

3 September 2009

## **MEDIA RELEASE**

### **RURAL EQUITIES LIMITED RESULT FOR THE YEAR ENDED** **30 JUNE 2009**

Rural Equities Limited (REL), recorded an after tax loss of \$19.8 million for the year to 30 June 2009. This compares with a profit of \$32.4 million for the previous year. Both results were heavily affected by revaluations of the company's rural property investments.

Chairman, Sir Selwyn Cushing, said the value of the farm properties held by subsidiary New Zealand Rural Property Trust (NZRPT) has shown substantial growth over the last ten years but had seen a downward movement in values this year. The Net Asset Value of NZRPT units has increased from \$1.38 to \$3.84 in the ten year period to 30 June 2009. REL owns 62.6% of the units in and is also the manager of NZRPT.

The year was particularly challenging with the turmoil in global financial markets and commodity prices impacting heavily on the rural sector. Climatic conditions were generally more favourable following the widespread drought experienced in the previous year.

The profitability of the Trust's directly managed farms, the majority of which are dairy farms, was lower following the significant reduction in Fonterra's milk solids payout combined with a 6.5% decrease in milk production. There was an improved contribution from directly farmed sheep and beef properties which partly offset the reduction in milk income. Rental income from leased farm properties was up 12% on the previous year.

NZRPT is now directly farming three Waikato sheep and beef properties as an integrated farming group comprising over 4,000 hectares and supporting 30,000 sock units. A significant development programme combined with intensification of the management systems will provide a substantial lift in the contribution from these farms over the next three to five years.

The financial result reflects in REL's balance sheet where total equity for the group decreased to \$168.3 million from \$203.3 million. The company remains in a strong position with debt being only 16.6% of total assets.

Sir Selwyn said strong underlying demand for protein and grain is expected to lead to improved returns as stability gradually returns to the global economy. REL is in a healthy financial position, and prospects for the rural sector remain encouraging.

*For further details contact:*

*Sir Selwyn Cushing – Chairman, Rural Equities Limited – 06 876 8129*

*or*

*Brian Burrough – Chief Executive Officer, Rural Equities Limited – 06 870 4671*

Footnote:

Rural Equities Limited (with its subsidiaries) directly owns 62.6% 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 of the farms are leased and ten 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 2008-09 season was over 1.4 million kilograms milk solids. The pine forest is mature and is being harvested with harvesting of the first tree crop expected to be completed in mid 2010. The forest is being re-established following harvest. The Trust's properties and other assets are currently valued at approximately \$200 million.