

NEW ZEALAND RURAL LAND CO.

SUSTAINABLE AOTEAROA

Product Disclosure Statement

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

16 November 2020

The issuer under this offer is New Zealand Rural Land Company Limited.

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this Offer on the Offer Register at www.disclose-registers.companiesoffice.govt.nz and search for the offer number 'OFR12993'.

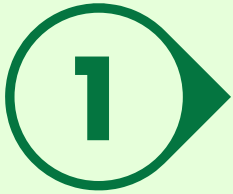
New Zealand Rural Land Company Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you make an investment decision.

Listing on:



Lead Manager:





Key Information Summary

1.1 What is this?

This is an offer of ordinary shares (**Shares**) in New Zealand Rural Land Company Limited (**NZRLC**). Shares give you a stake in the ownership of NZRLC. You may receive a return if dividends are paid or NZRLC increases in value and you are able to sell your Shares at a higher price than you paid for them.

If NZRLC runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

1.2 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.

For more information, see Section 2 – *NZRLC and what it does*.

1.3 Purpose of this offer

The purpose of the Offer is to raise not less than \$75 million for NZRLC to:

- acquire its first rural land assets in the New Zealand dairy sector;
- have working capital, and meet its operating and compliance costs (including certain fees under the Management Agreement); and
- pay for the costs associated with the Offer, and the listing of Shares on the NZX Market. Listing the Shares should assist investors to have liquidity available and to realise a market value for the Shares at any time that the NZX Market is open and trading.

For more information, see Section 3 – *Purpose of the Offer*.

1.4

Key terms of the offer

NZRLC is not a 'managed investment scheme' for the purposes of the FMC Act and does not have an FMA-licensed manager or an FMA-licensed independent supervisor to govern its investment activities. Investor rights are set out in the Constitution, which has been adopted in accordance with the Companies Act 1993 and incorporates the Listing Rules by reference.

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.</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.

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>

¹ Based on 160,000 Shares being on issue at the date of this PDS. Up to 300,000 shares will also be issued to Allied Farmers Limited prior to the Closing Date under the convertible loan agreement described in Section 2.13.

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) and the NZRLC dividend policy discussed in Section 6.2.

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.

1.5

How you can get our money out

NZRLC intends to quote the Shares on the NZX Market. This means you may be able to sell them on the NZX Market if there are interested buyers. You may get less than you invested. The price will depend on the demand for the Shares.

However, with NZRLC having a limit on the amount of Shares that Overseas Persons may acquire or hold (see Section 6.1) this may reduce liquidity for Shareholders by limiting the potential pool of acquirers of Shares.

1.6

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 prospect of 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.
- 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.

For more information, see **Section 2 – NZRLC and what it does**.

1.7

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. You should also read **Section 8 - Risks to NZRLC's business and plans** and to other places in this PDS that describe risk factors (for example risks arising for investors from the nature of the Shares).

1.8

NZRLC's financial information

The financial position and performance of NZRLC are essential to an assessment of this Offer.

No financial information is required to be included in this PDS as:

- NZRLC is a newly incorporated company that has no operating or trading history and therefore has no historic financial information.
- NZRLC is not providing prospective financial information as it has not entered into any contracts or commitments to acquire any rural land at the time of this Offer. The Board considers that in the absence of agreed terms for acquiring and then leasing rural land it is not practicable to formulate reasonable assumptions on which to base prospective financial information.

For further information you should also read Section 7 - *NZRLC's financial information*.

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Chairman's Letter

16 November 2020

Dear Investors,

The rural sector is an important contributor to the New Zealand economy and a key part of our national identity. Its importance to New Zealand export receipts has been magnified by the COVID-19 pandemic as other sectors of our economy (such as from foreign tourists) have been significantly damaged and will take time to rebuild.

At present New Zealanders have limited options for owning a direct interest in large scale, New Zealand rural land. There is even less opportunity to have a direct interest in rural land without also having direct exposure to commodity price risks.

Our vision for New Zealand Rural Land Company (NZRLC) is to:

- acquire substantial rural land assets;
- be a New Zealand investor and not subject to overseas investment requirements;
- lease our land to Tenants who follow farming best practices; and
- use gearing of no more than 30% of total assets.

Our initial focus is on acquiring New Zealand dairy properties. However we intend to expand our focus to other New Zealand primary sectors, particularly as investment opportunities arise in horticulture, viticulture, forestry, as well as sheep and beef. We invite you to read this Product Disclosure Statement to learn more about NZRLC and our investment plans.

Initially we are looking to raise at least \$75 million from investors by offering new shares in NZRLC at an issue price of \$1.25 per share.

All investment propositions involve risk. NZRLC will:

- undertake detailed due diligence and acquire quality rural land assets;
- lease its land to experienced and financially sound Tenants to mitigate default risk and ensure its land assets are well managed; and
- ensure environmental best practices are followed on our land.

If you have any questions regarding this opportunity, please get in contact with us at info@nzrlc.co.nz for more information.

Thank you for your consideration of this investment opportunity.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Rob Campbell'.

Rob Campbell
Independent Chairman



NZRLC and what it does

2.1

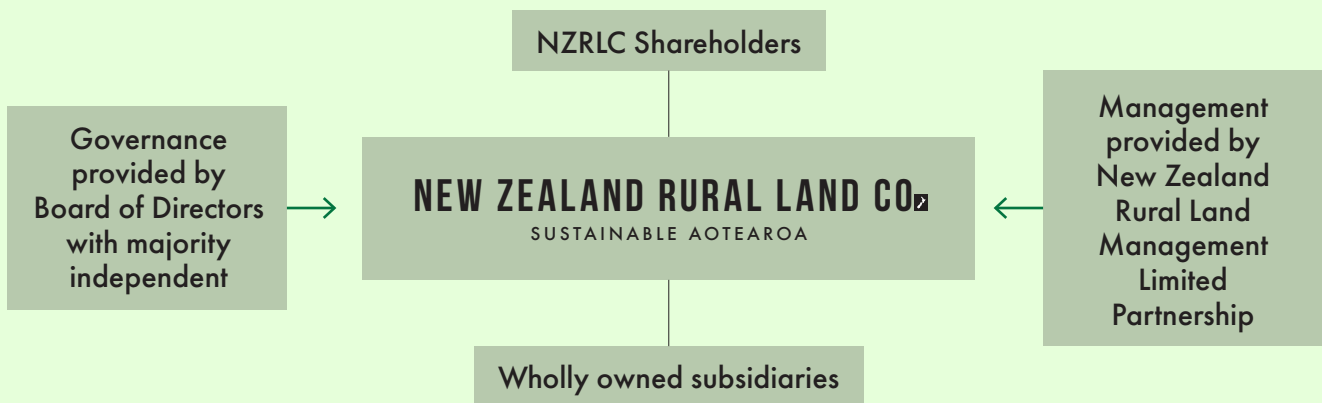
Overview

NZRLC was incorporated on 11 September 2020. NZRLC's strategy is to acquire New Zealand rural land across the agricultural sector and lease the land to Tenants that undertake the actual agricultural activities. NZRLC will look to make its first acquisitions of rural land in the dairy sector with the proceeds of this Offer.

2.2

Corporate Structure

The intended corporate structure of NZRLC is illustrated in the diagram below:



At the date of this PDS, NZRLC has no subsidiaries.

It is not intended that NZRLC will have any employees. The management functions of NZRLC have been contracted to the Manager under the Management Agreement. The Manager will report to the Board which retains all material decision making powers for NZRLC. The Management Agreement is described in Section 2.6.

2.3**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 agricultural operations. Tenants will directly assume those traditional risks, which include land management risks, animal/horticulture health risks and commodity price volatility.

NZRLC's key direct risks relate to land value and the operational and financial performance of Tenants. Traditional risks could still indirectly have an adverse effect on NZRLC, particularly if they arise and persist over a sustained period. Accordingly, consideration of the risks and prospects of the agricultural sector generally in which NZRLC is acquiring land is still relevant to an investment in NZRLC.

NZRLC will look to acquire rural land in the New Zealand dairy sector with the proceeds of this Offer and an overview of the New Zealand dairy industry is set out in **Section 2.8**.

As NZRLC acquires rural land, it will have direct exposure to the value of that rural land with:

- a regular income stream through rental income that it receives. The Board will declare dividends from this income in accordance with the dividend policy described in **Section 6 – Key Features of Shares**; and
- any increases in capital value attributable to the rural land over time increasing the value of the rural land assets on NZRLC's balance sheet. Changes in the value of land NZRLC owns will be a key influence on NZRLC's reported NAV. For a land investment company such as NZRLC, NAV should become a key metric influencing the market price of Shares and therefore the price at which investors may realise their investment in Shares. However, short term volatility in the agricultural sector could adversely or positively affect investor sentiment towards NZRLC causing the market price of Shares to be at a discount or premium to NAV.

NZRLC intends to hold the rural land it acquires for the long term with a view to, over time, owning a portfolio of New Zealand rural land assets across different agricultural sectors.



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).



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

NEW ZEALAND RURAL LAND CO.

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www.nzrlc.co.nz

2.4

Acquisition Strategy

NZRLC has not entered any contracts or commitments to acquire any rural land at the date of this PDS.

For the reasons outlined in Section 2.8 below, NZRLC considers that market conditions currently favour acquiring rural land in the dairy sector. One driver of the value of dairy property is the profitability of milk production achieved on that land and therefore reviewing historical production and opportunities for enhancing production (through, for example, capital improvements) will be important factors to assess through due diligence for any acquisition.

NZRLC’s preliminary investigations suggest there are a number of acquisition opportunities for dairy properties, particularly by a New Zealand acquirer of scale. From these initial investigations NZRLC has identified 21 dairy properties (comprising 9,239 hectares, in aggregate) that are all located in the South Island (excluding the West Coast). Following the Closing Date NZRLC intends to:

- negotiate and agree indicative, non-binding acquisition terms with the vendors of these dairy properties (including a binding exclusivity period to facilitate NZRLC’s due diligence investigations).
- negotiate and agree indicative leasing terms with prospective Tenants for these dairy properties.
- undertake detailed due diligence investigations on the dairy properties in conjunction with the relevant prospective Tenant.
- negotiate and agree binding sale and purchase agreements and lease agreements. At the point of entering such agreements, NZRLC would announce to the NZX Market the material details of the acquisition and leasing arrangement in accordance with its continuous disclosure obligations.
- satisfy any conditions in the agreements entered and move to complete the acquisitions and commence leasing to the relevant Tenant. Depending on the scale of the acquisition, NZRLC shareholder approval may be required.

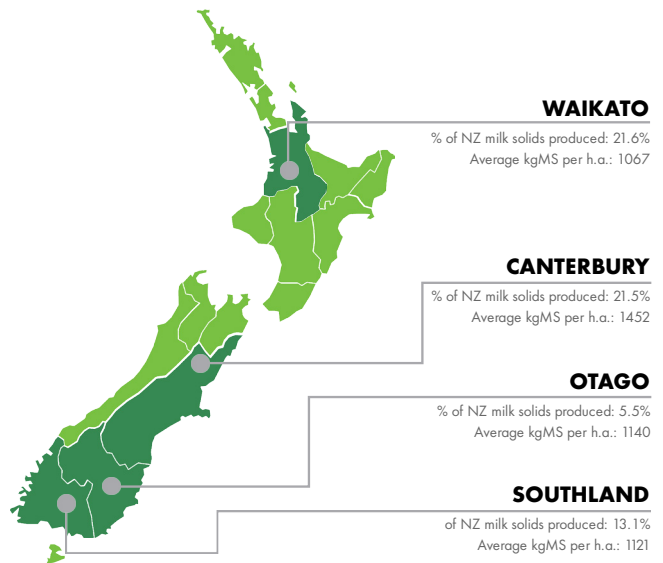
NZRLC has not entered any binding arrangements in respect of these dairy properties and it may be unable start this process or may terminate this process on all or some of the dairy properties identified to date.

Dairy properties for acquisition will be assessed against the following general characteristics:

- **Climatic:** Limited history of localised extreme weather events such as drought;
- **Production:** Efficient production capacity on a per cow and per hectare basis;
- **Capacity:** Ability to support appropriate herd sizes and opportunities to increase capacity by acquiring adjoining land;
- **Infrastructure:** High quality infrastructure with modern and efficient milking sheds, worker accommodation and irrigation systems;
- **Environmental:** Holding all necessary resource consents, sustainable fertiliser use and other best environmental practices;
- **Farm Size:** The ability to support large scale operations; and
- **Skilled Labour:** Location and availability of skilled labour.

This assessment will help inform NZRLC on what the capital expenditure requirements for the dairy properties will be. The capital expenditure requirements together with the negotiated rental rate to Tenants will be important factors in determining the purchase price that NZRLC is willing to pay for the dairy properties.

Preferred Provinces for Dairy Property Acquisitions



Source: Dairy NZ. New Zealand Dairy Statistics 2018-19.

NZRLC will run a detailed due diligence process to assess the appropriateness and value of rural land prior to committing to acquiring it. Due diligence and acquisition negotiations will be led by the Manager with external, specialist consultant support where required. Due diligence will also always involve commissioning an independent valuation of the rural land and reviewing environmental law compliance. A prospective Tenant for the rural land being acquired will also be identified prior to commencing detailed due diligence. The prospective Tenant will be expected to be heavily involved in the due diligence process, focusing on operational due diligence.

At the conclusion of due diligence the Manager will report to the Board on the due diligence investigations, proposed acquisition terms and proposed leasing arrangements. The Manager will make a recommendation to proceed or not. The Board will assess this advice against the NZRLC acquisition strategy and will make the decision as to whether NZRLC will proceed with the acquisition and leasing arrangements, or not. NZRLC will not acquire rural land without having a Tenant in place with a lease to commence on completion of the acquisition.

Depending on the size of the first acquisition, it may constitute a major transaction under the Listing Rules² and require NZRLC shareholder approval in addition to Board approval.

NZRLC will fund acquisitions from the proceeds of this Offer and from debt. The Board has adopted a policy of restricting debt to 30% of the value of Total Assets. Debt will, subject to maintaining adequate headroom against this 30% limit, generally be sought on interest-only repayment terms. NZRLC will seek debt and provide first mortgage security over the rural land acquired to secure NZRLC's borrowings. NZRLC considers that this 30% debt level should be conducive to securing lending at attractive interest rates.

