

**2 September 2008**

## **RURAL EQUITIES LIMITED REPORTS RECORD RESULT**

The rural property investment and management company, Rural Equities Limited (REL), today announced a record after tax profit of \$32.4 million for the year to 30 June 2008. This compares with \$2.7 million for the previous year. The substantial profit increase reflects strong gains in the value of rural properties over the last year.

REL owns 62.4% of the units in the New Zealand Rural Property Trust (NZRPT) and is also the manager of NZRPT. During the year REL had a cash issue of shares and purchased additional units in the Trust to increase its holding from 54.2% to its current level.

Chairman, Sir Selwyn Cushing, said that it was a pleasing performance and one that vindicated the investment in this productive sector of the New Zealand economy.

“It was also very satisfying to have achieved a level of profitability that was well ahead of many of the more well known listed companies” Sir Selwyn commented.

“The year, however, was not without its challenges. The rural sector was impacted by widespread drought and rapidly rising farm input and operating costs which hurt farm profitability. Sheep and beef farmers also had a difficult year with continuing low product prices.

“The key positive influence on the rural sector was the very strong demand for dairy and arable properties, or those capable of dairy support operations, which led to a substantial increase in rural land values for these farm types.”

“For us, this translated into a financial year of strong growth in the value of the NZRPT farm properties and a significant increase in returns from their directly managed dairy farms.”

This improvement in value was reflected in REL’s balance sheet where total equity for the group increased to \$203.3 million from \$151.9 million. Earnings per share increased from \$0.12 to \$1.30 per share following the substantial revaluation gains.

Sir Selwyn said the outlook for the rural sector remained very encouraging.

“We see continuing strong dairy product and arable crop prices as well as improving sheep and beef product prices. Combined with the recent decline in the exchange rate for the New Zealand dollar, there are positive signs for the year ahead.”

“REL is in a strong position to benefit from the continuing strength in the rural sector through its investment in NZRPT.”

*For further details contact:*

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*Footnote:*

*Rural Equities Limited (with its subsidiaries) directly owns 62.4% of the units in the New Zealand Rural Property Trust and has the contract to manage the New Zealand Rural Property Trust. The New Zealand Rural Property Trust owns a diverse portfolio of 30 quality farms spread throughout New Zealand, as well as a pine forest near Ngaruawahia. Twenty-two of the farms are leased and eight are directly farmed with six of these being dairy farms. On the dairy farms, approximately 3,700 cows are milked in conjunction with 50/50 sharemilkers. Milk production for the 2007-08 season was over 1.5 million kilograms milk solids. The pine forest is mature and is being harvested on a restricted basis due to the current low log prices. The forest is being re-established following harvest. The Trust's properties and other assets are currently valued in excess of \$230 million.*