

NEW ZEALAND RURAL LAND CO.

SUSTAINABLE AOTEAROA

Post Settlement of Acquisitions & Rights Issue Presentation

9 June 2021

www.nzrlc.co.nz

listed on:





Disclaimer

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New Zealand Rural Land Company (NZL): Recap From IPO Documents

- New Zealand Rural Land Company (NZL) was incorporated for the purpose of acquiring rural land across New Zealand's agricultural sector;
- NZL will partner with and lease land to experienced farmers and food producers.
- NZL would present a differentiated investment proposition to what is currently available on the NZX:
 -  Exposure to agriculture / rural land as an asset class without the direct operational exposure and volatility;
 -  Core focus on securing experienced, well capitalised, long-term tenants to provide security around income;
- Market forces are creating an opportunity to acquire high quality dairy farms at attractive prices;
- Although the initial target is dairy land given favorable pricing backdrop, NZL will target other rural land asset classes across cycles;
- NZL will separate land ownership and operations. NZL will improve capital efficiency for its tenants while offering its investors a clear separation from traditional on-farm risks:



**No direct
on-farm
risks**

(via either sharemilker or
operational partner)



**No direct
exposure
to volatile
commodity
prices**



**Limited
exposure to
environmental
risks**



**No direct
exposure
to animal
health risks**



**No direct
exposure
to farmer
co-ops**

- NZL is targeting minimum gross lease rate of 4.50% per annum + potential NAV growth;
- NZL aims to pay dividends in Q1 2022;
- NZL will be the only agricultural land based listed property company on the NZX and is raising a minimum of \$75 mln.

New Zealand Rural Land Company (NZL): Since Listing on NZX*

- NZL was the largest IPO on the NZX in 2020 raising \$75.0 mln. It was also the largest company to list with no assets in many years on the NZX;
- NZL is now a long-term custodian of \$122.75** mln of dairy land and a revenue stream of approximately \$6.1 mln per annum from these properties over the terms of the lease/s - all achieved within 6 months of listing;
- NZL has achieved a higher gross lease rate on the properties acquired of ~5.00% vs IPO documentation which guided investors to ~4.50%;
- NZL believes NAV growth can be expected by investors and reminds investors that NZL's balance date is 30 June 2021. Independent valuations of the acquired properties will be sought at this date;
- NZL highlights to existing and potential investors the statement in the Notice of Special Meeting - page 15:

The final purchase price to be paid for the Properties (\$112.5 million to \$114 million) is below the aggregate value attributed to the Properties under the independent valuations. However, the Board still needs to obtain advice and determine what will be appropriate carrying values for the Properties in the NZL financial statements for the period ending 30 June 2021.

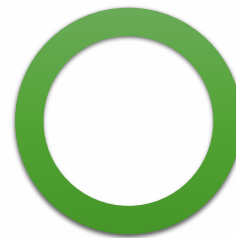
- NZL secured a \$65M revolving credit facility with Rabobank providing capacity for further acquisitions;
- NZL shareholders can expect to receive their first interim dividend in Q1 2022.

* NZL listing date was 21 December 2020.

