

[INVESTMENT](#)

Forest carbon sink sold for \$63m

NZ Rural Land Co announces acquisition of North Island pine forest estate.

MENU

Q Search...

NBR | The Authority
since 1970

MY ACCOUNT

The 2400ha forest estate will be leased for carbon farming.

Tim Hunter
Fri, 21 Oct 2022



GIFT THIS ARTICLE (4)

NZX-listed NZ Rural Land Company has announced the acquisition of a 2400ha pine forest estate Manawatū/Whanganui region, with the asset leased for carbon farming.

In a statement to the NZX, Rural Land Co said it had agreed to buy up to 100% of the estate for a maximum \$63 million, funded by a combination of debt and equity.

The five properties in the estate will be leased for 20 years to New Zealand Forest Leasing Ltd, a company directed by the principles of NZ Carbon Farming Ltd, Bruce Miller and Matthew Walsh.

The lease is subject to annual CPI-linked rental adjustments and an initial payment of \$4.98m in the first year.

NZ Forest Leasing has an option to buy up to 48% of the asset.

Rural Land Co director Chris Swasbrook said the trees in the estate were pinus radiata planted in 1994-6 and the cashflow funding the lease would come from their use as permanent carbon sinks.

The estate vendors were foreign investors.



Rural Land Co director Chris Swasbrook.

No one-trick pony

“It’s great to see this kind of asset coming into New Zealand ownership for the long term,” he said.

“We’re illustrating to investors, consistent with our messaging from the time of the IPO [in December 2020], we are not a one-trick pony in terms of being pastoral or dairy farms.

“There were and are other subsectors of the rural market we can expand into.

“We can build the NZ Rural Land Co into a very substantial enterprise if investors continue to support us. The transaction highlights the attractiveness of the acquisitions we can make.

“This provides people an exposure to the backbone of the country they’ve never had before.”

Conditions improving

Swasbrook said market conditions were improving for buying rural assets.

“We are progressing into an environment that is extremely attractive for us, whereby competition for assets is falling by the wayside, so our ability to acquire at extremely attractive valuations for the long is only enhancing now.”

NZ Carbon Farming has been contacted for comment.

The forest acquisition is expected to complete in April next year.

Tim Hunter
Fri, 21 Oct 2022

Follow @TimHunter5

Contact the Writer: thunter@nbr.co.nz

News tip? Question? Typo? Let us know: editor@nbr.co.nz

© All content copyright NBR. Do not reproduce in any form without permission, even if you have a paid subscription.

TAGS

[NZ Rural Land Co](#) [forestry](#) [carbon farming](#) [Chris Swasbrook](#)

LATEST NEWS

BUSINESS

Shareholders to save MasterChef’s hospitality group

Go To Collection was placed into administration in late November, after it faced a number of pandemic-related challenges.

[Nicholas Pointon](#)
Tue, 17 Jan 2023

DUNCAN DISORDERLY



Could National and Luxon lose it from here?

OPINION: It’s National’s election to screw up now.

[Duncan Garner](#)
Tue, 17 Jan 2023

INVESTMENT



TradeWindow seeks more capital from shareholders

Up to \$20m sought from new and existing investors, subject to shareholder approval.

[Will Mace](#)
Tue, 17 Jan 2023

COMMENTS

Comment as:

CHRIS.SWASBROOK722 

Type...

0 / 750 characters

Posting this comment indicates you've read and will abide by NBR's [terms and conditions on commenting](#).

ADD COMMENT

★ HARVEY SPECTOR

FRI, 21 OCT 2022 - 3:43:57PM

That's a pretty attractive yield (7.9%) given its locked in for 20 years. I wonder what happens after that? Are the trees to be harvested? I assume NZCF will have taken all the ETS credits and left the standing trees? If so the land then becomes a stranded asset as I assume they wont be pruned alone the way to make the logs sellable.

