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1 June 2007

To the Shareholders of Rural Equities Limited

H&G LIMITED PARTIAL TAKEOVER OFFER

We refer to our letter to shareholders dated 15 May 2007.

In that letter we provided a summary of the terms of the partial takeover offer made by H&G Limited (H&G) and outlined the process that would be followed in respect of the offer, including the establishment of a committee of independent directors, appointment of KPMG as independent advisers to provide a report on the merits of the offer, and the schedule for dispatch of the takeover documents to the shareholders.

We indicated our intention to send the Target Company Statement to shareholders together with the H&G offer. This will now not be the case. The H&G offer document was posted to shareholders separately on 1 June 2007. You should have already received that document. Rural Equities Limited will send the Target Company Statement which will include the independent directors' advice no later than Friday 15 June 2007 - it is our current intention to send it to you earlier that week.

We advise shareholders not to do anything in respect of the offer until you have received the Target Company Statement. This will be provided to you in sufficient time for you to consider fully whether or not to accept the H&G offer before its closing date which is currently 3 July 2007.

Roger Bonifant
**CHAIRMAN OF THE COMMITTEE
OF INDEPENDENT DIRECTORS**