

NEW ZEALAND RURAL LAND CO.

SUSTAINABLE AOTEAROA

Interim Report

Period from

11 September 2020 to 31 December 2020



www.nzrlc.co.nz

INTERIM REPORT COMMENTARY FOR PERIOD ENDING 31 DECEMBER 2020

Welcome to New Zealand Rural Land Company's (NZRLC) interim report for the period 11 September 2020 to 31 December 2020.

We successfully raised \$75 million through our Initial Public Offering (IPO) in late 2020 and listed on the NZX Market. The support for our IPO was pleasing with both institutional and retail investors joining our register. With the IPO proceeds available to deploy, our focus is now on acquiring rural land in the New Zealand dairy sector.

Our manager, New Zealand Rural Land Management Limited Partnership, is progressing due diligence as expected on a number of dairy farms in the South Island for NZRLC. The manager has been working closely with several substantial operators undertaking due diligence investigations. It is important to remind investors that despite assets being identified as potential acquisitions prior to the IPO, extensive due diligence (e.g. irrigation reports, soil testing, etc), does take time due to the size of the assets we are looking to acquire. We anticipate being in a position to announce the terms of an acquisition in several weeks.

As was discussed in our Product Disclosure Statement (PDS) our intention is to acquire rural land across various industry sectors over time. While our core, initial focus remains on acquiring dairy farms, we are having preliminary discussions with potential tenants and vendors in other sectors such as viticulture. This work will continue so that we are prepared to diversify into other sectors once we have established an asset base in the dairy sector.

Our intention remains to deploy all of the IPO proceeds towards acquiring rural land in the dairy sector with a conservative level of gearing. Before diversifying into other industry sectors we are likely to return to shareholders for additional capital through a pro-rata rights issue.

An advantage for NZRLC in implementing its rural land strategy is being a New Zealand investor and not requiring overseas investment approval to make acquisitions. This means that NZRLC must keep foreign ownership of its shares to less than 25%. At present our foreign ownership level is 22.12%. We actively monitor this ownership level and have tools in our constitution to ensure that we remain under this 25% level.

We would also like to remind shareholders the interim accounts attached to this announcement produced by BDO are unaudited. Our annual financial statements will be audited by PwC as is required by the Financial Markets Conduct Act 2013.

We thank our shareholders for their support in our IPO and we look forward to advising you on our acquisitions in the near future.

Rob Campbell
Chair

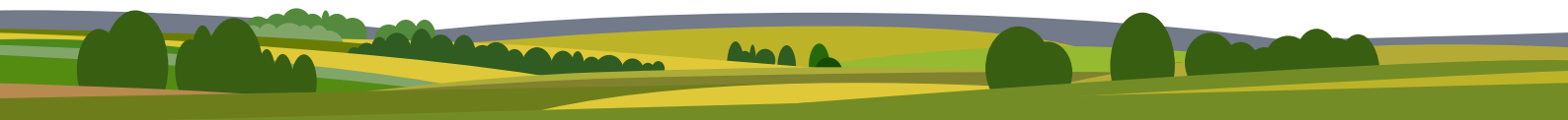


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NEW ZEALAND RURAL LAND COMPANY LIMITED
INTERIM REPORT
FOR THE PERIOD FROM 11 SEPTEMBER 2020 TO 31 DECEMBER 2020



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NEW ZEALAND RURAL LAND COMPANY LIMITED
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FOR THE PERIOD FROM 11 SEPTEMBER 2020 TO 31 DECEMBER 2020

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New Zealand Rural Land Company Limited
Interim Statement of Comprehensive Income
for the period from 11 September 2020 to 31 December 2020

		11 September 2020 to 31 December 2020 (Unaudited) \$
	Notes	
Income		
Interest income		9,715
Total income		<u>9,715</u>
Expenses		
Directors' fees	9	(88,542)
Insurance		(1,994)
Marketing expenses (Equity settled IPO expenses)		(125,000)
Other expenses		(486)
Stock exchange fees		(2,336)
Total expenses		<u>(218,358)</u>
(Loss) before taxation		<u>(208,643)</u>
Taxation (expense)/benefit		-
(Loss) for the period		<u>(208,643)</u>
Total comprehensive (loss)		<u>(208,643)</u>
(Loss) per share		
Basic (loss) per share (cents)		(0.35)
Diluted (loss) per share (cents)		(0.35)

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

New Zealand Rural Land Company Limited
Interim Statement of Changes in Equity
for the period from 11 September 2020 to 31 December 2020

