



NOTICE OF SPECIAL MEETING

Notice is hereby given that a special meeting of shareholders of Rural Equities Limited ("the Company") will be held at The George Hotel, 50 Park Terrace, Christchurch, at 11.00am on Friday, 28 March 2008.

Introduction

The business of the special meeting will be to consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

"The agreement for sale and purchase of shares in Rural Equities Limited dated 23 January 2008 relating to the acquisition by New Zealand Permanent Trustee Limited as trustee of the REL-Pacific Equity Trust of 1,371,184 shares in the Company and the transactions contemplated by such agreement are approved, as an exception to Rule 6 of the Takeovers Code pursuant to Rule 7(c) of the Takeovers Code."

NOTES

1 Voting

The Takeovers Code prohibits those persons acquiring and disposing of the shares and their associates from voting on the resolution. This means that the following persons will not be voting on the resolution:

- (a) St Laurences Property & Finance Limited;
- (b) REL-Pacific Equity Trust (which currently does not hold shares in the Company); and
- (c) the entities listed in the table in paragraph 6 of the Explanatory Note overleaf.

This excludes from voting, 66.74% of the total voting securities in the Company.

2 Quorum

A quorum for a meeting of shareholders is present if five or more shareholders or representatives of shareholders are present or if shareholders or representatives of shareholders who between them hold 5% or more of the shares in the Company that carry voting rights are present, in each case being shareholders entitled to vote at the meeting.

3 Proxies

A proxy form accompanies this Notice of Meeting. A shareholder entitled to vote at the meeting but who cannot attend is entitled to appoint a proxy to attend the meeting and vote on their behalf. A proxy need not be a shareholder in the Company.

To be valid, a completed proxy form (and any certificate of appointment of a corporate representative or power of attorney – refer to the notes on the proxy form) must be deposited at the registered office of the Company or the offices of Computershare no later than 11.00am on 26 March 2008.

4 Eligibility to vote

Any shareholder whose name was recorded in the Company's share register at 11.00am on 26 March 2008 is entitled to attend the meeting and vote on the resolutions either in person or by proxy (subject to Note 1).

5 Ordinary resolution

The resolution to be considered at the special meeting is an ordinary resolution which requires a simple majority of the votes of those shareholders entitled to vote and voting on that motion.

James Wright
CHIEF OPERATING OFFICER
10 March 2008

Explanatory Note***Reason for Shareholders' resolution***

- 1 On 23 January 2008 St Laurence Property & Finance Limited (St Laurence) entered into a conditional agreement for sale and purchase with New Zealand Permanent Trustees Limited as trustee of the REL-Pacific Equity Trust (REL-PET) and REL-Trust Management Limited (as the manager of REL-PET) under which St Laurence agreed to sell the 1,371,184 shares that it holds in the Company to REL-PET (the Agreement).
- 2 The Agreement is conditional upon the shareholders of the Company approving the transactions contemplated by the Agreement by ordinary resolution pursuant to Rule 7(c) of the Takeovers Code by 31 March 2008.
- 3 Under Rule 6 of the Takeovers Code, a person who holds or controls no voting rights, or less than 20% of the voting rights in a code company may not become the holder or controller of an increased percentage of the voting rights in the code company unless after the event, that person and the person's associates hold or control not more than 20% of the voting rights in the code company, except as provided in Rule 7. Rule 7(c) permits the 20% threshold to be crossed if the acquisition has first been approved by an ordinary resolution of shareholders entitled to vote in accordance with the requirements of the Takeovers Code.
- 4 The Company is a code company for the purposes of the Takeovers Code. While REL-PET does not currently hold any shares in the Company, REL-PET is an associate of H&G Limited and other Cushing interests for the purposes of the Takeovers Code. H&G Limited, which is a Cushing family holding company, holds 50.83% of the shares in the Company and other entities generally associated with the Cushing family hold an additional 9.27% of the shares in the Company.
- 5 In addition, Brian Martin (a director of the Company) is a director of and not a beneficial shareholder in, H&G Limited, and is associated with some other entities associated with the Cushing interests set out in the table below. Consequently, Brian Martin is an associate for the purposes of REL-PET (as defined in the Takeovers Code). Brian Martin is also an associate of Datastore Systems (NZ) Limited and Suesyd Enterprises Limited.
- 6 The entities which are generally associated with the Cushing interests and/or are associates of REL-PET for the purposes of the Company (as defined in the Takeovers Code) and those entities current shareholding in the Company are set out in the table below. The entities listed in the table below are all Cushing interest entities or their associates. These entities are associates of REL-PET because REL-Trust Management Limited is the manager of REL-PET with Sir Selwyn Cushing and David Cushing as directors of that company, and REL-Trust Management Limited being a wholly owned subsidiary of the Company, which in turn is majority owned by H & G Limited and other associates of the Cushings. These persons will not be voting on the resolution.

