

24 September 2009

**PROPOSED MERGER OF RURAL EQUITIES LIMITED AND THE NEW  
ZEALAND RURAL PROPERTY TRUST**

Rural Equities Limited (*REL*) today announced a proposal to merge REL with the New Zealand Rural Property Trust (*NZRPT*).

REL currently holds 62.76% of the NZRPT units on issue, and through its subsidiary New Zealand Rural Property Trust Management Limited manages NZRPT. NZRPT owns a diversified \$200m portfolio of 30 high quality rural properties, livestock and other farm assets, and a small forest.

REL's Chairman Sir Selwyn Cushing said the merger was a logical step that would result in the merged entity having unified ownership and an internalised management structure, providing investors with the only publicly available portfolio of New Zealand rural properties. He said the merger would provide material benefits to both NZRPT unitholders and REL shareholders including:

- Fully aligning the interests of unitholders in NZRPT and shareholders in REL.
- Cost savings by eliminating duplicated activities.
- Greater transparency and liquidity - the merger will result in one entity on the Unlisted share trading platform rather than the present two.
- An expected reduction in the discount between REL's market price and its net asset value as a result of internalised management, cost savings and a less confusing structure.
- An enhanced ability to pay fully imputed dividends.

REL is proposing to issue shares to unitholders in NZRPT in the ratio of 1 REL share for 1.15 NZRPT units.

NZRPT Trustee, Guardian Trust, has appointed PricewaterhouseCoopers to provide an independent report on the merits of the offer.

The merger proposal will then be considered by NZRPT Unitholders at a Special Meeting planned to be held in the second half of November 2009. The proposed merger will proceed if an Extraordinary Resolution is passed with 75% support by

NZRPT unitholders. REL will not vote on this Extraordinary Resolution. A meeting of REL shareholders will also be held to approve, by ordinary resolution, the issue of REL shares to NZRPT Unitholders. It is expected that this resolution will be considered by shareholders in conjunction with the REL Annual Meeting which is being held in Hastings on Friday 27 November 2009.

It is anticipated NZRPT unitholders and REL shareholders will be provided with full details of the proposed merger together with the meeting documents early in November 2009.

‘The merger is a logical transaction with tangible benefits that is expected to have widespread support from NZRPT unitholders and REL shareholders’ said Sir Selwyn.

For further information please call

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or

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