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Dear Shareholder

SHAREHOLDERS' UPDATE

This letter is to provide shareholders with an update on what has been an eventful three months for the Rural Equities Group.

Merger completed

On 30 November 2009 the merger of Rural Equities Limited (REL) and the New Zealand Rural Property Trust (NZRPT) was completed. The transaction gained resounding support from investors in both entities.

In accordance with the terms of the merger, on 30 November 2009, NZRPT unitholders received one REL share for every 1.15 NZRPT units held. REL now has approximately 1,550 shareholders and 42,168,932 shares on issue. With effect from 30 November 2009 NZRPT became a wholly owned subsidiary of REL.

Sale of Fox's Peak Station

Fox's Peak is a high country sheep and beef property comprising 4,799 hectares which is situated near Fairlie in South Canterbury and has been owned by NZRPT for approximately 20 years. The sale of this property was completed on 22 January 2010. Gross proceeds from the sale including land, livestock, farm plant and machinery were approximately \$6.45 million which was very close to the book value of those assets as at 30 June 2009.

Special Dividend

Following the merger of REL and NZRPT, and receipt of capital funds in January 2010 from the sale of Fox's Peak Station the Directors resolved to pay a Special Dividend of 5.5 cents per share (fully imputed) on 29 January 2010. Your dividend advice statement is enclosed with this letter.

Unlisted

The last sale of REL shares on the Unlisted share trading platform was on 27 January 2010 at \$2.82 per share. This compares with a market price of \$2.50 around the time that the proposed merger of REL and NZRPT was announced.

Shareholders are able to view REL's share price and share transactions on the Unlisted website - www.unlisted.co.nz.

All REL's market announcements are posted on the Unlisted website and also on REL's website - www.ruralequities.co.nz.

If you have any questions regarding these recent developments, your dividend or any other matter relating to your investment in REL please contact our office.

Yours sincerely

Sir Selwyn Cushing
CHAIRMAN