

THE COUNTRY

New Zealand Rural Land Company's full-year result exceeds expectations

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New Zealand Rural Land Company, which owns more than 5300ha of farmland in Otago and Southland, has posted an increase in profit of more than \$24 million for the year ending June 30.

The company, which listed on the NZX in December 2020, posted an after-tax net profit of \$39.7 million, up from \$15.1 million the previous year.

In a statement, NZL said the full-year result exceeded expectations with an increase in the value of its overall portfolio of 16.7 per cent.

As a result, its net asset value per share had increased from \$1.397 to \$1.656, an increase of 18.6 per cent.

That, coupled with the company's acquisitions, had seen total assets increase from \$164.9 million to \$289 million over the past year.

Total liabilities were up \$48 million - or 88 per cent - to \$102.4 million.

Co-founder Richard Milsom said recent volatility in the stock market, challenging macro-economic conditions and geopolitical turmoil had highlighted the resilience, importance and overall attractiveness of rural land as an asset class.

NZL was a commercial property company that focused on the agricultural sector.

It owned and leased 11,710ha of rural land to farmers and food producers but was not involved in their operations.

That comprised 1386ha in Southland, 3991ha in Otago and 6333ha in Canterbury.

Shareholder value was generated through a combination of asset value appreciation and cash flows from long-term leases.

The company completed four acquisitions in FY22 comprising about 4900ha of rural land in Otago and Southland.

Previous acquisitions included a portfolio of South Canterbury and North Otago farms following the receivership of high-profile dairy operation Van Leeuwen Group.

NZL would pay a final dividend of 1.60cps on September 9, bringing total dividends for the year to 3.61cps.

It said the outlook remained positive for future earnings growth. Rural land remained critical primary sector infrastructure asset.

In an update on market conditions, NZL said sales of New Zealand rural land totalled \$4.9 billion in FY22, which was 17 per cent higher than FY21 (\$4.2 billion) and more than double the total value of sales in FY20 (\$2.3 billion).

The average value of rural land sold in FY22 was higher than at any point in the last 25 years and the market remained buoyant.

The market's momentum was illustrated in two recent transactions: the sale in July of more than 1200ha of dairy land in South Canterbury for a reported value of about \$70 million, and the sale of three Southland dairy farms this month totalling 1200ha for \$32.7 million.

The high inflation in New Zealand had a limited but net positive impact on NZL.

Its leases incorporated regular, uncapped, CPI reviews and higher inflation resulted in higher than expected rental growth.

The company was insulated from on-farm costs by owning only the land.

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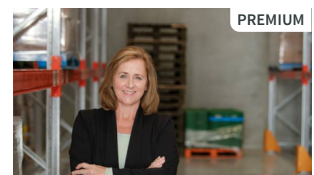
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