



New Zealand Rural Land Co

The Rural Land Investors

NZSA Presentation
13 September 2023

www.nzrlc.co.nz

listed on:





DISCLAIMER

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[All images are of rural property held within NZL's portfolio.](#)

**New Zealand Rural Land Co (NZL)
owns and leases some of the best
farmland in the world, offering an
unparalleled investment opportunity.**



**New Zealand
Rural Land Co**

The Rural Land **Investors**

Why is NZL Without Parallel?

A perfect combination of advantages

- **A rapidly growing global population, food demand and a decrease in available productive land** means rural land is increasingly a more attractive investment and this scarce and critical food production infrastructure has **demonstrated consistent positive returns over time.**
- New Zealand has the **most productive agricultural land in the world.** Water, soils, space and climate come together to deliver **world-leading low-cost production and carbon efficiency.**
- **NZL invests in land**, not farm operations. There is **no direct exposure to operational, environmental or commodity price risks.**
- NZL currently **owns 14,847 hectares (36,988 acres) of high quality productive rural land** in New Zealand **and leases it, long term.**
- **NZL is the only pure-play, NZX-listed exposure to agricultural land in New Zealand.** As such NZL provides investors with a liquid and inflation-hedged investment.
- For overseas investors **NZL is one of the only ways** they can gain exposure to New Zealand agricultural land.
- NZL, since listing, has established a track record of **outperforming** the broader rural land market.



New Zealand
Rural Land Co

The Rural Land Investors

New Zealand is a World Leading **Producer** and **Exporter** of **Primary Products** - for Good Reason

The World's Most Efficient and Lowest Cost Producer

New Zealand's temperate climate, fertile soils and pasture-based production system results in lower cost of production than the farming systems used in most of the world.

Temperate Climate ✓

Fertile Soils ✓

Pasture-based Production ✓

-40%

lower cost of production than EU or USA.

Sustainably Advantaged

New Zealand has a lower carbon footprint for its primary products than most if not all alternative producers.



68%

less carbon from cradle-to-farm gate than the global average.

World Class Risk Mitigation

The importance of agriculture to the New Zealand economy mitigates political risks to the industry. While social risks are mitigated by the industry's active management of social perception and social licence.



1st

of 50 countries for Animal Welfare.



1st

out of 113 countries for Food Safety.

Advantaged Exporter, Well Positioned for Free Trade

New Zealand's natural advantages and efficient production means that the country produces far more than it can consume domestically. This allows farmers to export the majority of their goods to high value international markets.

95%

of products are exported to over 130 countries.

90m

people can source all their dairy from New Zealand.

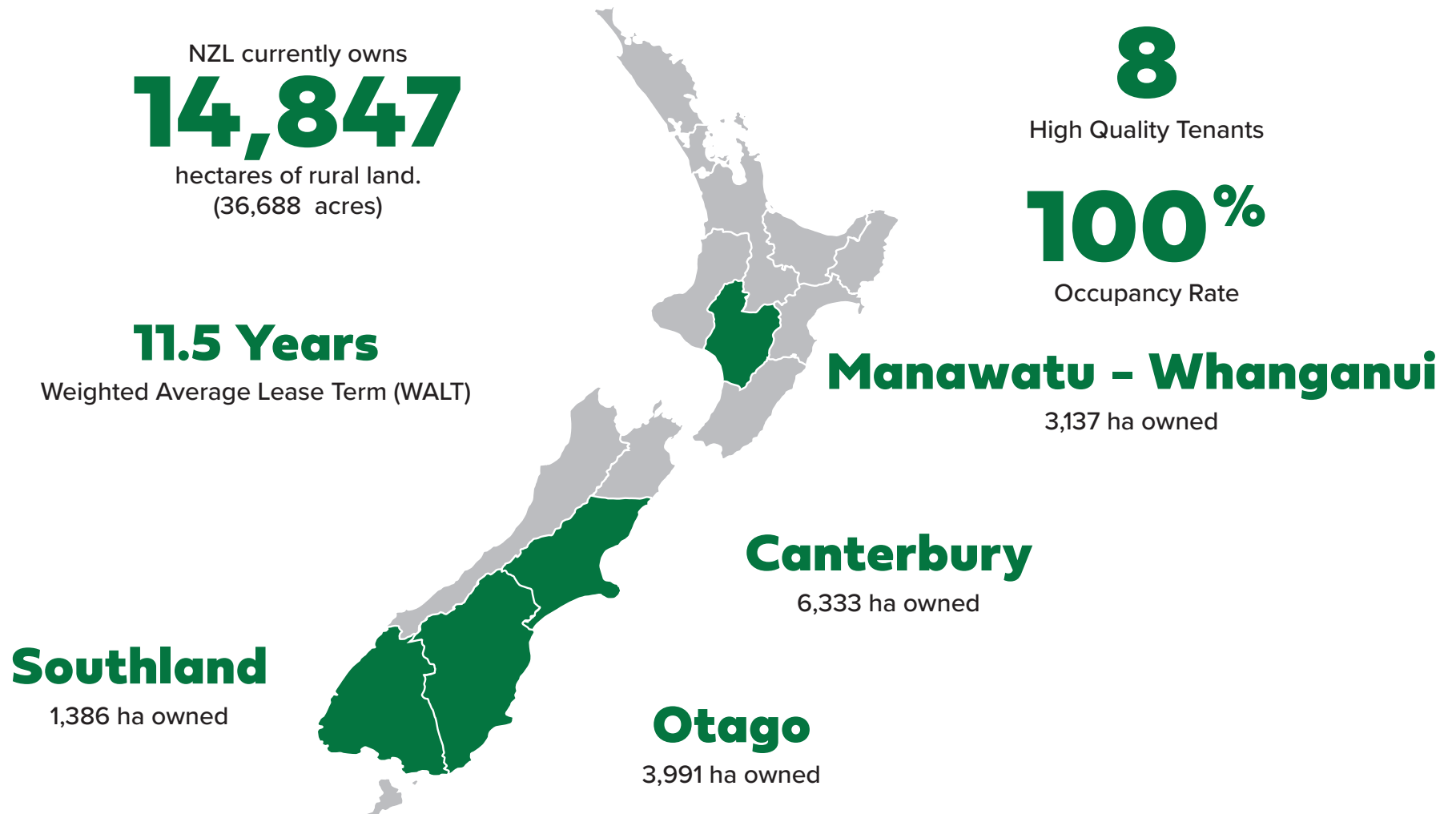
\$12.9b

is the value of New Zealand's Dairy Exports.

NZL Today

New Zealand Rural Land Company is a landlord to New Zealand's attractive agricultural sector.

We own rural land and lease it to high quality tenants.



NZL Timeline Since IPO



21 December 2020

Completed \$75m IPO and listed on the NZX.



01 June 2021

Settled \$112.5m of acquisitions in North Otago, South Canterbury and Southland.



02 August 2021

Completed \$12m acquisition in South Canterbury, New Zealand.



10 November 2021

Settled \$61.4m acquisition in Otago, New Zealand.



15 June 2022

Settled \$18.4m pastoral farm acquisition in Southland, New Zealand.



9 August 2022

Completed rights issue and shortfall placement to raise a total of \$16.8m**.



1 March 2023

Announced Pro-Rata Rights issue to raise \$38.5m to settle forestry acquisition on 15 April 2023.



23 March 2021

Announced first \$10.2m unconditional acquisition in Southland, New Zealand.



