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RURAL EQUITIES LIMITED – RESULT FOR THE YEAR ENDED 30 JUNE 2016

The Directors of Hawke's Bay based Rural Equities Limited (“REL”) announce that it recorded an audited after tax loss for the year ended 30 June 2016 of \$4.059 million.

The net asset value (NAV) per share was \$5.46 which was 11 cents less than last year’s record NAV of \$5.57.

REL’s Operating Earnings before Interest and Tax was \$3.521 million compared with \$4.672 million last year. The overall result was primarily due to the impact of property and investment revaluation losses of \$5.952 million.

A fully imputed dividend of 5 cents per share will be paid with respect to the financial year ended 30 June 2016, the same amount as last year. The record date will be Friday, 28 October 2016 and the dividend will be paid on Wednesday 9 November 2016.

REL’s Executive Chairman David Cushing commented “The result is satisfactory considering the overall market conditions. As stated last year, we expect dairy prices to improve by the end of 2016 as the market rebalances.”

A key focus for REL is to maximise the value of its existing portfolio by investing to improve land use, earnings and property value. REL has contracted water from the Ruataniwha Water Storage Scheme for three properties in Central Hawke’s Bay. This large scale opportunity will allow these properties to operate intensive livestock and mixed cropping programmes under irrigation. The necessary development on these properties will be completed in time for the first irrigation water to be supplied in 2020.

On 30 June 2016 Sir Ron Carter and Andrew Train retired as Directors of REL both having made an excellent contribution to the Group over many years. On 1 July 2016 Nigel Atherfold joined the REL Board. Nigel has 25 years’ experience in the banking, treasury and corporate finance sector with a specialist knowledge in the dairy sector.

Since balance date REL has entered into an unconditional agreement for the sale of a Manawatu sheep and beef property for \$8.850 million, which is close to book value. The transaction is scheduled to settle in February 2017.

During the year the company completed a share buyback of 1,515,677 REL shares held on behalf of the Rotorua Energy Charitable Trust for \$4.20 per share. The shares were subsequently cancelled.

As part of REL's capital management strategy, the company intends to make an offer to all shareholders to repurchase up to 1,000,000 REL shares at a price of \$4.40 per share. The offer price represents a premium in excess of 8% to the 30 day weighted average market price on the Unlisted¹ market.

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 on 16 September 2016 and close on 19 October 2016.

Issued by James Wright, Chief Operating Office, Rural Equities Limited

¹ Unlisted is not a Licensed Financial Product Market