

Business (/category/business)

Rural Land Co plans \$150m IPO

Allied Farmers to take stake in management company and raise capital.

.

By **Tim Hunter** (/author/tim-hunter)

Fri, 16 Oct 2020



Rural Land Company director Chris Swasbrook

A new farm land investment company is heading for an initial public offer next month with its management company to be part owned by NZX-listed Allied Farmers.

The New Zealand Land Company kicked off a wholesale offer in May seeking up to \$100 million but is now preparing for a retail offer of up to \$150m next month.

Rural Land Co director Chris Swasbrook said float documents were with regulators and the IPO was subject to regulatory approvals.

“Jardens are undertaking the IPO with us and we’ve had strong support from the institutions and the marketplace generally,” he said.

“We first embarked on a wholesale offer and the response was positive so we accelerated it to an initial public offering.”

Under the proposal announced by Allied Farmers this morning, Allied Farmers has conditionally agreed to buy 50% of the Rural Land Co’s management company for \$2.5m, paid in shares, with an option to buy the other half within two years.

Allied also said it would raise capital via a rights issue at 50c a share before the end of the year and ask shareholders for approval to place new shares with institutional investors at the same price.

Swasbrook said the deal with Allied would give investors the opportunity to invest in the management contract, while Allied would be able to access another line of business.

“As we have had discussions across the rural sector with the Rural Land Company it was increasingly apparent to us that there are other opportunities that are not just land based that should be considered for investment purposes - and Allied is the perfect vehicle to consider those opportunities as they present themselves given its long history in the agriculture sector.”

The Rural Land Co IPO aims to raise up to \$150m with a minimum of \$75m.

The money will be used to buy land, particularly dairy farms, which would be leased out to farmers.

Allied Farmers chair Richard Perry said the deal was “an incredibly exciting and pivotal opportunity”. “From our deep understanding of the rural sector built over more than 100 years, we know there is compelling long-term value in owning rural land, and we can see the benefits for farm operators wishing to expand their operational platforms in a capital efficient manner.

“NZRLC will be a capital providing partner for New Zealand’s highly skilled and productive food producers”.

Perry said the Allied Farmers capital raise would fund growth in its finance business, innovation and investment in digital technologies.

Under the deal Swasbrook will join the Allied Farmers board and an Allied Farmers representative would join the Swasbrook, Rob Campbell and Sarah Kennedy on the board of Rural Land Co.

Swasbrook said the move was “a really positive development for the market”.

"The really attractive part of this is since we first announced the intention to raise capital the number of farming operators that have approached us saying we would like to talk tells me the agriculture sector understands it. They understand it will boost productivity and enhance capital efficiency.

"This is unique in New Zealand but it is not unique globally."

By **Tim Hunter** (/author/tim-hunter)

Co-editor

Contact the Writer: thunter@nbr.co.nz (mailto:thunter@nbr.co.nz)

Follow @TimHunter5

Tags:

Rural Land Company (/tags/rural-land-company) **Allied Farmers** (/tags/allied-farmers)

Richard Perry (/tags/richard-perry) **Chris Swasbrook** (/tags/chris-swasbrook)

© All content copyright NBR. Do not reproduce in any form without permission, even if you have a paid subscription.

Comments

7 comments

chris.swasbrook **Anonymous**

Type something...

750 / 750 characters

Posting this comment indicate you've read and will abide by [NBR's terms and conditions on commenting \(/terms-and-conditions\)](#).

Add comment

Anonymous

Fri, 16 Oct 2020 - 11:04am

Alf can walk away if it doesn't get to \$75m..it will be interesting ...

Reply

Graeme.

Fri, 16 Oct 2020 - 11:15am

It will be interesting to see what discount the shares eventually trade after listing. If it's anything like Rural Equities, pity the Jardens clients.

Reply

Anonymous

Fri, 16 Oct 2020 - 11:38am

"From our deep understanding of the rural sector built over more than 100 years" ... which will be largely irrelevant to the future of dairying in NZ

Reply

Whakaora

Fri, 16 Oct 2020 - 12:51pm

Allied Farmers...Allied Farmers.....didn't they buy Watson and Hotchin our??
You would have to have rocks in your head!

Reply

Anonymous

Fri, 16 Oct 2020 - 4:10pm

Jardens need to be very careful that another dud isn't pushed onto the NZ market .
There have been so many regulatory failures over the last 20 years .I note Chris Swasbrook is on the FMA board .Arguably another red flag given the FMA s performance.The FMA are happy to bother every man and his dog for AML compliance but unwilling to chase the big fish .The ones that stole the small investors money and shamelessly flaunt their wealth around town .

Reply

Mark Hubbard

Sat, 17 Oct 2020 - 8:00pm

Watching election results.

If you're thinking of investing in NZ farm land ... don't.

Reply

George_67

Mon, 19 Oct 2020 - 10:14pm

this train will crash for the customers this is pushed to and the 'highly skilled' and high risk taking food producers who lease these properties ... for 100 years farmland returns have been driven by capital gains (untaxed) and now we have founding investors looking for their liquidity moment

Reply

NBR

FOLLOW US ON



BROWSE

[Meet the crew \(/editorial-profiles\)](#)

[Advertise \(/advertising-nbr\)](#)

[Contact us \(/contact-us\)](#)

[FAQs \(/faq\)](#)

[Privacy Policy \(/privacy\)](#)

[Terms & Conditions \(/terms-and-conditions\)](#)

[RSS Feeds \(/rss\)](#)

STREET ADDRESS

Level 3, Suite 306

Achilles House

8 Commerce Street

1010, Auckland, NZ

CONTACT

0800 843 627

Ph: +64 (0)9 307 1629