

NEW ZEALAND RURAL LAND CO.

SUSTAINABLE AOTEAROA

IPO Factsheet

Initial Public Offering of Shares in
New Zealand Rural Land Company Limited

16 November 2020

New Zealand Rural Land Company Limited is the issuer of shares under this offer. A product disclosure statement is available for this offer and it can be obtained online at: www.nzrlcshareoffer.co.nz.

www.nzrlc.co.nz

Listing on:



Lead Manager:



DISCLAIMER

New Zealand Rural Land Company Limited ("**NZRLC**") is the issuer of the shares to be issued under the offer to which this advertisement relates ("**Shares**"). A product disclosure statement (PDS) for the offer, which sets out the terms and conditions of the offer, is available, and can be obtained at www.companiesoffice.co.nz/disclose, offer number OFR12993.

Nothing in this advertisement ("**Advertisement**") constitutes an invitation to subscribe for, or an offer of shares, securities or financial products to any person, in any country in which it would be unlawful to do so. You should read and consider the PDS in full and consult your financial, legal, taxation or other professional advisers before making a decision to acquire any shares. Any person wishing to acquire Shares will need to complete the application form that will be in or will accompany the PDS.

The information set out in this Advertisement does not constitute investment advice on whether you should acquire any security or product, is in summary form, does not purport to contain all of the information that may be relevant to any investment decision and does not take into account your specific financial, investment, taxation or other circumstances. You should consult your own advisers before making any financial decision.

This Advertisement does not constitute a recommendation by NZRLC, New Zealand Rural Land Management Limited Partnership (the "**Manager**"), Jarden Securities Limited (the "**Lead Manager**"), or any of the directors, officers, employees or agents of NZRLC, the Manager, or the Lead Manager to subscribe for, or purchase, any of the Shares. None of NZRLC (except as required by law), the Manager, the Lead Manager, nor any of their respective directors, officers, employees or agents accept any liability whatsoever for any loss arising from this Advertisement or its contents or otherwise arising in connection with any offer of the Shares.

Capitalised terms used in this Advertisement and not otherwise defined have the meanings given to them in the PDS.

Application has been made to NZX Limited ("**NZX**") for permission to quote the Shares on the NZX Market and all the requirements of NZX relating thereto that can be complied with on or before the date of this Document have been duly complied with. However, the Shares have not yet been approved for trading and NZX accepts no responsibility for any statement in this Document. NZX is a licensed market operator and the NZX Market is a licensed market, each regulated under the Financial Markets Conduct Act 2013.

NZRLC AT A GLANCE

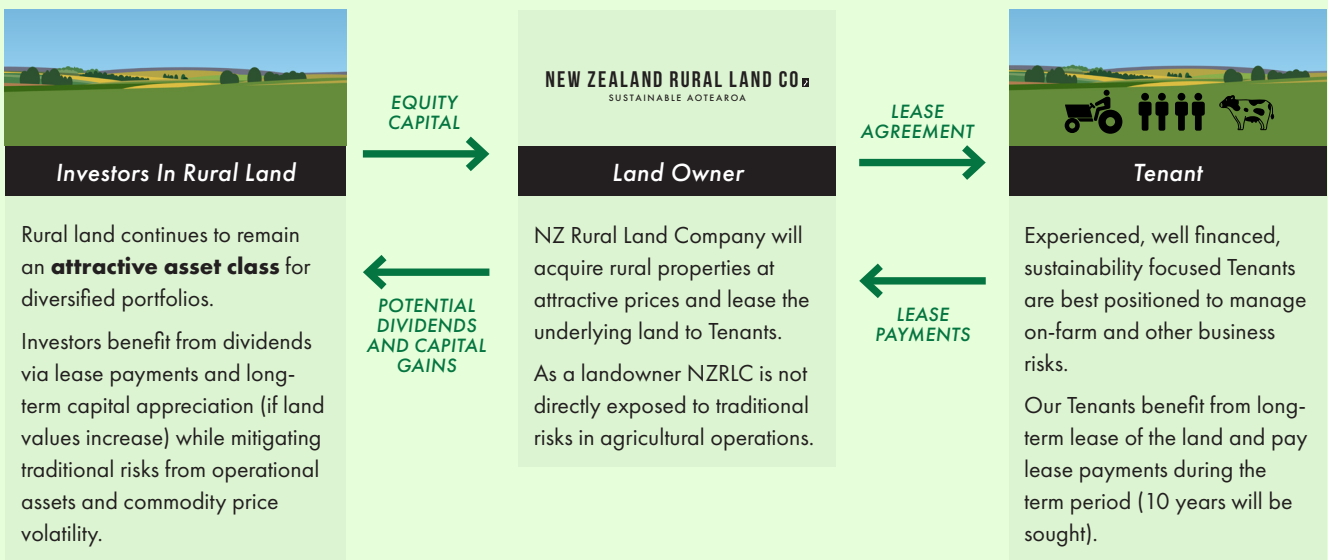
About NZRLC

NZRLC is a newly incorporated company that has been formed for the purpose of acquiring rural land across the New Zealand agricultural sector. NZRLC’s intended business is to be an agricultural sector landlord only as it will lease the rural land that it acquires to experienced Tenants under long term leases. Tenants will undertake the on-land agricultural operations and pay rental to NZRLC.

