

LISTED ON:



24 MAY 2024

2024

Annual Shareholder
Meeting Presentation

www.nzrlc.co.nz



New Zealand
Rural Land Company

NEW ZEALAND RURAL LAND CO OWNS AND LEASES SOME OF THE BEST FARMLAND IN THE WORLD, OFFERING AN UNPARALLELED INVESTMENT OPPORTUNITY.

DISCLAIMER

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**New Zealand
Rural Land Co**

The Rural Land **Investors**

ASM AGENDA

1. Chair's Introduction
2. Presentation to Shareholders
3. Resolutions
4. Questions

FY23 RESULT & SUBSEQUENT EVENTS FY24



FY23 NPAT of \$10.9m and AFFO of \$6.0m



NAV per share has grown from \$1.250 at listing to \$1.602 as at 31 December 2023, total returns have been +32.6% or +9.9% CAGR*



AFFO has grown from 4.13** cps in FY22 to 4.35 cps (+5.4%) in FY23. AFFO forecast to be 5.03 to 5.38 cps in FY24 (+19.7% mid-point)



Gearing ended FY23 at 36.2%. Lowered to 32.9% post Roc transaction and subsequent acquisitions



Materially increased diversification via forestry acquisition in FY23 and further horticulture and forestry acquisitions early FY24



Dividend reinstated with an amended policy targeting a pay-out of 60-90% of AFFO



On-market Share Buyback Programme continued



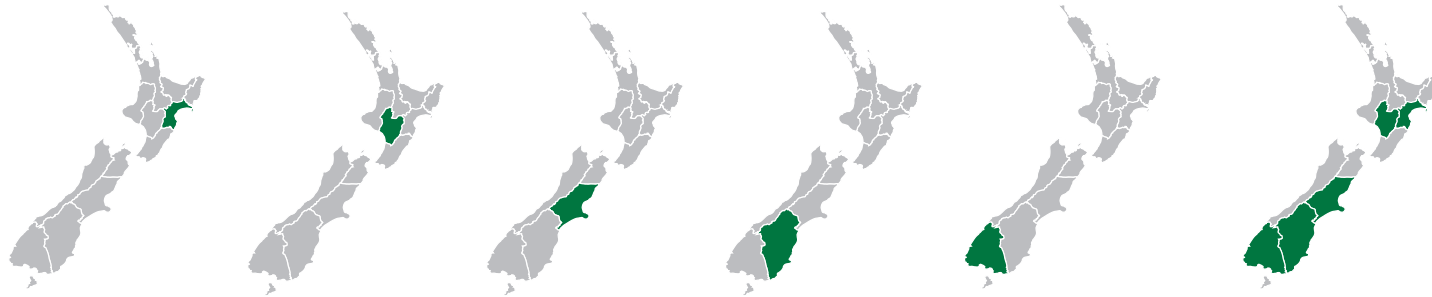
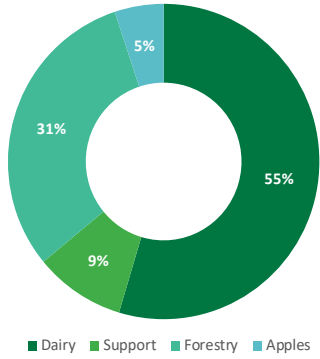
Roc Partners purchase 25% of NZL portfolio, validating strategy and partnering for growth

* This NAV growth has been achieved alongside an expansion of capital base from 60,600,000 shares on issue at IPO to 139,295,000 on issue as at 31 December 2023. Calculation assumes full participation in rights issues, plus dividend accumulated to 31 December 2023.

