H & G Limited

23 June 2004

NOTICE OF VARIATION TO TAKEOVER OFFER FROM H&G LIMITED TO INCREASE THE PURCHASE PRICE FROM $1.50 TO $1.60 PER REL SHARE

Dear Shareholder

On 25 May H & G Limited (H&G) sent to you an offer document offering to acquire 2,303,551 shares in Rural Equities (REL), being sufficient shares for H&G and certain of its associates to hold 50.1% of REL's shares (Offer). H&G has varied the Offer by increasing the purchase price to $1.50 per REL share and extending the closing date until 5.00 pm on Thursday 8 July 2004.

H&G now wishes to advise that the Offer is varied in accordance with Rule 27(a) of the Takeovers Code by increasing the consideration offered for each REL share from $1.50 to $1.60. All REL shareholders who have already accepted the Offer or who accept the Offer, and whose REL shares are taken up by H&G under the Offer, will now receive $1.60 per REL share under the Offer.

If you wish to sell your REL shares, I strongly recommend that you accept the Offer from H&G (by completing, signing and returning both the blue acceptance form and the yellow approval form).

Many shareholders in REL, like H&G, have decided to retain their REL shares as a long term investment. H&G is of the view that REL is a quality company with much potential.

The vast majority of REL shareholders obtained their REL shares by holding Williams & Kettle Limited (W&K) shares. The REL shares were distributed to W&K shareholders pursuant to a court ordered scheme of arrangement. As you know, H&G has been the cornerstone shareholder in W&K for many years. Over the last five or so years W&K shares have increased in value significantly. H&G has played a major role in this performance – we have a proven track record in the rural sector.

If you wish to retain your REL shares and support H&G being a cornerstone shareholder of REL, I strongly urge you to complete, sign and return the yellow form approving the making of the Offer.

We thank you for your support.

Yours sincerely

David Cushing
Director
H&G Limited