NZRLC will have the following financial capacity for making acquisitions from this Offer:

Item	Description	Minimum Amount	Maximum Amount
Offer proceeds	Available to NZRLC at the date NZRLC allots the Shares and based on the minimum amount (\$75 million) or maximum amount (\$150 million) being raised under the Offer.	\$75 million	\$150 million
NZRLC Offer expenses and working capital ³	Amounts to settle Offer costs and provide initial working capital to NZRLC to meet ongoing compliance, operational and listing costs.	\$3 million	\$5 million
Capital for acquisitions	Available to NZRLC from the date NZRLC allots the Shares under the Offer.	\$72 million	\$145 million
Debt capacity for acquisitions	Based on a maximum debt level of 30% of total assets.	\$30.86 million	\$62.14 million
Total acquisition capacity from the Offer and debt		\$102.86 million	\$207.14 million

NZRLC will also look at opportunities to acquire rural land where all or part of the purchase price can be paid in Shares. NZRLC has no intention of issuing different classes of equity securities in these situations but may require Vendors to escrow or enter restricted security deeds in respect of the Shares they receive (particularly as security for any warranty claims). This approach will give vendors the opportunity to receive listed securities for their illiquid dairy properties (see Section 2.8 for information on the recent decline of sales for large scale dairy farms). While this will dilute Shareholders' voting rights in NZRLC, NZRLC will preserve cash and the acquired rural land will increase the assets of NZRLC and, subject to land value risk (described in Section 8), NAV per Share should not be diluted.

Until NZRLC is party to an unconditional contract to acquire rural land it will not be liable to commence paying any fees to the Manager under the Management Agreement, minimising its expenses while its only material asset is cash.

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.

² A major transaction under the Listing Rules will arise if the value of the land being acquired exceeds 50% of NZRLC's market capitalisation.

³ NZRLC will pay brokerage on Applications that are allotted based on a percentage of their value. Accordingly, the higher the amount raised under the Offer, the higher the amount of brokerage that is payable. Further information on brokerage is set out in the document titled 'Other Material Information' that is available on the Offer Register (at www.disclose-register.companiesoffice.govt.nz and search for offer number 'OFR12993').

2.5

Leasing and Tenant Strategy

NZRLC will lease the rural land that it acquires to experienced Tenants. Tenants will be selected based on:

- operating history showing strong financial performance and experience in mitigating traditional farming risks;
- strong balance sheets or an ability to provide other suitable security, and ability to service rent obligations to NZRLC;
- calibre of management and governance; and
- farming practices - sustainability focus, environmental compliance and animal health and welfare.

NZRLC considers that its leasing proposition is attractive to Tenants as they can allocate their capital towards expansion and efficiency in their agricultural operations rather than having significant amounts of their capital invested in the land itself.

NZRLC's Criteria for Selecting Tenants

NZRLC selects Tenants based on the following criteria:



Operating Performance & Experience

- Proven ability to operate through commodity cycles;
- Proven ability to operate elite EFS (Economic Farm Surplus) farms;
- Attract and retain quality management.



Strong Balance Sheets

- Sufficient assets / Equity to meet the vagaries of climate and commodity price volatility while still meeting financial obligations;
- NZRLC requires Tenants to have at least 6x annual lease obligations worth of equity or provide other suitable security arrangements for lease obligations.



Robust Governance

- Independent and experienced governance;
- Able to operate professional management and investment structure.



Sustainability Focus

- Reputation for efficient and sustainable farming practices;
- Long-term stable operational performance, through various cycles.

NZRLC has undertaken due diligence on three potential Tenants. Confidentiality arrangements and memoranda of understanding have been entered into with these parties but no legally binding contracts or commitments to enter any leasing arrangements have been entered into at this time. These preliminary steps have been undertaken to ensure NZRLC is acquisition ready as it will collaborate with a preferred Tenant in its acquisition due diligence processes. NZRLC will only acquire rural land where it has selected a Tenant for that rural land and has agreed a binding lease with the Tenant.

NZRLC will also consider acquisition opportunities where a Tenant owns the rural land with a view to leasing that rural land back to the Tenant. NZRLC considers these transactions could be attractive given that such a Tenant would have operational familiarity with the rural land it will lease combined with the release of considerable capital from such a sale to invest in their operations.

NZRLC will look to enter long term leases with Tenants and will target having an initial weighted average lease term of 10 years across its land portfolio. Leasing arrangements must be approved by the Board as part of approving any acquisition with that decision being based on information and recommendations presented to the Board by the Manager. NZRLC will seek to include in its dairy property leases, terms based on the following:

- **Term:** Minimum of 10 years with rights of renewal to be agreed on a case by case basis.
- **Rental:** NZRLC will target a minimum 4.5% Gross Lease Rate. However, based on NZRLC's investigations to date, the Board considers that a higher Gross Lease Rate

is capable of being achieved. The Gross Lease Rate will be negotiated by NZRLC with rural land vendors and Tenants respectively. Gross Lease Rate is not the same as a return to Shareholders (which will be subject to a range of other factors including capital expenditure costs and NZRLC expenses). Rental will be adjusted during the term with consumer price index (CPI) rent reviews every three years of the lease term. Ratchet clauses will be sought where appropriate.

- **Security:** Tenants will be expected to hold and maintain equity of at least six times their annual rental obligations or provide other suitable security for their lease obligations to NZRLC. Where appropriate, security arrangements such as bonds, charges over milk proceeds and/or supporting guarantees will be sought as security.
- **Operating Expenses:** To be met by the Tenant and, subject to negotiations in the circumstances, are expected to include regional and council rates, and property insurance.
- **Maintenance:** The Tenant is to be generally responsible for the costs of maintenance of the land, buildings and amenities during the term. However this will be negotiated on a case by case basis as the arrangements will need to reflect the age and quality of the specific buildings and amenities in question together with any intended capital improvements.
- **Capital Expenditure:** Capital expenditure for improvements will be an obligation for NZRLC to meet when an improvement is at the end of its useful life. Other capital expenditure for improvements on NZRLC's rural land will be agreed on a case by case basis with Tenants, having regard to the needs of the particular property to be efficient for the Tenant's operations. Identifying those needs will form an important part of due diligence on a prospective acquisition and in negotiating rental. NZRLC will seek to negotiate that there are defined contributions from NZRLC for this capital expenditure or that it is reflected in NZRLC's proposed purchase price.
- **Farming Guidelines:** Covenants will be included to help protect the condition and value of the rural land (see discussion on Tenant Risk (operational) in **Section 8**) and help ensure that the rural land is responsibly farmed. These include requiring the Tenant to:
 - **Land Use:** Undertake a sustainable farming and dairy supply system based on the land type and location.
 - **Environmental:** Farm in accordance with resource consents, applicable law and industry best practice.
 - **Animal Welfare:** Comply with the Animal Welfare Act 1999, including the Code of Welfare for Dairy Cattle, Code of Welfare for Painful Husbandry Procedures, Code of Welfare for Transport of Animals in New Zealand and other legislation and Codes which may become applicable.
 - **Access:** Allow access to NZRLC or its agents at least annually for the purpose of reviewing compliance with the lease terms.
 - **Health and Safety:** Have best practice policies and compliance with health and safety requirements to support the safety and wellbeing of persons that are present on the land at any time.

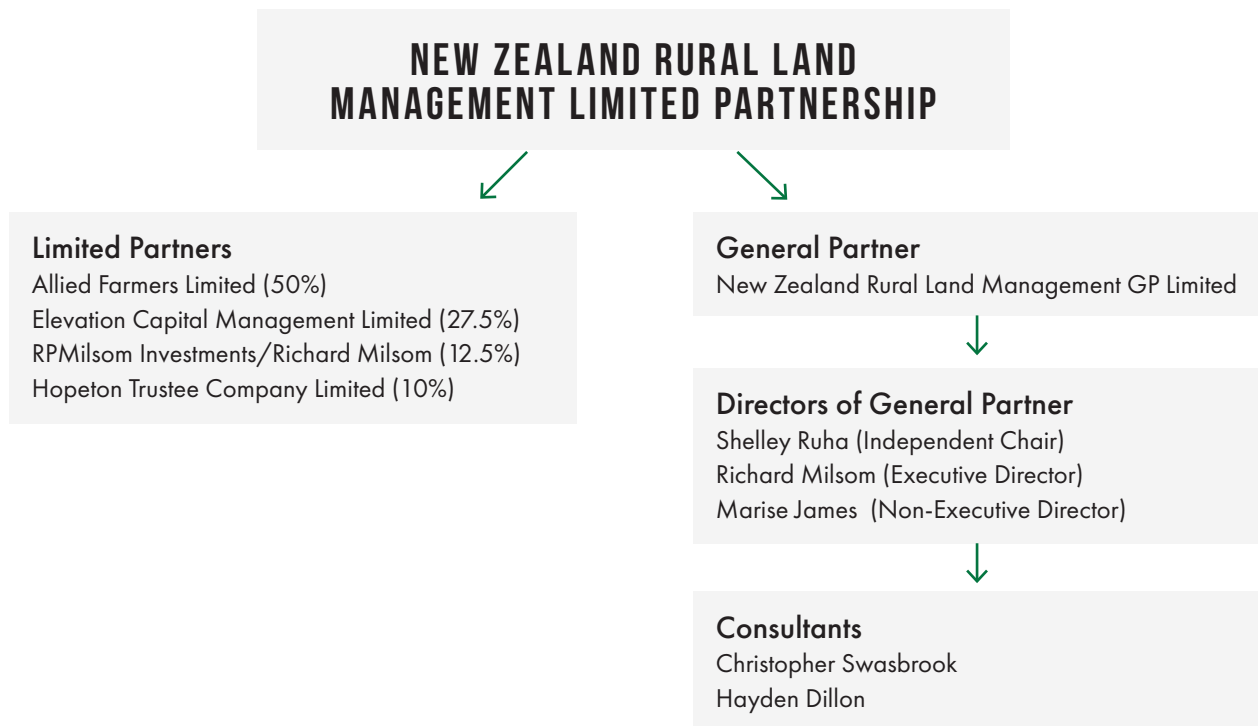
Unless negotiated otherwise in the circumstances of a particular lease or property, NZRLC should only be liable for capital expenditure for improvements as is described above.

Where a Tenant breaches the terms of a lease, NZRLC may require them to take remedial action or take Court proceedings for damages resulting from the breach. In an instance of a material breach of a lease, NZRLC may also seek to terminate the lease and replace the Tenant.

2.6

The Manager

The Manager is a New Zealand limited partnership with the following structure and management on or before Allotment⁴:



On 13 November 2020, NZRLC entered into the Management Agreement with the Manager. A copy of the Management Agreement is available on the Offer Register (at www.disclose-register.companiesoffice.govt.nz and search for offer number 'OFR12993').

The material terms of the Management Agreement are:

- **Role:** The Manager is the sole and exclusive manager of NZRLC and reports to the Board.
- **Services to NZRLC:** The Manager is responsible for all management functions of NZRLC, including:
 - Providing administrative and general services;
 - Sourcing and securing potential investors;
 - Sourcing acquisition and leasing opportunities, overseeing due diligence for the purchase and leasing of rural land (including Tenant selection) and negotiating and executing acquisitions (subject to Board approval);
 - Managing NZRLC's rural land assets and Tenant relationships;
 - Arranging audit and valuation services; and
 - Engaging BDO Wellington to administer the accounting and finance functions of NZRLC.
- **Authority:** The Manager is unable to commit NZRLC to incur any financial indebtedness or commit NZRLC to any guarantee or indemnity without the Board's prior written approval.
- **Term:** There is no defined term for the Management Agreement and the Manager continues in its role in perpetuity unless the Management Agreement is terminated or NZRLC and the Manager mutually agree otherwise.

⁴ At the date of this PDS the limited partners of the Manager are Elevation Capital Management Limited (55%), RPMilsom Investments Limited/Richard Milsom (25%) and Hopeton Trustee Company Limited (20%) and the directors of the general partner are Shelley Ruha, Richard Milsom, Christopher Swasbrook and Hayden Dillon. The limited partners have entered an agreement to sell half of the limited partner interests they hold to Allied Farmers Limited. Completion of that sale is expected to occur between the Closing Date and Allotment. At completion Christopher Swasbrook and Hayden Dillon will resign as directors of the general partner and Marise James will be appointed as the Allied Farmers Limited nominated director. The diagram above reflects the structure of the Manager from completion.

Termination: The Management Agreement can only be terminated:

- By NZRLC or the Manager if the other party winds up or suffers an insolvency event.
- By NZRLC if the Independent Directors unanimously agree (based on independent legal advice) that the Manager has committed an act of fraud or wilful default.
- By NZRLC if there is an assignment of the Management Agreement by the Manager or a change in ownership of the Manager and, in either case, the right of first refusal requirements discussed below are not complied with.
- By the Manager on 12 months written notice.

- **Permitted Change of Control:** Allied Farmers Limited holds a call option to acquire the limited partner interests in the Manager that it will not hold following the Closing Date at a price determined by independent valuation. This will be paid for in Allied Farmers Limited shares on the date of exercise, or in cash if requested by a vendor and agreed to by Allied Farmers Limited. Allied Farmers Limited may only, at its sole discretion, exercise the call option once approximately two years has elapsed following the Closing Date. The call option can then be exercised at any time for a 12 month period before it lapses and is of no further effect. If the call option is exercised by Allied Farmers Limited it is deemed to not constitute a change of control of the Manager or give rise to the right of first refusal described below.
- **Right of First Refusal:** NZRLC has a right of first refusal to:
 - Be assigned the Management Agreement if the Manager proposes to assign the Management Agreement to a third party. NZRLC must be offered an assignment of the Management Agreement at the value proposed to the Manager by that third party.
 - To acquire limited partner interests of the Manager if a limited partner of the Manager proposes to sell limited partner interests of the Manager to a third party. NZRLC must be offered those limited partner interests at the value proposed to that third party.

If NZRLC does not exercise its right of first refusal, the assignment or sale to a third party must still be consented to by NZRLC and that consent must not be unreasonably withheld.

- **Disputes:** Disputes between the Manager and NZRLC are to be settled by negotiation. If the dispute is not resolved by negotiation, NZRLC and the Manager must refer the dispute to mediation. If the dispute is not resolved by mediation, NZRLC and the Manager must refer the dispute to arbitration where it will be determined by an arbitrator in accordance with the Arbitration Act 1996.

Any amendments to the Management Agreement may be subject to Listing Rule obligations, such as the obligation to obtain shareholder approval for certain transactions with related parties. Whether shareholder approval is required will depend on the materiality of the proposed amendment.

Under the Management Agreement, NZRLC is liable to pay fees to the Manager as follows:

- **Management Fee:** A management fee payable from the last day of each calendar month equal to 0.50% per annum (plus GST) of NZRLC's Net Asset Value. For the purposes of the management fee calculation, Net Asset Value will be taken from the management accounts of NZRLC (as approved by the Board) for the preceding month. The management fee will only begin to accrue and become payable to the Manager in the month that NZRLC has an unconditional contract in place to acquire its first rural land assets.
- **Transaction Fee:** A transaction fee is payable for each acquisition or disposal of rural land assets by NZRLC. This fee will be equal to 1.25% (plus GST) of the acquisition or divestment value of the rural land.
- **Lease Fee:** For each lease entered into by NZRLC for its rural land assets, a fee of \$30,000 (plus GST) will be payable to the Manager.
- **Performance Fee:** An annual performance fee equal to 10% of any increase in NZRLC's Net Asset Value, based upon the Net Asset Value per Share from one financial year to the next.

