

DIVERSIFIED UNITED INVESTMENT LIMITED

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24 March 2006

Announcement to The Australian Stock Exchange 1 for 5 Renounceable Rights Issue

The Company advises that Directors have resolved to make a renounceable rights issue of approximately 20,443,000 fully paid ordinary shares in Diversified United Investment Ltd ("DUI"), offered to existing shareholders on a one for five basis at a price of \$2.70 per New Share. The Issue is intended to raise approximately \$55,087,000. A prospectus will today be lodged with the Australian Securities and Investments Commission.

The Directors see advantages in the Company raising additional funds in order to provide shareholders with the opportunity to commit further funds, to increase liquidity in the trading of shares in DUI and to provide additional funds to invest in new opportunities or reduce DUI's borrowings without having to sell long term investments.

The issue price of \$2.70 represents a discount of 18% on the latest available market sale price of Existing Shares on the ASX of \$3.30 on 23 March 2006. The net tangible asset backing per share at 28 February was \$3.33 or \$2.74 after allowing for estimated tax on unrealised portfolio gains.

The New Shares will not rank for any dividends in respect of the financial year to 30 June 2006. The New Shares will rank for dividends paid after the 2006 final dividend. Therefore the first dividend receivable on the New Shares will be the interim dividend for 2006/07, expected to be paid in April 2007. The New Shares will otherwise rank equally with Existing Shares.

The Issue is not underwritten.

Proceeds of the Issue will be invested over time on the basis of DUI's investment philosophy which seeks to provide current income for shareholders together with longer term capital appreciation within an acceptable level of risk.

The Directors' present intention is to continue the practice of paying out on an annualised basis dividends (including any Listed Investment Company capital gain component) which represent a reasonably high proportion of underlying earnings per share.

The record date for the Issue will be 13 April 2006, and accordingly valid transfers lodged before 5.00pm AEST on that day will be registered for the purpose of determining entitlements to the New Shares. Shares issued under the Company's Dividend Reinvestment Plan for the interim dividend to be paid on 12 April 2006 will rank for participation in the Issue.

A J Hancock
Company Secretary