



FIRST FLOOR  
120 KARAMU ROAD NORTH  
PO BOX 783, HASTINGS  
NEW ZEALAND  
TELEPHONE 0-6-870 4672  
FACSIMILE 0-6-870 4673  
enquiries@ruralequities.co.nz

5 September 2013

## **RECORD NET ASSET VALUE FOR RURAL EQUITIES LIMITED**

The Directors of Hastings based Rural Equities Limited are pleased to announce that audited Total Comprehensive Income for the year ended 30 June 2013 was \$10.92 million, resulting in a record Net Asset Value of \$4.77 per share.

A fully imputed dividend of 6 cents per share will be paid to shareholders with respect to the financial year ended 30 June 2013. This is a 20% increase on the previous year's dividend of 5 cents per share. The record date will be Friday, 20 September 2013 and the dividend will be paid on Wednesday, 2 October 2013.

The Directors are pleased with the Group's performance given the widespread summer drought and reduced product prices. The Total Comprehensive Income of \$10.92 million was down on the previous year's total of \$15.78 million, primarily due to reduced revaluation gains on the Group's rural property portfolio. The 30 June 2013 valuation of the Group's property portfolio increased by \$4.87 million compared to \$14.32 million the previous year. Revaluation of the Group's shareholding in Fonterra provided a \$4.75 million increase during the period.

Operating Earnings reduced from \$2.93 million to \$2.11 million primarily due to lower prices for milk, sheep and wool and increased farm operating costs as a consequence of the drought, in particular the need for higher supplementary feed inputs on the six dairy farms. Directors are however pleased with the operating performance, with the six dairy farms again achieving record milk production of 1.56 million kilograms of milk solids.

During the year REL undertook a review of its milk supply options for its six dairy farms. The two Canterbury farms have commenced supplying milk to Synlait from the season commencing 1 June 2013 with the remaining four farms continuing to supply Fonterra. As a result of this change together with the introduction of Fonterra's Trading Among Farmers and the associated Supply Offer, the Group has divested half of its Fonterra shareholding during the year realising \$5.92 million at an average price in excess of \$7.50 per share.

During the financial year, following a direct approach from a neighbour, Blairmore in Central Otago, was sold for \$3.45 million with settlement due in the first half of 2014.

REL's capital management strategy has continued with 1.57 million shares being repurchased at \$3.55 per share and subsequently cancelled following a buy back offer to all shareholders in April 2013.

Since balance date REL has acquired an 11% stake in Australian agricultural company, Tandou Limited. Tandou owns one of Australia's most significant agricultural land holdings (133,000 hectares) and a portfolio of both high security and general security water rights. Tandou is a major producer of cotton and cereal crops and one of the largest organic lamb producers in Australia.

REL Executive Chairman, David Cushing, said "It has been ten years since REL was spun out of Williams & Kettle Limited and to achieve a record NTA of \$4.77 is pleasing. The Directors strongly believe in the positive long term outlook for premium agricultural assets in New Zealand and Australia. With a quality portfolio of farms in New Zealand, some interesting growth opportunities and a strong balance sheet, REL is well positioned."

For further information contact:  
David Cushing, Executive Chairman  
Phone - 027 459 2218

*About REL:*

- *REL owns a diversified portfolio of 26 high quality rural properties spread throughout New Zealand and has total assets in excess of NZ\$190 million.*
- *Nine of the properties are directly managed with six of these being dairy farms. The remaining properties are leased, predominantly to farmers with other farming interests.*
- *REL also owns an 11% stake in Australian agricultural company Tandou Limited.*