



New Zealand
Rural Land Co

The Rural Land Investors

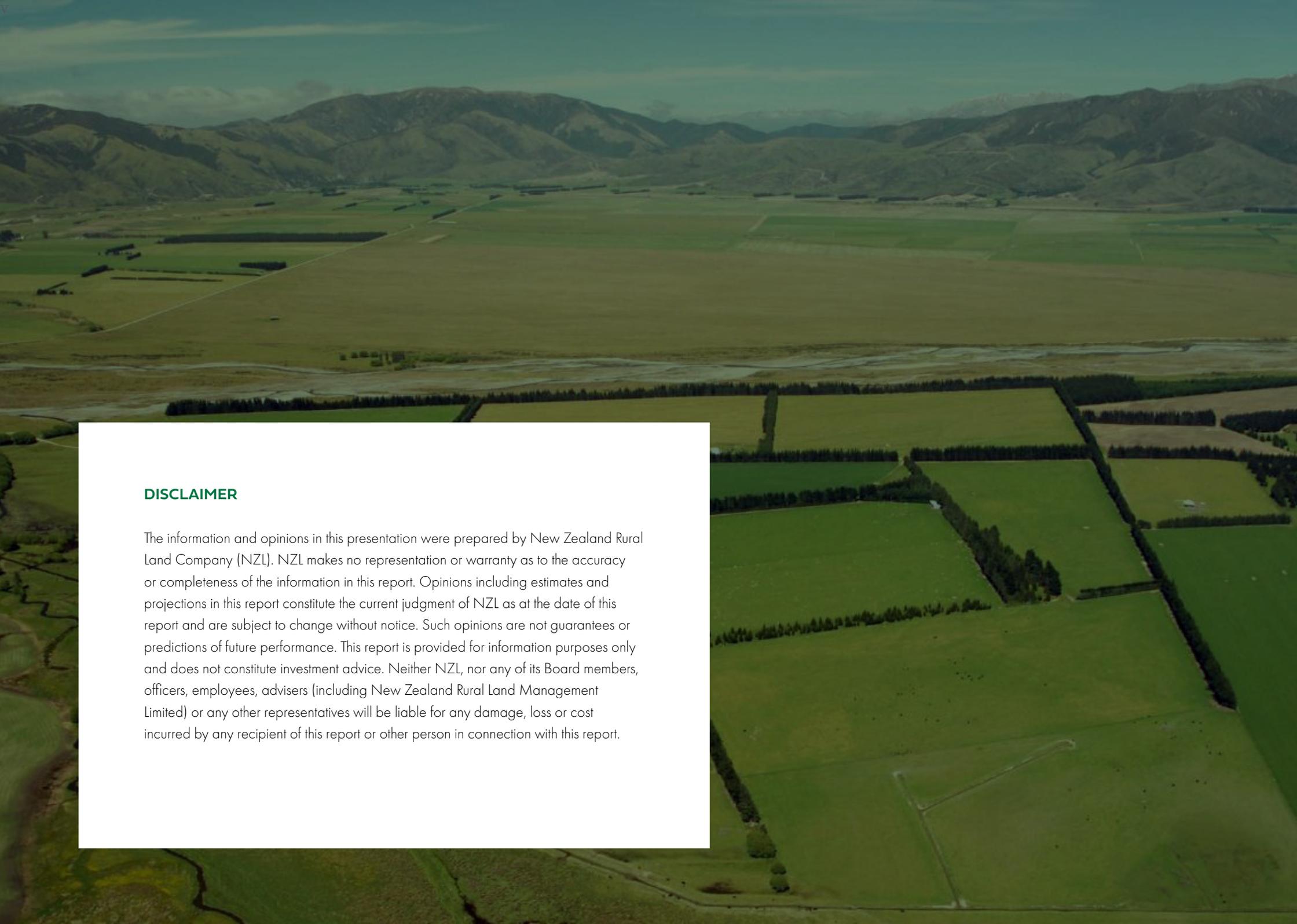
ASM PRESENTATION

23 JUNE 2023

www.nzrlc.co.nz

listed on:



An aerial photograph of a vast, green valley. The foreground shows a large, rectangular field with a dark, narrow strip of trees or a fence running through it. The middle ground is a wide, flat expanse of green fields, some with small structures or trees. In the background, there are rolling hills and mountains under a clear sky. The overall scene is a rural landscape.

