

20 May 2004

Market and Media Announcement

RURAL EQUITIES LIMITED

IMPORTANT NEW DEVELOPMENT

Rural Equities Limited (REL) has today received a takeover notice from St Laurence Property & Finance Limited (St Laurence) advising that St Laurence intends to make an offer to purchase 100% of the shares in REL by means of a full takeover offer pursuant to the Takeovers Code.

The notice states that the offer will be for the total 14,825,260 REL shares on issue at \$1.50 per share, payable in cash. The offer is conditional upon, amongst other things, St Laurence receiving acceptance in respect of 90% of the REL shares on issue. St Laurence has reserved the right to waive the 90% acceptance condition. The Takeovers Code will not permit St Laurence to accept shares that will result in St Laurence owning less than 50.1% of the REL shares on issue.

As Shareholders have previously been advised, a partial offer from H&G Limited (H&G) for 2,303,551 shares at \$1.25 was received by REL on 30 April 2004. The offer was for sufficient shares to enable H&G and its Associates to hold 50.1% of REL's shares.

The Committee of Independent Directors (Roger Bonifant, Murray Gough and Gerald Weenink) has now been appointed to act in respect of both the H&G offer and the St Laurence offer. Further correspondence, in accordance with the Takeovers Code in respect of each offer, will be sent to shareholders in due course.

Issued by : James Wright, Company Secretary, Rural Equities Limited
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