04 June 2021

Announced 2:3 Pro-Rata Rights Issue at \$1.10 per share.



23 September 2021

Completed rights issue and shortfall placement to raise a total of \$38.8m*.



8 June 2022

Announced 1:5 Pro-Rata Rights issue at \$1.05 per share



30 June 2022

Completed \$10.2m pastoral farm acquisition in Southland, New Zealand.



21 October 2022

Announced \$63m forestry estate acquisition in Manawatu-Whanganui, New Zealand.



15 March 2023

Raised \$24.0m via 1:3 Pro-Rata Rights issue.

* 87.52% of the Pro-Rata Rights Issue was taken up by investors.

** 82.63% of the Pro-Rata Rights Issue was taken up by investors.

NZL has raised a total of \$154.7m in equity since IPO.

NZL Year to Date Highlights



NAV per share has grown from \$1.25 at listing to \$1.534.



Share price is currently trading at a -44.6% discount to NAV/sh*.



Diversification via forestry acquisition (forestry now 30% of lease income).



Buy-back continues. The Board considers NZL to still be materially undervalued.



Accretive acquisitions boost full year Adjusted Funds From Operations (AFFO) per share.

*Based on a share price of \$0.85 as at 24 August 2023.

NZL At a Glance



\$362.7m

Total Assets



\$214.5m

Net Asset Value (NAV)



\$1.534

NAV per Share



+31.4%

FY22-FY24 Forecast AFFO
per share CAGR*



37.1%**

Gearing

**From FY22 to full year FY24 based on actuals and guidance. Represents a forecast and may differ from actual results.*

***Total tangible assets divided by total bank debt.*



NEW ZEALAND RURAL LAND COMPANY



SECTION 1

NZL ADVANTAGES

NZL Advantages



SECTORAL



SUSTAINABILITY



STRUCTURAL



RISK MANAGEMENT



RETURNS



Sectoral Advantages

-  The global **population** is expected to **reach 9.7 billion by 2050**. A growing global population and surging demand for food alongside declining available productive land provide a strong long-term global tailwind for productive land ownership.
-  Globally, productive rural land is a scarce/finite resource. **New Zealand rural land** is extremely well placed to **capitalise on the global scarcity of high quality arable land**.



-56%

between 1962 and 2018

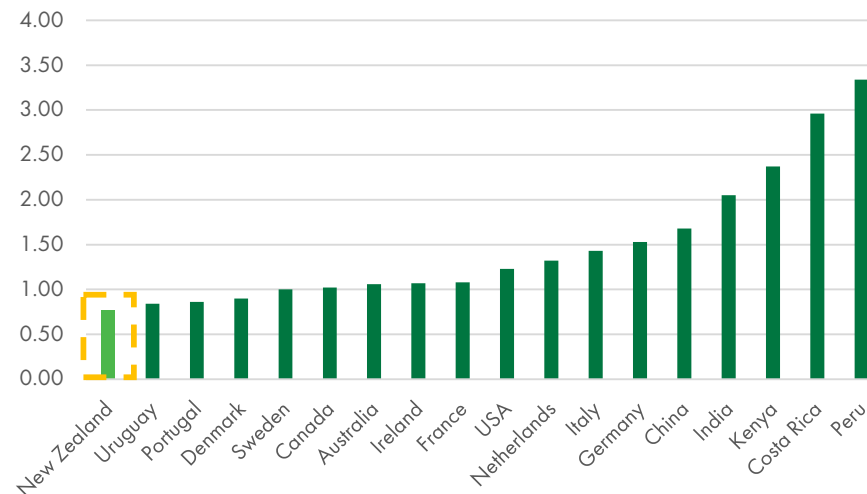
the amount of arable (productive) land available per person to produce food is in significant decline.




Sustainability Advantages

-  Soil in New Zealand is predominantly fertile volcanic loams – ideal for productive farming. This, coupled with New Zealand’s temperate climate, consistent rainfall, adequate sunshine and ability to grow grass and other crops year round make it a highly advantaged, efficient, consistent and low cost producer of primary products.
-  New Zealand’s pasture based farming system allow for easy transition of rural land to a range of alternative uses should conditions dictate (e.g. dairy to sheep and beef rearing).
-  New Zealand’s low input pasture based farming methods enable meat and dairy products to be produced at significantly lower cost than the EU or US. In the case of milk production it is a 40% - 50% lower cost than EU and US producers.
-  **New Zealand dairy has the world’s lowest carbon emissions per kg of milk.**

New Zealand’s Emissions Advantage



-  The production of sheep/lamb meat in New Zealand generates carbon emissions c.-63% lower than the global average. While beef production emits c.-77% less carbon.

Source: Ag Research
*Fat and Protein Corrected Milk



Sustainability Advantages (continued)



Additionally, NZL only selects tenants with a track record of environmentally sustainable performance. (All NZL's leases also incorporate a requirement that tenants reserve a large buffer of equity relative to annual lease costs to ensure that leases are paid even in adverse operating conditions).



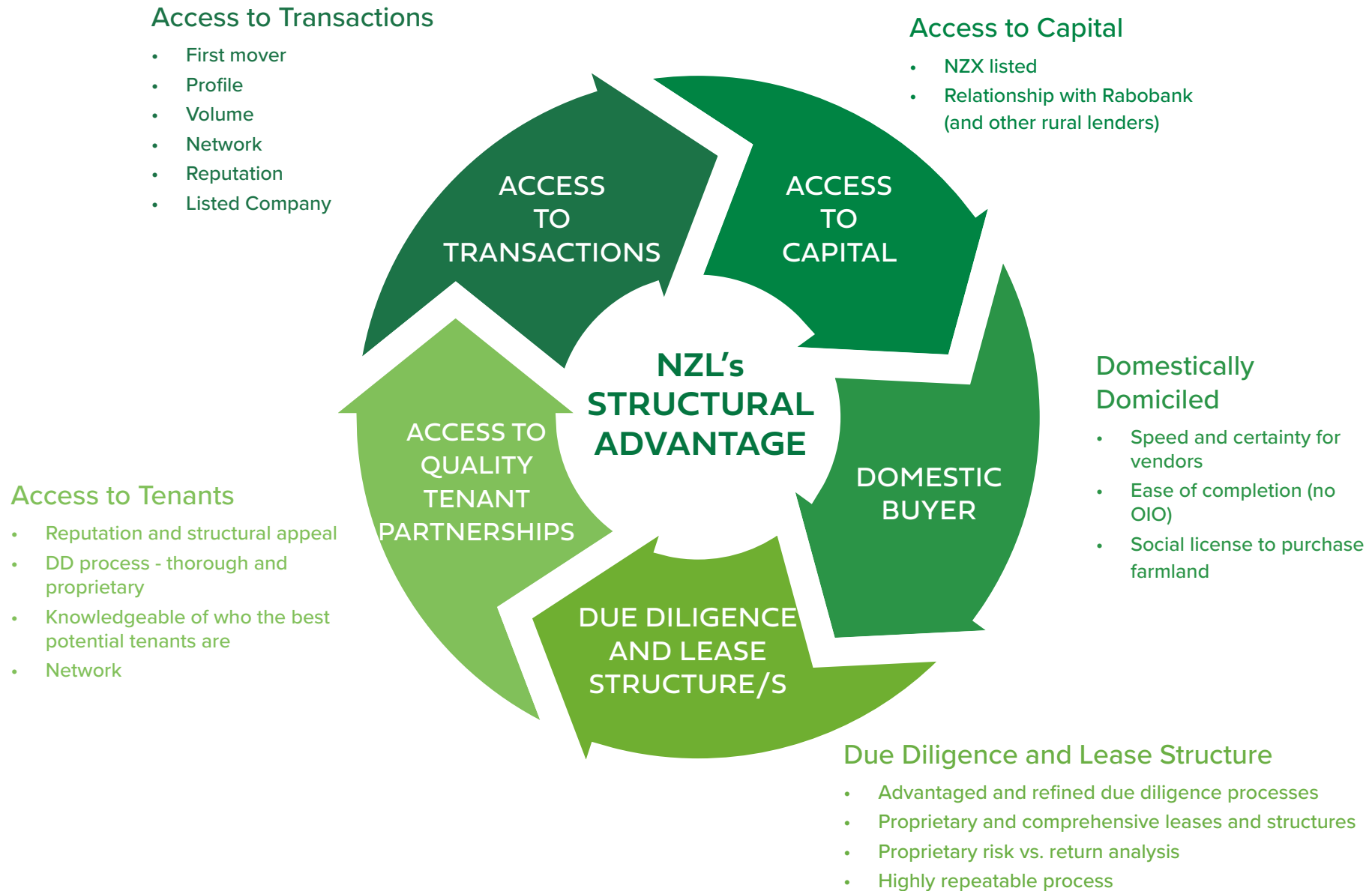
Joint sustainability commitments are written into NZL's binding leases. These reinforce the shared vision between NZL and its tenants of what sustainability looks like and the commitment to proactively manage, mitigate and minimise greenhouse gas emissions, nutrient leaching and other potentially environmentally harmful practices, while ensuring the welfare and wellbeing of the people, communities and animals connected to the land.



