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RURAL EQUITIES LIMITED RESULT FOR THE YEAR ENDED **30 JUNE 2010**

Rural Equities Limited (REL) recorded an after tax loss of \$4.5 million for the year to 30 June 2010. This compares with a loss of \$34.2 million for the previous year.

Chairman, Sir Selwyn Cushing, said the value of the farm properties held by the Company's wholly owned subsidiary New Zealand Rural Property Trust (NZRPT) declined by 2%, reflecting a rural land market that is more stable although still fragile.

The year was one of consolidation for REL following the successful merger of the Company and NZRPT in late 2009. A number of benefits have arisen from the merger following a review of external services provided, and this has allowed overhead costs to be reduced significantly.

The Group's six dairy farms recorded increased milk production and improved profitability reflecting the higher Fonterra milk price. Rental income from leased farm properties was up 3% on the previous year. The three large Waikato sheep and beef farms, that are directly managed, were adversely affected by widespread drought conditions - these properties comprise over 4,000 hectares and carry approximately 30,000 stock units. The substantial development programme on these farms has continued.

Fox's Peak, a South Island high country property was realised as a going concern in January 2010 for \$6.4 million.

A fully imputed special dividend of 5.5 cents per share was paid by REL during the year. The Company remains in a strong financial position with debt at just 12.5% of total assets.

Sir Selwyn said Directors have confidence in the longer term prospects for agriculture although farm profitability is likely to remain tight until stability and confidence return to the global economy.

For further details contact:

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