

**12 September 2007**

**RURAL EQUITIES LIMITED RESULT FOR THE YEAR ENDED 30 JUNE 2007**

The Directors of Rural Equities Limited (REL) announce an after tax surplus of \$2,416,000 for the year to 30 June 2007. This compares with \$10,486,000 for the previous year. The decline in the surplus reflects a much slower rate of growth in rural property values over the last twelve months.

REL's result includes the consolidated results of the New Zealand Rural Property Trust ("the Trust") which is 54.2% owned by REL.

Chairman Sir Selwyn Cushing commented that, despite a difficult year in the rural sector, this was a solid result. He said rural property values were flat over the last 12 to 18 months following significant increases over recent years.

During the year REL expanded its funds management business with the formation of REL – Pacific Equity Trust which has built an investment portfolio of listed and unlisted securities principally in New Zealand and Australia. Sir Selwyn said the establishment and management of REL – Pacific Equity Trust has been a significant development, and REL hopes to add further funds over time to the portfolio under the Group's management.

In line with the current dividend policy Directors have confirmed that no dividend will be paid this year.

Sir Selwyn said the outlook for the rural sector and the dairy industry in particular looks very encouraging. This follows the recent announcement by Fonterra of the forecast milk solids payout for the 2007-08 season of \$6.40 per kilogram milk solids. REL is in a strong position to benefit from the expected upturn in the rural sector through its investment in NZRPT which owns a high quality portfolio of 30 rural properties.

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