NZL's directors and management have a track record of establishing and implementing sustainability initiatives across a number of New Zealand businesses.



Structural Advantages



Risk Management Advantages

 By only owning the land NZL has **no direct exposure** to the **operational risks of farming**:



No direct
on-farm risks
(via either sharemilker or
operational partner)



No direct
exposure
to volatile
commodity prices



Limited exposure
to environmental
risks



No exposure to
animal health
risks



No direct
exposure
to farmer
co-ops



Listing provides
greater liquidity
than syndicates
or direct
investments

 By only owning rural land NZL has **a number of advantages over traditional REITs**:



Easy and low cost
alternative use



Tenants with high
credit quality
and a history
of operational
excellence



Rural land assets
have much less
depreciating
improvements



Uncorrelated with
traditional assets



Low
obsolescence risk



Food production
is an essential
service



Inflation hedged
asset class



Return Advantage



Land as an investment offers a low risk profile for investors, generates consistent returns (non-cyclical) and NZL since listing has a demonstrated history of outperforming the farm price index*.

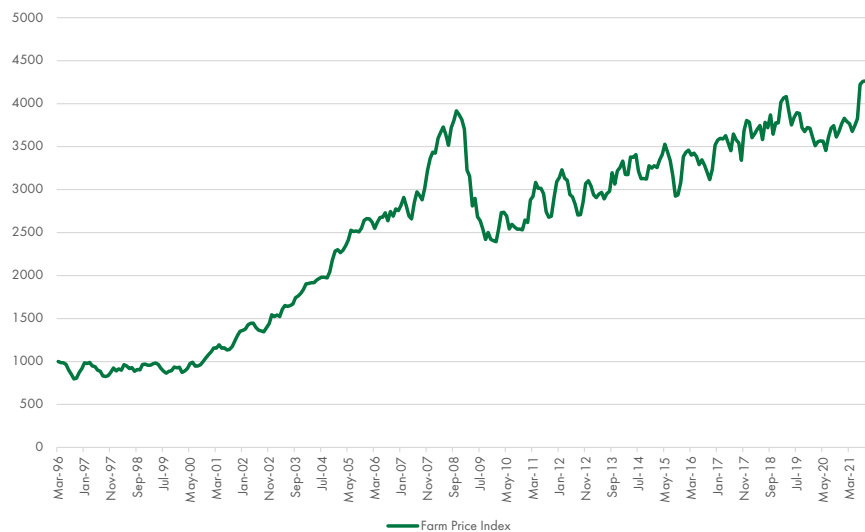


For the last 26 years the value of rural land in New Zealand has grown consistently, with REINZ's Rural Land Price Index increasing at a CAGR of +6.6% per annum, this is before operating or lease income, currently NZL is receiving >5% cash leases on capital deployed for low risk assets, these are all subject to uncapped inflation adjusted leases and are triple net leases; meaning the responsibility for maintenance rests with the tenants.

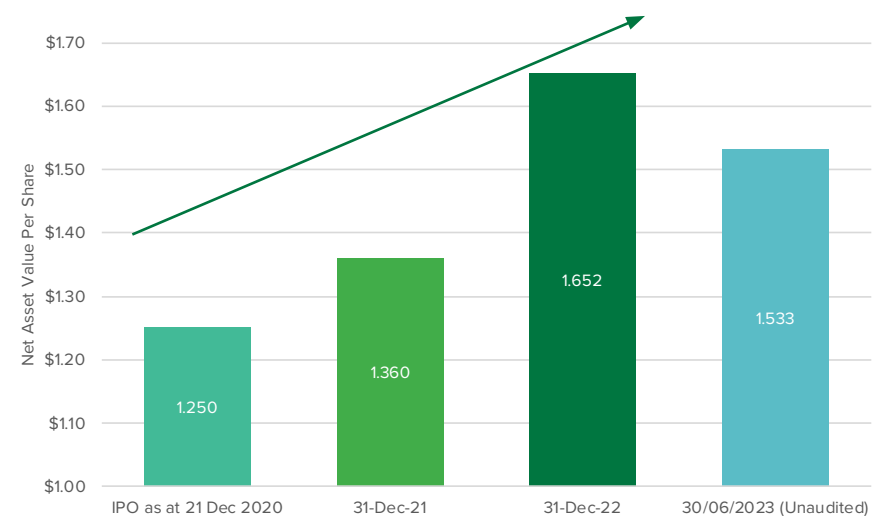


The capital growth of rural land in New Zealand offers a significant tax advantage over other jurisdictions as capital gains are not taxed in New Zealand.

Long Term New Zealand Farm Price Returns - Land Only
CAGR +6.6% p.a.**



NAV Performance Since Listing
CAGR +8.5%***



*REINZ Farm Price Index (excluding forestry and lifestyle blocks)

**REINZ Farm Price Index (excluding forestry and lifestyle blocks)

***This NAV growth has been achieved alongside an expansion of capital base from 60,600,000 shares on issue at IPO to 139,906,000 on issue as at 30 June 2023. Calculation assumes full participation in rights issues.



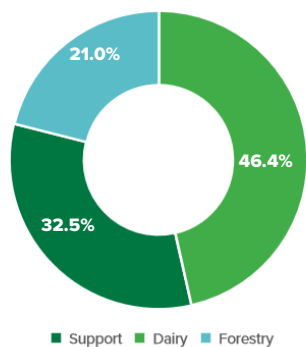
SECTION 2

NZL PORTFOLIO OVERVIEW

6 month period to 30 June 2023.

