

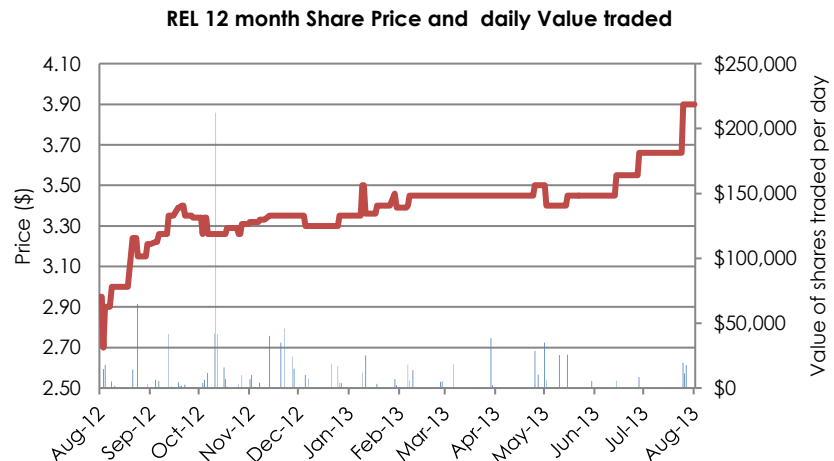
Issuer Profile



Rural Equities Limited



Code	REL
Last Price	\$3.90
Issuer Profile Date	14/08/2013
Market	Unlisted
Listed	Mar-04
Year End	30-Jun
Shares issued	35,839,155
Market Cap	\$139,772,704
Dividend yield (Gross)	1.8%
Website	www.ruralequities.co.nz



Company Overview

Rural Equities Limited (REL) is a company which primarily invests in and manages rural property for long term capital growth and income.

REL through its 100% owned subsidiary, the New Zealand Rural Property Trust, owns a diverse portfolio of 26 high quality rural properties spread throughout New Zealand. Seventeen of the farms are leased and nine are directly managed with six of them being dairy farms. On the dairy farms approximately 3,750 cows are milked in conjunction with 50/50 sharemilkers. REL also owns an 11% stake in ASX listed agricultural company, Tandou Limited.

REL has approximately 1,050 shareholders and its head office is in Hastings, Hawke's Bay.

Financial Summary (NZ\$000's)

Financial Performance

	30-Jun-08	30-Jun-09	30-Jun-10	30-Jun-11	30-Jun-12
Total Revenue	11,721	13,378	13,146	11,854	10,561
EBITDA	4,134	2,342	4,918	6,682	4,605
EBIT	3,606	1,912	3,939	6,367	4,223
EBIT Margin	30.8%	14.3%	30.0%	53.7%	40.0%
Net Profit/Comprehensive Income	32,392	(21,505)	(2,517)	3,257	15,757

Financial Position

Current Assets (ex cash)	1,842	4,132	1,334	4,223	16,086
Current Liabilities (ex debt)	(1,514)	(1,409)	(1,238)	(1,661)	(5,279)
Net Working Capital	328	2,723	96	2,562	10,807
Non-Current Assets	232,811	197,657	187,963	188,516	185,394
Non-Current Liabilities (ex debt)	(657)	(66)	(815)	(2,004)	(1,614)
Total Net Assets (ex cash/debt)	232,482	200,314	187,244	189,074	194,587

Overdraft/(Cash)	(326)	(42)	43	(34)	(116)
Debt	29,545	32,045	23,700	22,350	27,400
Net Debt	29,219	32,003	23,743	22,316	27,284
Shareholder Funds	203,263	168,311	163,501	166,758	167,303
Total Capital Employed	232,482	200,314	187,244	189,074	194,587

Total Assets (incl cash)	234,979	201,831	189,254	192,773	201,596
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Cash Flows

Operating Cash Flows	1,706	(2,682)	5,188	3,936	3,384
Investing Cash Flows	(11,592)	2,885	3,764	(2,509)	3,590
Financing Cash Flows	10,165	(487)	(9,037)	(1,350)	(6,892)
Net Increase/(Decrease) in Cash	279	(284)	(85)	77	82

Disclaimer

The information contained in this Issuer Profile has been prepared by Armillary Private Capital ('Armillary'), on behalf of Efficient Market Services Limited ('Unlisted'). While the intention is to provide accurate information based on historical performance and market information, Armillary and Unlisted accept no liability for any errors or inaccuracies in this Issuer Profile. The reader is advised to perform their own research to confirm the accuracy of the information contained in this Issuer Profile before relying on it for any investment decision making. This Issuer Profile has been prepared as a 'class service' as defined by the Financial Advisers Act and is general in nature.