DISCLAIMER

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ASM Agenda

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

NZL: At a Glance - 31 December 2022



\$298.8m

Total Assets



\$190.9m

Net Asset Value (NAV)



\$1.652

NAV per Share



36.2%*

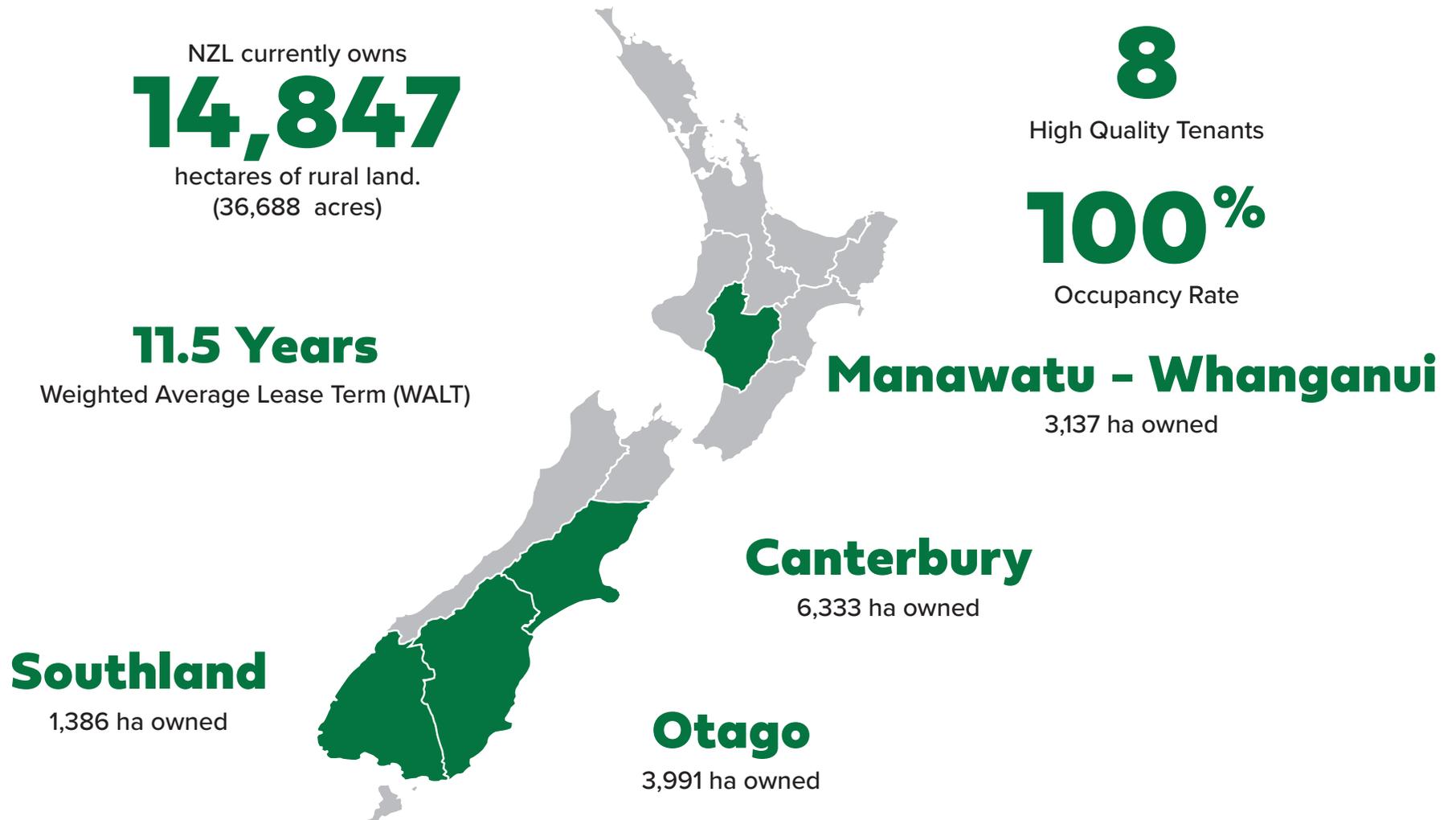
Gearing

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

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: Summary of FY23 - 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 debt from capacity in the previously established green loan facility and equity remaining from the pro-rata rights issue.

NZL: Summary of FY23 - 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.
-  Due to the accretive nature of NZL's forestry acquisitions, NZL upgraded its FY24 AFFO guidance. FY24 being 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).
-  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:
 - acquire NZL shares through an on-market share buyback programme; and
 - repayment of the convertible note recently issued to acquire the forestry assets.