Portfolio Overview

Rural Sub-Sector Breakdown








Region	OTAGO	CANTERBURY	SOUTHLAND	MANAWATU - WHANGANUI	TOTAL
Land Area (ha)	3,991	6,333	1,386	3,137	14,847
Rural Asset Class	Pastoral Farms	Pastoral Farms	Pastoral Farms	Forestry	Pastoral Farms & Forestry
Current Use	Dairy & Support	Dairy & Support	Dairy & Support	Forestry & Carbon	Dairy, Support, Forestry & Carbon
WALT (years) ¹	7.8	8.8	8.3	18.9	11.6
# Tenants	2	3	3	1	8 ²
Occupancy	100%	100%	100%	100%	100%

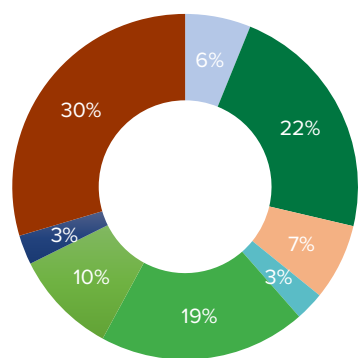
¹WALT is weighted by lease value.

²One of our tenants leases farms in both Canterbury and North Otago.

Tenant Concentration, Lease Profile & Lease Overview

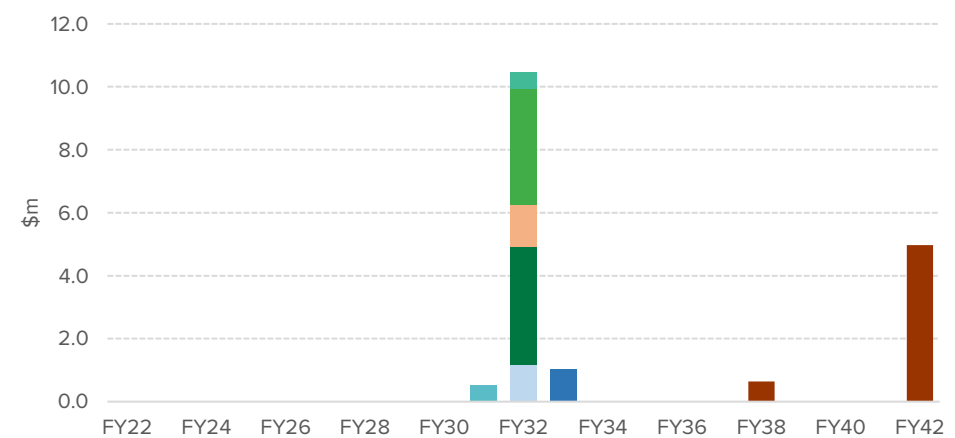
-  NZL expects tenant diversification to increase as it continues to grow its asset base.
-  NZL's Weighted Average Lease Term (WALT) is currently 11.6 years* (100% occupancy).
-  NZL's pastoral farm leases all have three, six and nine year uncapped **CPI increases** with tenant rights of renewal in years 10 or 11.
-  NZL's forestry leases all have annual uncapped **CPI increases**.
-  All leases are triple net leases, tenants are responsible for all repair and maintenance costs.

Tenant Concentration as % of Lease Value



Tenancy 1 Tenancy 2 Tenancy 3 Tenancy 4 Tenancy 5 Tenancy 6 Tenancy 7 Tenancy 8

Lease Expiry Profile by Value



Tenancy 1 Tenancy 2 Tenancy 3 Tenancy 4 Tenancy 5 Tenancy 6 Tenancy 7 Tenancy 8

* As at 24 August 2023



SECTION 3

NZL FINANCIALS FOR PERIOD ENDING 30 JUNE 2023

Financial Highlights



Total Returns

Net asset value per share has grown from \$1.25 at IPO* to \$1.534 (at 30 June 2023), a total return CAGR of +14.6% including dividends and a total return of +40.7%**.



Significant Discount to NAV

A share price of \$0.85 (24 August 2023), representing a -44.6% discount to NAV, offers a compelling entry point for a quality, defensive asset, with a strong rental income growth outlook.



Share Buy-Back Ongoing

NZL's share buy-back continues. The Board considers NZL to still be materially undervalued, and thus continues to purchase shares on market. To date NZL has repurchased 306,327 shares and intends to make further repurchases at current levels as cash flow permits.



Increasing AFFO/Share Guidance

Strong uplift in AFFO guidance driven by forestry acquisition. FY23 AFFO per share post forestry acquisition is forecast to be 4.2 - 4.6 cps, FY24 AFFO per share is forecast to be 5.7 - 6.0 cps. This represents an AFFO mid point CAGR of +31.4% from FY22 - FY24.

* 21 December 2020

Adjusted Funds From Operations (AFFO)



AFFO is a proxy for free cash flow commonly used by REITs. AFFO is intended to provide investors with a clearer picture of the company's free cash flow.

2.12cps

FFO

1.96cps

AFFO

NZ\$000	30 June 2023*	30 June 2022**	Variance	%
Net Profit After Tax	2,492	36,512	(34,020)	(93.1%)
Adjusted for:				
Unrealised Net Gain on Investment Properties	-	(35,342)	(35,342)	-
Performance Fee Payable in Shares	-	4,115	(4,115)	-
Unrealised Net Gain on Derivatives	260	(960)	+1,220	+127.1%
Deferred Tax Expense / (Benefit)	97	(919)	+1,016	+110.6%
Amortisation of Rent Free Incentives	88	59	+29	+49.2%
Amortisation of Lease Fee	25	31	(6)	(19.4%)
Funds from Operations (FFO)	2,962	3,496	(534)	(15.2%)
FFO per Share	2.12	3.10	(0.98)	(31.2%)
Adjusted Funds from Operations				
Incentives and Leasing Costs	109	(1,110)	+1,219	(109.8%)
Future Maintenance Capital Expenditure	(332)	(178)	+154	+86.5%
Adjusted Funds from Operations (AFFO)	2,739	2,208	+351	24.0%
AFFO per share (cents)	1.96	1.96	-	-

FY23 AFFO/share is forecast to be between 4.2 cps and 4.6 cps while FY24 AFFO per share is forecast to be between 5.7 cps and 6.0 cps.

*6 month period to 30 June 2023.

**6 month period to 30 June 2022.

Note: REIT - Real Estate Investment Trust, AFFO - Adjusted Funds From Operations, FFO - Funds From Operations

Profit & Loss Statement

+45.2%

Increase in Rental Income

\$2.49m

NPAT

1.92cps

EPS

NZ\$000	30 June 2023*	30 June 2022**	Variance	%
Gross Rental Income				
Rental Income	6,851	4,717	+2,134	+45.2%
Net Rental Income	6,851	4,717	+2,134	+45.2%
Less Overhead Costs				
Directors Fees	(114)	(114)	0	-
Insurance	(41)	(40)	+1	+2.5%
Management Fees	(503)	(331)	+172	+52.0%
Repairs and Maintenance	(82)	-	+82	-
Professional, Consulting and Listing Fees	(292)	(187)	(105)	+56.2%
Performance Fee	-	(4,115)	(4,115)	-
Total Overhead Costs	(1,032)	(4,787)	(3,755)	(78.4%)
Profit / (Loss) Before Net Finance Income, Other Income and Income Tax	5,819	(70)	+5,889	+8,412.9%
Finance Income	926	1,842	(916)	(49.7%)
Finance Expense	(4,156)	(1,521)	+2,635	+173.3%
Net Finance Income	(3,230)	321	(3,551)	(1,106.3%)
Profit / (Loss) Before Other Income and Income Tax	2,589	251	+2,338	+931.5%
Other Income				
Change in Fair Value of Investment Property	-	35,342	(35,342)	-
Profit / (Loss) Before Tax	2,589	35,593	(33,004)	(92.7%)
Income Tax Expense	(97)	919	(966)	(105.1%)
Profit / (Loss) and Total Comprehensive Income for the Period	2,492	36,512	(34,020)	(93.2%)
Earnings per Share (EPS) (cents)	1.92	37.27	(35.45)	(94.85%)

*6 month period to 30 June 2023.