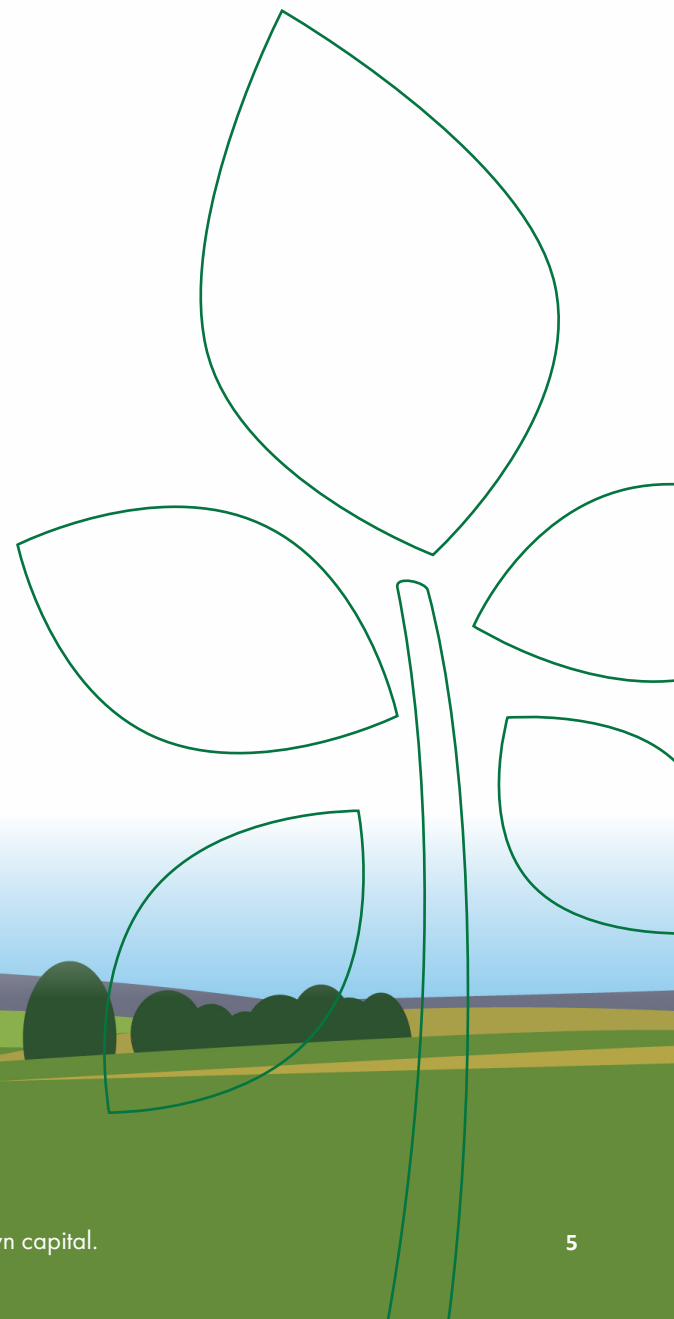
** Subject to final adjustments.

NZL: Key Metrics

Portfolio Value:	\$122.75 mln (at purchase price)
Debt:	~\$54,200,000*
Weighted Average Interest Cost:	~2.50%**
Occupancy:	100%
Weighted Average Lease Term:	10.91 Years
Market Capitalisation:	\$67,715,200*
# Shares on Issue (NZL):	60,460,000
NTA as at 31 December 2020:	\$1.2080
Rural Land Exposure [†] :	