NZRLC will acquire rural land using a combination of the equity funds it has raised from this Offer and new debt. NZRLC will limit debt to no more than 30% of the value of NZRLC’s Total Assets. In the long term NZRLC may acquire land in the dairy, sheep and beef, horticulture, viticulture and forestry sectors. However, the initial focus for NZRLC is to acquire rural land in the dairy sector.

NZRLC has entered into the Management Agreement with New Zealand Rural Land Management Limited Partnership (the **Manager**) to provide NZRLC with management, investment and administrative services.

NZRLC has no operating history or assets at present and will only commence its business operations following this Offer successfully closing by raising at least \$75 million.



NZRLC’s Business Strategy

NZRLC will be a landlord only. This provides a clear separation of land ownership and agricultural operations and mitigates the direct, traditional risks of investing in agriculture. Tenants will directly assume those traditional risks, which include land management risks, animal/horticulture health risks and commodity price volatility.

Mitigating Traditional Risks



No direct on-farm risks

(via either sharemilker or operational partner)



No direct exposure to volatile commodity prices



No direct exposure to environmental risks



No direct exposure to animal health risks



No direct exposure to farmer co-ops

Offer Overview

Offer	Offer of Shares by NZRLC.
Management Agreement	<p>NZRLC will be managed by the Manager under the Management Agreement. The Manager will exclusively provide management, investment and administrative services to NZRLC. The Management Agreement can only be terminated by NZRLC on limited grounds such as fraud or wilful default of the manager.</p> <p>The Manager is entitled to fees from NZRLC, being (all GST exclusive).</p> <ul style="list-style-type: none"> • a management fee of 0.50% per annum of NZRLC's Net Asset Value. • a performance fee of 10% of any increase in NZRLC's Net Asset Value per Share from one financial year to the next. • a transaction fee of 1.25% of the acquisition or divestment value of any rural land that NZRLC acquires or disposes of. • a lease fee of \$30,000 for each lease entered into by NZRLC. <p>The Management Agreement is available on the Offer Register (at www.disclose-register.companiesoffice.govt.nz and search for offer number 'OFR12993'). A more detailed description of the Management Agreement including more information on how the above fees are calculated, is in Section 2.6 of the PDS.</p>
Liabilities, fees and charges	If you sell your Shares, you may be required to pay brokerage or other sale expenses. You may also be liable for tax on the sale of your Shares. You should seek your own tax advice in relation to your Shares.
Tax Status	NZRLC will apply to become a Listed Portfolio Investment Entity (LPIE) if the Offer is successful. More information on LPIE status is in Section 9 of the PDS.

Details of the Shares Offered

Description of the Shares	Ordinary, fully paid shares. Shares may be sold and will be quoted on the NZX Market.
Issue Price	NZ\$1.25 per Share.
Minimum Application	800 Shares representing a minimum application amount of \$1,000.
Maximum Application	No individual investor may apply for such number of Shares as will result in them holding more than 20% of all Shares at Allotment. Any Application that does not meet this requirement will be scaled back with surplus Application Monies refunded within five Business Days of Allotment.
Number of Shares being offered¹	<p>A minimum of 60 million Shares are being offered, representing 99.73% of the total number of Shares on issue.</p> <p>A maximum of 120 million Shares are being offered, representing 99.87% of the total number of Shares on issue.</p>
Gross proceeds of the Offer	\$75 million - \$150 million.
Anticipated payment date of first dividend on the Shares	March 2022 but subject to a range of factors including the successful acquisition of dairy properties (as discussed in Section 2 of the PDS) and the NZRLC dividend policy discussed in Section 6.2 of the PDS.

Important Dates

Offer opens	5:00pm, 23 November 2020
Offer closes	5:00pm, 11 December 2020
Allotment of Shares	17 December 2020
Listing and expected commencement of trading on the NZX Market for Shares	18 December 2020

The above dates are indicative only and may change. NZRLC, with the Lead Manager's agreement and NZX's approval, reserves the right to vary or extend these dates and to withdraw the Offer at any time before the date on which the Shares are first allotted. NZRLC may accept late applications (either generally or in individual cases).

What if NZRLC does not make a Rural Land Acquisition?

The Management Fee does not begin to accrue or become payable to the Manager until the calendar month in which NZRLC has its first unconditional contract to acquire rural land.

If NZRLC is not a party to an unconditional contract to acquire rural land on or before 31 December 2021, the Board will call a special meeting of shareholders to vote on placing NZRLC into solvent liquidation by special resolution, giving Shareholders the opportunity to choose to have their capital returned to them.