Reply

★ TIM HUNTER

FRI, 21 OCT 2022 - 3:47:53PM

Thanks for your comment Harvey. I understand the forests are permanent so won't be harvested. The lease would be renegotiated at that point.

Reply

★ STRAIGHT UP

FRI, 21 OCT 2022 - 6:45:21PM

The return from NZUs will be the more attractive NZ Carbon Farming are very successful

Reply

★ ADE.NZ194

MON, 24 OCT 2022 - 9:20:41PM

Assuming the forest estate can be leased beyond 20 years, which could be highly unlikely. Essentially they will need to recoup the investment capital back within the next 20years as the ongoing carbon credits will be reducing over time and be left with an unproductive asset I would have thought with trees unharvestable due to the liability (unless the whole carbon credit scheme has reduced back to zero because global warming has been solved) and land value reduced to near zero as it cannot be used for productive forestry or farming

Reply

COMPANY PROFILE

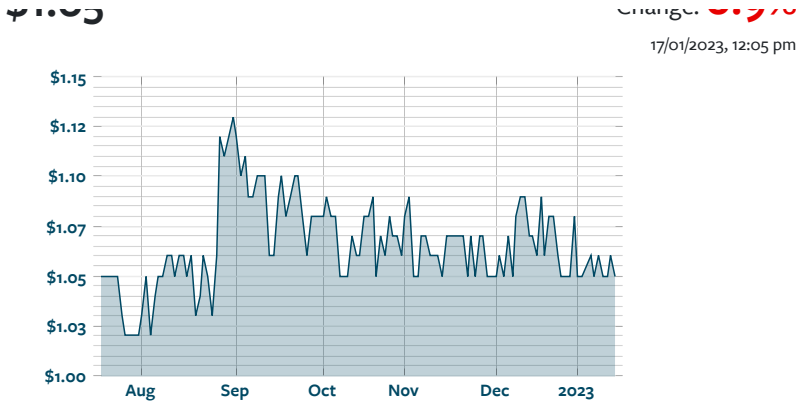
NZL

\$1.05

Powered by:



Change:  0.0%



TODAY	1M	3M	6M	1Y	2Y	5Y	10Y
-------	----	----	----	----	----	----	-----

PRICE
\$1.05

PREVIOUS CLOSE
\$1.06

TURNOVER
\$16k

MOVEMENT
-0.01

VOLUME
14,786

AVG DAILY VOLUME
62k

DAILY HIGH
\$1.06

DAILY LOW
\$1.05

52 WEEK HIGH
\$1.22

52 WEEK LOW
\$1.02

RELATED NEWS

[SUBSCRIBE](#) [POLITICS](#) **NBR** Authority since 1970



How forestry can contribute to climate plan

CATEGORIES	INVESTMENT	OPINION / ANALYSIS	FEATURED
Business	Rural LandCo raises \$11m from instos after shortfall bookbuild	All	NBR view
Politics		Shoeshine	Podcasts
Investment		Hunter's Corner	Audio Articles
Economics		Duncan Disorderly	Entrepreneurs
Law	Rural Land Co seeks \$20m for Southland farm buy	The Flip Side	Your Business ²
Professional Services		Right of Centre	Beehive Barter
Tech & Innovation		On the Record	Morning Brew
Retail		Edwards on Politics	NBR Rich List (Archive)
Property		Playing the Ball	NZ Aviation News Back
NZ Aviation News	Short-term pain, long-term gain for NZ Rural Land Co	Margin Call	Issues ⁵
Comings and Goings		Imprudence	
		Last Word	
		Te Ōhanga Māori	
		Economy Matters	

- MORE
- About NBR
 - Meet the Crew
 - Contact Us
 - FAQs
 - How to guide
 - RSS Feeds

ADDRESS

L3, Suite 301,
Achilles House
8 Commerce Street
1010, Auckland, NZ

0800 843 627
+64 (0)9 307 1629



INVESTMENT
Allied Farmers changes auditor in cost-cutting bid

see related. Privacy Policy - Terms and Conditions

Powered by **nero motion**