Where no performance fee is payable in a financial year, NZRLC's Net Asset Value per Share will in the next financial year be compared to the Net Asset Value per Share in the last financial year that a performance fee was paid. In addition, the Net Asset Value per Share will be adjusted to remove the impact of any Capital Reconstruction of NZRLC so that the effect of the Capital Reconstruction is not prejudicial or advantageous to either the Manager or NZRLC in the course of calculating the performance fee.

The performance fee is payable in Shares. Those Shares will be issued at an issue price equal to Net Asset Value per share in the NZRLC audited financial statements for the year in which the performance fee is being calculated. The Manager must retain and not dispose of 50% of any Shares issued as a performance fee for five years from the issue date under a restricted security deed. When a performance fee is paid, Shareholders will have their shareholdings diluted in terms of voting rights and returns. However, NZRLC will preserve cash that would otherwise be payable as a form of compensation to the Manager for performance.

A hypothetical example of how the performance fee is calculated follows and assumes that no capital reconstruction occurred during that year:

Hypothetical performance fee for FY22

Item	Basis of Calculation	Hypothetical Amount
FY21 Net Asset Value	Taken from the audited financial statements of NZRLC for FY21	\$100 million
Shares on issue	Based on NZRLC share register as at 30 June 2021	60 million
FY21 Net Asset Value per Share	Net Asset Value divided by number of Shares on issue	\$1.6667
FY22 Net Asset Value	Taken from the audited financial statements of NZRLC for FY22	\$105 million
Shares on issue	Based on NZRLC share register as at 30 June 2022	60 million
FY22 Net Asset Value per Share	Net Asset Value divided by number of Shares on issue	\$1.7500
Net Asset Value growth	Subtract FY21 Net Asset Value per Share from FY22 Net Asset Value per Share and multiply by Shares on issue as at 30 June 2022	\$5.0 million ⁵
Performance Fee	10% of Net Asset Value growth	\$0.50 million
Issue price of Shares	Net Asset Value - per share as at 30 June 2022 and taken from the audited financial statements of NZRLC for FY22	\$1.7500
Shares issued to Manager to satisfy performance fee		285,715

In accordance with GAAP, NZRLC's rural land assets will be independently valued every year to determine a fair value of those rural land assets for inclusion in NZRLC's audited accounts.

The Manager will review the management fee and performance fee with the Independent Directors of NZRLC every five years during the term of the Management Agreement with any amendments to be mutually agreed. The Manager is entitled to be reimbursed third party costs, expenses and charges incurred by the Manager on behalf of NZRLC in connection with the operation of NZRLC and its business and assets. Other than as set out above, no further fees or amounts are payable to the Manager under the Management Agreement unless they have been agreed to by the independent Directors in writing.

⁵ Rounded up to the nearest \$100,000.

2.7

Strategic Advantages for NZRLC

NZRLC considers that it has the following strategic advantages which will present NZRLC with opportunities to execute its investment strategy:

- **NZRLC will be a New Zealand owned acquiror of rural land.**

Overseas Persons wanting to acquire New Zealand rural land must obtain approval under the Overseas Investment Act 2005. This requires making an extensive application for approval and satisfying the relevant Government ministers of the real and identifiable national benefits to New Zealand from the Overseas Person making the acquisition. This has become perceived as a highly politicised and time consuming process with applications for consent to acquire farm land taking, on average, approximately six months from initial submission to be determined. In addition farm land must generally be advertised for sale on the open market before an Overseas Person may acquire it. A ministerial directive issued in November 2017 has severely constrained the ability of Overseas Persons to access the New Zealand rural land market. Since that directive, overseas investment approvals granted to Overseas Persons for rural land are down over 50% from the highs of 2014.

This approval regime creates real uncertainty for vendors as to whether an Overseas Persons will obtain approval and therefore whether a sale will complete. Given the large decrease in overseas approvals granted since 2014, the regime appears to have substantially reduced foreign demand for acquiring New Zealand rural land.

NZRLC has restrictions in its Constitution (see Section 6.1) and scaling provisions under this Offer where Overseas Persons may not in aggregate hold 24.9% or more of the Shares - if overseas persons hold 25% or more NZRLC will be deemed to be an Overseas Person. This ensures NZRLC itself will not be classified as an Overseas Person and will not be required to obtain Overseas Investment Act 2005 approvals to make acquisitions.

- **NZRLC will not have a high reliance on debt funding and will inject capital into the sector.**

The agricultural sector, especially the dairy sector, has historically had a high reliance on debt funding as the primary source of capital. However, lending appetites have changed within the banking sector and lending is now significantly constrained, particularly to the dairy sector.

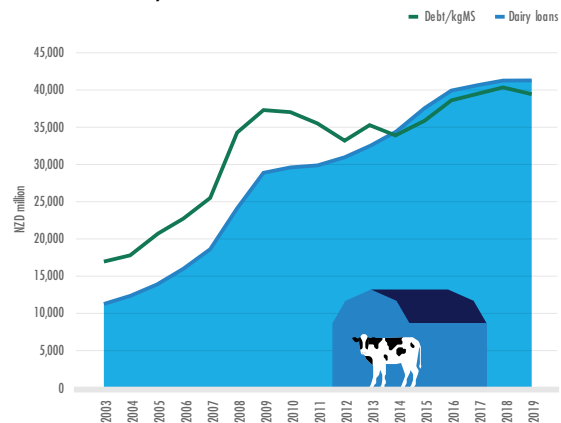
Between 2003 and 2019, dairy debt has grown +267% while total overall loans grew in the agricultural sector much slower +192%⁶;

Dairy debt now accounts for 9% of overall loans and 65% of agriculture loans;

Debt has been the primary source of capital for Dairy Farms in New Zealand; and

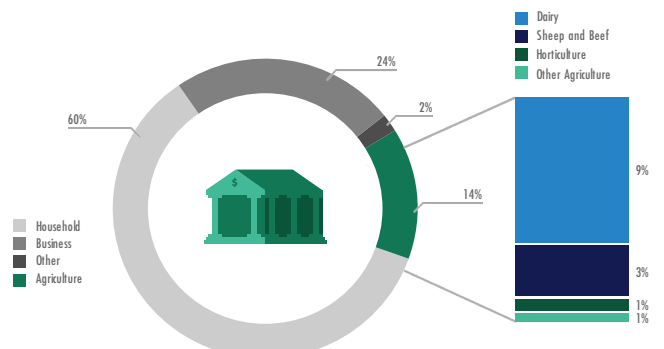
Debt per kgMS has grown from NZ\$ 9.48 in 2003 to NZ\$ 21.99 in 2019⁷.

Growth of Dairy Sector Debt



Source: MPI Situation and Outlook for Primary Industries December 2019

Composition of Bank Lending



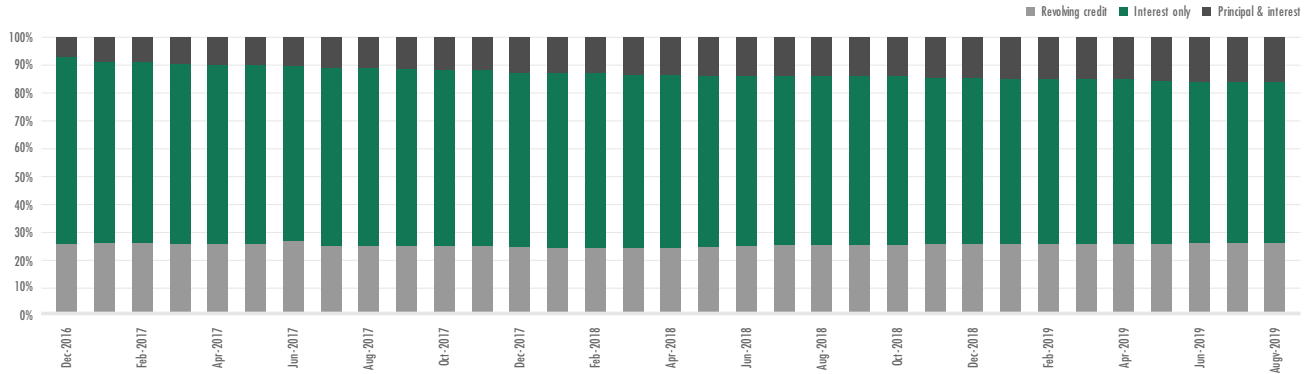
Source: RBNZ Financial Stability Report November 2019

⁶ MPI Situation and Outlook for Primary Industries December 2019

⁷ RBNZ Financial Stability Report November 2019

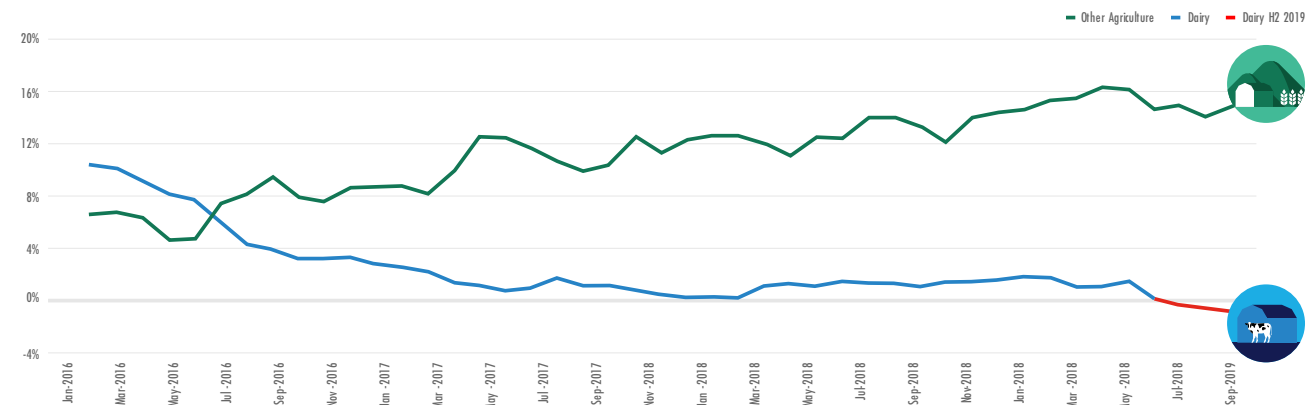
Banks are increasingly requiring principal repayments on dairy sector debt. Since December 2016 the share of 'interest only' loans has decreased from 67% to 58% while 'principal and interest' loans have increased from 8% to 16% with the balance of lending being in revolving credit facilities. Credit growth to the dairy sector has declined to below zero while lending to other agriculture sectors has grown steadily.

Agricultural Sector Debt by Type



Source: Reserve Bank of New Zealand Bank : Assets – Loans by product – S32 (Dec 2016 – current), Released 30 October 2020 <https://www.rbnz.govt.nz/statistics/s32-banks-assets-loans-by-product>.

Agriculture Credit Growth



Source: RBNZ Financial Stability Report November 2019.

• More Dairy Farm Balance Sheets are Currently Stressed

Debt-to-Assets ratio for the owner-operated dairy farms has grown from 42% in 2009 to 52% in 2018;

24%* to 30%** of New Zealand Dairy farms are classed as highly indebted resulting in a “distressed debt” market size of between NZ\$ 9.94 billion to NZ\$ 12.42 billion;

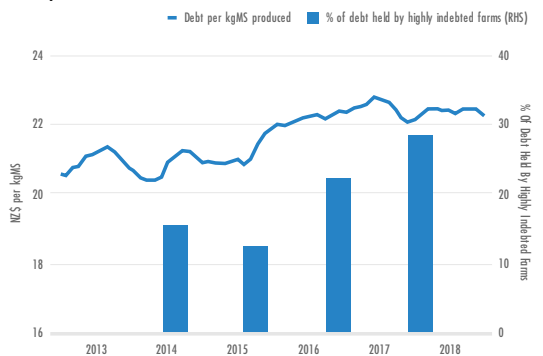
Options for relief are becoming increasingly limited:

- High Debt-to-Income farms are struggling to service debt despite strong milk prices;
- Operators who may have traditionally been potential acquirers have high debt levels themselves.

*24% of New Zealand dairy farms have a debt-to-asset ratio of >70%. Ministry for Primary Industries, Situation and Outlook for Primary Industries, December 2019, <https://www.mpi.govt.nz/dmsdocument/38930-Situation-and-Outlook-for-Primary-Industries-SOPI-December-2019>

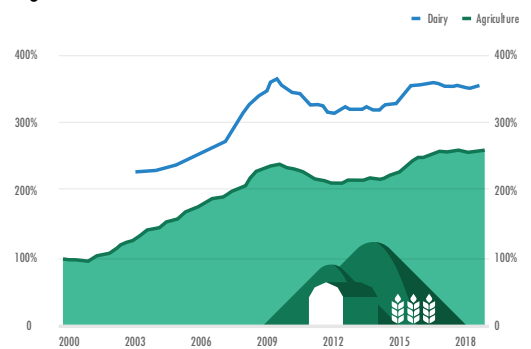
**% of New Zealand dairy farms have >NZ\$35 debt per kgMS. RBNZ Financial Stability Report, November 2019, <https://www.rbnz.govt.nz/-/media/ReserveBank/Files/Publications/Financial%20stability%20reports/2019/fsr-nov-2019.pdf?revision=f6f207b0-9248-46a2-91bb-79519010b566>

Dairy Sector Debt



Source: RBNZ Financial Stability Report May 2018.

Agriculture Sector Debt-to-Income Ratio



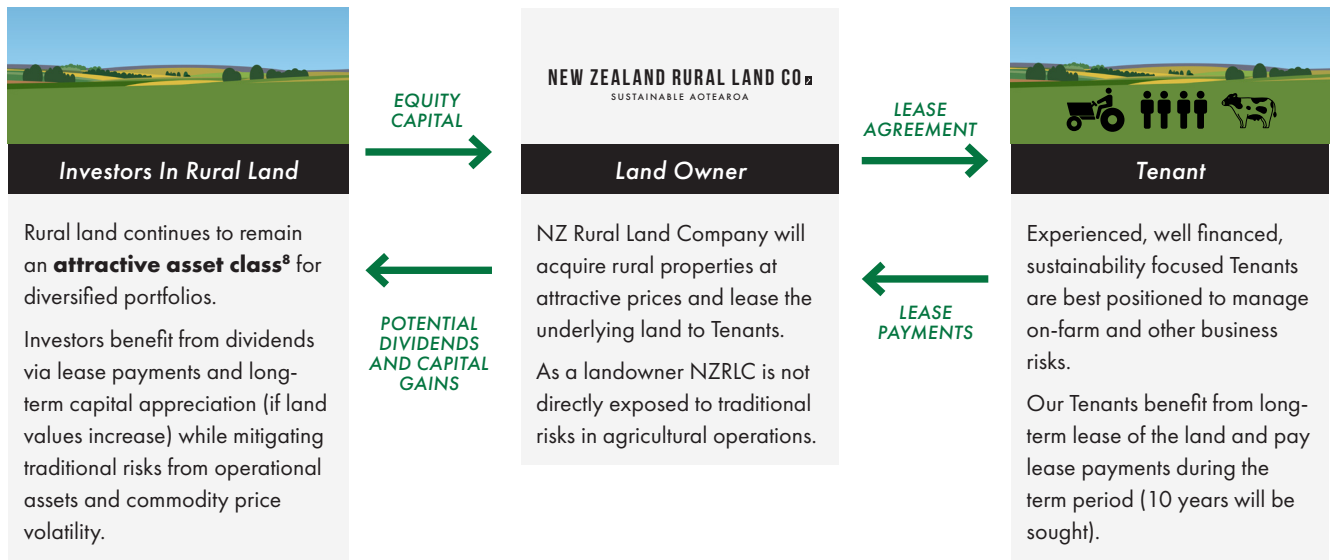
Source: RBNZ Financial Stability Report November 2018.

