites for the development of new masterplanned communities. Winton competes with other acquirers of that land and may not always be able to secure its preferred sites or may have to pay more for those sites than anticipated
- consenting risk – Winton’s development activities typically require it to achieve rezoning or resource consents to allow development of its masterplanned communities. Rezoning and consents may be granted on terms which are less favourable than Winton originally anticipated
- project development risk – when developing sites, Winton needs to complete works within projected budget and timetable in order to generate the returns it expects. Winton’s ability to do so is subject to various uncertainties, including risk arising from unexpected cost increases (including those caused by labour shortages and / or increased labour rates) and delays in the completion of its developments (including due to inclement weather)
- retirement village development and operation risk – the retirement village and aged care market is an established market with a number of large existing operators. The sector also carries regulatory risk, being exposed to health, consumer and land development regulatory frameworks. Future regulatory change for the industry may have an adverse impact on Winton
- housing market and sales risk – Winton’s ability to achieve the forecast sales and / or forecast sales prices within each of its developments is dependent on the housing market conditions in each of the areas in which its developments are located. Lower demand for housing may affect Winton’s ability to achieve anticipated sales volumes or prices.

3.4 Directors and Senior Management

The Board consists of 9 directors:

- Julian Cook, executive director (director of retirement)
- Guy Fergusson, non-independent non-executive director
- Steven Joyce, independent non-executive director
- James Kemp, non-independent non-executive director (Akarua representative)
- Chris Meehan, executive chair (chief executive officer)
- Michaela Meehan, non-executive director
- David Liptak, non-independent non-executive director (Wanaka Partners representative)
- Glen Tupuhi, independent non-executive director
- Jelte Bakker is an alternate director for James Kemp.

Mr Liptak has notified the Board that he intends to retire as a director from the Board immediately following the completion of the Share Acquisition.

The Company's senior management team consists of:

- Chris Meehan, chief executive officer
- Simon Ash, chief operating officer
- Jean McMahon, chief financial officer
- Justine Hollows, general manager, corporate services
- Duncan Elley, general manager, project delivery.

3.5 Capital Structure and Shareholders

Winton currently has 296,613,736 fully paid ordinary shares on issue held by 477 shareholders.

The names, number of shares and percentage holding of Winton's 10 largest shareholders as at 8 December 2023 are set out below.

Winton's 10 Largest Shareholders		
Shareholder	No. of Shares	%
Korama	163,329,448	55.06%
Perpetual (on behalf of Akarua)	59,293,085	19.99%
JWAJ Limited	20,972,418	7.07%
Wanaka Partners	20,843,479	7.03%
OTO60 Nominee Limited	5,145,356	1.73%
Peter Huljich and John Irving	3,573,512	1.21%
Christopher Huljich, Constance Huljich and Elizabeth Ferguson	2,967,294	1.00%
New Zealand Central Securities Depository Limited	2,355,798	0.79%
HWM (NZ) Holdings Limited	2,091,025	0.70%
FNZ Custodians Limited	1,570,710	0.53%
Top 10 shareholders	282,142,125	95.12%
Others (467 shareholders)	14,471,611	4.88%
Total	296,613,736	100.00%

Source: NZX Company Research

3.6 Financial Performance

A summary of Winton's recent financial performance is set out below.

Summary of Winton Financial Performance			
	Year to 30 Jun 21 (Audited) \$000	Year to 30 Jun 22 (Audited) \$000	Year to 30 Jun 23 (Audited) \$000
Revenue	176,980	159,523	211,421
Gross profit	57,426	72,427	108,732
EBITDA	70,434	44,966	95,573
EBIT	69,789	44,248	94,209
NPBT	63,733	44,618	95,207
NPAT	46,094	31,657	64,638
<i>EBITDA: Earnings before interest, taxation, depreciation and amortisation</i> <i>EBIT: Earnings before interest and taxation</i> <i>NPBT: Net profit before tax</i> <i>NPAT: Net profit after tax</i> Source: Winton annual reports			

Revenue consists of residential land and property sales. Revenue levels are driven by the volume and value of land and property settled.

Cost of sales represent the cost of land and the costs associated with the development of the land and property.

The Company's main operating expenses are:

- selling expenses
- employee benefits
- administrative expenses.

Winton recorded NPAT of \$32 million in the 2022 financial year:

- revenue of \$160 million was 10% lower than the 2021 financial year, arising from the settlement of 449 units (compared with 553 units in 2021)
- gross profit was \$72 million at a gross margin of 45%, compared with \$57 million and 32% in 2021
- EBITDA decreased by 36% from \$70 million in 2021 to \$45 million. 2021 EBITDA included \$28 million of development management fees
- NPAT of \$32 million was 31% lower than 2021 NPAT of \$46 million.

Winton recorded NPAT of \$65 million in the 2023 financial year:

- revenue of \$211 million was 33% higher than the 2022 financial year, arising from the settlement of 565 units
- gross profit was \$109 million at a gross margin of 51%, compared with \$72 million and 45% in 2022
- EBITDA increased by 113% from \$45 million in 2022 to \$96 million
- NPAT of \$65 million was 104% higher than 2022 NPAT of \$32 million.

