

1 September 2017

RURAL EQUITIES LIMITED – RESULT FOR THE YEAR ENDED 30 JUNE 2017

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 2017 was \$8.981 million. This compares with a loss of \$4.059 million in the previous year.

REL's operating earnings before interest and tax were \$4.995 million which is an improvement in excess of 40% on the \$3.521 million recorded last year. The result is attributable to higher milk prices, steady sheep and beef returns, combined with property and investment revaluations totalling \$6.390 million.

The net asset value (NAV) per share was \$5.71 which is a 25 cents per share gain on last year's NAV of \$5.46.

A fully imputed dividend of 5 cents per share will be paid with respect to the financial year ended 30 June 2017, the same amount as last year. The record date will be Friday 29 September 2017 and the dividend will be paid on Wednesday 11 October 2017.

As part of REL's capital management strategy, the company completed a share buyback in October 2016 repurchasing 999,636 REL shares for \$4.40 per share. The shares were subsequently cancelled.

REL's Executive Chairman David Cushing commented, "This is a satisfactory result with solid contributions across the board. REL has a high quality investment portfolio in excess of \$200 million and a strong balance sheet. Debt has more than halved during the year to \$12.4 million."

The Ruataniwha Water Storage Scheme in Central Hawke's Bay has encountered significant set-backs and is unlikely to proceed. Further, in relation to irrigation, Directors note that the introduction of a water tax would impact on the profitability of our irrigated farms. This, combined with ever increasing environmental standards which may restrict future land use options, could lead to a material reduction in land values.

Since REL was separated from Williams & Kettle Limited in 2004, the primary strategy has been to invest in rural property in New Zealand. Directors have decided to consider new long term investment opportunities in other asset classes, and potentially in other jurisdictions, to provide enhanced portfolio diversification.

David Cushing also commented that, "At this early stage, Directors anticipate a solid year ahead with a favourable milk price expected, together with relatively stable sheep and beef prices."

For further details contact David Cushing, Executive Chairman, Rural Equities Limited

About REL:

- *REL owns a diversified portfolio of 22 high quality rural properties spread throughout New Zealand and has total assets in excess of NZ\$200 million.*
- *Nine of the properties are directly managed with seven of these being dairy farms. The remaining properties are leased, predominantly to farmers with other farming interests.*