The combination of these factors has resulted in a lack of capital for the dairy sector. NZRLC will inject new capital into the dairy sector by acquiring dairy properties with the proceeds of this Offer and debt to a maximum of a maximum of 30% of Total Assets. This will offer Tenants the opportunity to grow their operations without having large amounts of capital invested in land ownership. As NZRLC will be positioned to inject capital into the dairy sector at a time when it is needed, this is expected to present NZRLC with opportunities to acquire quality dairy properties at attractive entry price points.

However, this lack of capital can also present a risk to land values. If potential acquirers of dairy properties cannot source capital to acquire dairy properties, demand decreases and vendors may need to accept lower sale prices in order to divest their dairy properties. Industry sale values will influence the carrying value of NZRLC’s rural land assets in its balance sheet.

- **NZRLC will clearly separate land ownership from land operations**

NZRLC offers a unique solution in the current market place



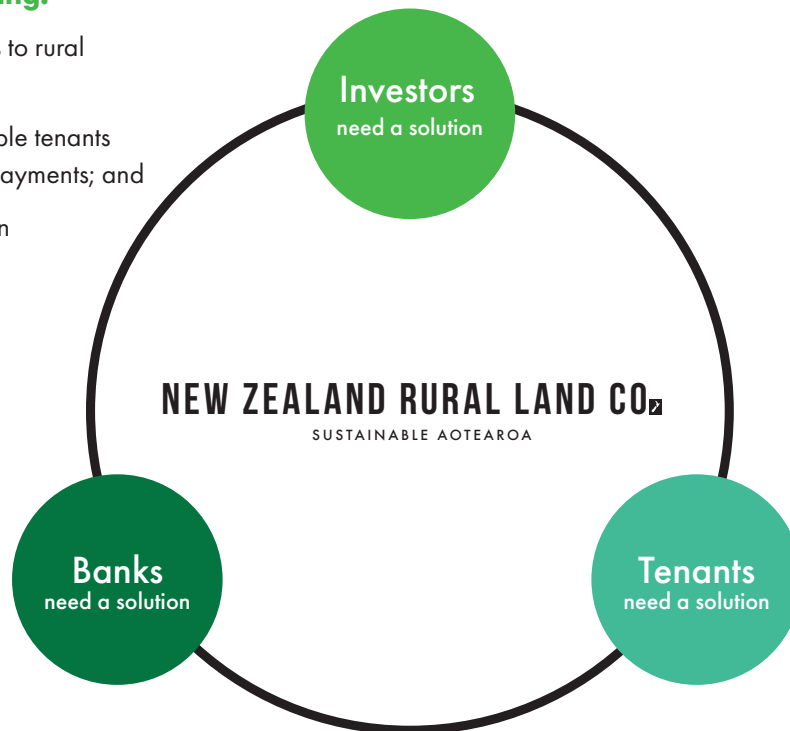
Through this separation investors are not directly exposed to on-farm operations. However, they are exposed to changes in land prices and Tenant profitability over the long term, both of which are affected by sector profitability.

⁸We consider New Zealand Dairy Land is an attractive asset class for a diversified portfolio due to its low standard deviation in returns (7.17% from 2000-2019 versus S&P 500 14.86%) and exhibiting low correlation with major indices (11.17% correlation with the S&P 500 from 2000-2019, and 12.45% correlation with the NZX50 from 2002-2019).

- NZRLC's model offers benefits to all stakeholders

Investors are seeking:

- Transparent access to rural assets;
- Credible and reliable tenants for regular rental payments; and
- Liquidity through an NZX listing.



Banks / Highly Indebted Farms need:

- Non-Overseas Person and NZX listed investor to access capital and purchase farms in a capital constrained sector;
- Fresh equity into the sector by way of farm purchases; and
- Politically palatable solution to rural debt challenges.

Tenants benefit from:

- Long-term landowner / capital provider;
- Access to agricultural assets via lease which improves their capital efficiency; and
- Access Large scale operations.

It is important to remember, land ownership in the agricultural sector requires significant capital which Tenants may have difficulty accessing to fund expansion, modernise farming practices or increase herd sizes. The NZRLC model allows Tenants to access growth capital they otherwise would have invested in land ownership and gives NZRLC direct exposure to land as an investment class.

2.8

Industry Overview

NZRLC will be directly exposed to rural land prices and the ability of Tenants to meet their lease obligations. Until NZRLC diversifies by expanding into land ownership in other agricultural sectors, it will have concentrated exposure to the dairy sector.

Agricultural land is increasingly important as the world's population grows. In the past, exponential growth in food demand was met by innovation, scientific advancements and farming efficiency adding value to agricultural land. Increasing productivity was accompanied by high farm inputs and high farm emissions which is no longer sustainable or aligned with consumer and societal preferences. Therefore, the value in sustainable and productive agricultural land is expected to increase over time, particularly as productive land becomes more scarce.

- **Global Population Growth Yet Available Land Declining**

The global population is estimated to increase by +41% between 2010 and 2050, causing the demand for food to increase. Based on current projections, the supply of dairy-based protein (milk) alone, was 6 million tons short of demand in 2017 and this shortage is estimated to be around 30 million tons by 2027*.

There is a rising consumer preference for ethically produced food and rising global incomes which increases the demand for premium food that New Zealand produces.

It is projected that by 2050 feeding the world will require an increase in food production of 71%, at a time when supply of rural land is decreasing**.

- **New Zealand's Natural Environment suits Dairy Farming and has a Lower Cost of Production**

NZRLC will be exposed to changes in land prices so considering where New Zealand land sits relative to the rest of the world is important when considering both the risk around land prices and risk to Tenants. New Zealand has a competitive advantage in primary produce. New Zealand's success in food production is a result of its natural environment allowing it to produce sustainable food products in a cost-efficient manner and the logistical support and human capital developed over time.

Production volume is highly influenced by weather and the economic environment. New Zealand's climate and pasture-based milk production systems provide a comparative advantage over other countries that rely on intensive grain-fed milk operations. While pasture-based production results in a very seasonal milk supply, milk volumes are generally stable at a comparatively low cost. This allows New Zealand dairy commodity products to remain competitive internationally. In comparison, milk production changes in the European Union and the United States are largely based on the balance of feed costs to milk price and the effects of weather are limited to its impact on feed supply and therefore cost.

However, changes in New Zealand's climate conditions are a significant general risk that could reduce this competitive advantage. The prevalence of droughts and other extreme weather events can reduce productivity, increase operational costs and give rise to capital expenditure (for example, costs for introducing irrigation systems).

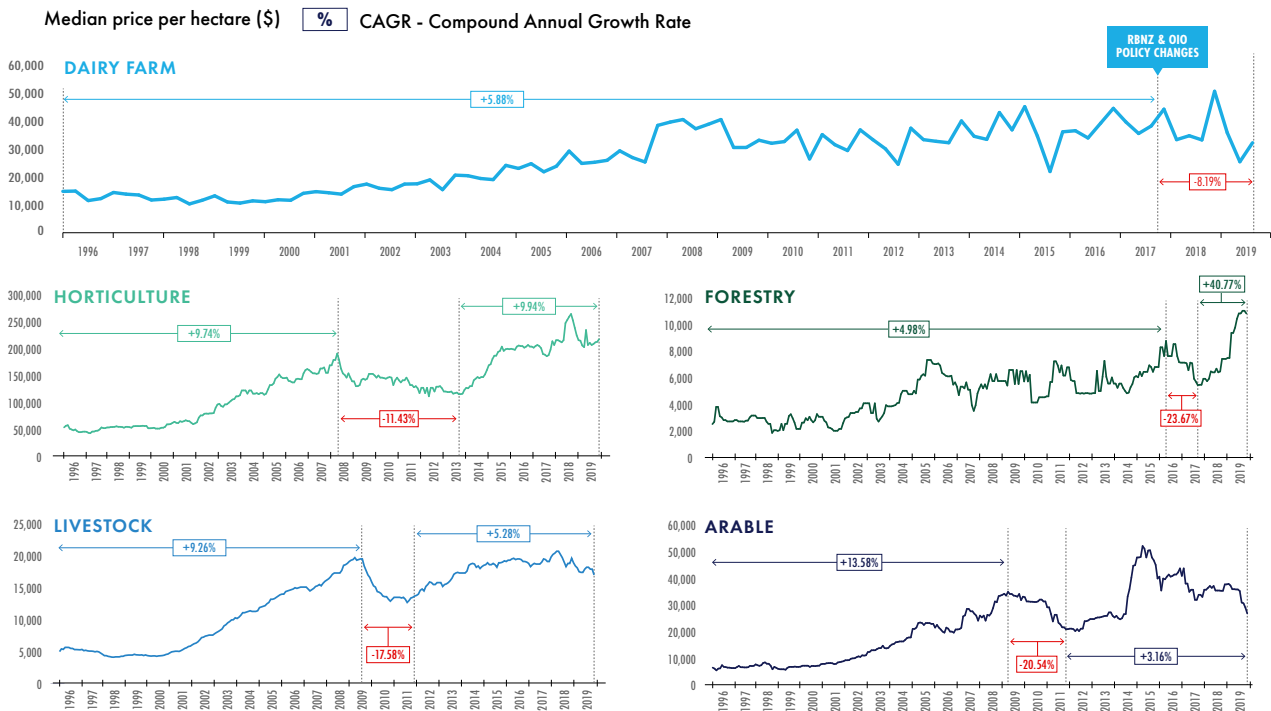
* Nature Partner Journals, The science of food security, August 2018, <https://www.nature.com/articles/s41538-018-0021-9.pdf>

** Food and Agriculture Organisation, Land Use, <http://www.fao.org/faostat/en/#data/RL/visualize>

- New Zealand’s natural advantage and efficient production has resulted in attractive long-term returns for sub sectors of rural land

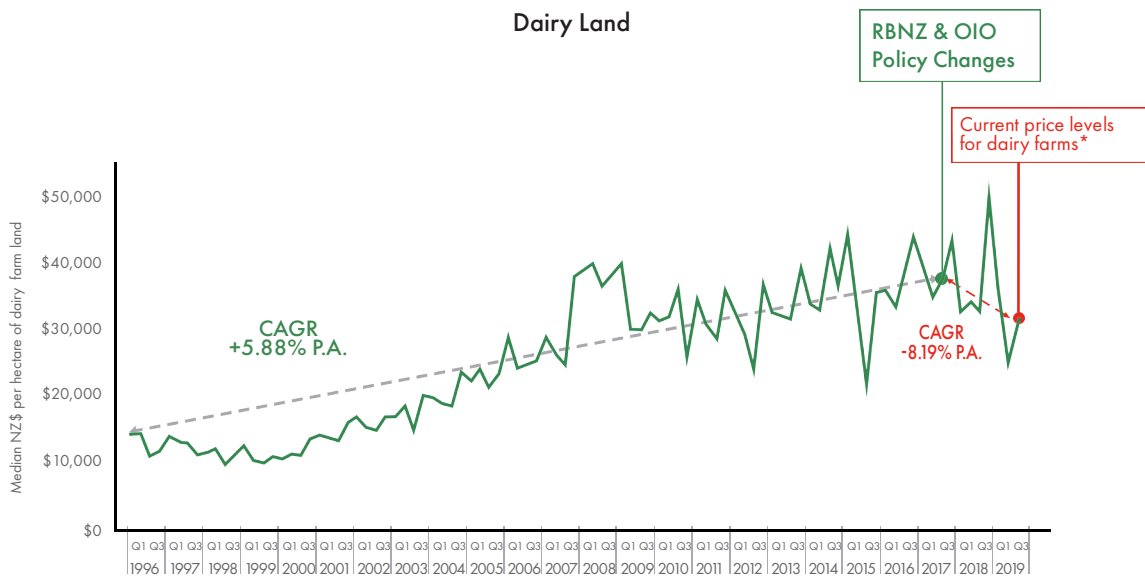
The charts below provide an overview of the historical returns for distinct periods from agricultural land ownership since data was first recorded by REINZ (Real Estate Institute of New Zealand).

The graphs illustrate different periods of positive and negative performance across sub-sectors of rural land which in order to achieve long-term capital growth NZRLC will need to capitalise on in the future by acquiring rural land during periods of underperformance.



Source: Real Estate Institute of New Zealand (REINZ).

Since 2017, dairy property prices have declined by 16% and dairy farm sale volumes from 2019 are 30% lower than in 2016 caused by a combination of factors including foreign buyers being blocked from the market and banks tightening credit to dairy farmers. This decline in liquidity should present opportunities to secure attractive entry price points for large scale dairy property acquisition. This decline in liquidity contributes to increased volatility in dairy property prices. This is illustrated in the chart below:



Source: Real Estate Institute of New Zealand (REINZ)

*Dairy Farm Median Land Prices for quarter ending August 2019 over quarter ending August 2017. Dairy farm prices referred to in the chart are median land prices which is the midway point of sale price in a 3-month period. Median is a better indicator for market trend for land prices. Outliers and skew have a lesser impact on median when compared to simple averages; The dataset is small - Sales volume data = 13 farms have been sold in August 2019 vs 20 farms in August 2017;

- **Industry Summary**

The Board considers that New Zealand dairy properties are currently an attractive asset class on the assumptions of growth in global dairy consumption, and demand for dairy products exceeding supply. If there is an increase in commodity prices (which is principally driven by demand) and improved profitability for farmers, NZRLC expects New Zealand dairy property prices to appreciate over time.

However, commodity prices can fall and farm operating costs can increase which could reduce profitability for Tenants increasing NZRLC's default risk. These factors occurring for a sustained period may cause land values to reduce. These, and other factors, may also adversely affect investor sentiment causing the market price of Shares to decrease even if land values are holding firm or increasing.

2.9

COVID-19 – Impact on New Zealand's Agricultural Sector

Despite COVID-19 causing considerable logistical challenges and reducing sector capacity, New Zealand's food producing sector was able to continue operating and exporting during lockdowns this year.

Agriculture has faced significant challenges, and it will be some time before the full impact of the world's response to COVID-19 on the sector will be known. The largest challenges include supply chain disruptions and how a prolonged global recession may impact consumer demand. Lockdowns have led to a steep fall in economic activity and it is increasingly apparent that the global economic recovery may take longer than originally anticipated.

