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Allied Farmers to buy half of rural land property manager

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The NZ Rural Land Co is planning an IPO and listing for later this year. Photo / Supplied



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The NZX could have a new addition by the end of this year if NZ Rural Land Company's (NZRLC) initial public offer and listing goes to plan.

since Napier Port listed in August last year.

Newmarket-based NZRLC's IPO and float, which is subject to regulatory approvals, is aimed at raising \$75 to \$150 million.

The issue is being managed by Jarden.

In announcement to the NZX, rural services company Allied Farmers said it had signed a conditional agreement to pay \$2.5m for half of NZ Rural Land Management Limited Partnership (NZRLM) - a new entity established to manage NZRLC.

Allied said NZRLC will acquire rural land under a landlord model, with land being leased to farming operators.

For NZRLM - the management company - the acquisition price will be to 5 million Allied shares at \$0.50 cents per share, to be issued on completion of the successful IPO of NZRLC.

Allied will have a option to acquire the remaining 50 per cent of NZRLM after two years – based on an independent valuation.

Part of the deal involves Allied providing NZRLC with a convertible loan of up to \$375,000 to assist with IPO costs.

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In addition, Allied plans to raise capital by way of a rights issue at 50c per share before the end of its own expansion plans.

Upon successful completion of the IPO, Chris Swasbrook, founder and managing director of Elevation Capital Management, will join the board of Allied Farmers.

NZRLC is chaired by Rob Campbell and is part-owned by Elevation Capital and the company's founders, Hayden Dillon and Richard Milsom.

Swasbrook said the acquisition of the property management company would give Allied a new business and revenue stream.

"It also allows investors to invest in the management contract of the land company," he said.

Swasbrook said Allied was deemed by NZRLC as the ideal vehicle because of its 100 year association with the rural sector.

"The NZX is crying out for these types of opportunities," he said.

"It should not be lost on anyone that agriculture is largest part of the economy, in a post Covid-world, and you really can't get too much exposure to it on the listed market," he told the Herald.

Allied Farmers chairman Richard Perry said the purchase of half of NZRLC was a "pivotal" opportunity for the company.

Completion of the NZRLM purchase is conditional on, and will take place after, the completion of the IPO.

Perry said the capital raise and purchase would allow more capital to flow into the rural sector, which he said was "under pressure in all sorts of different ways".

As it stands, the Allied, through its subsidiary NZ Farmers Livestock, business predominantly relates to livestock sale yard activities and calf procurement, processing and sales.

The company started in 1913 as a Taranaki-based regional stock and station agent.



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