**6 month period to 30 June 2022.

Balance Sheet

\$362.7m

Total Assets

\$214.5m

Total Equity

+12.4%


Increase in NAV

NZ\$000	30 June 2023	31 December 2022	Variance	%
Current Assets				
Cash and Cash Equivalents	229	1,942	(1,713)	(88.2%)
Other Current Assets	499	282	+217	+77.0%
Total Current Assets	728	2,224	(1,496)	(67.3%)
Non-Current Assets				
Investment Property	275,597	267,360	+8,237	+3.08%
Investment in forestry estate	63,367	-	+63,367	-
Deposit for Forestry Estate Acquisition	-	6,294	(6,294)	-
Loan receivable	19,733	19,144	+589	+3.08%
Derivative Assets	2,318	2,506	(188)	(7.5%)
Other Non-Current Assets	943	1,292	(349)	(27.0%)
Total Non-Current Assets	361,919	296,596	+65,323	+22.0%
Total Assets	362,647	298,820	+63,827	+21.4%
Current Liabilities				
Trade and Other Payables	2,214	594	+1,620	+272.7%
Income in Advance	292	-	+292	-
Borrowings	29,500	1,968	+27,532	+1,399.0%
Convertible Note	1,244	-	+1,244	-
Other Current Liabilities	169	319	(150)	(47.0%)
Total Current Liabilities	33,419	2,881	+30,528	+1060.0%
Non-Current Liabilities				
Borrowings	104,000	105,000	(1,000)	(0.95%)
Convertible Note	10,716	-	+10,716	-
Total Non-Current Liabilities	114,716	105,000	+9,716	+9.25%
Total Liabilities	148,135	107,881	+40,254	+37.3%
Net Assets	214,512	190,939	+23,573	+12.4%
Total Equity	214,512	190,939	+23,605	+12.4%
NAV per Share	1.534*	1.652**	(0.12)	(7.4%)

*Shares on issue as at 30 June 2023 - 139,906,327

**Shares on issue as at 31 December 2022 - 115,601,570

Debt Summary

 NZL has hedging arrangements in place for 53% of its total borrowings costing, on average, 5.33%. The remaining debt is floating and the cost of the floating debt component is 7.63%. Accordingly, NZL's weighted average cost of debt is currently 6.42%.

37.1%**

Gearing**

6.42%*

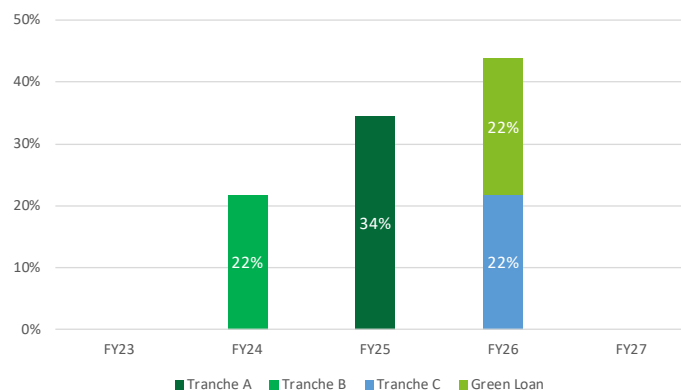
Weighted Average
Interest Cost

2.1 Years*

Weighted Average Term
to Expiry

Key Metrics	30 June 2023	31 December 2022
Debt Drawn (\$m)	133.5	107.0
Debt to Total Assets	37.1%	36.1%
Interest Coverage Ratio	1.8x	2.4x
Weighted Average Term to Expiry (Years)	2.0	2.4
Weighted Average Debt Cost	6.42%	5.6%
% of Debt Hedged	53%	39%
Total Debt Facilities Available (\$m)	133.5	107.0

NZL Debt Facility Expiry Profile as at 30 June 2023




Key Banking Partner




* As at 30 June 2023

** Gearing is calculated as: bank debt / total tangible assets

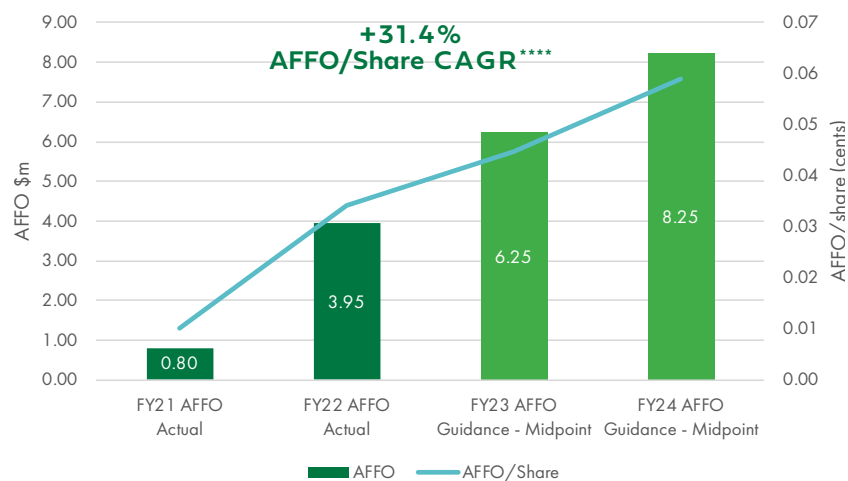
Total Returns

 NZL delivered \$2.56m in AFFO in the six months to June 2023, +15.9% from the six months to June 2022 (\$2.21m). NZL remains on track to meet its full year AFFO guidance as it will capture the first full six months of lease income from its forestry estate over the second half of the year.

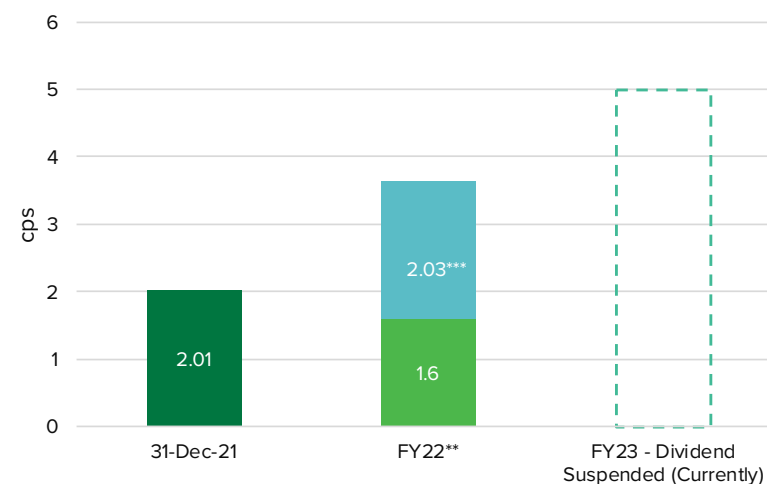
 FY23 AFFO/share is forecast to be between 4.2 cps and 4.6 cps while FY24 AFFO per share is forecast to be between 5.7 cps and 6.0 cps.

