



4 September 2023

RURAL EQUITIES LIMITED – RESULT FOR THE YEAR ENDED 30 JUNE 2023

The Directors of Rural Equities Limited (REL) announce that the REL Group recorded Total Comprehensive Income for the year ended 30 June 2023 of \$719,000 compared to \$16.665 million last year.

REL's operating earnings before interest and tax (EBIT) for the year ended 30 June 2023 were \$8.131 million compared to last year's EBIT of \$6.814 million. The dairy farms performed well in what was generally a difficult season.

Operating earnings after tax for the year ended 30 June 2023 were \$6.145 million which equates to earnings of 21.6 cents per share. This was a 19.8% increase on last year's \$5.126 million - 18.0 cents per share.

REL's net asset per share as at 30 June 2023 was \$6.68 compared to \$6.65 last year.

During the year there was a reduction in the value of the Group's property portfolio of \$7.123 million compared to an increase of \$15.040 million last year. In contrast, the revaluation of the Group's investment portfolio saw an increase of \$1.831 million, whereas last year we saw a decrease of \$3.529 million showing the benefit of REL's diversified investment strategy.

The REL Directors have declared a fully imputed dividend of 15 cents per share for the financial year ended 30 June 2023. The dividend will be paid to shareholders recorded on REL's share register at 5pm on Thursday, 28 September 2023. The dividend will be paid on Wednesday, 11 October 2023. No dividend was paid last year.

During the year two farms were sold, Tatarepo a dairy farm in Southland and the remaining Woodlands block in South Canterbury, generating proceeds of approximately \$10 million. The Group's cash reserves have increased from \$1.714 million at 30 June 2022 to \$11.535 million at 30 June 2023.

REL's Executive Chairman David Cushing commented, "We are pleased with the improvement in operating earnings and the lift in NAV to \$6.68 per share in a declining rural property market with reduced commodity prices and an increase in farm operating costs. This is a satisfactory operating performance and we are pleased to recommence meaningful dividends."

Directors are of the view that the rural property market will continue to be subdued due to lower commodity prices, the Chinese economic slowdown, environmental legislation uncertainty and other economic factors. However, there are some indications Chinese demand for New Zealand dairy products could increase by the end of 2024 assisted by the removal of tariffs early next year. Directors expect dividends from the equity investment portfolio to materially increase in the year ahead to partially offset lower milk prices.

REL is a long-term investor and the Directors are pleased with the quality of its rural property and equity investment portfolio and REL's strong financial position.

Issued by – James Wright, Chief Operating Officer – 06 870 4672