** Sum of AFFO/sh for 6 months to 30 June 2022 and 6 months to 31 December 2022.

PORTFOLIO OVERVIEW - AS AT 24 MAY 2024

Rural Sub-Sector Breakdown



Region	HAWKE'S BAY	MANAWATŪ - WHANGANUI	CANTERBURY	OTAGO	SOUTHLAND	TOTAL
Land Area (ha)	97	4,256	6,333	3,991	1,386	16,063 ¹
Rural Asset Class	Horticulture	Forestry	Pastoral Farms	Pastoral Farms	Pastoral Farms	Pastoral Farms, Forestry & Horticulture
Current Use	Apples	Forestry & Carbon	Dairy & Support	Dairy & Support	Dairy & Support	Dairy, Support, Forestry, Carbon & Apples
WALT (years) ²	30	18.5	8.5	8.3	8.8	12.7
# Tenants	1	1	3	2	3	8 ³
Occupancy	100%	100%	100%	100%	100%	100%

¹25% owned by Roc

²WALT is weighted by lease value.

³One of our tenants leases farms in both Canterbury and North Otago.

ROC PARTNERS TRANSACTION - POST BALANCE DATE

Overview

On 19 January 2024 NZL announced it had entered into an agreement to sell a 25% equity interest in its land portfolio to Roc Partners (Roc). This transaction settled on 9 February 2024.

Roc acquired the equity interest for approximately \$44.2m in cash.

NZL used the proceeds to repay the \$11.8m owing on a convertible note it drew down in April 2023 to partially fund its forestry acquisition. A further \$20.7m of the proceeds were used to fund orchard and forestry land acquisitions announced to the market on 20 February 2024.

Key Points

The strategic benefits of this transaction were as follows:

- **Capital recycling at a premium** - the transaction is highly value accretive to shareholders given the value of the 25% sold versus the implied share price value of the rural land portfolio.
- **Improved financial position** - the proceeds of the transaction enabled NZL to repay its convertible note, and have the financial capacity to capitalise on opportunities that are NAV and AFFO accretive.
- **Strategic partner** – Roc Partners has extensive experience in rural property investment and conducted extensive due diligence as part of the transaction. NZL and Roc have already co-invested (through the LP) in two acquisitions successfully growing the portfolio.



NEW ACQUISITIONS IN FY24

Overview

Subsequent to the settlement of the Roc transaction, NZL entered into two further acquisitions that are accretive to AFFO and WALT, and further diversify NZL's portfolio*.

The first acquisition was the land supporting three apple orchards located in the Hawke's Bay region of the North Island. The properties have a total land area of approximately 97 hectares of which 82 hectares are planted in a range of apple varieties. This marks NZL's entry into a new sub-sector (Horticulture).

The second acquisition is a forestry property located in close proximity to its existing estates in the Manawatū-Whanganui region. This property has a total area of approximately 1,119 hectares and is leased to New Zealand Forest Leasing (NZFL).

Further detail of the acquisitions can be found here:
www.nzrlc.co.nz/nzx-announcements