In the view of the Board, COVID-19 is impacting each of NZRLC's intended primary sectors as follows:

- **Dairy:** Supply chain disruptions have arisen, primarily caused by border restrictions. Given the critical importance of food it is reasonable to assume that Governments will act decisively to manage these disruptions.
- **Sheep and Beef:** Red meat markets such as sheep and beef maintain an uncertain outlook, with a number of contradictory signals. Strong Chinese import demand is expected to remain a significant feature of the global meat trade, but elsewhere recession is likely to reduce demand.
- **Horticulture:** COVID-19 has had little impact on kiwifruit and apple exports despite the logistical and labour challenges at harvest. Global demand for fresh fruit remains strong, particularly in Europe and North America. There also continues to be strong demand for vegetables. The key issue affecting demand during lockdowns is the inability to sell produce through non-supermarket outlets such as restaurants, local markets and grocers. This has a disproportionately larger impact on smaller growers who tend to supply these trade channels.
- **Forestry:** The forestry sector has been significantly impacted by the outbreak and responses. While the industry has since lockdown resumed operations, the main uncertainty is the strength of China's demand for logs.

While the COVID-19 pandemic presents continuing global economic uncertainty at the date of this PDS, and may continue to cause disruptions, particularly to farming supply chains, food production is an essential sector that is likely to continue operating even if further lockdowns occur in New Zealand.

2.10

Directors and Senior Managers

Board of Directors

NZRLC has an experienced Board with a diverse range of skills including industry and business knowledge, financial management and corporate governance experience.

Rob Campbell

Independent Chairman



Rob is currently the Chair of Summerset Group Holdings Limited, SkyCity Entertainment Group Limited, Tourism Holdings Limited, Ara Ake Limited and WEL Networks Limited. Rob is also a director of Precinct Properties New Zealand Limited and Ultrafast Fibre Limited.

Rob has over 30 years' experience in capital markets and is a director of, or advisor to, a range of investment fund and private equity groups in New Zealand, Australia, Hong Kong and the United States of America.

Rob holds a Bachelor of Arts with First Class Honours in Economic History and Political Science and a Masters of Philosophy in Economics. Rob is 69 years old.

Sarah Kennedy

Independent Director



Sarah is an independent director of Comvita Limited and a director of Lifestream International Limited, Calocurb Limited and Lanaco Limited.

Sarah was previously employed by Fonterra and held roles as Vice President International Farming based in China, Managing Director of Dairy Nutrition and Managing Director of RD1 - Fonterra's chain of rural retail stores. Before that, Sarah had 10 years as Managing Director of Healtheries/ Vitaco NZ Limited. During her time at Healtheries, she oversaw the merger of Healtheries with Nutralife, doubling the size of the organisation and increasing market share significantly in both NZ and Australia, along with taking the business into international markets. Sarah is originally a veterinarian by training and has held a number of other senior executive positions in agribusiness and food industries.

Sarah holds a Bachelor of Veterinary Science with Distinction, a Post Graduate Diploma in Finance and Marketing, and a MBA (Sloan Fellow) from MIT Sloan School of Management. Sarah is 57 years old.

Christopher Swasbrook

Director



Chris is a co-founder of New Zealand Rural Land Management Limited. He is also the founder and managing director of Elevation Capital Management Limited.

Chris is currently a Board Member of the Financial Markets Authority, a member of the NZX Listing Sub-Committee and a member of the NZ Markets Disciplinary Tribunal. Chris is also the Chair of Bethunes Investments Limited and a director of Swimtastic Limited.

Chris was previously a Partner of Goldman Sachs JBWere Pty Limited, Co-Head of Institutional Equities at Goldman Sachs JBWere (NZ) Limited and a Foundation Broker of the New Zealand Exchange Limited ("NZX") and before that an Individual Full Member of the NZ Stock Exchange.

Chris holds a Bachelor of Commerce in Economics and has undertaken post graduate/executive education courses at The University of Auckland, Columbia University, New York University, London School of Economics and the Harvard Kennedy School. Chris is 47 years old.

Senior Officers

NZRLC will not have any employees and its management functions will be performed by the Manager under the Management Agreement. The senior officers of the Manager are:

Richard Milsom

Richard is a co-founder and executive director of New Zealand Rural Land Management Limited. Richard is on the board of the Institute of Finance Professionals New Zealand (INFINZ).

Richard is the CEO of Bellevue Enterprises Limited, a bovine genetic improvement business with interests in dairy farming, porcine genetics, pork sales and commercial property.

Richard also acts as a consultant at Elevation Capital Management Limited where he has been deployed into special situation investments among other responsibilities.

Richard holds a Bachelor of Commerce in Finance and Economics. He has also undertaken post graduate/executive education courses at Columbia University and Harvard Business School. Richard was recognised within the financial services industry by being awarded the INFINZ – Emerging Leader Award 2017.

Hayden Dillon

Hayden Dillon is a co-founder of New Zealand Rural Land Management Limited. Hayden is an experienced advisor with over 20 years in providing governance, structural, financial, and risk management advice. He is currently the Managing Partner for Findex Waikato and is head of New Zealand agribusiness for Findex.

Hayden is an independent director of various large-scale dairy farming operations in Canterbury and Southland which produce over 7 million milk solids in production and includes New Zealand's largest organic milk producer. He also chairs Bioceta Limited and is a trustee of the South Waikato Investment Fund and is an independent director of Rowing New Zealand.

Hayden has previously held key finance and management roles with the Bank of New Zealand as a Senior Partner and the National Australia Bank in the agribusiness sector.

Hayden holds a Bachelor of Commerce in Agriculture majoring in Farm Management and a Graduate Diploma in Applied Finance and Investment majoring in Treasury. He is a Fellow of the Financial Securities Institute of Australasia and a member of the Institute of Directors.

Christopher Swasbrook

See previous.

To support the finance, governance and administration functions of NZRLC, the Manager and NZRLC have engaged BDO Wellington to provide accounting services and Duncan Cotterill to provide company secretarial services.

2.11

Substantial Shareholders and Relevant Interests held by Directors and Senior Managers

Current Substantial Shareholders

As at the date of this PDS, the following shareholders have a relevant interest in 5% or more of the Shares:

Name	Relevant interest held	Number of Shares held	% of Shares held
Elevation Capital Management Limited	Legal and beneficial owner	73,409	45.880%
Tutanekai Investments Limited	Legal and beneficial owner	40,000	25.000%
Sarah Kennedy	Legal and beneficial owner	20,000	12.500%
RPMilsom Investments Limited	Legal and beneficial owner	14,831	9.269%
Hopeton Trustee Company Limited	Legal owner	11,760	7.350%
Total		160,000	100%

The 160,000 Shares on issue and set out in the table above were all issued at the Issue Price and are fully paid. On the Allotment Date, Allied Farmers Limited will be issued up to 300,000 Shares under the convertible loan agreement described in Section 2.13.

Expected Substantial Shareholders Immediately Following Allotment

NZRLC does not know who will be substantial shareholders of NZRLC immediately after allotment of the Offer as it is dependent on Applications received under the Offer. As the minimum amount to be raised is \$75 million (60 million Shares), the Shareholders at the date of this PDS will be significantly diluted and will each hold less than 5% of all Shares following the Closing Date.

Holdings of Directors and Senior Managers

The following Directors and Senior Managers are likely to have a relevant interest in the following Shares before and immediately following Allotment:

Name	Relevant interest	Before Listing		Immediately after Listing ⁹	
		Number of relevant Securities held	% of relevant Securities held	Number of relevant Securities likely to be held	% of relevant Securities likely to be held
Rob Campbell ¹⁰	Beneficial interest	40,000	25.00%	40,000	0.07%
Sarah Kennedy ¹¹	Legal and beneficial interest	20,000	12.50%	20,000	0.03%
Christopher Swasbrook ¹²	Beneficial interest	73,409	45.88%	73,409	0.12%
Richard Milsom ¹³	Beneficial interest	14,831	9.27%	14,831	0.02%
Hayden Dillon ¹⁴	Beneficial interest	11,760	7.35%	11,760	0.02%
Total		160,000	100%	160,000	0.26%

⁹ These disclosures assume that (i) none of the Directors or Senior Managers participate in the Offer, (ii) the Offer raises the minimum amount sought of \$75 million which would result in 60 million Shares being issued, (iii) 300,000 Shares are issued to Allied Farmers Limited under the convertible loan agreement described in Section 2.13.

¹⁰ Held in the name of Tutanekai Investments Limited, see "Director Share Issues" in Section 2.13

¹¹ See "Director Share Issues" in Section 2.13

¹² Held in the name of Elevation Capital Management Limited, see "Deed of Assignment of Intellectual Property" in Section 2.13

¹³ Held in the name of RPMilsom Investments Limited, see "Deed of Assignment of Intellectual Property" in Section 2.13

¹⁴ Held in the name of Hopeton Trustee Company Limited, see "Deed of Assignment of Intellectual Property" in Section 2.13

2.12

Interests of Directors and Senior Managers

Directors' remuneration and other benefits

FY2020

NZRLC was incorporated on 11 September 2020.

Accordingly, no Director provided any services to, or received any remuneration or other benefits from, NZRLC during FY2020. In addition, NZRLC had no employees in FY2020 and therefore no employees received remuneration and other benefits in excess of \$100,000 in FY2020.

FY2021

Directors will receive directors' fees for FY2021, commencing on 1 December 2020. Accordingly, their remuneration and benefits will be materially different in FY2021 from FY2020. The table below sets out the total of the remuneration and the value of other benefits expected to be received by each Director in FY2021 compared to nil for FY2020:

Name	Roles	Base fee per annum	Committee Fees per annum	Shares Issued for Services ¹⁵	Total remuneration and value of other benefits expected to be received in FY2021
Rob Campbell	Chair Chair of Remuneration Committee	\$53,958	\$2,916	\$50,000	\$106,874
Sarah Kennedy	Chair of Audit and Risk Committee	\$35,000	\$2,916	\$25,000	\$62,916
Christopher Swasbrook ¹⁶	Executive Director	-	-	-	-

As directors fees will only commence being paid from 1 December 2020, the base fees and committee fees in the table above represent seven months of directors fees. Full year base fees have been set at \$92,500 for Rob Campbell and \$60,000 for Sarah Kennedy with them each also receiving \$5,000 as a full year committee fee.

NZRLC does not expect to employ any employees in FY2021 as services will be provided by the Manager under the Management Agreement which is described, together with applicable fees, in **Section 2.6**.

The Directors are entitled to be reimbursed for reasonable and properly documented expenses that are incurred by them in performing their duties as Directors. In addition, NZRLC has granted indemnities in favour of each of its Directors as permitted by the Companies Act 1993 and will maintain insurance for its Directors and Officers.

¹⁵ See "Director Share Issues" in Section 2.13

¹⁶ Christopher Swasbrook is engaged as a consultant by the Manager and is remunerated by the Manager for the services he provides to NZRLC, including as a Director.

2.13

Material interests in NZRLC

The following Director, Senior Managers and their associated persons have material interests in NZRLC and hold the following relationships:

Relevant Person	Relationships
Christopher Swasbrook	Executive Director of NZRLC Consultant to the Manager Subject to the successful closing of this Offer, to be appointed as a director of Allied Farmers Limited 27.5% limited partner owner of the Manager Managing Director and shareholder of Elevation Capital Management Limited
Richard Milsom	Senior Manager of NZRLC Executive director of the Manager's general partner 12.5% limited partner owner of the Manager Consultant to Elevation Capital Management Limited
Hayden Dillon	Senior Manager of NZRLC Consultant to the Manager 10% limited partner owner of the Manager
Allied Farmers Limited	Associated person of Christopher Swasbrook, Richard Milsom and Hayden Dillon 50% limited partner owner of the Manager with the right under a call option deed to acquire the other 50% of limited partner interests it does not hold.

Management Agreement

NZRLC has entered into the Management Agreement with the Manager. The Management Agreement has the terms and conditions (and fees payable by NZRLC) as summarised in **Section 2.6**. Each relevant person specified above has an interest in the Management Agreement based on their relationships described in the table above.

A copy of the Management Agreement is available on the Offer Register (at www.disclose-register.companiesoffice.govt.nz and search for offer number 'OFR12993').

Deed of Assignment of Intellectual Property

On 11 November 2020, NZRLC entered into a Deed of Assignment of Intellectual Property with Elevation Capital Management Limited, Richard Milsom and Hopeton Trustee Company Limited (**the Assignors**). The Assignors assigned to NZRLC all investment research, investment materials and associated intellectual property that they had developed in relation to NZRLC, to NZRLC. The intellectual property was assigned for \$125,000 which NZRLC satisfied in full by issuing 99,900 Shares (including the 100 shares issued on incorporation of NZRLC). This represented an issue price of \$1.25 per Share and the Shares issued to each Assignor are set out in the table in **Section 2.11**.

Convertible Loan Agreement

On 15 October 2020, NZRLC entered into a convertible loan agreement with Allied Farmers Limited to receive an interest free loan of \$375,000. The purpose of the loan was to fund NZRLC's costs associated with the Offer. On the Allotment Date Allied Farmers will be issued 300,000 Shares and the loan will be applied to paying the Issue Price for those Shares.

Elevation Capital Management Limited – Brokerage

Elevation Capital Management Limited (**Elevation**) has entered an arrangement with the Lead Manager where the Lead Manager will, from the fees it receives for acting as Lead Manager, pay brokerage to Elevation. The amount of brokerage payable will be up to 1.5% of the aggregate value of all Applications that Elevation arranges from its investor network and are allotted.

Director Share Issues

As Rob Campbell and Sarah Kennedy will not commence receiving directors fees until 1 December 2020, in consideration of their time spent assisting with this Offer and the establishment of NZRLC they have each been issued Shares for no payment. The issues were provided for in their director appointment letters and the Shares they received are outlined in **Section 2.11**. The Shares they hold are credited as fully paid up (with no payment required from either of them).

2.14

Other Governance Disclosures

In anticipation of Listing, the Board has adopted various board policies and charters in accordance with the NZX Corporate Governance Code, including a conflicts of interest policy. These policies and charters are available on the NZRLC website at www.nzrlc.co.nz



Purpose of the offer

3.1.....

Purpose of the Offer

The purpose of this Offer is to:

- raise between \$75 million and \$150 million of new capital for NZRLC to deploy towards its strategy of acquiring New Zealand rural land in the dairy sector; and
- facilitate the listing of Shares on the NZX Market. Listing the Shares should assist investors to have liquidity available and to realise a market value for the Shares at any time that the NZX Market is open and trading.

The gross proceeds of the Offer are intended to be used by NZRLC as follows (and will not change depending on the total amount raised):

3.2.....

Minimum Offer Amount

A minimum amount of \$75 million must be raised pursuant to this Offer.

If this minimum amount is not reached, the Offer will be withdrawn and no new Shares will be issued under this Offer. All Application Monies received will be refunded.

