

New Zealand Rural Land Co acquire Mangamahu forestry estate near Whanganui



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New Zealand Rural Land are looking to acquire a forestry reserve in Mangamahu, near Whanganui. Photo / Brett Phibbs

Rural land investors New Zealand Rural Land Co (NZL) are branching out to the North Island for the first time by acquiring a forestry estate located in Mangamahu, near Whanganui.

The estate is made up of five individual properties with a total area of approximately 2383 hectares.

NZL have entered an agreement to purchase the land.

It will be then leased to New Zealand Forestry Leasing (NZFL) for 20 years.

The cost to acquire 100 per cent of the estate is about \$63.7 million.

NZL director Richard Milsom said it was the company's first acquisition of a forestry reserve and its first acquisition of land in the North Island, as previously it had only acquired pastoral farmland in the South Island.

He said the company was looking to branch out into the Whanganui region as it was a high-quality area with high-quality trees on it.

It would also help diversify the company's portfolio.

"NZL, at its core, is building a diversified portfolio of agricultural assets in New Zealand, and this is part of that strategy," he said.

The land is currently owned by a group of Taiwanese investors, according to Milsom.

Post-acquisition, NZL would own 14,093ha of rural land.

The company has completed the institutional entitlement offer component of the acquisition, with a 100 per cent participation rate from eight shareholders and a total of \$10.486m raised under the offer.

"These institutional shareholders have also applied for over \$4.5m of any potential shortfall," Milsom said.

He said there could be potential for the company to purchase further land in the region, but they had to assess each piece of land individually.

"We'd have to assess each transaction and tenancy on its merits, [but] it's certainly not off the cards."

A period for retail investors to purchase shares in the acquisition opened on March 6 and will close on March 15, where any shortfall will also be advised on.

A settlement date for the lease is set for April 15.