Name of Associate	Number of Shares held
H & G Limited	13,563,682
Sir Selwyn Cushing	366,977
David Cushing	644,307
Brian Martin and Sir Selwyn Cushing (Graham Cushing Settlement Trust)	166,752
Brian Martin, Paul Clothier and David Cushing (Ashfield Trust)	85,673
Selba Holdings Limited – A/c 50 (K D Cushing Family Trust)	263,160
Ashfield Farm Limited	82,347
Ashfield Properties Limited	178,560
Fairway Finance Limited	62,100
Makowai Farm Limited	208,966
Seajay Securities Limited	313,625
Ben Cushing	101,823
Brian Martin	375,444
Datastore Systems (NZ) Limited	5,588
Suesyd Enterprises Limited	18,900

- 7 The acquisition of the 1,371,184 shares by REL-PET would result in REL-PET, and the entities listed in paragraph 6 above holding or controlling 66.74% of the shares in the Company.
- 8 Shareholders' approval is therefore required pursuant to Rule 7(c) of the Takeovers Code to the acquisition by REL-PET from St Laurence under the Agreement. Consequently, at the special meeting shareholders are being asked to approve the Agreement and the transactions contemplated by the Agreement.
- 9 The acquisition, if approved, will be permitted under Rule 7(c) of the Takeovers Code as an exception to Rule 6 of the Takeovers Code.

About REL-PET

- 10 REL-PET is a trust established in July 2006. It is a unit trust pursuant to the Unit Trusts Act with New Zealand Permanent Trustees Limited as the trustee and REL-Trust Management Limited as the manager. REL-Trust Management Limited is a wholly owned subsidiary of the Company. The directors of REL-Trust Management Limited are Sir Ronald Carter, Sir Selwyn Cushing, David Cushing, Murray Gough. James Wright is also an alternate director for Sir Selwyn Cushing. Authorised investments include any real or personal property. Cushing interests hold 6,175,000 units in REL-PET out of a total of 19,000,000. In addition, the Company itself holds 4,000,000 units and Brian Martin holds 1,000,000 units. The remaining 7,825,000 units are held by 14 other unitholders. Under the terms of the Trust Deed for REL-PET, any exercise of voting rights of the Company's shares held by REL-PET, if this transaction is approved (5.14% of the ordinary shares on issue) must be exercised in the best interests of all unitholders in REL-PET.

Terms of the Agreement

- 11 Under the Agreement, REL-PET has agreed to purchase the 1,371,184 shares that St Laurence holds in the Company for a price of \$2.85 per share. 1,371,184 shares represent 5.14% of the shares on issue in the Company.
- 12 The Agreement contains usual terms that are included in agreements for sale and purchase of shares.

Position if approval is not obtained

- 13 If shareholders' approval to the transactions contemplated by the Agreement is not obtained by 31 March 2008, then either St Laurence or REL-PET may cancel the Agreement, and St Laurence could look to other means to dispose of their residual shareholding in the Company.

Independent Adviser's Report

- 14 Shareholders are referred to the Independent Adviser's Report accompanying this Notice (as required under the Takeovers Code) prepared by Deloitte which contains further information on the transactions and reports on the merits of the transaction.