- Dairy - 100%
- Horticulture - 0%
- Viticulture - 0%
- Green Energy - 0%

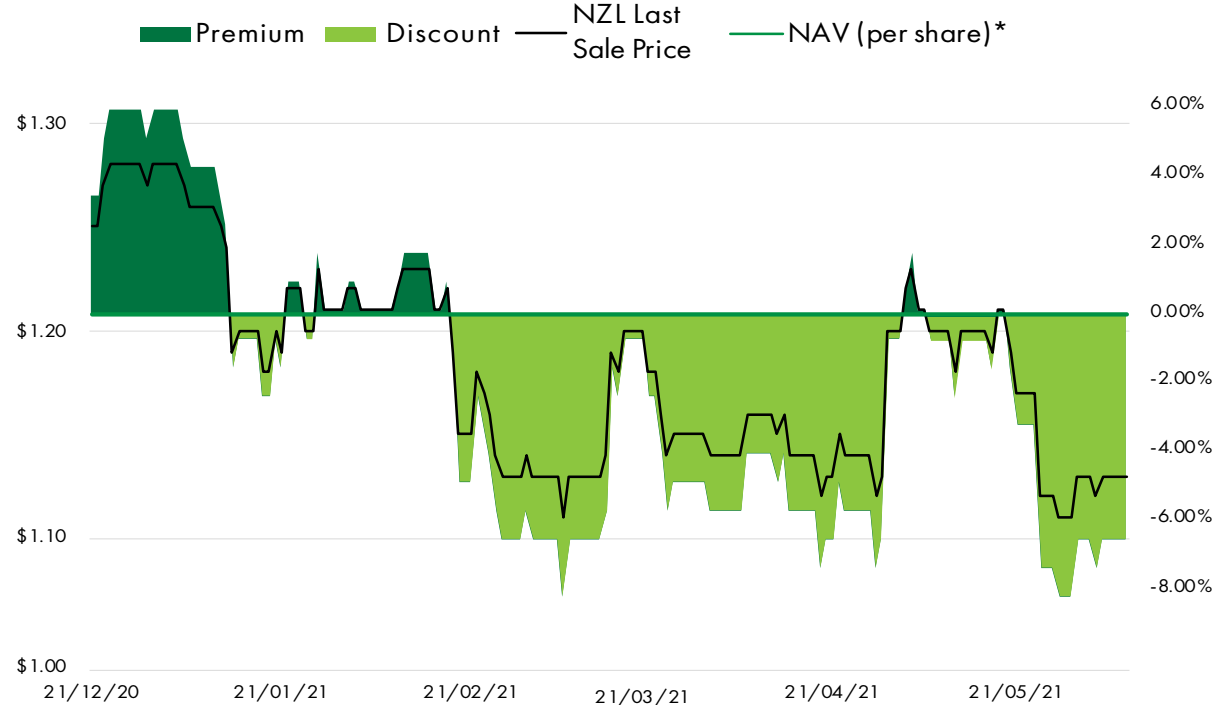


* As at 8 June 2021.

** As at 8 June 2021, NZL has not put in place any interest rate hedges at this time. This also includes a line fee of 0.88% per annum on undrawn capital.

NZL: Key Metrics (cont.)

NZL Share Price / NAV Since Listing on NZX



Shareholder Returns* *

Returns	NZL.NZX	S&P/NZX All Real Estate Gross Index [NZREITG]
Since Listing	-9.6%	+0.18%
CYTD	-11.72%	-2.16%



NZL: Current Rural Land Portfolio - Summary

PROPERTY VALUES AND LEASE TERMS

PURCHASE PRICE (NZ\$) [SUBJECT TO FINAL ADJUSTMENTS]

\$122,750,000

LEASE VALUE (NZ\$ PA)

\$6,135,575.85

LEASE RATE ON PURCHASE PRICE [SUBJECT TO FINAL ADJUSTMENTS]

