



BUSINESS



NZ Rural Land Co buys Van Leeuwen farms in \$114m deal

Van Leeuwen was put into receivership by its financier last week.



[Andrew Bevin](#)
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NZX-listed New Zealand Rural Land Co has entered into a conditional agreement to buy 14 South Island farms from the beleaguered Van Leeuwen Dairy Group for \$114 million.

Van Leeuwen was put into receivership early last week by Australian fund manager Merricks Capital, which led a \$140m refinancing of the group's debt in 2019.

The dairy company is 75.06% owned by Aad and Wilma van Leeuwen, with the remaining 24.94% owned by Merricks.

The 14 dairy farming assets in South Canterbury and North Otago total approximately 6350 hectares.

Alongside the purchase agreements, New Zealand Rural Land Co (NZL) also entered into three separate lease agreements for the farms that will take effect on settlement of the transaction and have an aggregate annual rental of \$5.8m.

In a release to market, NZL quoted an earlier [NBR story](#) on the receivership, in which receivers Calibre Partners said the business had strong ebitda but capital structure issues.

NZL said the transaction announced today solved those issues.

The farms are a mixture of seasonal supply pastoral dairy farms, hybrid grass-based grazing, and cut and carry winter barn farms, and dairy support blocks.



The farms will be leased to three Van Leeuwen-owned farming groups on an initial term of 11 years with two 12-year rights of renewal. Five farms will be leased to Performance Dairy, six farms to Performance Livestock, and three to Sustainable Grass Dairy.

The transaction is conditional on NZL shareholders approving the transaction. A special meeting will be called within the next two weeks.

Other conditions include Merricks Capital terminating appointment of the receiver and Van Leeuwen entering into new financing arrangements for one of its dairy assets and its livestock.

The deal is due to settle on June 1 and if finalised will complete the deployment of the \$75m capital raised in its December IPO.

Approximately \$70m of the IPO capital will be put towards the deal, with the remainder in new debt from Rabobank.

The debt required to settle the transaction will see NZL temporarily exceed its internal debt to asset ratio policy of 30%, which it expects will hit 40%.

The completion of these acquisitions will see the company's maiden dividend paid in the 2022 financial year.

As well, but subject to additional conditionality, NZL has agreed to acquire two other dairy assets in the South Island, being 366ha for a purchase price of up to \$10.76m for settlement on June 18 and 500ha for a purchase price of \$12m and for settlement on August 1.

NZL said it didn't anticipate that satisfaction of the conditions to enable the further acquisitions would occur, but if they did arrangements were in place where tenants would lease the relevant land at a gross lease rate of over 5%.

The company's prospectus said it had identified 21 South Island dairy properties totalling 9239ha for potential acquisition.

New Zealand Rural Land Co is managed through an external management contract with a limited partnership owned by NZX-listed Allied Farmers, Elevation Capital, Richard Milsom, and Hayden Dillon.



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