



NEWS

Pre-Christmas IPO for NZ Rural Land Co



FARMERSWEEKLY



an initial public offering.

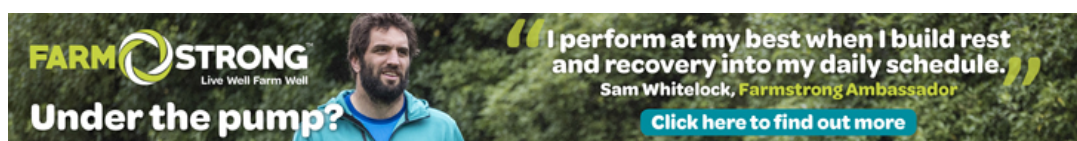
The company – which plans to buy farmland and act as a rural landlord – will sell between 60 million and 120 million shares at \$1.25 apiece to buy land, its offer document shows. The offer opens on November 23 and closes on December 11.

NZ Rural Land Co hasn't closed any deals yet, but has identified 21 South Island dairy farms spanning 9,239 hectares it said are suitable for a buyer of scale.

It plans to limit debt levels at 30% of total assets, meaning it will have headroom of between \$102.9m and \$207.1m, depending on how much money it raises in the IPO.

“Our initial focus is on acquiring New Zealand dairy properties. However, we intend to expand our focus to other NZ primary sectors, particularly as investment opportunities arise in horticulture, viticulture, forestry, as well as sheep and beef,” chair Rob Campbell said in the document.

If the company can't seal any suitable transactions before the end of next year, it will hold a special shareholders meeting to liquidate and return capital to investors.



NZ Rural Land Co will restrict total foreign investment to 24.9%, meaning it won't fall foul of Overseas Investment Act screening rules.

It doesn't plan to pay any dividends in the 2021 financial year while it's making acquisitions. Once it has secured farms, it plans to pay 90-95% of adjusted funds from operations, the favoured metric used by listed property vehicles, which strips out property revaluations, adds back depreciation and amortisation, deducts maintenance capital spending, and looks through other non-cash adjustments.

–BusinessDesk