How to Apply

You should read the PDS and other available information carefully before applying for Shares.

New Zealand resident investors can apply for Shares by either:

- completing the online Application Form at <https://www.nzrlcshareoffer.co.nz/> by following the on-screen instructions.
- completing the Application Form at the back of this PDS in accordance with the instructions contained on that form and returning it to the Registrar before the Closing Date.

Where you can find more information:

We encourage investors to refer to NZRLC's PDS dated OFR 12993 for full details of the offer.

Further information relating to NZRLC and the Shares is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz>, offer number OFR 12993. A copy of the information on the Offer Register is available on request to the Registrar of Financial Service Providers.

Further information relating to NZRLC is also available on the Companies Office register. This information can be accessed on the Companies Office website at <https://companies-register.companiesoffice.govt.nz/>.

Information, including NZRLC's corporate governance policies is available on NZRLC's website at www.nzrlc.co.nz.

After Listing, NZRLC will be required to make half-year and annual financial results announcements to NZX and other announcements as required by the Listing Rules from time to time. You will be able to obtain this information free of charge by searching under NZRLC's ticker code "NZL" on NZX's website at www.nzx.com.

Key drivers of returns

NZRLC considers that the aspects of its business that have, or may have, the most impact on the financial performance of the business, and the key strategies and plans for those aspects of the business, can be summarised as follows:

Drivers of financial performance

Growing recurring revenue: Entering long term leases with financially strong and operationally experienced Tenants who will assume the direct operational and commodity risks associated with the rural land and pay to NZRLC regular rental income.

Key strategies and plans

- Select experienced Tenants looking to expand and maximise the efficiency of their existing operations without having large amounts of capital invested in land ownership.
- Undertaking detailed financial and operational due diligence of prospective Tenants to assess their capacity for paying rent and using best operational practices on the land.

Capital growth: Acquiring rural land that increases in value over time from the purchase price paid by NZRLC.

- Focus acquisitions on the New Zealand agricultural sector that is considered at the time to provide a strong prospect for long term capital growth (currently considered to be dairy properties on the basis described in Section 2.8).
- Maintain at least 75.01% New Zealand ownership of NZRLC to avoid the need for Overseas Investment Office approval of rural land acquisitions. This provides NZRLC a non-purchase price advantage over competing foreign acquirors who must incur the time, cost and uncertainty of seeking approval. However, with a limit on foreign investors this may reduce liquidity for Shareholders.
- 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.

Key risks affecting this investment

Investments in shares are risky. You should consider if the degree of uncertainty about NZRLC's future performance and returns is suitable for you. The price of these Shares should reflect the potential returns and the particular risks of these Shares. NZRLC considers that the most significant risk factors that could affect the value of the Shares are:

- **Land Value risk:** NZRLC will realise its strategy for capital growth in the value of rural land that it acquires only if NZRLC acquires rural land at a purchase price that is less than the rural land's future value. This requires NZRLC to predict future value when acquiring rural land, which involves inherent uncertainty. Acquiring unproductive land, a sustained downturn in the dairy sector and other external factors may reduce land value below the price that NZRLC paid to acquire that land.
- **Tenant risk (financial):** NZRLC's income will be rental payments received from Tenants who lease NZRLC's rural land. Tenants will be exposed to the financial risks associated with operations on the land (for example, commodity price fluctuations, increases in operating costs, health risks to stock). If Tenants do not manage those risks or lack the financial capacity to absorb those risks Tenants may default on lease payments to NZRLC. If NZRLC is required to replace a Tenant, NZRLC may have a period where it is receiving no or reduced income from the rural land that it owns while a replacement is appointed. Accordingly, NZRLC investors are indirectly exposed to operational farming risks given that those risks can cause Tenants to become insolvent.
- **Tenant risk (operational):** Operational practices of Tenants on the rural land could damage the rural land and decrease its value. For example, poor environmental or unsustainable farming practices could damage production on the rural land in the longer term.

This summary does not cover all of the risks of investing in the Shares.

NEW ZEALAND RURAL LAND CO.

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As the world's population grows, productive food-producing agricultural land becomes increasingly important.



New Zealand has a competitive advantage in agriculture.



New Zealand Rural Land Company will be a land owner across the New Zealand food production sector.



New Zealand Rural Land Company will partner with and lease land to experienced farmers and food producers.



New Zealand Rural Land Company will have no direct exposure to agricultural operating activities or commodity prices.



New Zealand Rural Land Company will target negotiating a minimum 4.5% Gross Lease Rate on rural land with rural land vendors and Tenants. This is not a targeted return to Shareholders (which will be subject to a range of other factors including capital expenditure costs and NZRLC expenses).

NZX

New Zealand Rural Land Company will be the only agricultural land based listed property company on the NZX.



DAIRY



SHEEP
& BEEF



HORTICULTURE
& VITICULTURE



FORESTRY
& OTHER

www.nzrlc.co.nz