5.00%

LEASE TERM

10 - 11 Years - CPI Adjustment Years 3, 6, 9

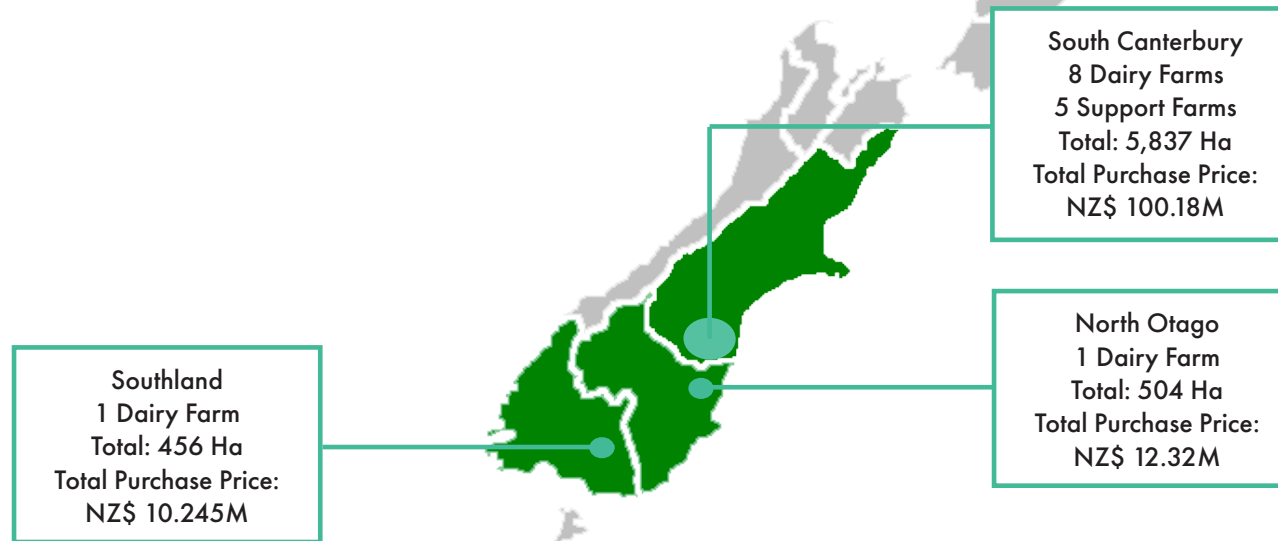
TENANTS



**PERFORMANCE
LIVESTOCK LTD**

**Sustainable
Grass Dairy Ltd**

**PERFORMANCE
DAIRY LTD**



NZL: Portfolio by Region - Southland



SOUTHLAND

PROPERTY DETAILS



FARM TYPE
Traditional dairy



OF FARMS
1



TOTAL HA
456



CONTOUR
Easy Undulating -
Rolling



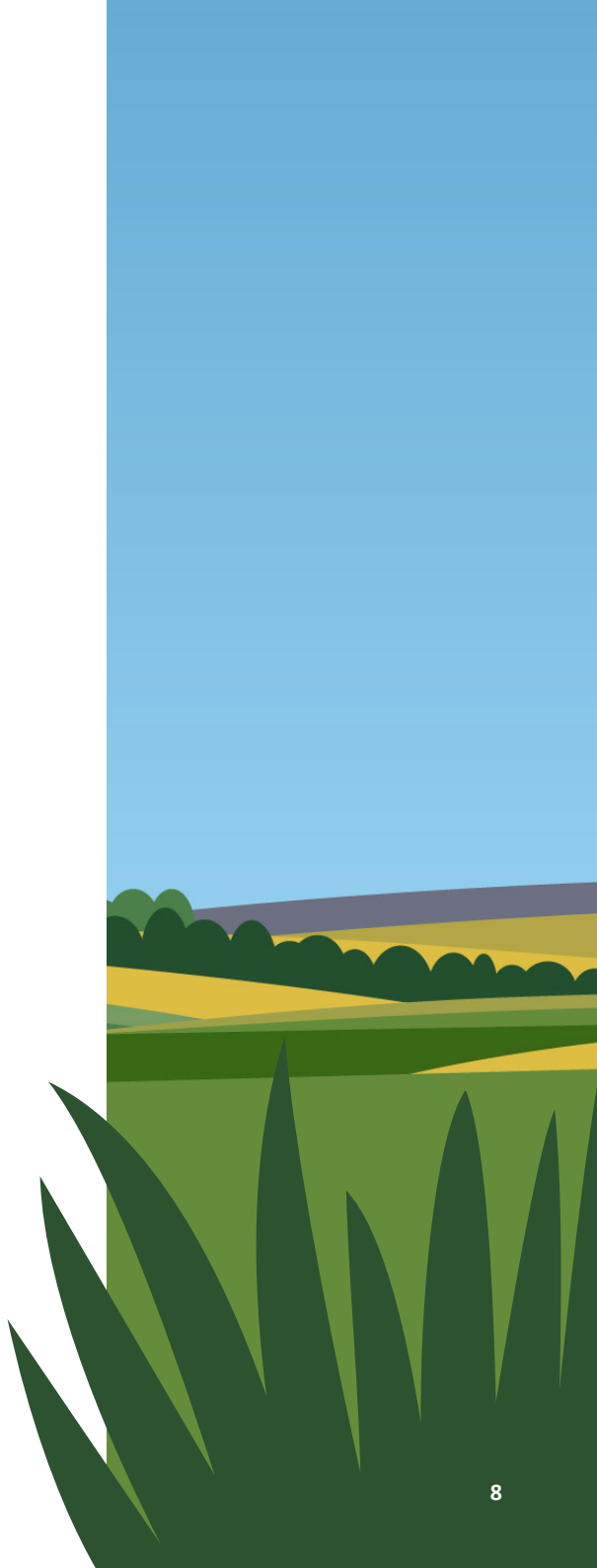
HOUSES
4



SOILS
Predominantly Kaiwera
Soils with a small strip of
Waimahaka Hill Soils.



WATER SOURCE
Bore



NZL: Portfolio by Region - North Otago



NORTH OTAGO

PROPERTY DETAILS



FARM TYPE

Traditional dairy



