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RURAL EQUITIES LIMITED INVESTS IN AUSTRALIA

Rural Equities Limited (“REL”) announces that it has acquired an 11% stake in Australian agricultural company Tandou Limited (“Tandou”). Tandou was established in 1972 and has been listed on the Australian Stock Exchange for over 25 years.

Tandou owns one of Australia’s most significant agricultural land holdings and a substantial portfolio of both high and general security water rights. Tandou’s land holdings cover approximately 133,000 hectares in New South Wales - 127,000 hectares near Menindee and 6,000 hectares near Hay. More than 15,000 hectares are irrigated.

Tandou is one of the largest producers of cotton and cereal crops in the Australian market. It is also one of the largest organic lamb producers in Australia with 18,000 Dorper breeding ewes.

Tandou has recently announced an improvement in forecast earnings for the year ending 30 June 2013 with a projected EBIT of A\$8.7 – A\$9.5 million (2012 A\$8.5 million). As at 30 June 2012, based on the market value of water rights and rural property, the net asset value was A\$0.67 per share.

The 11% parcel has been acquired at an average price of just over A\$0.43 per share for a total cost of approximately NZ\$7,900,000. The REL Directors (excluding those directly associated with H&G Limited) approved the Tandou share purchase. Additionally, REL’s parent H&G Limited owns 6.5% of Tandou through its subsidiary Ashfield Farm Limited. The combined stake is 17.5%.

The REL Directors believe that the prospects for quality Australian agricultural assets are sound. Population growth, combined with increasing affluence in developing countries, should lead to increasing global demand for agricultural products. Additionally, irrigation will underpin future growth in agricultural production.

REL Executive Chairman David Cushing commented “REL is pleased to secure a cornerstone shareholding in Tandou. We intend to be a long term shareholder in the Company. The investment allows REL to further diversify its agricultural portfolio.”

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

About REL:

- *REL is a long term investor in rural property for capital gain and income.*
- *REL owns a diversified portfolio of 26 high quality rural properties spread throughout New Zealand and has total assets in excess of NZ\$190 million.*
- *Nine of the properties are directly managed with six of these being dairy farms. The remaining properties are leased, predominantly to farmers with other farming interests.*
- *REL also owns an 11% stake in Australian agricultural company Tandou Limited.*