

voyager.
Media Awards **Website of the Year**
2020

BUSINESS

PREMIUM

Rural landlord NZRLC aims to raise \$150m, sets sights on December listing

18 Nov, 2020 05:00 AM

🕒 5 minutes to read



NZ Rural Land Co wants to invest in farms, starting with highly indebted dairy properties. Photo / Supplied



By: **Jamie Gray**

Business reporter, NZ Herald

jamie.gray@nzherald.co.nz

@JamieGrayNZ



through an initial public offer to invest in agricultural land once it lists on the NZX next month.

Post-listing, the company plans to buy rural land across the New Zealand agricultural sector, with an initial focus on highly indebted dairy properties.

NZRLC, which is chaired by Rob Campbell, said it would be an agricultural sector landlord only, leasing rural land to experienced tenants under long-term leases.

Read More

- **[Covid 19 coronavirus: Dairy industry proves durable - NZIER report - NZ Herald](#)**
- **[NZ dairy land values 'stuck in neutral', set to slide - Rabobank - NZ Herald](#)**
- **[Dairy to the rescue: Banks raise their milk price forecasts - NZ Herald](#)**
- **[NZ dairy farm sales plummet, prices weaken, despite firm outlook - NZ Herald](#)**

The company plans to buy rural land using a combination of the equity funds and debt not exceeding 30 per cent of its total assets.

NZRLC has entered into a management agreement with NZ Rural Land Management Ltd Partnership, to provide management, investment and administrative services.

NZX-listed rural services company Allied Farmers has signed a conditional agreement to pay \$2.5m for half of the management company.

The management company will be 50 per cent owned by Allied Farmers and 27.5 per cent by Elevation Capital.

Upon successful completion of the IPO, Chris Swasbrook, founder and managing director of Elevation Capital Management, will join the board of Allied Farmers.

The issue, which is being managed by Jarden, has been pitched at \$1.25 each and the number of shares to be issued ranges from 60m to 120m, raising \$75m to \$150m.

The company is expected to list on December 18.

BUSINESS

Sale hammer falls on large-scale dairying venture

12 Nov, 2020 05:00 AM

🕒 Quick Read

BUSINESS

Opinion: Why NZ must reject protectionism

16 Nov, 2020 05:46 PM

🕒 Quick Read

NZRLC said it would be selective with acquisitions, especially targeting highly indebted rural land of a large scale where vendors and their financiers have a limited pool of prospective acquirers.

The company did not provide prospective financial information as it has not entered into any contracts or commitments to acquire any rural land at the time of the offer.

Rob Campbell, who also chairs SkyCity and who serves on various other boards, said in a covering letter that Kiwis have limited options for owning a direct interest in large-scale, New Zealand rural land.

"There is even less opportunity to have a direct interest in rural land without also having direct exposure to commodity price risks," Campbell said.

Foreign ownership of NZRLC is limited to just under 25 per cent, which means it will not be constrained by Overseas Investment Approval rules.

NZRLC's offer documents said market conditions currently favour acquiring rural land in the dairy sector.

The company has identified 21 dairy properties, all in the South Island but not on the West Coast.

Reviewing historical production and opportunities for enhancing production will be important factors to assess through due diligence for any acquisition, it said.

NZRLC said the agricultural sector, particularly dairy, historically had a high reliance on debt funding as the primary source of capital.

However, lending appetites had changed within the banking sector and lending had become significantly constrained, particularly to the dairy sector.



NZRLC is chaired by Rob Campbell. Photo / Supplied

Between 2003 and 2019, dairy debt has grown by more than 267 per cent while total overall loans grew in the agricultural sector at 192 per cent.

Dairy debt now accounts for 9 per cent of overall loans and 65 per cent of agriculture loans.

Debt has been the primary source of capital for dairy farms with debt per kg of milksolids growing from \$9.48 in 2003 to \$21.99 in 2019.

Since 2017, dairy property prices have fallen by 16 per cent and dairy farm sale volumes from 2019 are 30 per cent lower than in 2016 caused by a combination of factors including foreign buyers being blocked from the market and banks tightening credit to dairy farmers.

"This decline in liquidity should present opportunities to secure attractive entry price points for large-scale dairy property acquisition," NZRLC said.

per cent with the balance of lending being in revolving credit facilities.

Credit growth to the dairy sector has declined to below zero while lending to other agriculture sectors has grown steadily.

NZRLC will be the only agriculture land-based listed property company on the NZX. NZRLC's issue comes amid renewed interest in investing in New Zealand's primary sector.

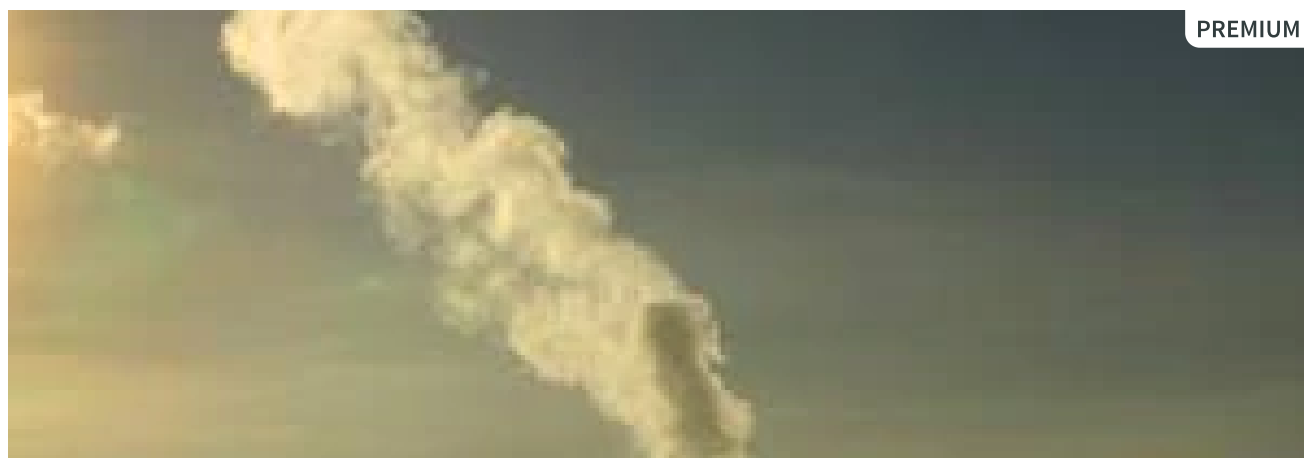
Rural investment syndicator MyFarm said last week that it had seen a dramatic increase in Kiwi investors looking for exposure to the primary sector and regular cash returns.

MyFarm head of sales Grant Payton says rapidly building demand for horticultural investments has seen MyFarm raise \$102 million of investor equity since April this year. That's double the average annual investor equity it raised between 2016 and 2018.

Once personal loans company Harmoney lists on Thursday, NZRLC's listing will be just the third this year, following on from Rua Bioscience's debut in October.



Recommended





Matt Burgess: Why the Decarbonising Fund will have no impact on NZ's emissions



Supermarket inquiry might see rise in cost of fruit and vegetables, Horticulture NZ warns



Paid Promoted Content

ME.

[About NZME](#)

[Help & Support](#)

[Contact Us](#)

[Subscribe to NZ Herald](#)

[House Rules](#)

[Manage Your Print Subscription](#)

[NZ Herald E-Edition](#)

[Advertise with NZME](#)

[Book Your Ad](#)

[Privacy Policy](#)

[Terms of Use](#)

[Competition Terms & Conditions](#)

[Subscriptions Terms & Conditions](#)

© Copyright 2020 NZME Publishing Limited