Minimum to Maximum Amount Raised	Intended Use of Proceeds
\$72 - \$145 million	Acquisitions: These proceeds are intended to be used, in conjunction with new debt, to acquire New Zealand rural land in the dairy sector in accordance with the strategies outlined in Section 2.
\$3 - \$5 million	Working Capital and Offer Expenses: These proceeds are intended to be used as working capital for NZRLC to: <ul style="list-style-type: none"> • pay costs associated with making this Offer; • pay management fees under the Management Agreement (which only become payable once an unconditional contract is in place for the first acquisition); and • pay the ongoing general expenses of NZRLC such as operational, compliance and listing costs.

3.3.....

Underwriting

The Offer is not underwritten.



Key dates and offer process

4.1.....

Key Dates

The intended key dates for the Offer are:

Offer opens	5pm, 23 November 2020
Offer closes	5pm, 11 December 2020
Allotment of Shares	17 December 2020
Anticipated date of quotation of the Shares on the NZX Market and commencement of trading	18 December 2020

This timetable is indicative only and the dates may change. NZRLC, in consultation with the Lead Manager, reserves the right to vary or extend these dates. NZRLC may also withdraw the Offer at any time before allotting the Shares or accept late Applications (either generally or in individual cases).

Further information about these dates is set out in **Section 5**.



Terms of the offer

5.1

Terms of the offer

The table below sets out the terms of the Offer. The Constitution sets out the terms of the Shares (a copy of which is available on the Offer Register (at www.disclose-register.companiesoffice.govt.nz and search for offer number 'OFR12993')):

Offer¹⁷	This is an offer of: <ul style="list-style-type: none"> • a minimum of 60 million Shares (representing 99.73% of the total Shares on issue immediately after Listing). • a maximum of 120 million Shares (representing 99.87% of the total Shares on issue immediately after Listing).
Key dates	See Section 4 (Key Dates and Offer Process)
Issue Price	\$ 1.25 per share
Details of the Offer	The Offer is open to New Zealand resident investors. Further details are set out in Section 5.2 .
Minimum Application	800 Shares representing a minimum application amount of \$1,000 (in aggregate).
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.
Allotment	Any Applicant with a CSN will have their Shares allotted under their CSN provided their CSN is included on their Application Form.

¹⁷ Based on 160,000 Shares being on issue at the date of this PDS. Up to 300,000 shares will also be issued to Allied Farmers Limited prior to the Closing Date under the convertible loan agreement described in Section 2.13.

Applicants who do not have a CSN or do not provide a CSN on their Application Form will be allocated a CSN at the time of submitting an Application Form. The CSN will be advised at the time the allotment of Shares is confirmed and the associated authorisation code (FIN) will be sent as a separate communication by mail at that time.

Shares issued under the Offer are expected to be allotted on 17 December 2020 and commence trading on the NZX Market on 18 December 2020.

Holding statements are expected to be sent to all successful Applicants on 17 December 2020 at the earliest. No person accepts any liability or responsibility should any person attempt to sell or otherwise deal with Shares before a statement confirming allotment is received.

Discretion regarding the Offer and refunds

The Offer may be withdrawn by NZRLC at any time before the Shares are allotted at NZRLC's sole discretion.

If the Offer does not proceed, all Application Monies received by NZRLC will be refunded (without interest) no later than five Business Days after the decision to withdraw the Offer is announced.

NZRLC reserves the right to close the Offer early, extend the Offer, accept oversubscriptions, accept late Applications, reject or refuse any Application, allocate to any Applicant fewer Shares than applied for or accept an Application in part only. If NZRLC refuses an Application or accepts an Application in part, the relevant Application Monies will be refunded (without interest) to the relevant Applicant no later than five Business Days after the last date on which the Shares are issued under the Offer.

If your Application Form is not completed correctly, or if the accompanying Application Monies are for the wrong amount, your Application may still be treated as valid.

The decision for NZRLC as to whether treat your Application as valid, and how to construe, amend or complete your Application Form, will be final. The decision on the number of Shares to be allocated to you will also be final. However, you will not be treated as having agreed to purchase a greater number of Shares than that for which payment has been made.

Scaling

NZRLC may scale Applications at its sole discretion and may scale Applications on a non-pro rata basis.

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.

Liabilities, fees and charges

If NZRLC receives Applications from Overseas Persons that, if issued, would result in all Overseas Persons holding more than 20% of all Shares immediately after allotting the Shares, NZRLC will scale those Applications so that Overseas Persons do not hold more than 20% of all Shares immediately after allotting the Shares. This level has been set at 20% to ensure there is a margin below the 25% foreign ownership level at which NZRLC itself becomes an Overseas Person.

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.

What you need to do to sell your Shares

If you wish to sell your Shares on the NZX Market after allotment, you must contact an NZX Firm and have a CSN and an authorisation code (FIN). Opening a new broker account can take time depending on the NZX Firm's new client procedures. If you do not have a CSN, you will:

- be assigned one when you set up an account with an NZX Firm; or
- receive one from the Registrar.

If you do not have an authorisation code (FIN), it is expected that you will be sent one as a separate communication by the Registrar. If you have an NZX Firm and have not received an authorisation code (FIN) by the date you want to trade your Shares, your NZX Firm can obtain one but may pass the cost for doing so on to you.

No guarantee

No person guarantees the Shares offered under this PDS. No person warrants or guarantees the performance of the Shares or any return on them.

How to apply

Application instructions are set out in **Section 11** and on the Application Forms.

5.2

Details of the Offer

Who can apply?	The Offer is open to any New Zealand resident investors.
How do you apply?	See Section 11 and the Application Form for detailed instructions on how to apply for Shares.
How many Shares can you apply For?	Applications under the Offer must be for a minimum of 800 Shares. 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.
How do you pay for your Shares?	See the relevant Application Form for details.
When do you need to apply?	The Offer opens at 5.00pm on 23 November 2020. You should send your completed Application Form and Application Monies to the Registrar by 5.00pm on 11 December 2020 or apply for Shares online at www.nzrlcshareoffer.co.nz prior to that time.
Allocation policy	The Board will determine the allocation of Shares among participants in the Offer in the event the Offer is oversubscribed. Applicants should contact the Registrar to find out if their Application was successful. Contact details for the Registrar are in Section 12 .

NZRLC, in consultation with the Lead Manager, may invite selected Institutional Investors in New Zealand, Australia and certain other jurisdictions to apply for Shares. NZRLC may document and settle Applications from Institutional Investors in a manner that is different to what is set out on the Application Form.

5.3

Listing

NZRLC expects that trading of the Shares on the NZX Market will commence on 18 December 2020. If admission to list on the NZX Market is not approved, the Offer will be withdrawn and not proceed.

Application has been made to NZX for permission to list NZRLC and to quote the Shares on the NZX Market. The NZX Market is a licensed market operated by NZX, which is a licensed market operator regulated under the FMC Act. All of NZX's requirements relating to that application that can be complied with on or before the date of this PDS have been complied with.

NZX accepts no responsibility for any statement in this PDS.

5.4

Selling Restrictions

The Offer is only being made to New Zealand residents and selected Institutional Investors in jurisdictions including New Zealand, Australia and certain other jurisdictions. Further information regarding selling restrictions is on the Offer Register (at www.disclose-register.companiesoffice.govt.nz and search for offer number 'OFR12993') in the document entitled 'Other Material Information'

5.5

Further Information

This PDS is intended for use solely in connection with the Offer. You can find further information on the Offer Register (at www.disclose-register.companiesoffice.govt.nz and search for offer number 'OFR12993') in relation to the terms of the Offer, including the Constitution and a full copy of the Management Agreement.



Key features of the shares

6.1

Key Features of Shares

All Shares issued under the Offer will be ordinary, fully paid shares in NZRLC which rank equally with each other and all other shares on issue in NZRLC.

Overseas Persons are subject to restrictions on acquiring and holding Shares under the Constitution. The purpose of these restrictions is to give NZRLC mechanisms to not become an Overseas Person itself. As discussed in **Section 2.7**, it is a strategic advantage for NZRLC to not become subject to the Overseas Investment Act 2005 and an Overseas Person is subject to that Act. The restrictions are:

- the Board has the power to refuse to register a transfer of Shares if registration would cause NZRLC to become an Overseas Person. NZRLC can become an Overseas Person itself if 25% or more of all Shares become held by Overseas Persons (in aggregate). The Listing Rules usually permit a listed entity to only refuse to register transfers on very limited grounds and prohibit a listed entity from requiring the provision of additional documentation or information for a transfer to be registered. However, NZX has approved (subject to the conditions set out below) under Listing Rule 8.1.6(b), NZRLC having this additional restriction in the Constitution to restrict the transfer of relevant interests in Shares; and

- under clause 6.4 of the Constitution, if a transfer to an Overseas Person has been registered and caused NZRLC to itself become an Overseas Person, the Board may resolve that those Shares are forfeited by the Overseas Person Shareholder. The forfeiture can be only in respect of such number of Shares which is necessary for NZRLC to cease being an Overseas Person. The effect of the Board resolving to forfeit such Shares is that the Board may then sell those Shares on behalf of the Overseas Person Shareholder. The proceeds of sale shall first be applied to the costs and expenses of the sale and the residue will then be paid to the Overseas Person Shareholder concerned.

It is a condition of NZX's approval under Listing Rule 8.1.6(b) that NZRLC will be given a non-standard designation in accordance with Listing Rule 1.18.1 to reflect that, ordinarily, an NZX listed entity would not restrict transfers based on a transferee's Overseas Person status. The conditions also require that NZRLC disclose the restrictions outlined in this **Section 6.1** in any future offering documents for NZRLC financial products, on NZRLC's website and in NZRLC annual reports.

Other than the foreign ownership restrictions set out above, the key features of the Shares do not differ from those that apply to ordinary shares in a New Zealand company listed on the NZX Market generally.

6.2

Dividend Policy

Once NZRLC has completed an acquisition and is receiving lease income it intends to commence paying an interim and annual dividend on its Shares. An interim dividend would be paid in March each year and a final dividend would be paid in October each year. NZRLC does not expect to pay a dividend for FY2021 as it makes new acquisitions and establishes its investment operations. NZRLC will work towards paying its first dividend in FY2022 however this is highly dependent on the factors outlined further below and it is uncertain at this time whether this will be achieved. NZRLC has not previously paid any dividends.

The dividend policy of NZRLC is to target a pay out of 90% to 95% of Adjusted Funds from Operations (**AFFO**) of NZRLC each year. AFFO is a non-GAAP financial measure and is calculated based on NZRLC's net profit after tax and adjusted to:

- add back or deduct any property re-valuations which were included in net profit after tax so they are not taken into account;
- add back depreciation and amortisation;
- deduct maintenance capital expenditure (but not development capital expenditure); and
- add back or deduct any other non-cash adjustments.

The payment of dividends is not guaranteed and will be at the discretion of the Board and depend on various factors. These factors include:

- when NZRLC makes its first rural land acquisitions and begins receiving rental income;
- operating expenses and the overall financial position of NZRLC;
- future funding requirements, particularly any capital expenditure requirements for NZRLC's rural land assets;
- compliance with the solvency test under the Companies Act 1993 for the payment of dividends;
- once NZRLC enters debt facilities, compliance with banking covenants relevant to the payment of dividends; and
- any other factors the Board may consider relevant at the time and in the circumstances.

The taxation treatment of any dividends paid is discussed in Section 9.



NZRLC's financial information

7.1

No Financial Information

NZRLC was incorporated on 11 September 2020 for the purpose of undertaking this Offer and pursuing the business strategies outlined in Section 2. NZRLC has a balance date of 30 June and its first accounting period will be for the period from incorporation until 30 June 2021.

Consequently, there is no selected financial information for NZRLC to present in this Section.

Following the conclusion of the Offer and in accordance with the Listing Rules, NZRLC will prepare unaudited interim financial statements for the period from incorporation until 31 December 2020 and release those to the market in late February 2021.

The capitalisation table in this section provides some key information about NZRLC. There are no financial statements available on the Offer Register (at www.disclose-register.companiesoffice.govt.nz and search for offer number 'OFR12993') in respect of NZRLC for the reasons set out above. If you do not understand this information, you can seek advice from a financial adviser or an accountant.

7.2

Capitalisation Table

The following capitalisation table shows the minimum and maximum potential capitalisation of NZRLC following the closing of the Offer. At the date of this PDS NZRLC has 160,000 Shares on issue. As outlined in Section 2.13 these Shares have not been issued for cash but for services provided to NZRLC or as consideration for an assignment of intellectual property to NZRLC. In addition, and not included in the following table, up to 300,000 Shares will be issued to Allied Farmers Limited under the convertible loan agreement discussed in Section 2.13 on or before the Closing Date.

Capitalisation Table	Minimum	Maximum
Number of Shares offered	60 million	120 million
Shares on issue on completion of the Offer	60.16 million	120.16 million
Issue Price	\$1.25	\$1.25
Implied market capitalisation of NZRLC	\$75.2 million	\$150.2 million
Debt on completion of the Offer	Nil	Nil
Implied enterprise value	\$75.2 million	\$150.2 million

Implied market capitalisation is the value of all of NZRLC's equity securities, as implied by the price of the Shares being offered. It tells you what NZRLC is proposing that NZRLC's equity is worth.

Implied enterprise value (EV) is a measure of the total value of the business of NZRLC, as implied by the price of the Shares being offered. Implied enterprise value is the amount that a person would need to pay to acquire all of NZRLC's equity securities and to settle all of NZRLC's borrowings. It is a measure of what NZRLC is proposing the business of NZRLC as a whole is worth.

7.3

No Prospective Financial Information

This Section does not contain any prospective financial information for NZRLC.

In the Board's opinion the inclusion of prospective financial information in this PDS would be likely to deceive or mislead regarding material particulars of this Offer. The reasons for this opinion are:

- NZRLC is a newly incorporated company with no trading or operational history.
- NZRLC has no contracts or commitments in place to acquire rural land at the time of making this Offer. Rural land for acquisition will only be pursued for acquisition following the Closing Date. It is with the financial capacity from the proceeds of this Offer that NZRLC considers it can best negotiate the terms and price for acquiring rural land that it has initially identified and rural land it is yet to identify for acquisition. The rural land acquired may be of a large scale and acquired in a single transaction or of a smaller scale across multiple transactions over a period of time.
- NZRLC's material income will be rental income from the rural land that it acquires. The amount, and terms of, receiving that rental income will be negotiated and agreed with Tenants in lease arrangements at the time that rural land acquisitions are negotiated and agreed.
- The key inputs for producing prospective financial information are the purchase price of rural land, capital expenditure requirements on that land and rental income that will be received under leases of that land. These are not currently known for the reasons above and estimates may vary materially from actual, final negotiated amounts.
- As a result of these variable factors, it is not practicable to formulate reasonable assumptions on which to base prospective financial information.



Risks to NZRLC's business and plans

This Section describes the circumstances that NZRLC is aware of that significantly increase the risk to NZRLC's financial position, financial performance or stated plans. The description is based on the knowledge of the Directors as at the date of this PDS. There is no guarantee or assurance that the importance of each risk will not change or that other risks will not emerge over time.

