

H&G Limited

8 June 2004

Dear Shareholder

NOTICE OF VARIATION TO TAKEOVER OFFER FROM H&G LIMITED

On 25 May 2004 H&G Limited (H&G) sent to you an offer document offering to acquire 2,303,551 shares in Rural Equities Limited (REL), being sufficient shares for H&G and certain of its associates to hold 50.1% of REL's shares, at a purchase price of \$1.25 (Offer).

H&G Limited now wishes to advise that the Offer is varied by extending the last date by which acceptances must be received (ie. the closing date) to 5.00pm on Thursday 8 July 2004.

Shareholders will be aware that St Laurence Equities Limited (St Laurence) gave notice to REL that it intended to make an offer for all the shares in REL, at a price of \$1.50 per share. Under the terms of the Takeovers Code, that offer had to be conditional upon St Laurence receiving acceptances in respect of more than 50% of REL's shares. St Laurence has now announced that it is not to proceed with that offer. St Laurence has written to REL shareholders asking shareholders to offer to sell to St Laurence their REL shares at \$1.50 per share. St Laurence need not accept this offer and may accept offers on any other basis.

H&G is currently considering its Offer with its advisers, including the Offer price of \$1.25 per REL share, to determine whether or not to increase the Offer price. The Board of Directors of H&G are to meet on Friday 18 June and an announcement will be made after that meeting of any variation to the Offer, including any variation to the Offer price.

Shareholders of REL should therefore wait until that announcement before deciding to whom to sell their REL shares. However, all REL shareholders who accept the Offer and whose REL shares are taken up by H&G under the Offer, will receive any increase in the Offer price irrespective of when they accepted the Offer, should the Offer price be increased.

As I mentioned in my previous letter, even if you do not wish to accept the Offer, all shareholders are asked to please complete and return the approval form approving the making of the Offer.

Yours sincerely

David Cushing
Director
H&G Limited