

6 November 2007

RURAL EQUITIES LIMITED RIGHTS ISSUE

The Directors of Rural Equities Limited ("REL") intend to make a rights issue to persons who are REL shareholders as at 5pm on 7 December 2007 (the Record Date). The terms of the issue are the right to acquire one share for every five held (on the Record Date) at a price of \$2.75 per share.

The rights issue will be non-renounceable and will not be underwritten – although any shares not taken up under the rights issue may be placed by the REL Directors (in accordance with REL's constitution) with existing shareholders or other parties on the same terms and conditions as the rights issue.

The proceeds of the rights issue, \$12,230,000 (assuming it is fully subscribed), will be used to reduce REL's bank facility which has recently been extended as a result of the acquisition of further units in the New Zealand Rural Property Trust.

It is the intention of the Directors that the combined Investment Statement and Short Form Prospectus with respect to the rights issue will, once registered, be sent to shareholders before the end of November 2007 with the offer opening on 10 December 2007 and closing on 21 December 2007.

The purpose of this announcement is to ensure that shareholders of REL are well informed in respect of the intended rights issue and the proposed timing of the intended rights issue. No money is currently being sought and no applications for securities will be accepted or money received unless the subscriber is a REL shareholder at the Record Date and has received the combined Investment Statement and Short Form Prospectus.

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