The disclosures below outline NZRLC's assessment of the likelihood, nature and potential magnitude of the stated risks if they were to occur. It also outlines the strategies that NZRLC has adopted to mitigate the stated risks. There can be no assurance that such mitigation strategies will fully protect NZRLC from the stated risks.

Land Value Risk

What is it?

NZRLC will realise its strategy for capital growth in the value of rural land only if NZRLC acquires rural land at a purchase price that is less than the future value of the rural land. This requires NZRLC to predict rural land's future value when acquiring the land, which involves inherent uncertainty or could be affected by sustained low commodity prices and sustained lack of profitability in the dairy sector. The recent volatility of dairy property prices is illustrated in the graph titled "Dairy Land" in Section 2.8.

The future value of the rural land acquired could be affected by general market conditions or by the rural land acquired being of less quality than anticipated at the time of acquisition (for example due to poor soil and pasture growth or environmental contamination the productivity of the land is reduced).

Why is it significant?

At the Closing Date NZRLC will have cash as its asset. To fulfil its strategies and to generate returns for Shareholders, NZRLC must make acquisitions. Those acquisitions will be at a negotiated purchase price which will, initially, reflect the value of the acquired rural land assets on NZRLC's balance sheet.

NZRLC's financial position may be significantly impacted by any significant reduction in value of the rural land that it owns from the price that it paid for it. If NZRLC must write down the value of its rural land assets (for example, due to a lower valuation being obtained when preparing its annual financial statements), NZRLC may need to also reduce its debt to keep its debt level at no more than 30% of Total Assets.

This risk being realised would also reduce NAV and could cause capital losses for Shareholders.

Assessment of the likelihood, nature and potential magnitude

The market value of rural land is influenced by the profitability of the agricultural operations being undertaken on that land over time. It is also influenced by external factors such as:

- interest rates and availability of debt funding;
- returns from alternative investments (which results in capital exiting the sector if they are more attractive);
- a limited pool of acquirers of large scale dairy properties; and
- the health of the New Zealand economy and region where the land is held.

As dairy property prices are linked to the operating income of NZRLC's Tenants and impacted by global and domestic milk prices, a sustained decline in the milk price may reduce land value.

NZRLC intends to acquire rural land around New Zealand to spread its land value risk and ensure it is not over exposed to one region and protect against regional fluctuations in land value. In time it also intends to acquire land in agricultural sectors other than dairy. This will help diversify its risks.

While NZRLC assesses the risk of acquiring rural land at a higher price than its future value as its most significant initial risk, NZRLC will enter into long term lease agreements with Tenants and those Tenants will have to directly manage operational risks and pay the agreed level of rent to NZRLC. Only at the time of market rent reviews or entering new leases will a devaluation of the land potentially cause the rental amount payable to NZRLC to reduce (unless ratchet clauses have been agreed between NZRLC and the Tenant). This should enable NZRLC to hold its rural land assets through short to medium periods of low asset values.

NZRLC may leave debt headroom within its 30% debt limit (i.e. initially borrow only to 27.5% of its total assets) to keep a financial buffer for any negative movements in rural land value.

As a further mitigant, NZRLC will undertake thorough due diligence on any rural land it looks to acquire in conjunction with its proposed Tenant for that rural land, as is more fully described in Section 2.4.

Tenant Risk (Financial)

What is it?

NZRLC's income will be rental payments received from Tenants who lease NZRLC's rural land. Tenants will be directly exposed to the financial risks associated with operations on the land (for example, commodity price fluctuations and increases in operating costs).

Why is it significant?

If Tenants do not manage their financial risks or lack the financial capacity to absorb their financial risks arising, Tenants could default on lease payments to NZRLC and become insolvent. 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 until a replacement Tenant is contracted under a new lease.

From the rental income NZRLC receives it intends to meet its operating costs, service bank debt and pay dividends. Financial default by Tenants could put the payment of dividends at risk. If the income reduction was severe enough to impact NZRLC's ability to service debt or meet operating costs, then NZRLC may need to raise capital or dispose of assets to avoid its own insolvency.

Assessment of the likelihood, nature and potential magnitude

NZRLC intends to only partner with Tenants that are experienced, with a proven ability to operate through commodity price fluctuations, and that are well financed to mitigate the likelihood of default on lease payments. NZRLC will require Tenants to have equity of at least six times their annual lease obligations or provide other suitable security arrangements (such as guarantees, bonds or charges over milk payments).

Where appropriate NZRLC will seek guarantees and/or security from Tenants to support rental payments and minimise the risk of a material adverse impact on its financial performance. NZRLC also intends to build a list of potential Tenants to ensure that it can minimise the time that it takes to find a suitable replacement Tenant.

Where appropriate, NZRLC will look to include ratchet clauses in its leases so that rental payable during the term of the lease following rent reviews cannot decrease to below the original rental payable at the commencement of the lease.

NZRLC's Tenant selection criteria and ongoing monitoring should mitigate the risk of a substantial default by a Tenant. Initially, as NZRLC looks to grow its rural land portfolio, it may only have one or two Tenants making this risk higher as it will have concentrated exposure to the financial position of only one or two Tenants. Conversely this risk should be mitigated as the number of Tenants increases. However, if a number of Tenants defaulted at the same time (through adverse industry events such as animal disease outbreaks or a sustained fall in commodity prices) this could have a material adverse impact on NZRLC.

Accordingly, NZRLC assesses this risk as high initially but reducing over time as the mitigants above start taking effect. NZRLC expects that, if this risk were realised, it would primarily impact on its ability to pay dividends and would cause solvency risks for NZRLC only if it occurred on a sustained basis.

As it grows NZRLC intends to expand to other primary sectors in New Zealand such as horticulture, viticulture and sheep and beef. NZRLC investing in a range of primary sector industries will mitigate its exposure to any downturn in one primary sector which may adversely impact on a number of Tenants in that sector.

Tenant Risk (Operational)

What is it?

Tenants' operational practices could damage the rural land. For example, poor environmental or unsustainable farming practices could damage production on the rural land. Intensive dairy farming could lead to contamination of streams and rivers with effluents, excessive water usage, nutrient loss from the soil and biosecurity threats. The rural land could have resource consents (for example, for water use and irrigation) with conditions that must be complied with.

Why is it significant?

Any damage to rural land could decrease its value. A significant contamination event or loss of a resource consent could impact on a Tenant's ability to continue operating on the rural land and lead to default on lease payments. Significant degradation of rural land could reduce the value of the land, impact on NZRLC's ability to replace the Tenant and NZRLC could, as landowner, face liability for the Tenant's conduct under environmental laws.

Assessment of the likelihood, nature and potential magnitude

Sustainable farming practices that maximise land productivity over the long term will give NZRLC the best opportunity to see increases in value of its rural land in the long term.

Tenant due diligence and selection remains are vital to achieving this and mitigating this risk. This is where the experience and track record of Tenants will be a critical factor for NZRLC to assess in a prospective Tenant. Due diligence will include a focus on experience, demonstrated environmental law compliance and use of farming best practices.

NZRLC considers that if it maintains disciplined due diligence processes around Tenant selection, this risk should have a low to medium risk of arising.

Leases will include provisions requiring the use of industry best practice and NZRLC will regularly monitor compliance.

Capital Expenditure Risks

What is it?

NZRLC's ability to achieve capital growth through increases in value of the rural land that it acquires is contingent on its ability to purchase quality, well-located, well-priced rural land. Rural land that is acquired may require a capital expenditure programme that is designed to enhance production on the rural land and increase the value of the rural land. NZRLC will be responsible for defined contributions to capital expenditure on a case by case basis as set out in the lease terms and negotiated with Tenants.

Why is it significant?

There could be unbudgeted capital expenditure on rural land that NZRLC acquires which then reduces the expected return from that acquisition rural land for NZRLC. Such unbudgeted capital expenditure, or capital expenditure cost overruns may occur if repairs and maintenance are not being properly undertaken, which will generally be the responsibility of the Tenant. Changes in environmental laws or environmental law non-compliance could give rise to unforeseen capital expenditure necessary for compliance or remediation.

Assessment of the likelihood, nature and potential magnitude

NZRLC will develop a budget for each property during its due diligence enquiries that includes a general capital expenditure allowance having regard to the specific requirements of the property. This should ensure that an appropriate allowance is made for maintaining each property and replacing items at the end of their useful life. The level of this allowance will affect the price NZRLC is willing to pay for the rural land and the lease terms it is prepared to enter in respect of that rural land. The allowance could be insufficient if Tenants do not adequately maintain the rural land meaning good Tenant selection and monitoring is critical to keeping the risk of unbudgeted capital expenditure to a minimum.

Due diligence prior to acquiring rural land will specifically seek to identify any capital expenditure for improvements on the rural land. Examples of such capital improvements are effluent systems, dairy sheds, races, bridges and soil nutrients / fertiliser. The cost of those capital improvements may differ from what NZRLC expects, particularly if the improvements are scheduled into the future given that future costs can only be estimated and may differ as time passes.

Environmental laws, particularly relating to the release of greenhouse gases and clean waterways, are under frequent review and political debate as New Zealand works towards improving its environmental footprint. New regulations affecting rural land could be introduced and could cause unbudgeted capital expenditure to occur. While regulation is likely to arise, the extent of any capital expenditure required and the time over which it is required is likely to be mitigated by the need to not unduly financially burden the agricultural sector given its relative importance to the New Zealand economy.

COVID-19 Pandemic Risks

What is it?

The COVID-19 pandemic casts continuing general uncertainty. Government lockdowns and border closures can and have caused supply chain disruptions to exporters, in particular an inability to deliver dairy products to domestic and international markets.

Why is it significant?

The financial recessions caused by COVID-19 could lead to a softening of demand for dairy products. Reduced demand could cause a reduction in commodity prices for a prolonged period of time which would adversely impact the financial position of Tenants and decrease the value of dairy property. Supply chain disruptions could increase spoilage of dairy products, increases in operating costs and a reduction in profitability for Tenants.

Assessment of the likelihood, nature and potential magnitude

NZRLC's ownership of land and separation of on-farm operations reduces its direct exposure to commodity price volatility. However prolonged low commodity prices could cause the value of dairy property to decline. Having well financed Tenants is an important mitigant for NZRLC as they can be expected to manage commodity price volatility better than highly leveraged Tenants within the sector.

Farming has been classified as an essential service throughout New Zealand Government lockdowns and on-farm production has been continuing with revenue still being generated. While lockdowns continue to arise globally and border restrictions remain prevalent, it is reasonable to assume that Governments will prioritise the importation of food and supply chain disruptions will be remedied as a priority.

The greatest uncertainty is the duration of the pandemic and the medium-long term effects of it. If the pandemic is prolonged and does cause sustained lower commodity prices, it will then be likely to be detrimental to the value of rural land in New Zealand.



Tax

Tax can have significant consequences for investments. If you have queries relating to the tax consequences of making an investment in Shares, you should obtain professional advice on those consequences.

NZRLC will apply to become a Listed Portfolio Investment Entity (**LPIE**) if the Offer is successful. As an LPIE, NZRLC will be required to fully impute dividends if and to the extent that it has imputation credits.

The real income tax difference between being a standard company or an LPIE is how dividends are taxed to shareholders:

- A dividend from a standard company is taxable income for the shareholder. It is also generally subject to resident withholding tax at a 33% rate (with exceptions), with attached imputation credits being credited against the resident withholding tax liability. So in the case of a fully imputed \$72 cash dividend the shareholder will receive \$67 in cash, a \$28 imputation credit, and a \$5 RWT credit.
- A dividend from an LPIE is not subject to resident withholding tax and the default position is that the dividend is excluded income (so not taxable to the shareholder) unless the shareholder elects that it be taxable income. Not being subject to resident withholding tax means that a recipient of a fully imputed \$72 cash dividend will receive the full \$72 in cash, a \$5 improvement over the standard company treatment for most shareholders.

Unless a Shareholder elects that the dividend be taxable, the dividend will be ignored for income tax purposes (the imputation credits would then also be disregarded). This is beneficial for a Shareholder who would otherwise be taxed at the 30% or 33% tax rate on that income.

But a shareholder who would be taxed at less than the 28% tax rate could elect that the dividend be taxable income if the attached imputation credits exceed the income tax liability. In that case the excess imputation credits could be used by the Shareholder against other income they earn (any remaining imputation credits can be carried forward to the following income year).

The excluded income treatment of dividends as an LPIE also allows NZRLC's untaxed income, such as capital gains, to be distributed tax-free to Shareholders. In the case of a standard company, capital gains can only be distributed tax-free on the liquidation of the company.

The LPIE tax benefits are primarily enjoyed by New Zealand tax resident natural person shareholders and New Zealand tax resident trustee shareholders. The benefits can be lost when amounts are distributed by company Shareholders to their own shareholders. Accordingly, Shareholders are encouraged to seek their own tax advice based on their own individual circumstances.



Where you can find more information

Further information relating to NZRLC and the Shares is available on the Offer Register at <https://disclose-register.companiesoffice.govt.nz>, and search for 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.



How to apply

11.1

How to Apply

You should read this 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.

Institutional Investors

Full details of how to participate will be provided by the Lead Manager to selected Institutional Investors in due course.

11.2

Privacy Policy

If you apply for Shares, you will be asked to provide personal information to NZRLC, the Registrar and their respective agents who will collect and hold the personal information provided by you in connection with your Application.

Details of how your personal information will be used (including to whom it may be disclosed) and your rights to access and seek correction of such information can be found on the Offer Register (at **www.disclose-register.companiesoffice.govt.nz** and search for offer number 'OFR12993') in the document titled Other Material Information.

You can also access your information on the Registrar's website **www.linkmarketservices.co.nz**. You will need your CSN and authorisation code (FIN) to access your information.



Contact information

New Zealand Rural Land Company Limited

C/- New Zealand Rural Land Management Limited
37B George Street
Newmarket
Auckland 1023
New Zealand
Telephone: 09 379 6493
Email: info@nzrlc.co.nz

Offer Website

<https://www.nzrlcshareoffer.co.nz/>

Registrar

Link Market Services Limited
Level 11, Deloitte Centre
80 Queen Street
Auckland 1010
Telephone: 09 375 5998
Email: enquiries@linkmarketservices.co.nz

Lead Manager

Jarden Securities Limited
Level 32, PWC Tower
15 Customs Street West
Auckland 1010
0800 111 233

Legal Advisors

Duncan Cotterill
Level 2
50 Customhouse Quay
Wellington 6011

Auditors*

PWC
Level 27, PWC Tower
Customs Street West
Auckland 1010

* NZRLC appointed PWC as auditor on 16 November 2020. PWC has not yet performed any work for NZRLC.



Glossary

\$ or NZ\$ means New Zealand dollars.

AFFO means adjusted funds from operations and is defined in Section 6.2.

Allotment means allotment of the Shares offered under this PDS, expected to occur on 17 December 2020.

Applicant means a person who makes an Application.

