



# New Zealand Rural Land Co

The Rural Land Investors

14 April 2023

## Settlement of Forestry Estate Acquisition

New Zealand Rural Land Company Limited (NZX.NZL) is pleased to advise that it has today completed the acquisition of the forestry estate announced to the market on 21 October 2022.

Under the transaction 100% of a forestry estate located in the Manawatū-Whanganui region in the North Island has been acquired. The estate comprises of five individual properties with a total area of approximately 2,400 hectares. NZL's cost to acquire the estate was approximately \$63m. The estate is leased to New Zealand Forest Leasing (NZFL) for a 20-year term with the first year's payment being approximately \$5m. The lease then has annual CPI-linked rental adjustments.

The purchase has been funded using a combination of debt and equity. Debt has been provided through an increase in borrowings from Rabobank of \$25.2m. The borrowings are in the form of a green loan established within a Green Financing Framework managed and reported on, in line with the Asia Pacific Loan Market Association's Green Loan Principles.

The equity component has been funded from the proceeds of NZL's recent accelerated renounceable entitlement offer and from the proceeds of a \$12m convertible note issued to an entity associated with NZFL. As noted in previous market announcements, NZFL and NZL had agreed for NZFL to subscribe for a direct shareholding in the estate and contribute up to \$18m towards the purchase price of the estate. This has been adjusted to a convertible note structure to facilitate NZL owning 100% of the estate and, NZL's intention to repay the note during its term (in preference to diluting its equity ownership of the estate should conversion of the note occur).

The note is unsecured and pays a coupon of 8% p.a and NZL can redeem any part of the note at any time without penalty. At 12 months, NZL must start partially redeeming the note on a quarterly basis. NZL will also make note redemptions from the net proceeds of any capital raisings it may undertake during the term of the note or from the net proceeds (post any required debt repayment) of asset disposals. The note matures after 18 months and at that point the note may convert to ordinary shares in the forest owning subsidiary. Should conversion occur, there are then put and call arrangements to enable NZL to return to 100% ownership of the forests.

For further information please contact:

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