 AFFO / Share CAGR from listing to the end of FY24 is forecast to be +31.4%.

AFFO & AFFO/Share



Dividends per Share Since Listing



** Adjusted to reflect the change in balance date from 30 June 2022 to 31 December 2022.

*** Declared dividend for 6 months ending 31 December 2022.

****CAGR calculation is from FY22 - FY24 and includes forecasts, as such actual results may differ.




SECTION 4

NZL OPERATIONAL UPDATE & OUTLOOK






Summary of FY23 To Date

Acquisitions







-  On 14 April 2023, NZL announced the settlement of a forestry estate acquisition which comprises five individual properties with a total area of approximately 2,400 hectares. The total acquisition cost was ~\$63m. The estate is 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 Rabobank. These borrowings were in the form of a **green loan** established within a green financing framework managed and reported on in line with Asia Pacific Loan Market Association's Green Loan Principles.
-  The equity component of the purchase was funded from the proceeds of NZL's pro-rata rights issue and a \$12m convertible note issued to an entity associated with NZFL. The note is unsecured and pays an 8% p.a. coupon. NZL can redeem any part of the note at any time without penalty.
-  On 28 April 2023, NZL announced the settlement of a supplementary forestry acquisition for a purchase cost of approximately \$8m. NZL acquired 100% of the forest which has a total area of 737ha. The forest is leased to NZFL for a period of 16 years. The purchase was funded through a combination of debt from capacity in the previously established green loan facility and equity remaining from the pro-rata rights issue.

*Assumes 100% of forest owned

Corporate Actions

-  On 26 May 2023 NZL announced an upgrade of FY24 earnings guidance, suspension of the FY23 interim dividend and an on-market share buyback.
-  NZL announced an upgrade to its forecast FY24 AFFO on 26 May 2023. This was due to the accretive nature of NZL's forestry acquisitions, FY24 is the first full financial year in which the forests will be owned by NZL. NZL's FY24 AFFO forecast is unchanged at \$8.0m - \$8.5m.*
-  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.
-  In the Directors' opinion, buying back shares was more attractive for shareholders than paying dividends and the Board resolved to suspend NZL's dividend policy for the current six-month period.
-  NZL will use available cash flow to:
 - continue to acquire NZL shares through an on-market share buyback programme; and
 - repay the convertible note recently issued to acquire the forestry assets.

Outlook

-  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.
-  As announced to the market on 26 May 2023, post the forestry acquisition in April 2023, NZL's AFFO for FY23 (1 January 2023 to 31 December 2023) is forecast to be between \$6.0m and \$6.5m with FY24 AFFO forecast to be between \$8.0m and \$8.5m^{**}. These forecasts remain unchanged.
-  FY23 AFFO per share post forestry acquisition is forecast to be between 4.2 cps and 4.6 cps while FY24 AFFO per share is forecast to be between 5.7 cps and 6.0 cps.
-  From 1 July 2024, NZL will start to see the positive impact of inflation with approximately 55% of the portfolio (by lease income) due for CPI rental review. CPI accumulated since the leases began (1 June 2021) totals +12.6% to 31 December 2022 and is forecast to be approximately +22.3% for the three years to 30 June 2024.
-  NZL has hedging arrangements in place for 53% of its total borrowings costing, on average, 5.33%*. The remaining debt is floating and the cost of the floating debt component is 7.63%. NZL's weighted average cost of debt is 6.42%.
-  NZL's investment properties are valued annually. The most recent valuation was in December 2022 and the next valuation occurs in December 2023. The rural land market in the last 6 months remains resilient considering market conditions. The REINZ All Farm Price Index has declined a largely immaterial -2.39% in the 6 month period from December 2022.

*as at 30 June 2023

**AFFO forecasts assume that NZL acquires 100% of the forest estate.

Updates from the Timber, Carbon & Dairy Markets

Timber & Carbon



In April 2023, NZL acquired a 2,400ha forestry estate in Manawatu-Whanganui and, in the same month added a further 737 ha in the same region. Both estates are leased long term to New Zealand Forest Leasing (NZFL).



The Carbon market / Emissions Trading Scheme (ETS) market has seen significant volatility with the current carbon/NZU price at approximately \$65*. The volatility was largely attributed to increased uncertainty. The government's decision in December 2022 to decline the Climate Change Commission's (CCC) price control recommendations for 2023-2027 played a crucial role in driving down prices from nearly \$90 to below \$35. The CCC's advice was rejected due to concerns carbon price increases would exacerbate inflation. It is worth reiterating that NZL is sheltered from price swings in NZU's as NZL only owns the land, not the derived carbon or timber revenues, and has an experienced, well capitalised tenant in NZFL.



Recently, the price of NZU's have increased to ~\$65 after the climate change minister James Shaw offered some market certainty and announced the government would adopt the Climate Change Commissions advice.



Due to an ongoing review of the Emissions Trading Scheme (ETS) there is further short-term market uncertainty. The consultation has been triggered by concern around the possibility that the current settings of the ETS do not provide adequate incentives for businesses to reduce their emissions directly, instead promoting reliance on carbon offsets through forest planting (consultation closed 11 August 2023). The government is inviting submissions on four potential amendments to the current frame work. We believe our properties in the forestry sector are supported by long term tailwinds in the carbon price and timber sectors alongside a well established market participant in NZFL.

Dairy Market





Fonterra's FY23 mid point milk price is currently \$6.75 kg/ms, which is lower than some farmer's cost of production. NZL and NZRLM are offering support to tenants with access to advice and operational support experts. All leases continue to be current and we continue to monitor and offer assistance where useful.


*As at 24 August 2023.

Creating a Diversified Rural Land Portfolio Over Time

Portfolio Construction:

 NZL's initial focus has been on acquiring New Zealand pastoral properties.

 Intention is to expand focus to other New Zealand primary sectors, particularly as investment opportunities arise in horticulture, viticulture and forestry as well as sheep and beef.







 Subsector focus as at September 2023 is as follows:

KEY



As NZL grows it will continue to diversify its portfolio and tenants while delivering attractive risk-adjusted returns.

Target Rural Land Asset Classes:

Sector:	Description:	Time frame:
 FORESTRY	NZ's environment provides for a wide variety of forestry and tree based carbon sequestration due to its natural advantages in soil, climate and rainfall.	First transaction completed.
 DAIRY	NZ's environment suits dairy farming and has a lower cost of production, in an environment of growing demand.	Existing ownership
 GREEN ENERGY	A growing demand supported by supportive government policies and decreasing costs of renewable energy construction provides attractive alternative land use.	Near-term horizon
 POULTRY	Eggs are highly nutritious and relatively low cost food which New Zealand has a competitive advantage in producing, due to its suitability for free range and local production of feed, both of which have lower carbon footprints than more intensive operations.	Near-term horizon
 VITICULTURE	New Zealand's maritime climate, fertile soils and elongated geography allow for regional wine variations including Pinot Noir and Sauvignon Blanc. We believe forecast macro trends will provide for more favourable future acquisition pricing in the sector.	Medium-term horizon
 HORTICULTURE	New Zealand's climate and soil allows for the production of a range of high quality produce with Kiwifruit the largest crop. NZL considers that the sector is largely fully priced but continues to monitor opportunities as they arise.	Medium-term horizon

Summary

NZL provides investors with exposure to:



Favourable Industry Dynamics

Long term demand for key commodities and food vs declining availability of productive land drives land values. Productive rural land is finite in supply and its value is founded on worldwide population growth, growing food demand, and yield-boosting innovation. Increasing scarcity of productive land globally is mirrored in New Zealand.

