



New Zealand Rural Land Co

The Rural Land Investors

28 February 2025

NZL's FY24 Result Delivers AFFO Growth, Diversification and Dividend Growth

New Zealand Rural Land Co (NZL.NZX) is pleased to announce its financial result for the year ended 31 December 2024. NZL recorded a consolidated net profit after tax of \$23.1m and Adjusted Funds From Operations (AFFO) of \$7.1m, excluding earnings from properties with put/call arrangements in place¹.

FY24 Highlights

- Roc Partners purchased 25% of NZL's portfolio, validating strategy and partnering for future growth;
- CPI linked rental increases of +18.6% on 37.3% of NZL's portfolio took effect in mid-2024. A further 26.5% of NZL's portfolio was subject to a +4.0% increase on 15 April 2024;
- AFFO grew from 4.35 cps in FY23 to 4.94 cps (+13.6%) in FY24. NZL forecasts FY25 AFFO of between 5.25 cps and 5.60cps (FY25 includes further CPI linked rental adjustments and the first full year of higher yielding horticultural acquisitions);
- Portfolio diversification and yield materially increased by forestry and horticultural acquisitions in FY24;
- WALT increased from 11.6 years (31 December 2023) to 12.5 (+8.2%) years at FY24 end;
- 17,503 hectares of rural land now owned, an increase of +9.0% on FY23 16,063;
- Restructured NZL's borrowing arrangements on 20 December 2024 by entering into a syndicated facility agreement with Rabobank and Bank of China. The new syndicated facility reduces NZL's weighted average cost of debt and increases total available debt capital from \$133.5m to \$140.0m;
- Gearing lowered to 29.6% from 36.2% (-6.6%) with 65.0% of borrowing hedged;
- Dividend reinstated at ~80% of AFFO, equivalent to a full year dividend of 4.00 cps. The final dividend will be paid in April 2025. NZL will continue to offer a dividend reinvestment programme.
- Net asset value per share has grown from \$1.25 at IPO to \$1.603 (at 31 December 2024); and
- On-market share buyback programme continued, with 88,804 shares repurchased at an average price of \$0.89 per share, bringing the total shares repurchased to 710,131 since buyback was initiated in June 2023.

The FY24 result delivered an increased portfolio value, effective risk management, and sustainable growth in value and dividends for shareholders.

A detailed results presentation is available at: <https://www.nzrlc.co.nz/reports-presentations>.

1. Reported figures include 100% of the earnings and assets of New Zealand Rural Land Investments Limited Partnership. NZL owns 75% of this entity. AFFO and dividends are not reported on a consolidated basis and are 100% attributable to NZL.

Roc Transaction

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 in early FY24 on 9 February 2024.

Roc acquired the equity interest for \$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. Further proceeds were used to fund orchard and forestry land acquisitions detailed below, with the balance retained as working capital while other opportunities were investigated.

Roc Partners has extensive experience in rural property investment and represent an ideal strategic partner for NZL. The Companies have already co-invested in four acquisitions, successfully growing the portfolio.

Acquisitions

In the first half of the year, NZL announced the acquisition of several additional properties including a 97 hectare horticultural property in Hawke's Bay and a 1,105 hectare forestry estate in Manawatu-Wanganui. NZL supplemented the purchases with an additional 1,501 hectare forestry estate in the same well regarded forestry region. These properties were collectively purchased for \$34.9m and were leased to Kiwi Crunch, New Zealand Forest Leasing and MM Forests respectively.

NZL also settled the first tranche of a 126 hectare apple orchard for \$4.9m. This initial purchase consisted of approximately 47 hectares, with an annualised year one income of \$635k. Settlement of the property included consideration of \$3.5m worth of NZL shares issued at \$1.58 per share - 2,215,190 shares. The next property is scheduled for settlement in September 2025.

The average weighted lease term and yield for FY24 acquisitions is 24.4 years and 7.8%, respectively (by lease value).

Following these transactions, NZL now owns 17,503 hectares of rural land (25% of which is owned by Roc) with a 12.5 year WALT (by lease value) and 100% occupancy across nine tenants. The new properties add meaningful sector, income and tenant diversification to NZL's portfolio, with forestry and horticulture now holding a 32% and 8% proportion of the company's annual lease income.

CPI Adjustments

NZL benefits from CPI adjustments for all of its properties and has received CPI adjusted rental payments from all 18 properties due for review in FY24. Most of NZL's dairy assets (37.3% of NZL's rent) had rental reviews effective in mid-2024, which resulted in CPI linked rental increases of +18.6%, a further 26.5% of NZL's portfolio was subject to a +4.0% increase on 15 April 2024. Reflecting this, the portfolio's total lease value has increased by ~\$1.56m or +7.6%. NZL's dairy leases undergo CPI review every three years, in contrast to its horticultural and forestry leases which undergo CPI review annually.

Dividend and Share Buyback Programme

NZL reinstated dividend payments and paid an interim dividend of 1.46 cps. NZL will pay a final dividend of 2.54 cps in April 2025 resulting in a total FY24 dividend of 4.00 cps representing ~80% of FY24 AFFO.

NZL's intention has always been to pay regular semi-annual dividends. NZL's amended dividend policy targets a pay-out of 60% - 90% of AFFO. The pay-out range grants the company greater flexibility to deploy NZL's cash operating earnings in ways considered most beneficial to increasing shareholder value.

The company maintains a selective on-market share buyback programme. During the period NZL repurchased a total of 88,804 shares at an average price of \$0.89 per share. Under the programme 710,131 shares have been acquired as at the date of this announcement.

Outlook & Subsequent Events

NZL's strategy is to own quality rural land in New Zealand; growing a diverse portfolio while delivering attractive risk-adjusted returns as a ground lessor. Recent acquisitions are delivering on this strategy.

The outlook for agriculture is positive with property prices forecast to continue increasing and higher commodity prices improving the servicing ability of NZL's tenants.

NZL's leases incorporate regular CPI reviews. That means inflation results in rental growth. NZL is also protected from inflation-impacted, and all other operational on-farm costs by owning only the land.

Post the most recent acquisitions and Roc transaction, NZL forecasts FY25 AFFO of between \$7.5m and \$8.0m, this excludes earnings from properties with put/call arrangements in place (~\$1.4m).

Subsequent to balance date NZL entered into an agreement with a tenant which involves the acquisition of land from the tenant for approximately \$15.5 million. As consideration, NZL will transfer two properties currently held for sale and cash to the tenant.

NZL will then lease the acquired land to the tenant. This transaction will see NZL receive increased rental revenue.

This agreement is expect to become unconditional by the 5th of March and be settled on that date.

Rob Campbell
Chair

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