OF FARMS

1



TOTAL HA

504



CONTOUR

Easy Undulating -
Rolling



HOUSES

5



SOILS

Claremont and Timaru
silt loam soils.



WATER SOURCE

Local River



NZL: Portfolio by Region - South Canterbury



SOUTH CANTERBURY

PROPERTY DETAILS



FARM TYPE

Traditional dairy,
Hybrid Farms,
Support Farms



OF FARMS

13



TOTAL HA

5,837



CONTOUR

Most farms are flat
with some rolling to
steep.



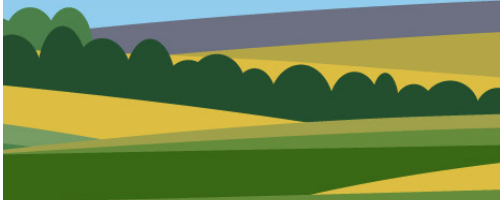
WATER SOURCE

Majority local water
schemes with some
drawing from dams



SOILS

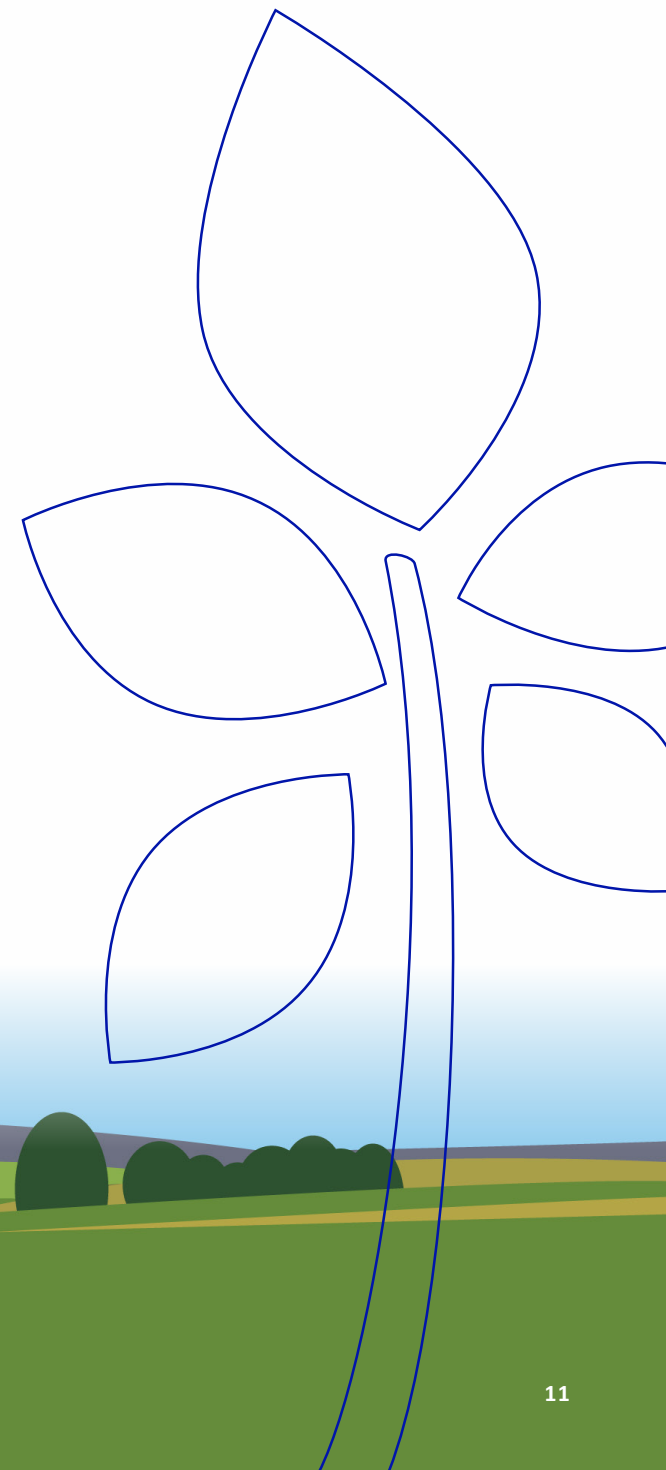
Pukeuri, Waipara, Kauri,
Timaru, Claremont,
Ruahine, Wakanui,
Darnley.



