

## H&G Limited

18 June 2004

Dear Shareholder

### **NOTICE OF VARIATION TO TAKEOVER OFFER FROM H&G LIMITED TO INCREASE THE PURCHASE PRICE FROM \$1.25 TO \$1.50 PER REL SHARE**

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 varied the Offer on 8 June 2004 extending the closing date until 5.00 pm on Thursday 8 July 2004.

H&G Limited 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 \$1.25 to \$1.50. The purchase price now represents a 42.8% premium over the share price of REL before H&G announced its intention to make this Offer.

The purchase price is also in excess of the Deloitte Corporate Finance valuation range of \$1.21 to \$1.46 for 50.1% of REL. Please note no brokerage is payable by shareholders.

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 \$1.50 per REL share. There is no need for any REL shareholder who has already accepted the Offer to resubmit their acceptance.

All other terms of the Offer, including the revised closing date of 5.00pm on 8 July 2004, remain as set out in the Offer document.

Shareholders will be aware that St Laurence Equities Limited (St Laurence) is not proceeding with its offer for all the shares in REL. St Laurence has instead written to REL shareholders asking shareholders to offer to sell to St Laurence their REL shares. St Laurence need not accept this offer, can withdraw this offer at any time without the approval of the Takeovers Panel and may accept offers on any other basis. This does not give REL shareholders any certainty unlike the H&G Offer which can only be withdrawn with the approval of the Takeover Panel.

Having increased the purchase price, I strongly recommend that shareholders accept the Offer from H&G (by completing, signing and returning both the blue acceptance form and the yellow approval form). Even if you do not wish to accept H&G's Offer, I strongly urge you to complete, sign and return the yellow form approving the making of the Offer. If you need another blue or yellow form please ring Andrew Mather at Computershare on (09) 4888700.

Yours sincerely

David Cushing  
*Director*  
H&G Limited