



New Zealand Rural Land Co

The Rural Land Investors

26 May 2023

NZL Upgrades FY24 Earnings Guidance, Suspends Dividend and Announces On-Market Share Buy-Back.

Highlights

- **FY24 Earnings Upgrade:** FY24 AFFO is now forecast to be in the range of 5.25 - 5.75cps, an increase from the 5.00 - 5.50cps guidance previously advised to the market.
- **Hedging Update:** FY24 hedging has increased to 54%, as NZL 100% hedged the debt relating to the recent forestry acquisition.
- **Dividend Suspended:** The Board considers that the current NZL share price materially undervalues NZL's assets and free cashflow. Accordingly, the Board is suspending NZL's dividend for the current six-month period. As a result, no dividend will be paid in respect of the six month period to 30 June 2023. Cash previously earmarked for dividends will be used to purchase shares on market and to repay the convertible note which was issued to support the recent forestry acquisition.
- **On-market Buyback Programme:** NZL is giving notice to commence an on-market share buyback programme. Part of the cash previously earmarked for dividends will be used to acquire NZL shares on market from time-to-time under this programme.

FY24 Earnings Upgrade

NZL recently completed the acquisition of two forestry properties for a combined cost of approximately \$70.2m. The forest acquisitions successfully diversified NZL's rural land holdings and, as set out in the investment presentation released to market on 1 March 2023, are expected to be earnings accretive to NZL.

In light of the accretive nature of the acquisitions, NZL is upgrading its FY24 AFFO guidance. FY24 is the first full financial year in which the forests will be owned by NZL. NZL's FY24 AFFO is now forecast to be in the range of \$8.0m - \$8.5m equating to 5.25 - 5.75 cents per share (a +4.8% increase on the 5.0 - 5.5 cps previously forecast).

FY23 AFFO is expected to be between \$6.0m - \$6.5m in line with forecasts provided in the 1 March 2023 investor presentation.

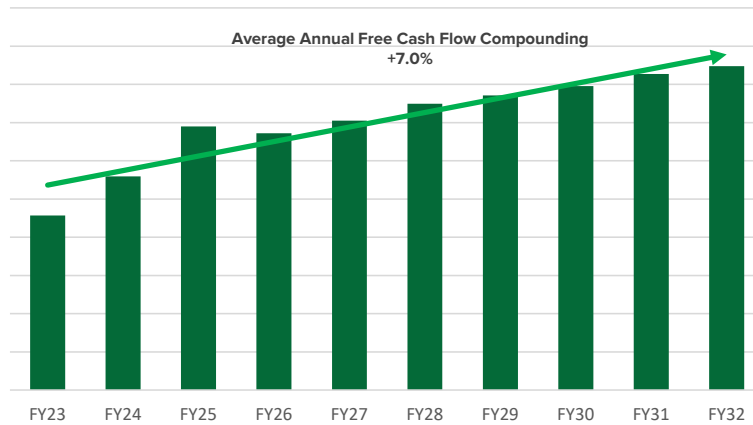
	Historical AFFO Guidance (\$m)*	New AFFO Guidance (\$m)	Change (%)	Historical AFFO Guidance (cps)**	New AFFO Guidance (CPS)	Change (%)
FY23	\$6.0m - \$6.5m	\$6.0m - \$6.5m	-	N/A	4.5cps - 5.0cps	-
FY24	\$8.0m - \$8.5m	\$8.0m - \$8.5m	-	5.0cps - 5.5cps	5.25cps - 5.75cps	+4.8%

* 1 March 2023 Results Announcement

** 1 March 2023 Equity Raise Presentation

Note: hedging has increased for the FY24 year from 40% to 53%.

The current outlook beyond FY24 is that NZL will compound its free cash flow at an average rate per share of approximately +7.0% per annum from FY23 levels.

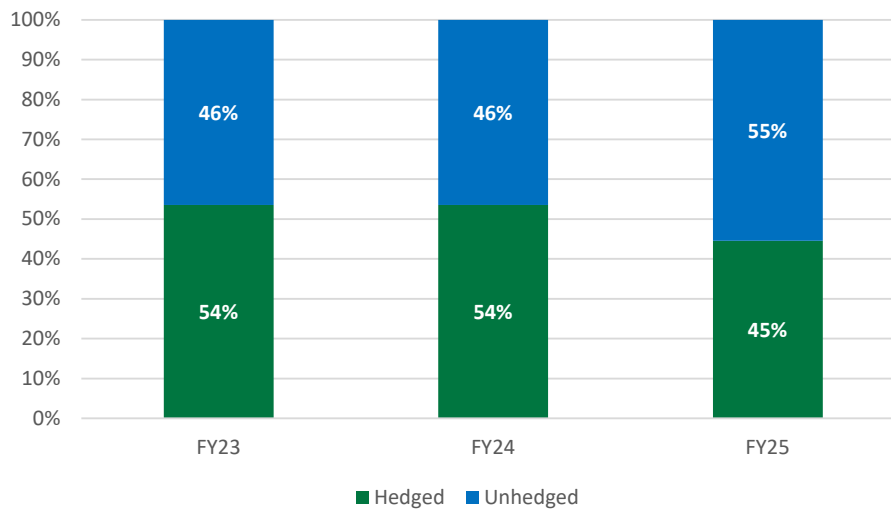


Hedging Update

Following the recent forestry acquisition NZL has increased its hedging for FY23 and FY24 from 40% of its borrowings to 54%.

This is in line with recent guidance to the market that the Board of NZL would look to hedge 100% of the forestry acquisition to increase certainty of cashflows.

NZL’s hedging profile for the next three years is detailed in the chart below.



Dividend Suspension & On-Market Share Buy-Back Programme

The NZL Board considers that the current market price of NZL shares materially undervalues both the assets and the free cashflow profile of the business making shares purchased at this level attractive and accretive on an asset and free cashflow basis for shareholders.

Accordingly, in the Directors' opinion, buying back shares is currently more attractive for shareholders than paying dividends and the Board has resolved to suspend NZL's dividend policy for the current six-month period. As a result, no dividend will be paid in respect of the six month period to 30 June 2023. The Board anticipates resuming dividends for the second half of 2023, subject to prevailing market conditions.

NZL will apply the cash previously earmarked for dividends to:

- acquire NZL shares through an on-market share buyback programme; and
- repayment of the convertible note recently issued to acquire the forestry assets.

The NZL Board will regularly determine the exact capital allocation between repayment of the convertible note and the buyback programme having regard to prevailing market conditions.

NZL's long-term goal is to pay regular, predictable dividends. However, in this establishment period and in prevailing market conditions the Board's responsibility is to protect and advance shareholder value.

Further details of the buyback programme can be found in the Appendix to this announcement.

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Appendix – Buyback Programme

New Zealand Rural Land Company Limited (NZX:NZL) advises of its intention to make selective on-market purchases of ordinary NZL shares pursuant to NZX Listing Rule 4.14.1(a) on the terms outlined in NZL’s capital management policy.

Pursuant to NZX Listing Rule 4.14.2, buybacks may take place on and from 1 June 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 number of shares purchased under the programme from time to time will be notified to the NZX market on the business day following the date on which those shares are acquired. Shares will be cancelled upon acquisition and the number of shares on issue in NZL will reduce accordingly.

The buyback programme will not run during any “Blackout Periods” (as described in NZL’s Securities Trading Policy).

Further details regarding the buyback programme are set out in NZL’s capital management policy available on its website.