NZL: Debt Facility with Rabobank

New Zealand

- To finance the aforementioned acquisitions NZL has drawn \$54.2 mln of its new \$65 million revolving credit facility with Rabobank (this facility has a mixture of terms being 2, 3, and 5 years, and the ability to utilise interest rate swaps).
- The current weighted average interest cost of these borrowings is approximately 2.50% per annum*.
- As was detailed in the recent Notice of Special Meeting, the Rabobank facility has a loan to value ratio covenant of 40%, this will first be measured at 30 September 2021. While the bank covenant is at a 40% level, the intention of the Board is to restore debt to a 30% level under its internal debt policy. The Board's intention is that a 30% debt level should be the 'steady state' debt level for NZL which is only exceeded on a temporary basis to facilitate transactions that are in the best interests of NZL.



* As at 8 June 2021. Note: NZL has not put in place any interest rate hedges at this time. This also includes a line fee of 0.88% per annum on undrawn capital.

NZL: Rights Issue - 2:3 @ \$1.10

- NZL is undertaking a 2:3 rights issue @ \$1.10 to raise \$44.33M to reduce debt back to an internal policy target of a loan to value ratio of approximately 30% and also enable NZL to capitalise on a strong pipeline of potential acquisitions.
- NZL Rights Issue Key Dates:

Announcement of key terms of the Offer	24 May 2021
Rights trading commences on the NZX Market	2 June 2021
Record Date for determining entitlements	5.00pm, Wednesday 3 June 2021
Opening Date for the Offer	4 June 2021
Rights trading ends on the NZX Market	17 June 2021
Closing Date for the Offer (last day for receipt of a renunciation or the completed Entitlement and Acceptance Form with payment)	23 June 2021
Allotment Date for New Shares* under the Offer	28 June 2021
Expected date for quotation of New Shares*	28 June 2021

- Detailed below is the impact the rights issue will have on an investor with 10,000 shares acquired at the time of the IPO and who takes up their full entitlement:







	Shares Owned	Cost Basis / Share
IPO - 21 December 2020	10,000	1.2500
2:3 Rights Issue	6,667	1.1000
Total holding post rights offer	16,667	1.1900

* New Shares will rank *pari pasu* in all respects with existing shares.

NZL: Acquisition Pipeline

- NZL has the potential to acquire an additional 500 Ha Hybrid Dairy Farm by 1 August 2021 should the vendor be unsuccessful in refinancing that property by this date. NZL has already entered into a conditional lease (subject only to NZL's acquisition of this property that will be for 11 years with two 12 year rights of renewal).