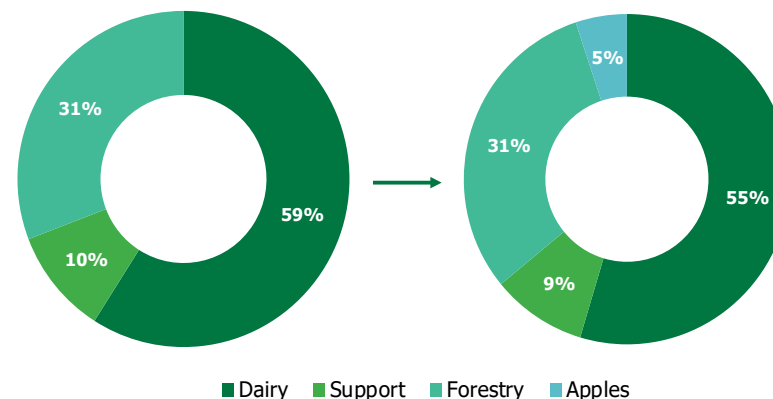
Key Points

Metric	Acquisition 1: Twyford Orchards	Acquisition 2: Forestry Estate
Location	Hawke's Bay	Manawatū-Whanganui
Asset Class	Apple Orchard, Horticulture	Forestry
Area	97 ha	1,119 ha
Purchase Price	~\$18.1m	~\$9.5m
Tenant	Kiwi Crunch	New Zealand Forest Leasing
Lease Type	Triple Net Lease	Triple Net Lease
Lease Term	30 years	16 years
Year 1 Rent	~\$1.35m	\$760k
Lease Rate	7.50%	8.00%
Rent Reviews	Annual adjustments of 2.5% or CPI, which ever is higher	Annual CPI adjustments

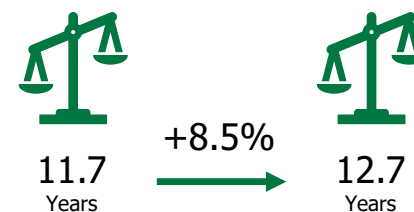


Portfolio as at 24 May 2024

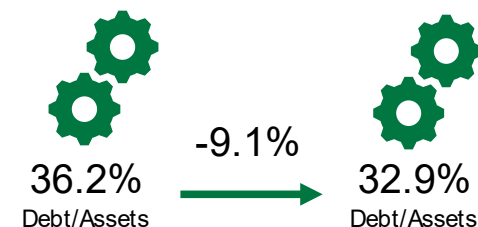
Diversity Increased



WALT Increased



Gearing Lowered



*The properties were acquired through a newly formed Limited Partnership 75% owned by NZL and 25% owned by Roc Partners
 New Zealand Rural Land Company

SUMMARY OF FY23 ACQUISITIONS & CORPORATE ACTIONS

Acquisitions

On 14 April 2023, NZL announced the settlement of a forestry estate acquisition with a total area of approximately 2,400 hectares, for ~\$63m and was leased to New Zealand Forest Leasing (NZFL) for a 20 year period with the first year's lease payment being ~\$5m.

NZL funded the purchase with \$25.2m of borrowings from a Rabobank Green Loan*, proceeds of NZL's pro-rata rights issue and a \$12m convertible note.

On 28 April 2023, NZL announced the settlement of a supplementary forestry acquisition for a purchase cost of approximately \$8m, which has a total area of 737 hectares. The forest is leased to NZFL for a period of 16 years and was funded by the aforementioned green loan and rights issue.

Corporate Actions

On 26 May 2023, NZL announced upgraded FY24 earnings and AFFO guidance, suspension of the FY23 interim dividend and an on-market share buyback.

The earnings upgrade was due to the accretive nature of NZL's forestry acquisitions; 2024 is the first full financial year in which the forests will be owned by NZL.

On 18 September 2023, NZL announced the suspension of its full-year dividend for FY23 and the continuation of its share buyback programme, as the company considered that the price of NZL shares materially undervalued both the assets and the free cash flow profile of the business.



* Established within a green financing framework managed and reported on in line with Asia Pacific Loan Market Association's Green Loan Principles.

DIVIDEND REINSTATEMENT & SHARE BUYBACK PROGRAMME

Dividend

NZL has resolved to both amend its dividend policy and reinstate NZL's dividend. The interim dividend will be based upon results for the period 1 January 2024 to 30 June 2024.

NZL's amended dividend policy targets a pay-out ratio of 60% - 90% of AFFO.

The pay-out range grants the company greater flexibility to deploy NZL's cash operating earnings in ways most beneficial to increasing shareholder value.

Share Buyback Programme

NZL maintains a selective on-market buyback programme. Pursuant to NZX Listing Rule 4.14.2 buybacks may take place over a 12 month period commencing on 1 June 2023. The programme may be refreshed for further 12 month periods

As per the policy released on 26 May 2023, the total number of shares that may be bought back shall not exceed 5,350,000 shares. Shares will only be acquired if the acquisition price represents 90% or less of NZL's prevailing net asset value per share.