		Share Capital	Retained Earnings	Total Equity
		(Unaudited)	(Unaudited)	(Unaudited)
	Notes	\$	\$	\$
Balance at 11 September 2020		-	-	-
Comprehensive income				
Net (loss) after taxation		-	(208,643)	(208,643)
Total comprehensive loss		-	(208,643)	(208,643)
Contributions by owners				
Share capital issued for director services rendered in relation to IPO	5	75,000	-	75,000
Share capital issued for assignment of intellectual property	5	125,000	-	125,000
New share capital issued during IPO	5	75,000,000	-	75,000,000
Costs associated with IPO		(2,333,208)	-	(2,333,208)
Convertible loan converted to share capital	4	375,000	-	375,000
Total contributions by owners		73,241,792	-	73,241,792
Balance at 31 December 2020		73,241,792	(208,643)	73,033,149

New Zealand Rural Land Company Limited
Interim Statement of Financial Position
as at 31 December 2020

		31-Dec 2020 (Unaudited) \$
	Notes	
EQUITY		
Share capital	5	73,241,792
Retained earnings		(208,643)
Total Equity		<u>73,033,149</u>
Represented by:		
CURRENT ASSETS		
Cash & cash equivalents	6	72,842,848
Receivables & prepayments	7	296,195
NZX listing bond		75,000
Total Current Assets		<u>73,214,043</u>
CURRENT LIABILITIES		
Trade creditors & accruals	8	180,894
Total Current Liabilities		<u>180,894</u>
WORKING CAPITAL		<u>73,033,149</u>
NET ASSETS		<u>73,033,149</u>
Net Tangible Asset Value per share (cents)		120.80

New Zealand Rural Land Company Limited

Interim Statement of Cash Flows

for the period from 11 September 2020 to 31 December 2020

		11 September 2020 to 31 December 2020 2020 (Unaudited) \$
	Notes	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from (applied to)		
Interest received		486
Payments to suppliers		(486)
Net cash flow from operating activities		-
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was provided from (applied to)		
Purchase of NZX listing bond		(75,000)
Net cash flow from investing activities		(75,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash was provided from (applied to)		
Capital raise during IPO		74,883,749
Costs associated with IPO		(2,340,901)
Funds received from convertible loan	4	375,000
Net cash flow from financing activities		72,917,848
Net increase/(decrease) in cash held		72,842,848
Cash & cash equivalents at beginning of the period		-
Cash & cash equivalents at end of the period		72,842,848
Comprising:		
Cash at bank - New Zealand	6	72,842,848
		72,842,848

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

New Zealand Rural Land Company Limited
Notes to the Financial Statements
for the period from 11 September 2020 to 31 December 2020

1. Basis of preparation

These financial statements are for New Zealand Rural Land Company Limited (the Company).

The Company is incorporated and domiciled in New Zealand and is registered under the Companies Act 1993. The incorporation date of the Company is 11 September 2020.

The Company is designated as a for-profit entity for financial reporting purposes.

These financial statements were authorised for issue by the Board of Directors on 16 February 2021.

The principal activities of the Company is the lease of rural land to agriculture and horticulture businesses.

The unaudited interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"), and its interpretations and other relevant Financial Reporting Standards applicable to profit-oriented entities. The financial statements comply with International Financial Reporting Standards (IFRS).

This general purpose financial report for the interim half year reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard NZ IAS 34 Interim Financial Reporting.

The interim financial report does not include all the notes of the type normally included in an annual financial report.

The Company is a FMC reporting entity under the Financial Markets Conduct Act 2013. These unaudited interim financial statements have been prepared in accordance with the requirements of Financial Markets Conduct Act 2013.

The financial statements have been prepared on a historical cost basis.

2. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

3. Financial instruments

The Company is exposed through its operations to credit risk, interest rate risk, and liquidity risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments.

The Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them was defined in the product disclosure statement at the time of the IPO.

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables

New Zealand Rural Land Company Limited
Notes to the Financial Statements
for the period from 11 September 2020 to 31 December 2020

4. Convertible loans

	11 September 2020 to 31 December 2020 (Unaudited) \$
Convertible loan received on 18 August 2020	75,000
Convertible loan received on 19 October 2020	85,000
Convertible loan received on 27 October 2020	70,000
Convertible loan received on 19 November 2020	145,000
Convertible loan converted to 300,000 shares at \$1.25 per share on 18 December 2020	(375,000)
Convertible loans	<u>-</u>

On 15 October 2020 the Company and Allied Farmers Limited entered into a convertible loan agreement. The terms of the loan provided for Allied Farmers Limited to provide the Company with \$375,000 at certain milestones leading up to the IPO of the Company. On the date of the IPO the convertible loan converted to ordinary shares in the Company at \$1.25 per share, being the same price as shares were issued in the IPO. The convertible loan did not attract interest.

