



127 QUEEN STREET EAST
PO BOX 783, HASTINGS 4156
NEW ZEALAND
TELEPHONE 06 870 4672
enquiries@ruralequities.co.nz

3 September 2018

RURAL EQUITIES LIMITED – RESULT FOR THE YEAR
ENDED 30 JUNE 2018

The Directors of Hawke's Bay based Rural Equities Limited (REL) are pleased to announce that its audited Total Comprehensive Income for the year ended 30 June 2018 was \$4.451 million. This compares with \$8.981 million recorded last year. REL's operating earnings before interest and tax was \$5.030 million which is a slight improvement on the \$4.996 million recorded last year. While last year the value of the Group's rural property, excluding changes to the portfolio, increased by \$4.319 million, this year the value reduced by \$1.505 million. This reduction was more than offset by a gain in the Webster Limited shareholding of \$3.091 million.

The net asset value (NAV) per share was \$5.79 which is an 8 cents per share gain on last year's NAV of \$5.71.

REL's Executive Chairman David Cushing commented, "This is a satisfactory operating result with firm prices being achieved for milk, sheep and beef. The rural property market was subdued with foreign investors being virtually excluded from the market and increasing environmental standards applied. In particular the lack of foreign purchasers has resulted in very limited liquidity for large scale properties."

A fully imputed dividend of 5 cents per share will be paid with respect to the financial year ended 30 June 2018, the same amount as last year. The record date will be Friday 26 October 2018 and the dividend will be paid on Wednesday 7 November 2018.

Since balance date REL has entered into unconditional contracts to sell two properties. Glendowns, a sheep and beef property in South Canterbury and the northern block of Dalmuir an arable property near Timaru. Both sales are scheduled to settle in early April 2019. Proceeds from the sales will be in excess of \$9.0 million, which is slightly above book value.

As part of REL's capital management strategy, the Company intends to make an offer to all shareholders to repurchase up to 650,000 REL shares at a price of \$4.90 per share. This is \$0.50 higher than the last share buyback in 2016 and a premium to the current market price.

Given that REL shares trade infrequently, Directors consider the offer will provide shareholders who are contemplating exiting their investment an ability to realise their shareholding at a premium to market and without paying brokerage fees. It is expected the offer will open by 24 September 2018 and close on 19 October 2018.

As announced last year, Directors are considering new long term investment opportunities and asset classes other than New Zealand rural property, and potentially in other jurisdictions. While nothing has met the Directors' investment criteria during the financial year, the process continues.

Issued by James Wright, Chief Operating Officer, Rural Equities Limited.