MAKIKIHI ROAD

					
PURCHASE PRICE	LOCATION	TOTAL HA	FARM TYPE	LEASE RATE	TENANT
\$ 12,000,000	Waimate, South Canterbury	500	Hybrid Dairy Farm	> 5%	Performance Dairy Limited

- NZL has a potential pipeline of approximately \$130 mln+ of rural land assets that is broken down as follows as at 8 June 2021:

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NZL: Foreign Ownership

- NZL is highly advantaged because it is a New Zealand buyer of rural land;
- 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);
- Currently, NZL has foreign domiciled shareholders amounting to ~23% of its share register.
- The current rights issue potentially presents an attractive opportunity for offshore institutions to acquire a meaningful interest in NZL by registering their interest for any rights issue shortfall alongside existing NZL Shareholders.
- **To register interest - please contact:**

Christopher Swasbrook

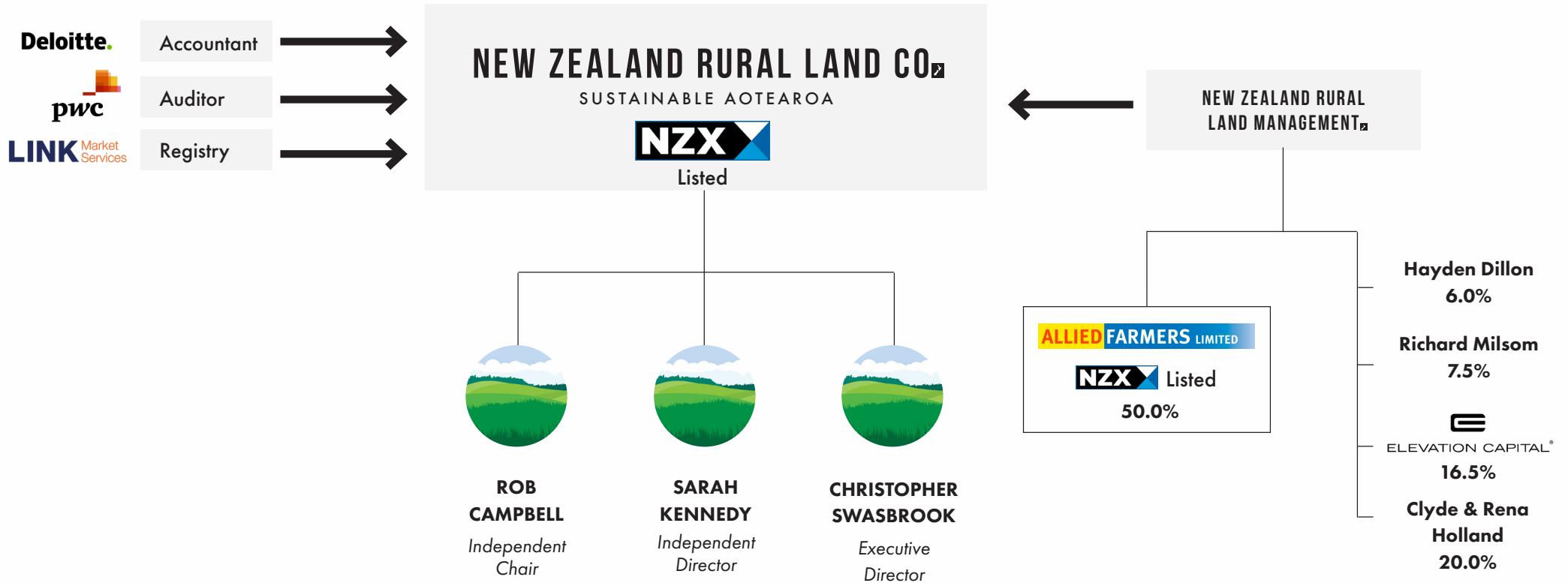
Executive Director

chris@nzrlc.co.nz

+64 21 928 262



NZL: Structure, Directors, Service Providers & Manager



NZL: Key People

NEW ZEALAND RURAL LAND CO.