5. Share Capital

	11 September 2020 to 31 December 2020 (Unaudited) \$
Authorised and issued	
Shares issued for services rendered - 60,000 shares at \$1.25 per share	60,000 75,000
Shares issued for assignment intellectual property - 100,000 shares at \$1.25 per share	100,000 125,000
New shares issued during IPO - 60,000,000 at \$1.25 per share	60,000,000 75,000,000
Costs associated with IPO	- (2,333,208)
Convertible loan converted to 300,000 shares at \$1.25 per share	300,000 375,000
Share capital at end of year	<u>60,460,000 73,241,792</u>

The Company has authorised shares totalling 60,460,000 and all shares are fully paid and have equal voting rights.
All shares participate equally in any dividend distribution or any surplus on the winding up of the Company.
The shares have no par value.

6. Cash & cash equivalents

Cash and cash equivalents include the following components:

	11 September 2020 to 31 December 2020 (Unaudited) \$
Cash at bank	72,842,848
Total cash and cash equivalents	<u>72,842,848</u>

Cash at bank is held on call in a solicitor's trust account at an interest rate of 0.35% per annum.

New Zealand Rural Land Company Limited
Notes to the Financial Statements
for the period from 11 September 2020 to 31 December 2020

7. Receivables & prepayments

	11 September 2020 to 31 December 2020 (Unaudited) \$
Receivables	116,251
GST receivables	68,709
Interest accrual	9,229
Prepayments	102,006
Total receivables & prepayments	<u>296,195</u>

8. Trade creditors & accruals

	11 September 2020 to 31 December 2020 (Unaudited) \$
Trade creditors	127,344
Accruals	53,550
Total trade creditors & accruals	<u>180,894</u>

9. Related Parties

Director fees recognised in profit & loss:

	11 September 2020 to 31 December 2020 (Unaudited) \$
Robert Campbell (to be paid in cash post IPO)	8,125
Robert Campbell (Equity settled director fees for pre-IPO services, issued to Tutaneikai Investments Limited) - 40,000 shares at \$1.25 per share	50,000
Sarah Kennedy (to be paid in cash post IPO)	5,417
Sarah Kennedy (Equity settled director fees for pre-IPO services) - 20,000 shares at \$1.25 per share	25,000
Total	<u>88,542</u>

Shares issued in relation to assignment of intellectual property:

	11 September 2020 to 31 December 2020 (Unaudited) \$
Elevation Capital Management Limited - 73,409 shares at \$1.25 per share	91,761
RPMilsom Investments Limited - 14,831 shares at \$1.25 per share	18,539
Hopeton Trustee Company Limited - 11,760 shares at \$1.25 per share	14,700
	<u>125,000</u>

Christopher Swasbrook is a director and shareholder of Elevation Capital Management Limited and a director of the Company.

New Zealand Rural Land Company Limited
Notes to the Financial Statements
for the period from 11 September 2020 to 31 December 2020

9. Related Parties (cont.)

Richard Milsom is a director and shareholder of RPMilsom Investments Limited and a member of the key management personnel of the Company's Manager, New Zealand Rural Land Management Limited Partnership.

Hayden Dillion is associated with the director and shareholder of Hopeton Trustee Company Limited and a member of the key management personnel of the Company's Manager, New Zealand Rural Land Management Limited Partnership.

The costs for the intellectual property have been recognised in marketing expenses in the statement of comprehensive income.

Brokerage recognised in costs associated with IPO:

	11 September 2020 to 31 December 2020 (Unaudited) \$
Elevation Capital Management Limited	747,255
	<hr/> 747,255 <hr/>

The brokerage was paid to Elevation Capital Management Limited by Jarden. Jarden included the brokerage in the fees and expenses to the Company. Christopher Swasbrook is a director and shareholder of Elevation Capital Management Limited and a director of the Company.

New Zealand Rural Land Management Limited Partnership is the Manager of the Company and once the first purchase of land is completed it will charge fees in accordance with the Product Disclosure Statement and the Management Agreement.

There were no other related party transactions during the period.

10. Segment Reporting

The Company has been formed for the purpose of acquiring rural land across Aotearoa/New Zealand agricultural sector and is considered to operate in a single segment. As at the reporting date the Company has not acquired any land.

11. Contingent Liabilities

There were no contingent liabilities or any outstanding litigation against the Company as at 31 December 2020.

12. Subsequent Events

There were no significant events between balance date and the date the financial statements were authorised for issue.