

FARMERSWEEKLY

MARKETS

NZ Rural Land Co suspends dividend to buy back shares

BD.

[BusinessDesk](#)

May 29, 2023

Move to counter what firm calls material undervaluation of assets and free cash flow.



The NZ rural Land Co also revealed on Friday that earnings expectations for the 2024 financial year have been upgraded, helped by the recent acquisition of two forestry properties.

Reading Time: < 1 minute

The board of New Zealand Rural Land Co says its current share price “materially undervalues” the company’s assets and free cash flow.

To counter this, the company has decided to suspend dividends for the current six-month period to

June 30 in favour of a share buyback scheme.

“Cash previously earmarked for dividends will be used to purchase shares on market and to repay the convertible note which was issued to support the recent forestry acquisition,” the company told the New Zealand stock exchange (NZX).

The company will acquire NZL shares from “time to time”.

The listed landlord also revealed on Friday that earnings expectations for the 2024 financial year have been upgraded, helped by the recent acquisition of two forestry properties.

Purchased for a combined cost of \$70.2 million, NZ Rural Land Co said the acquisitions “successfully diversified” its rural land holdings.

In March, it told the market it wanted to raise more than \$38m to help pay for the forestry assets.

“In light of the accretive nature of the acquisitions, NZRL is upgrading its FY24 adjusted funds from operations guidance,” the firm said.

The first full year of ownership of the forests falls in the 2024 financial, with earnings now forecast to be in the range of \$8m-\$8.5m.

This equates to 5.25 to 5.75 cents per share (cps) which is a 4.8% bump up on the 5 cps to 5.5 cps that was previously forecast.

Meanwhile, earnings on an adjusted funds from operations basis in the current financial year are expected to be between \$6m and \$6.5m.

NZ Rural Land Co was listed on the Frankfurt exchange in March after requests from potential European investors.

The firm’s shares jumped 4.7% to 89 cents by early afternoon on Friday.