

24 January 2008

RURAL EQUITIES LIMITED PROPOSED SHARE TRANSACTION

The Directors of Rural Equities Limited (“REL”) have been advised of a conditional contract for the sale and purchase of 1,371,324 REL shares between New Zealand Permanent Trustees Limited on behalf of the REL – Pacific Equity Trust and the vendor St Laurence Property & Finance Limited. The price is \$2.85 per share. 1,371,324 shares represent 5.14% of the REL shares on issue.

The REL – Pacific Equity Trust is a Trust that was established by REL in 2006 and is managed by REL’s subsidiary, REL – Trust Management Limited.

Due to related party associations the REL – Pacific Equity Trust is deemed to be an associate of H&G Limited for the purposes of the Takeovers Code (“Code”). H&G Limited and other entities associated with the Cushing Family collectively own 60.17% of REL’s shares. A transaction that would result in an associate of the Cushing Family increasing their voting control in REL is only permitted under the Code if it is approved by an ordinary resolution of the shareholders of REL. St Laurence Property & Finance Limited, REL-Pacific Equity Trust and their associates under the Code (including H&G Limited and other entities associated with the Cushing Family) would not be permitted to vote on the resolution.

In accordance with established Code procedures, the directors of REL have appointed Roger Bonifant as the independent director for the purpose of considering the transaction and administering the Code processes. An independent adviser will be appointed to prepare a report on the merits of the proposed transaction. This process is now underway and it is anticipated that a meeting of REL shareholders will be held in March 2008 to consider a resolution approving the transaction.

Issued by: James Wright, Chief Operating Officer, Rural Equities Limited
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