

**INVESTMENT** | ⌚ 2 mins to read

# Rural Land Co sells 25% stake for \$44m

Buyer is an Australian investment fund.

**Tim Hunter**  
Fri, 19 Jan 2024



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Farm and forestry land investor NZ Rural Land Company has agreed to sell a 25% stake in its net land assets for \$44.2 million to an Australian fund managed by [Roc Partners](#).

The deal is priced at an 18% discount to book value and a 50% premium to NZ Rural Land Company's market capitalisation.

In a statement to the NZX, the company said proceeds from the deal will be used to repay \$11.8m owing on short-term debt taken on to fund its forestry acquisition last year, as well as for working capital.

The company's manager Allied Farmers will receive a 1.25% transaction fee as part of the deal.

The requirement under listing rules to get shareholder approval for the sale was waived by NZ RegCo because it found the terms did not favour the manager and shareholders were not disadvantaged.

## Premium

Allied Farmers managing director Richard Milsom said the transaction offered an attractive way to raise capital and introduce an institutional co-investor.

"It realises money for NZ Rural Land Company to reinvest in other high-yielding assets and raises money at a big premium," he said.

"One of the issues that NZ Rural Land Company has had is raising money to get to scale and if you keep raising money, you drive your share price down. Having a growth partner there to grow with you, I think will be favourably viewed by the market."

The transaction involves transferring the company's assets and debt to a new limited partnership, which then sells a 25% share to the Roc entity.

Allied Farmers will manage both the LP and NZ Rural Land Company.

In a separate statement to the NZX, Allied Farmers said its income would increase by \$1m in the year to June as a result of the deal.

In May last year, Rural Land Co suspended its dividends to fund a share buyback and repayments on the short-term forestry debt.

Rural Land Co shares closed yesterday at 85c, a 44% discount to net tangible asset value of \$1.51 a share.

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Allied Farmers managing director Richard Milsom.

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News tip? Question? Typo? Let us know: [editor@nbr.co.nz](mailto:editor@nbr.co.nz)

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**TAGS**

- [NZ Rural Land Co](#)
- [Allied Farmers](#)
- [Richard Milsom](#)

**COMPANY PROFILE**

**NZL**  
**\$0.89**

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Change: **4.7%**

19/01/2024, 12:33 pm

TODAY	1M	3M	6M	1Y	2Y	5Y	10Y
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PRICE  
**\$0.89**

TURNOVER  
**\$54k**

VOLUME  
**62,643**

DAILY HIGH  
**\$0.89**

52 WEEK HIGH  
**\$1.07**

PREVIOUS CLOSE  
**\$0.85**

MOVEMENT  
**0.04**

AVG DAILY VOLUME  
**64k**

DAILY LOW  
**\$0.84**

52 WEEK LOW  
**\$0.79**

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