The board will regularly determine the exact capital allocation to the buyback programme while considering prevailing market conditions.



OUTLOOK & FY24 FORECAST

NZL's leases incorporate regular, uncapped, CPI reviews. Accordingly, high inflation will result in rental growth. Furthermore, NZL is insulated from inflation-impacted (and all other operational) on-farm costs by owning only the land.

NZL will start to see the positive impact of inflation in 2024, with many of its leases up for CPI review. These include:

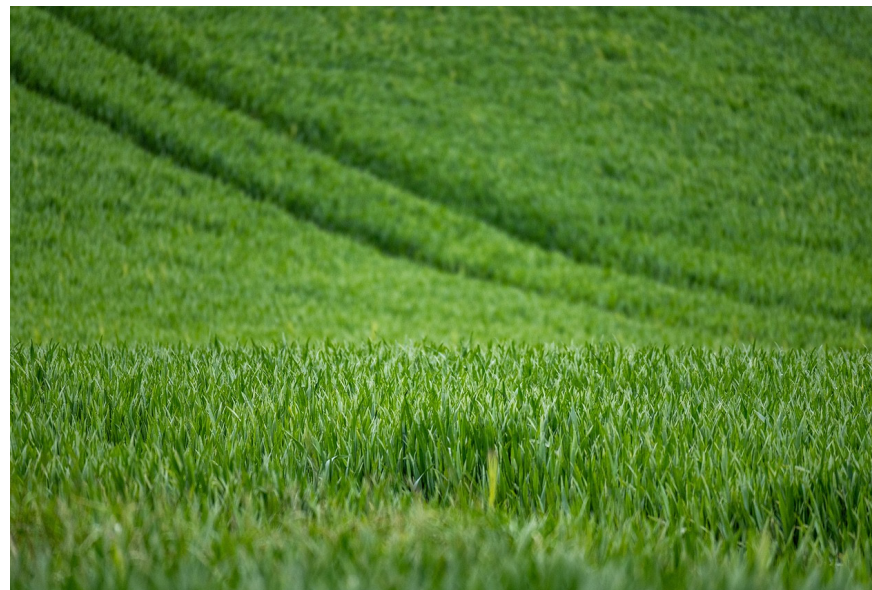
- 100% of leases for forestry assets acquired in FY23 in April 2024. CPI accumulated since the leases began in April 2023 is +3.4%*, and is forecast to be +4.3% at the time of review.
- 54% of its pastoral leases up for review on 1 June 2024. CPI accumulated since the leases began on 1 June 2021 is +17.9%*, and is forecast to be +18.96% for the three years to 1 June 2024.

NZL has hedging arrangements in place for 64% of its total borrowings costing, on average, 4.7%. The remaining debt is floating and the cost of the floating debt component is 7.7%. NZL's weighted average cost of debt is 5.8%.

NZL still retains cash from the Roc Partners transaction following its orchard and forestry acquisitions. NZL will continue to investigate options for deploying this cash in a way which best serves its shareholders.

Post the most recent acquisitions and Roc transaction, NZL forecasts FY24 AFFO of between \$7.0m and \$7.5m (Note: this excludes earnings from properties with put/call arrangements in place). **AFFO per share of 5.03 to 5.38 cents (Based on 139,295,000 shares on issue).**

Dividend payout ratio in keeping with NZL's new policy is 60-90% of AFFO.



*As at 31 December 2023



RESOLUTIONS

RESOLUTIONS

To consider and, if thought fit, to pass the following ordinary resolutions:

1. Re-Election of Tia Greenaway: That Tia Greenaway, who retires as a Director in accordance with NZX Listing Rule 2.71 and NZL's constitution, and being eligible, be re-elected as a Director of NZL.

2. Auditor's Remuneration: That the Board be authorised to fix the fees and expenses of the Company's Auditors



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