Analysis

	30-Jun-08	30-Jun-09	30-Jun-10	30-Jun-11	30-Jun-12
Investment Performance					
Closing Share Price (\$)	3.05	2.50	2.88	3.00	3.00
Annual Total Return (including net dividends)	8.9%	(18.0%)	17.4%	4.2%	1.7%
A Profitability (EBIT/Revenue)	30.8%	14.3%	30.0%	53.7%	40.0%
B Activity (Rev/Average Total Net Assets)	0.06	0.06	0.07	0.06	0.06
Return on Capital Employed (A x B)	1.7%	0.9%	2.0%	3.4%	2.2%
Return on Equity (NPAT/Average Shareholders Funds)	18.2%	(11.6%)	(1.5%)	2.0%	9.4%
Shares on Issue at year end (m)	26.7	26.7	42.2	42.2	38.4
Reported Net Profit/Comprehensive Income (\$m)	32.4	(21.5)	(2.5)	3.3	15.8
Payout Ratio	-	-	-	-	12.6%
Net Dividend Yield	-	-	1.9%	-	1.7%
Imputation Credits	-	-	100.0%	-	100.0%
Gross Dividend Yield	-	-	2.7%	-	2.3%
Per Share (cents)					
EBITDA	15.5	8.8	11.7	15.8	12.0
EPS - Basic	130.4	(80.6)	(7.0)	7.7	39.6
EPS - Diluted	130.4	(80.6)	(7.0)	7.7	39.6
Net Dividend	-	-	5.5	-	5.0
Net Tangible Assets	761.7	630.7	387.7	395.5	435.6
Cash Flow from Operations	6.4	(10.1)	12.3	9.3	8.8
Valuation (as at year end)					
Trailing P/E (multiple)	2.3	nm	nm	38.8	7.6
Market Value (\$m)	81.4	66.7	121.4	126.5	115.2
Net (Cash)/Debt (\$m)	29.2	32.0	23.7	22.3	27.3
Enterprise Value 'EV' (\$m)	110.6	98.7	145.2	148.8	142.5
EV/EBITDA (multiple)	26.8	42.2	29.5	22.3	30.9
Price/Net Tangible Assets (multiple)	0.4	0.4	0.7	0.8	0.7
Operating Ratios					
EBIT Margin	30.8%	14.3%	30.0%	53.7%	40.0%
NPAT Margin	276.4%	(160.7%)	(19.1%)	27.5%	149.2%
Net Capex to Sales	8.6%	8.3%	(28.6%)	21.2%	(34.0%)
Annual Growth Rates					
Revenue	44.7%	14.1%	(1.7%)	(9.8%)	(10.9%)
EBITDA	55.2%	(43.3%)	110.0%	35.9%	(31.1%)
NPAT	1089.1%	(166.4%)	88.3%	229.4%	383.8%
Net Assets	27.0%	(13.8%)	(6.5%)	1.0%	2.9%
Equity	33.8%	(17.2%)	(2.9%)	2.0%	0.3%
Capital Structure					
Equity to Total Assets	86.5%	83.4%	86.4%	86.5%	83.0%
Net Debt/(Net Debt+Equity)	12.6%	16.0%	12.7%	11.8%	14.0%
Net Debt to Equity	14.4%	19.0%	14.5%	13.4%	16.3%
Interest Cover (multiple)	1.3	0.6	3.2	5.3	3.3

Directors	Position	Appointed
David Cushing	Executive Chairman	19-Jan-04
Rodger Finlay	Deputy Chairman	13-Nov-08
Sir Ronald Carter	Director	30-Nov-04
Sir Selwyn Cushing	Director	19-Jan-04
Andrew Train	Director	28-Apr-09

Top Ten Shareholders *	Shares	Ownership
H&G Limited	21,092,762	58.85%
RotoruaTrust Perpetual Capital Fund Limited	1,515,677	4.23%
R G H Holdings Limited	917,293	2.56%
W Greenwood, I Robertson and A Mansell	593,544	1.66%
F Mayell and D Young	500,000	1.40%
B Martin	394,127	1.10%
Seqjay Securities Limited	313,625	0.88%
New Zealand Methodist Trust Association	300,000	0.84%
BD & SJ Cushing (KD Cushing Family Trust)	263,160	0.73%
Makowai Farm Limited	208,966	0.58%
Total	26,099,154	72.82%

* As at 14 August 2013