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ROB CAMPBELL

Independent Chair

Chair – SKYCITY Entertainment Group
 Chair – WEL Group Limited
 Chair - Tourism Holdings
 Chair - Summerset Group
 Director - Precinct Properties
 Vice Chancellor - AUT



SARAH KENNEDY

Independent Director

Director - Comvita NZ
 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



CHRISTOPHER SWASBROOK

Executive Director

Managing Director – Elevation Capital Management Limited
 Board Member – Financial Markets Authority
 Director – Allied Farmers, Bethunes Investment Limited, RAL 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

Independent Chair

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



RICHARD MILSON

Executive Director

Consultant - Elevation Capital Management Limited
 CEO – Bellevue Enterprises Limited – Bovine & Porcine Genetic Improvement & Sustainable Pork Production Company
 INFINZ Board Member
 INFINZ Emerging Leader 2017



MARISE JAMES

Director

Director - Allied Farmers
 Partner - Baker Tilly Staples Rodway Taranaki,
 Chair - Firstlight Wagyu NZ Limited,
 Previously:
 Founding director - Fonterra Co-operative Group
 Director - FMG Insurance Limited
 Director - Landcorp Farming Limited
 Director - TSB Bank + TSB Trust
 Chaired the Audit Committees of FMG and Landcorp.



HAYDEN DILLON

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 FINSIA



CHRISTOPHER SWASBROOK

Consultant

Managing Director – Elevation Capital Management Limited Board Member – Financial Markets Authority (FMA)
 Director – Bethunes Investments Limited, New Zealand Rural Land Company Limited and Swimtastic Limited
 Previously a Partner of Goldman Sachs JBWere Pty Limited & Co-Head of Institutional Equities at Goldman Sachs JBWere (NZ) Limited



RURAL VALUER

Independent Consultant

FARM CONSULTANT

Independent Consultant

AGRICULTURAL ENVIRONMENTAL SPECIALIST

Independent Consultant

RURAL PROPERTY MANAGER

Rural Property Manager

NZL: Outlook

The outlook for NZL remains bright in terms of further expanding its land holdings;

- NZL believes that overseas ownership restrictions and commercial bank lending policies continue to impact the availability of buyers of large scale opportunities that NZL is typically targeting. A lack of buyers able to transact at scale positions NZL extremely well to continue to build its portfolio;
- This remains somewhat in contrast to recent headlines which are clearly positive for long-term land price appreciation. These headlines are not currently having a dramatic impact on large scale rural land prices that one would intuitively expect;
- **NZL Directors continue to believe this represents a truly compelling opportunity to continue to acquire land at scale and hence have sought a larger amount of capital in the rights issue to enable NZL to be able to maximise the opportunity set at present.**

Commodities boom spills over to milk as Fonterra forecasts record prices

World's biggest dairy exporter notes surging global demand, particularly from China



China to allow couples to have three children in face of demographic crisis

Policy shift comes shortly after reporting slowest population growth rate in decades



Wednesday, 12 May 2021 10:55

Milk price set to remain at elevated levels

Written by Rabobank

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Dairy commodity prices have shaken off the past year's uncertainty, entering 2021 with a strong price trajectory.

Whole milk powder (WMP) prices (in USD terms) have lifted almost 30% higher for the first four months of the year, compared to the 2020 average.</p></div>
<div data-bbox="90 890 356 958" data-label="Text">
<p>But it's not just WMP prices on an upwards track. Other commodities are on a similar course, with skim milk powder (SMP) prices smashing past the USD 3,000 barrier that seemed impenetrable for the last six years, reaching highs not experienced since 2014. Butter and anhydrous milkfat (AMF) have experienced an even steeper price resurgence, lifting over 35% each for the year so far.</p>
</div>
<div data-bbox="228 761 357 899" data-label="Image">

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<div data-bbox="224 905 353 917" data-label="Caption">
<p>Dairy milk prices have entered 2021 with a strong trajectory</p>
</div>
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<h2>Dairy prices likely to stay stronger for longer as supply is constrained</h2>
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<p>Tina Morrison · 14:56, May 15 2021</p>
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<div data-bbox="950 939 973 958" data-label="Page-Footer">
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