3.7 Financial Position

A summary of Winton's recent financial position is set out below.

Summary of Winton Financial Position			
	As at 30 Jun 21 (Audited) \$000	As at 30 Jun 22 (Audited) \$000	As at 30 Jun 23 (Audited) \$000
Current assets	121,588	306,173	174,311
Non current assets	131,841	190,699	416,303
Total assets	253,429	496,872	590,614
Current liabilities	(31,664)	(32,858)	(54,816)
Non current liabilities	(137,970)	(9,924)	(25,384)
Total liabilities	<u>(169,634)</u>	<u>(42,782)</u>	<u>(80,200)</u>
Total equity	<u>83,795</u>	<u>454,090</u>	<u>510,414</u>

Source: Winton annual reports

Winton's current assets as at 30 June 2023 consisted mainly of:

- inventories – \$91 million
- cash – \$76 million.

Non current assets as at 30 June 2023 consisted mainly of:

- investment properties – \$208 million
- inventories – \$166 million
- property, plant and equipment – \$40 million.

Current liabilities as at 30 June 2023 comprised mainly:

- accounts payable, accruals and other payables – \$30 million
- taxation payable – \$23 million.

Non current liabilities as at 30 June 2023 consisted mainly of deferred tax liabilities.

The Company had equity of \$510 million as at 30 June 2023, comprising:

- share capital – \$386 million
- retained earnings – \$122 million
- reserves – \$2 million.

3.8 Cash Flows

A summary of Winton’s recent cash flows is set out below.

Summary of Winton Cash Flows			
	Year to 30 Jun 21 (Audited) \$000	Year to 30 Jun 22 (Audited) \$000	Year to 30 Jun 23 (Audited) \$000
Net cash inflow / (outflow) from operating activities	84,083	(8,620)	11,853
Net cash (outflow) from investing activities	(307)	(65,901)	(128,914)
Net cash inflow / (outflow) from financing activities	(65,730)	244,319	(11,453)
Net increase / (decrease) in cash held	18,046	169,798	(128,514)
Opening cash balance	16,980	35,026	204,824
Closing cash balance	35,026	204,824	76,310

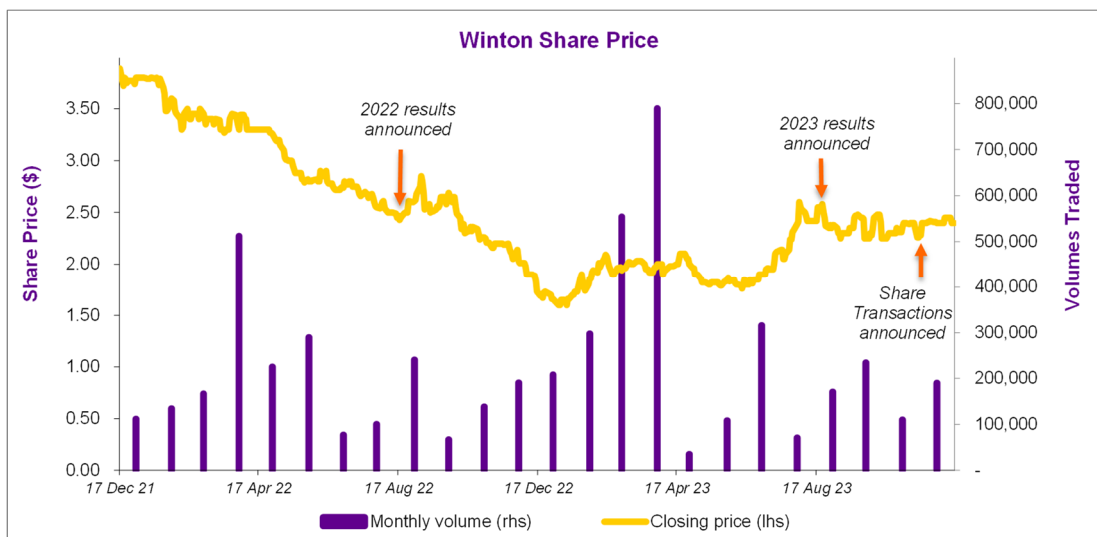
Source: Winton audited annual reports

Winton’s financing activities in the 2022 financial year included \$350 million raised from the IPO and the repayment of the \$130 million project finance debt facility relating to the Lakeside development.

3.9 Share Price History

Winton’s shares listed on the NZX Main Board and ASX on 17 December 2021 at an initial price of \$3.887 following the issue of 90,000,000 new shares at an issue price of \$3.887 per share under the Company’s \$350 million IPO.

Set out below is a summary of Winton’s daily closing share price and monthly volumes of shares traded from 17 December 2021 to 18 December 2023.



Source: NZX Company Research

During the period, Winton’s shares traded between \$1.600 and \$3.887 at a VWAP of \$2.435.

An analysis of Winton’s recent VWAP, traded volumes and liquidity (measured as traded volumes as a percentage of shares outstanding) up to 18 December 2023 is set out below.