New Zealand is one of the world's lowest-cost and lowest-carbon emitting producers of protein, fibre and timber in the world.

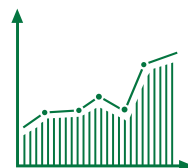


A Proven Value Add Acquirer of Land

Successfully acquired more than 14,800 hectares of pastoral farm land and forestry since listing on 21 December 2020.

NAV per share increased from \$1.250 (21 December 2020) to \$1.533 as at 30 June 2023. This represents total increase in NAV of +22.7%.

NAV growth has been achieved alongside an expansion to capital base from 60.6m shares on issue at IPO to ~139.9m shares on issue as at 30 June 2023.



Attractive Total Returns

NAV has grown by +22.7% since NZL's IPO. NZL has paid/declared a total of 5.64 cps in dividends since listing with the most recently declared dividend (2.03 cps) +26.9% higher than that paid for the six months ended 30 June 2022 (1.60 cps).

Farmland does not typically experience the same volatility that mark economic changes. It usually experiences peaks and plateaus – appreciating at an attractive rate when times are positive but not necessarily retreating when conditions are tough, this is driven by its increasing scarcity.



High Quality Tenants with Attractive WALT

All tenants have significant operating experience, robust balance sheets and governance frameworks.

11.6 year WALT (by value).



A Significant Growth Opportunity

NZL provides unique investment exposure as it is currently the only pure-play listed exposure to New Zealand rural land.

NZL provides inflation hedging and stable income via CPI-linked leases (uncapped).

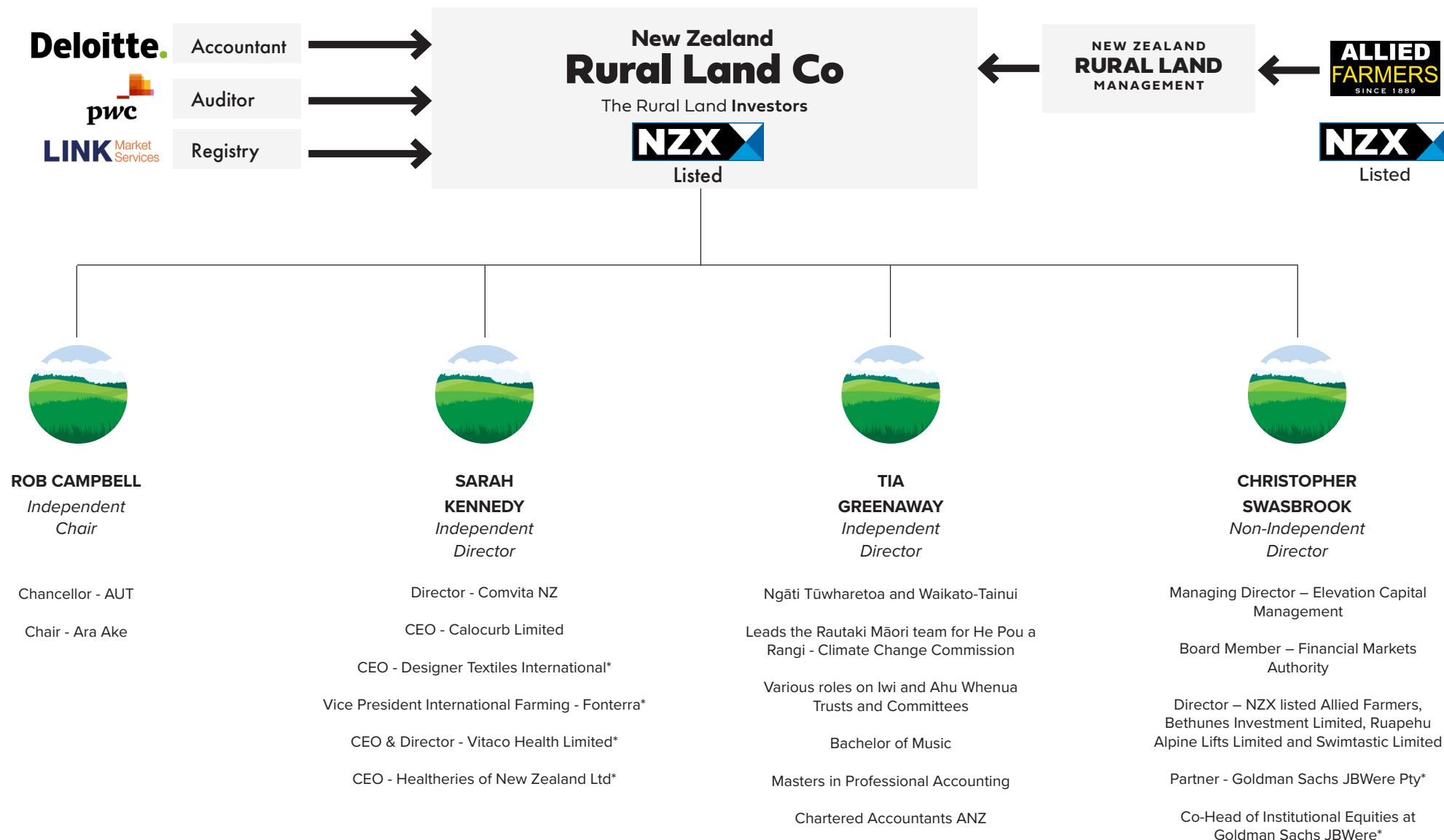
NZL's strategy is to continue to grow its portfolio, both in dairy and other attractive agricultural opportunities, to ultimately provide scale and diversified exposure to high quality New Zealand rural land.



APPENDIX 1

NZL COMPANY STRUCTURE & OWNERSHIP

Company Structure & Board



* Denotes previously held role

Key People



New Zealand Rural Land Co

The Rural Land Investors



ROB CAMPBELL

Independent Chair

Chancellor - AUT
Chair - Ara Ake



SARAH KENNEDY

Independent Director

CEO - Calocurb Limited
Previously CEO - Designer Textiles International
Previously Vice President International Farming - Fonterra
Previously CEO / Member of the Board of Directors - Vitaco Health Limited
Previously CEO - Healtheries of New Zealand Ltd



TIA GREENAWAY

Independent Director

Hailing from Ngāi Tūwharetoa and Waikato-Tainui
CFO - Tupu Angitu
Various roles on Iwi and Ahu Whenua Trusts and Committees



CHRISTOPHER SWASBROOK

Non-Independent Director

Managing Director – Elevation Capital Mgmt Limited
Board Member – Financial Markets Authority (FMA)
Member - NZX Listing Sub Committee
Director – Bethunes Investments Limited, McCashin's Brewery Limited, Ruapehu Alpine Lifts Limited, Swasbrook Securities Limited and Swimtastic Limited
Previously a Partner of Goldman Sachs JBWere Pty Limited & Co-Head of Institutional Equities at Goldman Sachs JBWere (NZ) Limited



New Zealand Rural Land Management



SHELLEY RUHA

Director

Director - Heartland Bank
Director - Allied Farmers
Director - Icehouse
Director - 9 Spokes
Previously - BNZ Senior Management Team and leader of BNZ Partners



RICHARD MILSOM

Executive Director & Founder

Consultant - Elevation Capital Management Limited
Managing Director - Allied Farmers
CEO - Bellevue Enterprises Limited – Bovine & Porcine Genetic Improvement & Sustainable Pork Production Company
Director - W2 Dairies
INFNZ Emerging Leader 2017



XAVIER LYNCH

General Manager - Corporate

Executive, Corporate Finance - Bancorp Merchant Bankers
Senior Analyst, Corporate Finance - Deloitte New Zealand
Analyst - Todd Property Group
Investment Analyst - Crown Irrigation Investments Limited



CHRISTOPHER SWASBROOK

Founder & Consultant

See above.



