



# New Zealand Rural Land Co

The Rural Land Investors

CAPITAL MANAGEMENT POLICY

[www.nzrlc.co.nz](http://www.nzrlc.co.nz)

listed on:



## **1 Policy Statement**

- 1.1 New Zealand Rural Land Company Limited (NZRLC) has an objective to effectively manage its issued capital to:
- 1.1.1 enhance the value of NZRLC; and
  - 1.1.2 treat its shareholders and other stakeholders fairly.
- 1.2 NZRLC capital management is focussed on two areas – the way NZRLC manages new share issuances and how NZRLC conducts share repurchases.

## **2 Share Issuances**

- 2.1 To achieve the growth strategy of NZRLC it will be necessary from time to time to issue new shares to fund the acquisition of rural land. The NZX Listing Rules permit several methods of raising new capital. NZRLC considers that it is in the interests of its shareholders that a renounceable pro rata rights offer be the preferred starting option for seeking additional equity funding, but that circumstances may exist whereby shareholders' interests are best served by raising capital by way of a Share Purchase Plan, or a Private Placement.
- 2.2 Without limitation, Private Placements may be beneficial to shareholders in the following situations:
- 2.2.1 Where a compelling investment opportunity exists, but it is clear that there is insufficient appetite from existing shareholders to fund the opportunity; or
  - 2.2.2 As a way of paying part or all consideration to vendors of rural land in shares. This provides NZRLC flexibility to directly increase the asset base of NZRLC.
- 2.3 The pricing of any such Private Placements will be determined by the Board having regard to any discount to NTA and its potential impact on existing shareholders.
- 2.4 Any rights issue will be renounceable. This ensures that all shareholders receive a proportionate right to participate and can mitigate dilution to their holdings. If the Board considers that rights may have a value for shareholders (i.e. they are offered at a discount to the prevailing market price of NZRLC shares), NZRLC may quote the rights on NZX to provide a market to shareholders for those rights. The Board of NZRLC may place any shortfall from a rights issue as it sees fit, however those shortfall placements:
- 2.4.1 Cannot be placed on more favourable terms than offered to shareholders under the rights issue; and
  - 2.4.2 Must be placed within three months of the closing date of the rights issue.
- 2.5 If NZRLC wishes to raise new capital using a structure or for reasons not discussed above, it will first seek shareholder approval to do so.

## **3 Share Repurchases**

- 3.1 The Board of NZRLC will implement and maintain a buyback programme where shares are purchased on market by NZRLC within certain parameters determined by the Board.
- 3.2 The buyback period will run for 12 months from the date it is announced to the NZX Market. Under section 65 of the Companies Act 1993 NZRLC may acquire up to five percent of the number of shares on issue as at the date 12 months prior to the acquisition of the shares.
- 3.3 NZRLC (through its Manager) will engage a broker to buy shares in the company on its behalf and will instruct that broker accordingly. While the buyback programme is intended to acquire shares at a discount (greater than or equal to 10%) to NTA, NZRLC does not wish to "make the market" for its share price and intends for buybacks to be part of the market volume but not be overly dominant. In any period, the buyback volume should represent a volume and price level that does not represent market dominance or significant influence.
- 3.4 At each Board meeting, the NZRLC Board will consider and resolve that they are not aware of any developments that would lead the Board to rescind or pause the terms of this share repurchase policy. In doing so the Board will also confirm:
- 3.4.1 That there is no undisclosed material information;
  - 3.4.2 That NZRLC will, immediately after acquiring shares, satisfy the solvency test under section 52 of the Companies Act 1993;
  - 3.4.3 That the terms, and consideration, are fair and reasonable and in the best interests of NZRLC and its shareholders.

- 3.5 The Manager will represent to the NZRLC Board at each Board meeting that, in respect of share repurchases undertaken since the last representation:
- 3.5.1 they were not aware of any inside information in relation to NZRLC; and
  - 3.5.2 where they were in possession of any inside information, that they have not repurchased any shares under this policy.
- 3.6 Shares may be acquired by the Manager, on behalf of NZRLC, on-market during normal trading hours. Shares purchased in a buyback may be held as treasury stock (to the extent permitted by law) or cancelled on acquisition.
- 3.7 The Board will set certain parameters which it deems necessary and relevant within which the broker needs to conduct the share buybacks. One such parameter will be not to buy back where the prevailing discount between NTA and share price is less than 10%.
- 3.8 The buyback programme will be suspended:
- 3.8.1 around key market announcements;
  - 3.8.2 where market price calculations are being made (for example, in calculating the volume weighted average price for fees payable to the Manager or prior to the exercise date for any warrants); and
  - 3.8.3 if the Board considers it appropriate for any other reason, including if the 12 month buyback capacity (five percent in any 12 months) might be reached before the end of the 12 month period.