Share Trading up to 18 December 2023						
Period	Low (\$)	High (\$)	VWAP (\$)	Volume Traded (000)	Liquidity	
1 month	2.40	2.48	2.407	282	0.1%	
3 months	2.25	2.48	2.383	495	0.2%	
6 months	1.80	2.60	2.301	1,047	0.4%	
12 months	1.60	2.60	2.012	3,136	1.1%	

Source: NZX Company Research

The analysis highlights the extremely thin trading in the Company’s shares, reflecting that Korama holds 55.06% of the Company’s shares and the top 10 shareholders collectively hold 95.12% of the shares. Only 1.1% of the Company’s shares traded in the past year on 244 days.

4. Sources of Information, Reliance on Information, Disclaimer and Indemnity

4.1 Sources of Information

The statements and opinions expressed in this report are based on the following main sources of information:

- the draft notice of special meeting
- the ASP dated 17 November 2023
- the Winton annual reports for the years ended 30 June, 2022 and 2023
- the Winton product disclosure statement dated 1 December 2021
- data in respect of Winton from NZX Company Research and S&P Capital IQ.

During the course of preparing this report, we have had discussions with and / or received information from the Non-associated Directors.

The Non-associated Directors have confirmed that we have been provided for the purpose of this Independent Adviser's Report with all information relevant to the Share Acquisition that is known to them and that all the information is true and accurate in all material aspects and is not misleading by reason of omission or otherwise.

Including this confirmation, we have obtained all the information that we believe is desirable for the purpose of preparing this Independent Adviser's Report.

In our opinion, the information to be provided by Winton to the Non-associated Shareholders is sufficient to enable the Non-associated Directors and the Non-associated Shareholders to understand all the relevant factors and to make an informed decision in respect of the Share Acquisition.

4.2 Reliance on Information

In preparing this report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by Winton and its advisers.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this report but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the accounting or other records of Winton. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

4.3 Disclaimer

We have prepared this report with care and diligence and the statements in the report are given in good faith and in the belief, on reasonable grounds, that such statements are not false or misleading. However, in no way do we guarantee or otherwise warrant that any forecasts of future profits, cash flows or financial position of Winton will be achieved. Forecasts are inherently uncertain. They are predictions of future events that cannot be assured. They are based upon assumptions, many of which are beyond the control of Winton and its directors and management. Actual results will vary from the forecasts and these variations may be significantly more or less favourable.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of the report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in the report or assumptions reasonably taken as implicit, provided that this shall not absolve Simmons Corporate Finance from liability arising from an opinion expressed recklessly or in bad faith.

Our evaluation has been arrived at based on economic, exchange rate, market and other conditions prevailing at the date of this report. Such conditions may change significantly over relatively short periods of time. We have no obligation or undertaking to advise any person of any change in circumstances which comes to our attention after the date of this report or to review, revise or update this report.

We have had no involvement in the preparation of the notice of special meeting issued by Winton and have not verified or approved the contents of the notice of special meeting. We do not accept any responsibility for the contents of the notice of special meeting except for this report.

4.4 Indemnity

Winton has agreed that, to the extent permitted by law, it will indemnify Simmons Corporate Finance and its directors and employees in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity does not apply in respect of any negligence, wilful misconduct or breach of law. Winton has also agreed to indemnify Simmons Corporate Finance and its directors and employees for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Simmons Corporate Finance or its directors and employees are found liable for or guilty of negligence, wilful misconduct or breach of law or term of reference, Simmons Corporate Finance shall reimburse such costs.

5. Qualifications and Expertise, Independence, Declarations and Consents

5.1 Qualifications and Expertise

Simmons Corporate Finance is a New Zealand owned specialist corporate finance advisory practice. It advises on mergers and acquisitions, prepares independent expert's reports and provides valuation advice.

The person in the company responsible for issuing this report is Peter Simmons, B.Com, DipBus (Finance), INFENZ (Cert).

Simmons Corporate Finance and Mr Simmons have significant experience in the independent investigation of transactions and issuing opinions on the merits and fairness of the terms and financial conditions of the transactions.

5.2 Independence

Simmons Corporate Finance does not have at the date of this report, and has not had, any shareholding in or other relationship with Winton, Akarua or Wanaka Partners or any conflicts of interest that could affect our ability to provide an unbiased opinion in relation to the Share Acquisition.

Simmons Corporate Finance has not had any part in the formulation of the Share Acquisition or any aspects thereof. Our sole involvement has been the preparation of this report.

Simmons Corporate Finance will receive a fixed fee for the preparation of this report. This fee is not contingent on the conclusions of this report or the outcome of the voting in respect of the Share Acquisition Resolution. We will receive no other benefit from the preparation of this report.

5.3 Declarations

An advance draft of this report was provided to the Non-associated Directors for their comments as to the factual accuracy of the contents of the report. Changes made to the report as a result of the circulation of the draft have not changed the methodology or our conclusions.

Our terms of reference for this engagement did not contain any term which materially restricted the scope of the report.

5.4 Consents

We consent to the issuing of this report in the form and context in which it is to be included in the notice of special meeting to be sent to the Non-associated Shareholders. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.



Peter Simmons
Director

Simmons Corporate Finance Limited
19 December 2023