HAYDEN DILLON

Founder & Consultant

Managing Partner Findex (Waikato) & Head of Agribusiness New Zealand for Findex.
Independent Director - Williams Holdings Limited
Independent Director - Aquila Sustainable Farms Limited and associated Limited Partner Farms.
Independent Director Rowing New Zealand.
Trustee - South Waikato Investment Fund
Chairman - Bioceta Limited
Previously - Senior Partner Bank Of New Zealand – Waikato
Previously - Corporate Relationship Manager Food Fibre & Beverage National Australia Bank - Melbourne
Fellow FINZIA



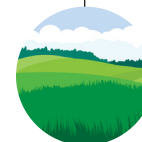
RURAL PROPERTY MANAGERS

Rural Property Managers



RURAL VALUERS

Independent Consultants



FARM CONSULTANTS

Independent Consultants



AGRICULTURAL ENVIRONMENTAL SPECIALISTS

Independent Consultants



Foreign Ownership Rules & Levels



New Zealand Buyer

NZL is highly advantaged because it is a New Zealand buyer of rural land.



Current Listed Company Foreign Ownership Rules

Under the Overseas Investment Amendment Act 2021, NZL can have foreign domiciled shareholders of up to 49.9% of its share register (subject to certain share parcel restrictions). Private companies in NZ are limited to less than 25%.



Current NZL Foreign Ownership

As at 30 June 2023, NZL had foreign domiciled shareholders amounting to ~21.89% of its share register.



APPENDIX 2

KEY RISKS

Key Risks

KEY RISKS

Land Value Risk	<p>NZL will realise its strategy for capital growth in the value of rural land that it acquires only if NZL acquires rural land at a purchase price that is less than the rural land's future value. This requires NZL to predict future value when acquiring rural land, which involves inherent uncertainty. Acquiring unproductive land and other external factors may reduce land value below the price that NZL paid to acquire that land.</p> <p>NZL's rural land is currently concentrated in the dairy sector and until there is greater diversification in its rural land holdings, the value of NZL's land is susceptible to value decreases if there is a sustained downturn in the dairy sector. The acquisition of the forestry estate will help to mitigate this risk by diversifying NZL's rural land holdings into the forestry sector. NZL's rural land assets are also each of a relatively large scale making the number of potential buyers more limited. Therefore, any realisation of NZL's rural land assets may take longer to realise for an appropriate sale price.</p>
Tenant Risk (financial)	<p>NZL's income is rental payments received from Tenants who lease NZL's rural land. Tenants are exposed to the financial risks associated with operations on the land (for example, commodity price fluctuations, increases in operating costs, health risks to stock). If Tenants do not manage those risks or lack the financial capacity to absorb those risks Tenants may default on lease payments to NZL. If NZL is required to replace a Tenant, NZL may have a period where it is receiving no or reduced income from the rural land that it owns while a replacement is appointed. This could impact on NZL's ability to pay dividends. Accordingly, NZL investors are indirectly exposed to operational farming risks given that those risks can cause Tenants to become insolvent and reduce NZL's income.</p> <p>NZL currently has seven Tenants leasing its rural land holdings and will bring on one additional tenant as part of the acquisition of the forestry estate (whose financial position is dependent on the forestry and carbon industries, not dairy). Diversifying this Tenant base over time is a key mitigant for NZL to ensure it is not overly exposed to the financial position of any one Tenant.</p>
Tenant Risk (operational)	<p>Operational practices of Tenants on NZL's rural land could damage the rural land and decrease its value. For example, poor environmental or unsustainable farming practices could reduce production on the rural land and lead to regulatory actions.</p> <p>As with the Tenant risk (financial), NZL's tenant selection criteria becomes a key mitigant where, in addition to selecting Tenant's that are financially sound, Tenant's need to demonstrate a high degree of operational experience and a history of using best farming/agricultural practices.</p>

Key Risks (continued)

KEY RISKS

Financing Risk	<p>To grow and diversify its rural land holdings, NZL needs to access capital to fund acquisitions. Capital is sourced from a combination of bank debt and proceeds from equity issuances.</p> <p>NZL's ability to raise capital from equity issuances will be subject to its financial performance, investor sentiment and prevailing market conditions. These factors cannot be assured.</p> <p>For bank debt, NZL has a medium-term target of maintaining a loan to value ratio (LVR) of 30% and, a bank covenant requiring the LVR to be no more than 40%. The LVR of NZL is currently 37.7% as at 30 June 2023. Borrowing to an LVR at the higher end of this range has enabled NZL to act on acquisition opportunities as they arose and grow its rural land holdings more rapidly. However, this has also reduced the headroom that NZL has with its bank covenant which could be a material risk if rural land values decreased. In addition, this exposes NZL more to interest rate increases.</p>
Capital Expenditure Risk	<p>There could be unbudgeted capital expenditure on rural land that NZL acquires reducing the expected return from that land for NZL. Such unbudgeted capital expenditure, or capital expenditure cost overruns may occur if repairs and maintenance are not being properly undertaken, which will generally be the responsibility of the Tenant. Changes in environmental laws or environmental law non-compliance could give rise to unforeseen capital expenditure necessary for compliance or remediation.</p>
COVID-19 Pandemic Risks	<p>COVID-19 has and continues to cause significant supply chain disruptions for both domestic and international markets. To date, global supply chains have prioritised the delivery of food products, minimising disruption to the New Zealand dairy sector. However, supply chain disruptions are continuing and if they do start impacting more on food products, this could increase spoilage of dairy products, cause increases in operating costs and a reduction in profitability for Tenants.</p>
Extreme Weather Events	<p>Climate change is expected to increase the frequency/severity of extreme weather events. Extreme weather can cause long-term damage to NZL's assets this damage may include slips, flooding or windthrow while the infrastructure necessary for tenants to conduct their operations may be also be damaged or destroyed. Extreme weather events may also cause significant supply chain disruptions for both domestic and international markets. Supply chain disruptions could increase spoilage of dairy products, cause increases in operating costs and a reduction in profitability for Tenants.</p>
Forestry Industry Regulation	<p>New Zealand's Emissions Trading Scheme is relatively mature in a global context. However, legislation is changed frequently as the country works towards national emissions budgets. There is therefore a risk that the government makes changes to the Emissions Trading Scheme and its associated legislation that negatively impacts the returns to the tenant of the forestry estate or NZL as owner of the forestry estate.</p>



APPENDIX 3

INDEX INCLUSIONS, BROKER RESEARCH COVERAGE & INVESTOR CONTACTS

Index Inclusions and Broker Research Coverage

Index Inclusions



FTSE Global Micro Cap Index

**S&P Dow Jones
Indices**
A Division of S&P Global

S&P / NZX All Real Estate Index



MSCI World Micro Cap Index

**S&P Dow Jones
Indices**
A Division of S&P Global

S&P / NZX Micro Cap Index

Broker Research Coverage



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