NZL: Operational Update and Outlook

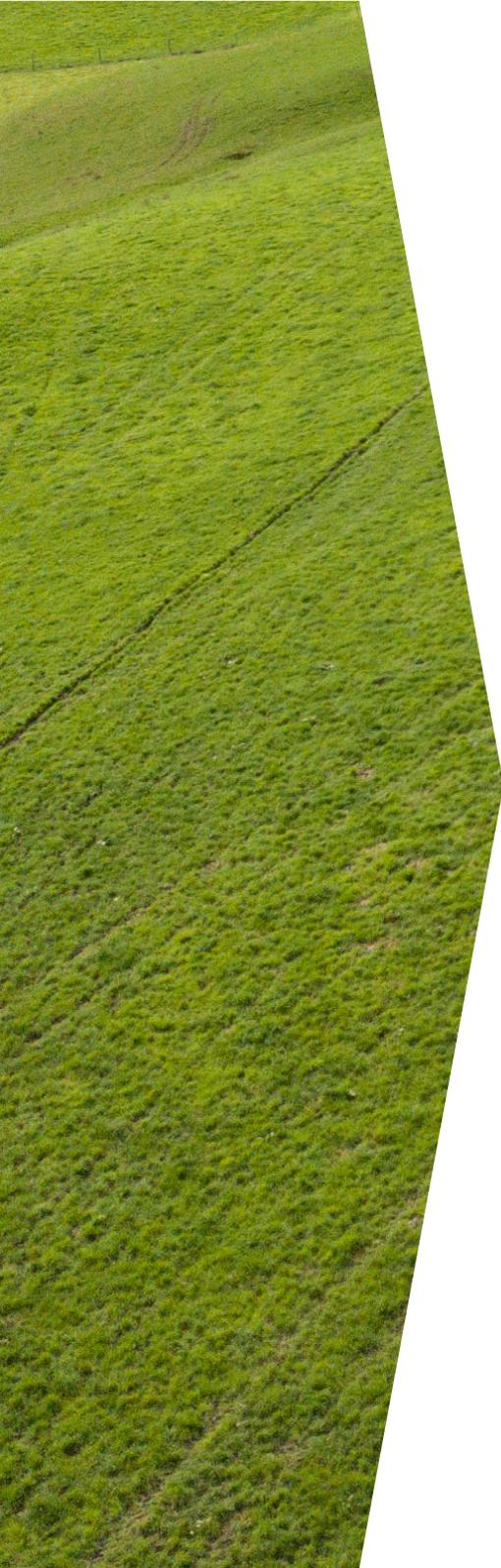
-  NZL continues to work on mapping its current portfolio for marginal land (approx 171 ha) which can be enhanced with replanting and a programme to increase biodiversity. This is in the final stages of completion and NZL then plans to begin an implementation programme during the current financial year and into FY24.
-  All NZL tenants remain compliant with NZL's key tenant covenants. There have been no major health and safety events with our tenants.
-  Allied Farmers Limited (ALF.NZX) exercised its option to purchase the remaining 50% of NZL's manager NZRLM on 27 March 2023. As a result NZRLM is now 100% owned by ALF. This transaction does not impact the services provided by NZRLM to NZL under the management contract.

NZL: Lease Income 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.
-  From 15 April 2024, NZL will start to see the positive impact of inflation with approximately 67% of the portfolio (by lease income) due for CPI rental review (this includes the forestry leases which have annual CPI rental reviews). CPI accumulated since the pastoral farm leases began (1 June 2021) totals +14.0% to 31 March 2023 and is forecast by the market to be more than +18.0% for the three years to 30 June 2024.
-  Post the forestry estate acquisition NZL has interest rate hedging arrangements in place for 54% of its total borrowings at an average all in cost of 5.3%*. NZL's remaining debt is borrowed on a floating rate (BKBM plus bank margins) and the average all in cost of NZL's floating debt as at 31 May 2023 is 7.3%. NZL's weighted average interest cost (fixed and floating) is 6.3%.

*as at 31 May 2023

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



RESOLUTIONS

Resolutions

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

- 1. Re-Election of Rob Campbell:** that Rob Campbell, who retires as a Director in accordance with NZX Listing Rule 2.7.1 and NZL's constitution, and being eligible, be re-elected as a Director of NZL.
- 2. Re-Election of Christopher Swasbrook:** that Christopher Swasbrook, who retires as a Director in accordance with NZX Listing Rule 2.7.1 and NZL's constitution, and being eligible, be re-elected as a Director of NZL.
- 3. Re-Election of Sarah Kennedy:** that Sarah Kennedy, who retires as a Director in accordance with NZX Listing Rule 2.7.1 and NZL's constitution, and being eligible, be re-elected as a Director of NZL.
- 4. Auditor's Remuneration:** that the Board be authorised to fix the fees and expenses of the Company's Auditors.

**as at 31 May 2023*

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



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