Application means an application for Shares under the Offer, made on the Application Form or online on the Offer website (<https://www.nzrlcshareoffer.co.nz/>) and accompanied by payment of the relevant Application Monies.

Application Form means the application form available online at <https://www.nzrlcshareoffer.co.nz/> or at the back of this PDS.

Application Monies means the amount payable on an Application.

Board means the board of directors of NZRLC.

Business Day means a day on which the NZX Market is open for trading.

CAGR means compound annual growth rate.

Capital Reconstruction means in respect of NZRLC a capital raise at either a premium to Net Asset Value or a discount to Net Asset Value, a bonus issue, rights issue, or placement, share split, share consolidation, share re-classification, share buybacks/repurchases or a special dividend in the nature of a capital repayment.

Closing Date means 5pm on 11 December 2020.

Constitution means NZRLC's constitution as amended from time to time.

CSN means common shareholder number.

Dairy H2 2019 means Dairy second half 2019

DM/ha/day means Drymatter per Hectare per Day

Director means a director of NZRLC.

Elevation means Elevation Capital Management Limited

EV means implied enterprise value.

FMA means the New Zealand Financial Markets Authority.

FMC Act means Financial Markets Conduct Act 2013.

FMC Regulations means the Financial Markets Conduct Regulations 2014.

FY means the financial year ended or ending 30 June of that year.

GAAP means New Zealand generally accepted accounting practice.

Gross Lease Rate means the annual rental payable to NZRLC by a Tenant in respect of leased land divided by the acquisition cost to NZRLC of that leased land (expressed as a percentage).

h.a. means hectares.

Independent Directors means Directors who are considered by the Board to be independent under the Listing Rules and being, at the date of this PDS, Rob Campbell and Sarah Kennedy.

Institutional Investor means an investor to whom an offer or invitation in respect of securities can be made without the need for a product disclosure statement or similar disclosure document.

Issue Price means the issue price per Share under the Offer, being \$1.25 per Share.

kCal means kilocalories or 1,000 calories

kgMS means kilogram of milk solids.

Lead Manager means Jarden Securities Limited.

Listing means the listing of NZRLC and quotation of the Shares on the NZX Market.

Listing Rules means the listing rules applying to the NZX Market in force from time to time.

LPIE means listed portfolio investment entity.

Management Agreement means the management agreement entered into by NZRLC with the Manager for the provision of management, investment and administrative services.

Manager means New Zealand Rural Land Management Limited Partnership, a New Zealand limited partnership registered under the Limited Partnerships Act 2008.

Mm means millimetres

MT means million tons

Net Asset Value - NAV means the aggregate value of NZRLC's assets less the aggregate value of NZRLC's liabilities with assets and liabilities determined in accordance with GAAP.

NZD means New Zealand dollar

NZ\$ means New Zealand dollar

NZ GAAP means New Zealand generally accepted accounting practice.

NZRLC means New Zealand Rural Land Company Limited (company number 8118739).

NZX means NZX Limited.

NZX Firm means any company, firm, organisation or corporation designated or approved by NZX as a Primary Market Participant (as defined in the NZX Participant Rules made by NZX from time to time).

NZX Market means the licensed financial product market of that name operated by NZX.

Offer means the offer of Shares made by NZRLC under this PDS.

Offer Register means the online register maintained by the Companies Office known as "disclose" and accessible online at www.disclose-register.companiesoffice.govt.nz, with this Offer being found by searching for offer number 'OFR12993'.

Overseas Person has the meaning set out in the Overseas Investment Act 2005.

P.a. Means per annum

PDS means this Product Disclosure Statement.

Registrar means Link Market Services Limited.

Section means a section of this PDS.

Shares means ordinary shares in NZRLC.

Shareholder means a holder of one or more Shares.

Tenant means a person contracted as a lessee of rural land acquired by NZRLC who will utilise the rural land for agricultural operations.

Total Assets means the aggregate value of NZRLC's assets determined in accordance with GAAP.

USD means United States Dollar



Application Form



Additional Notes to your application form:

This Application Form is issued with the Product Disclosure Statement (PDS) dated as at 16 November 2020 for the Offer of ordinary shares in New Zealand Rural Land Company Limited. This Application Form represents an offer to purchase the Shares described in the PDS and the Offer Register. You should read the PDS and the Offer Register before completing this Application Form. Any capitalised terms used in this Application Form but not defined have the same meaning as given to those terms in the PDS. If you require assistance completing this Application Form, please contact the Share Registrar (details provided at the end of the Application Form). The Closing Date for the Offer is 11 December 2020 (or such other date as NZRLC determines).

If you have any questions about the Offer, please consult your broker, financial, investment or other professional advisor. Please see instructions on the reverse on how to complete this Application Form and where to send it. This Application Form is irrevocable and cannot be withdrawn once lodged.

Alternatively, you can apply and pay online at www.nzrlcshareoffer.co.nz

The online Application must be completed by no later than 5.00pm on 11 December 2020. The Offer Document accompanying this Application Form is important. If you have any questions in relation to the Offer, please consult your broker, financial, investment or other professional advisor. Please see instructions on the reverse on how to complete this Application Form and where to send it. This Application Form is irrevocable and cannot be withdrawn once lodged.

Applicant details:

Applications must be in the names of natural persons, companies, or other legal entities, up to a maximum of three names per Application. Applications by trusts, funds, estates, partnerships or other unincorporated bodies must be made in the individual names of the persons who are the trustees, proprietors, partners or office bearers (as appropriate).

If, for your own purposes, you want to record that the Applicants hold their Shares on a particular account or for a particular purpose, you can record that in the "Company/Trust/Account Designation". If you are applying on behalf of your children, or some other person in respect of whom you have the required authority, you should complete the Application Form in their name.

If you have any questions about the Offer, please consult your broker, financial, investment or other professional advisor. Please see instructions on the reverse on how to complete this Application Form and where to send it. This Application Form is irrevocable and cannot be withdrawn once lodged.

Common Shareholder Number CSN

If the Applicant(s) has/have a current common Shareholder number (CSN) and wish for the Shares to be held under that CSN, the information in this section must match the details of that CSN exactly.

Signing the application form

The Application Form must be signed by, or on behalf of, each Applicant. If the Applicant is a company or other entity, it should be signed by a duly authorised person in accordance with any applicable constitution or governing document. If the Applicant is a minor (under the age of 18) the parent or legal guardian should sign the Application Form on the Applicant's behalf. If you elect to pay by one-time direct debit, you should ensure that the signatories are consistent with your bank authorities

Broker Stamp	Broker Code
	Adviser Code

Initial Public Offer

Offer Application Form

1

Holding Details

Applications must be in the names of natural persons, companies, or other legal entities, up to a maximum of three names per Application. Applications by trusts, funds, estates, partnerships or other unincorporated bodies must be made in the individual names of the persons who are the trustees, proprietors, partners or office bearers (as appropriate).

If, for your own purposes, you want to record that the Applicants hold their Shares on a particular account or for a particular purpose, you can record that in the "Company/Trust/Account Designation". If you are applying on behalf of your children, or some other person in respect of whom you have the required authority, you should complete the Application Form in their name.

If the Applicant(s) has/have a current common Shareholder number (CSN) and wish for the Shares to be held under that CSN, the information in this section must match the details of that CSN exactly.

First Name(s): _____ **Surname:** _____

First Name(s): _____ **Surname:** _____

First Name(s): _____ **Surname:** _____

Company/Trust/Account Designation: _____

Postal Address: _____

City: _____ **Postcode:** _____ **Country:** _____

Mobile: _____ **Daytime:** _____

2

Common Shareholder Number

A CSN is required to trade Shares on the NZX Main Board once the Offer has closed and the Shares have been allotted. A CSN is a nine-digit number. If you have a CSN, please enter it here.

If you do not have a CSN, leave the space blank and you will be allocated a CSN and Authorisation Code (FIN) when your Shares are allotted

3

Payment of Application Monies

Applications must be accompanied by the Application Monies. The price per Share is NZ\$1.25, payable on submitting the application. The minimum number of Shares you can apply for is 800 (for which is a minimum application amount of NZ\$1,000).

This Application Form and the Application Monies must be sent to your NZX Firm so as to enable them to forward it to the Share Registrar by 5.00pm (New Zealand time) on 11 December 2020.

I/We Apply for _____ *(number of shares applied for)* **x NZ\$1.25** **\$** _____ *(Application Monies)*

Please note: If you have received alternative instructions from the NZX Firm from whom you received your allocation in relation to your payment, please follow those instructions.

Please make a one-time DIRECT DEBIT from my bank account stated below.

Direct debits allow NZRLC or its agent to deduct money from your nominated bank account as payment for your Application. By signing this Application Form, the signatories agree that NZRLC or its agent is authorised to direct debit the bank account below for the Application Monies for the Shares in accordance with the terms specified in the PDS. If you elect to pay by one-time direct debit, you should ensure that the signatories are consistent with your bank authorities.

If you wish to have your dividends paid into a different bank account, please also complete Part 4 below.

Bank _____ Branch No. _____ Account No. _____ Suffix _____ Account Holder Name _____

4

Future Dividend Payments – Please Select only one option

OPTION 1: Please pay any future dividends into the bank account provided above in Part 3

OPTION 2: Please pay any future dividends into the bank account provided below (if you do not provide any bank account the dividend payment will default to the bank account provided in Part 3).

Bank Branch No. Account No. Suffix Account Holder Name

5

IRD number

If the application is in the name of joint holders only one IRD number is required. If you are applying on behalf of a minor (under the age of 18) or a dependent, use their IRD number. If the Applicant is a trust, company, partnership or other entity, use that entity's IRD number.

Please tick this box if you hold an **RWT exemption certificate** from the IRD and **attach a copy** of your RWT exemption certificate.

Please tick this box if you are a non-resident for New Zealand tax purposes under the Income Tax Act 2007.

You will be treated as a New Zealand tax resident unless this box is ticked.

Country of residence for tax purposes: _____

6

Electronic Communication - Email Address

I agree to receive all my Shareholder communications from Link Market Services and NZRLC via email at my email address provided below:

7

Overseas Person Certification

Important note: For this Application Form to be valid you must complete the declaration below by ticking the box to confirm that you are not an "overseas person" for the purposes of the Overseas Investment Act 2005.

I/ We declare that I am not/we are each not an "overseas person" as defined in section 7 of the Overseas Investment Act 2005.

I/ We acknowledge and agree that if I/we have misrepresented that I am not/we are not each an "overseas person" by making a false declaration, NZRLC may cancel the issuance of Shares to me/us under the Offer, and Shares held by me/us, up to the number of Shares allocated to me/us under the Offer, may be sold.

8

Signature of Applicant

The Application Form must be signed by, or on behalf of, each Applicant. If the Applicant is a company or other entity, it should be signed by a duly authorised person in accordance with any applicable constitution or governing document. If the Applicant is a minor (under the age of 18) the parent or legal guardian should sign the Application Form on the Applicant's behalf. If you elect to pay by one-time direct debit, you should ensure that the signatories are consistent with your bank authorities. I/we hereby acknowledge that I/we have received, read and understood the PDS and the Offer Register, and apply for the number of Shares as set out above and agree to accept such Shares (or such lesser number as may be allotted to me/us) on, and subject to, the terms and conditions set out in the PDS, the Offer Register and this Application Form.

Signature(s) _____

Date: _____

Return of Completed Application Form and Payment

Please return your completed Application Form as per the instruction you received from the NZX Firm from who you received your allocation, to be received by Link Market Services no later than 5.00pm (New Zealand time) on 11 December 2020. If instructed to return your form directly to the Share Registrar, Link Market Services, please see their details below.

Email: applications@linkmarketservices.co.nz (please put NZRLC in the subject line for easy identification) **Fax:** +64 9 375 5990

Mail: PO Box 91976, Auckland 1142 Delivery: Level 11, Deloitte Centre. 80 Queen Street, Auckland 1010

Terms and Conditions

By signing this Application Form:

- a) I/We irrevocably agree to purchase the Shares upon and subject to the terms and conditions of the PDS, the Offer Register and this Application Form and I/we agree to be bound by the provisions thereof (notwithstanding any extensions to the Closing Date or any other date), and that acceptance of my Application is a binding contract.
- b) I/We confirm that I/we have received, read and understood the PDS and the Offer Register
- c) I/We certify that all details and statements made by me/us in this Application Form are complete and accurate.
- d) I/We certify that, where information is provided by me/us in this Application Form about another person, I/we am/are authorised by such person to disclose the information to you.
- e) I/We certify that all agreements, confirmations, certifications and declarations I/we have made under this Application Form apply to all persons named in this Application Form and I/we have the authority to make such agreements, confirmations, certifications and declarations on behalf of those persons.
- f) I/We acknowledge that an Application cannot be withdrawn or revoked by me/us once it has been submitted, unless otherwise notified by NZRLC.
- g) I/We hereby represent and warrant that I am not/we are not located within the United States or elsewhere outside of New Zealand and I am not/we are not acting for the account or benefit of a person in the United States or elsewhere outside of New Zealand and I/we have not sent and will not send the PDS, the Offer Register or any other material relating to the Offer to any person in the United States or elsewhere outside of New Zealand.
- h) I/We agree to indemnify NZRLC and its directors, officers, employees and agents in respect of any liability incurred by NZRLC as a result of my/us breaching the selling restrictions described in the PDS or the Offer Register.
- i) I consent to the use of my personal information in accordance with the privacy policy set out in Section 11 (*How to apply*) of the PDS.

If you have any questions on how to complete this application form, please contact your financial adviser or Link Market Services:

Email: applications@linkmarketservices.co.nz

Fax: +64 9 375 5990

Mail: PO Box 91976, Auckland 1142

Phone: [+64 9 375 5998](tel:+6493755998)

Certification of Non-Revocation of Power of Attorney

(Complete this section if you are acting on behalf of the Applicant on this Application Form for whom you have power of attorney)

I, _____ (full name) of _____ (place and country of residence), certify that:

1. by deed dated _____ (date of instrument creating the power of attorney)
_____ (full name of person/body corporate which granted the power of attorney)
of _____ (place of residence of person / body corporate which granted the power of attorney)*
appointed me _____ (his/he/its) attorney;
2. That I have executed the application for Shares printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and
3. That I have not received notice of any event revoking the power of attorney.

Date: _____ Signature of attorney: _____

Signed at: _____

Certification of Non-Revocation of Agent

(Complete this section if you are acting on behalf of the Applicant on this Application Form for whom you have power of attorney)

I, _____ (full name) of _____ (place and country of residence), certify that:

1. by agency agreement dated _____ (date of instrument creating agency)
_____ (full name of person/body corporate which appointed you as agent)
of _____ (place of residence of person/body corporate which appointed you as agent)*
appointed me _____ (his/he/its) agent;
2. That I have executed the application for Shares printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and
3. That I have not received any notice or information of the revocation of my appointment as agent.

Date: _____ Signature of agent: _____

Signed at: _____

*If the Applicant is a body corporate, state the place of the registered office or the principal place of its business.