

▲ S&P/NZX 50 **11,813.21**
+55.44 (0.47%)

Sharesies 

▲ S&P/ASX 200 **6,963.7**
+1.01 (1.01%)

[See full details](#)

NZ Rural Land Co is ready for the next phase - analysts



Rebecca Howard

Tue, 26 Oct 2021

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New Zealand Rural Land Co is ready for its next phase of development and an initial FY22 dividend, according to Jarden analysts.

The listed rural land investor wrapped up phase one with the acquisition of a further six dairy farms in the South Island for just over \$60 million, according to analysts Arie Dekker and Vishal Bhula.

The move brings its portfolio to \$220 million asset value within a year of listing. [Its first deal was in April](#) when it bought 14 Van Leeuwen dairy farms out of receivership for \$114 million and leased them back to the Dutch migrant.

“Over the next 12 months we expect NZL to get itself ready for phase 2 with a focus on delivering an initial FY22E dividend which we scale up slightly to 5 cents per share on the back of this acquisition and demonstrate confidence on the ability for dividends to lift above 6cps by FY24E,” they said.

The shares last traded at \$1.14, up 1.8%, and Jarden has an overweight rating on the stock.

The analysts said the next period is key because “we expect for NZL to embark on Phase 2, equity will be required and for now, we expect a pause in NZL’s growth into a more diverse range of rural land end uses.”

According to Dekker, phase 2 involves proving up the performance of the initial assets they’ve put together; progressing an acquisition pipeline – likely one that sees them diversify beyond dairy assets; and ensuring they have a source of equity to support bank debt in the funding of their future expansion plans

They also noted the current supportive underlying milk price environment should help in confidence in its ability to deliver.

Earlier today, [Fonterra lifted its forecast farmgate milk price on the back of strong demand](#), a move that will pump almost \$13 billion into regional New Zealand.

The analysts said that while it is early days “NZL has been able to demonstrate its ability to purchase at yields that should support an attractive dividend profile over the next few years”.

NZ Rural Land Company (NZL)

September 12, 2022, 5:30pm

Sharesies 

\$1.1

OPEN
\$1.1

0.00%

Today

5D

1M

1Y

2Y

HIGH

\$1.1

LOW

\$1.09

1-WEEK RANGE

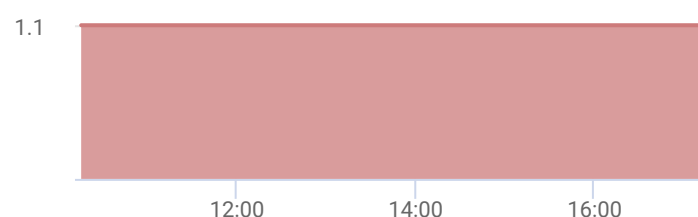
\$1.08

\$1.10

52-WEEK RANGE

\$1.02

\$1.22



20 minute delayed info.

Updated every 2 minutes. Source: NZX