Takeovers Code disclosure requirements

- 15 The Appendix to this notice of meeting (overleaf) sets out the specific disclosures required by Rules 15 and 19 of the Takeovers Code in respect of the acquisition of securities by REL-PET from St Laurence.

APPENDIX

DISCLOSURES REQUIRED PURSUANT TO RULE 15 OF THE TAKEOVERS CODE IN RESPECT OF THE RESOLUTION

The following information is required pursuant to Rule 15 of the Takeovers Code in respect of the resolution. The subparagraphs below correspond to the subparagraphs in Rule 15.

(a) Identity of the person acquiring and disposing of the voting securities

The seller of the shares is St Laurence Property and Finance Limited. New Zealand Permanent Trustees Limited, as trustee of the REL-Pacific Equity Trust, is the purchaser of the shares.

(b) Particulars of the voting securities to be acquired

- (i) The number of shares being acquired is 1,371,184 shares.
- (ii) 1,371,184 shares represent 5.14% of the shares on issue in the Company.
- (iii) New Zealand Permanent Trustees Limited, as trustee of the REL-Pacific Equity Trust, does not currently hold or control any securities in the Company. Consequently, New Zealand Permanent Trustees Limited, as trustee of the REL-Pacific Equity Trust, will, after completion of the acquisition, hold or control 5.14% of the shares on issue in the Company. REL-Trust Management Limited as manager of the REL-Pacific Equity Trust will control the voting rights attaching to the Company's shares held by the REL-Pacific Equity Trust. Under the terms of the trust deed REL-Trust Management Limited must exercise these voting rights in the interests of all unitholders.
- (iv) The aggregate of the percentages of all voting securities that will be held or controlled by the REL-Pacific Equity Trust and by the REL-Pacific Equity Trust's associates after completion of the acquisition is 66.74%.

(c) If the voting securities being acquired are voting securities for a body corporate other than the Code Company

- (i) the number of voting securities in the code company that are held or controlled by that body corporate; and
- (ii) the percentage of the total voting securities of the code company that that number represents

The voting securities being acquired are voting securities of the Company, a code company.

(d) The consideration for the acquisition or the manner in which the consideration will be determined and when the consideration will be payable

The total consideration is \$3,907,874.40, being \$2.85 per share which is payable in full on the settlement date under the Agreement. The settlement date under the Agreement is the 5th business day after the date that shareholders' approval by ordinary resolution to the Agreement and the transactions contemplated by the Agreement is obtained.

(e) The reason for the transaction

St Laurence Property and Finance Limited wishes to sell the remaining 1,371,184 shares that it holds in the Company, it having sold a larger parcel at the end of last year. REL-Trust Management Limited, as manager of the REL-Pacific Equity Trust, wishes the REL-Pacific Equity Trust to acquire such shares as an investment to be added to its portfolio of equity investments. The parties have entered into a conditional agreement for sale and purchase in respect of such shares.

A detailed explanation of the commercial reasons for each party entering into the agreement for sale and purchase is contained in the Independent Adviser's Report accompanying this notice of meeting.

(f) A statement to the effect that the acquisition, if approved, will be permitted under Rule 7 of the Takeovers Code as an exception to Rule 6 of the Takeovers Code

The acquisition, if approved, will be permitted under Rule 7(c) of the Takeovers Code as an exception to Rule 6 of the Takeovers Code.

(g) A statement by the person acquiring the voting securities setting out particulars of any agreement or arrangement (whether or not legally enforceable) that has been, or is intended to be, entered into between the person and any other person (other than between that person and the person disposing of the voting securities in respect of the matters set out in paragraphs (a) to (e) in relation to the acquisition, holding or control of the voting securities to be acquired, or to the exercise of voting rights in the code company

New Zealand Permanent Trustees Limited, as trustee of the REL-Pacific Equity Trust has confirmed, in accordance with Rule 15(g) of the Takeovers Code, that it has not entered, nor does it intend to enter, into any arrangement or agreement (other than the Agreement that it has entered into with St Laurence referred to in this notice of meeting), relating to the acquisition, holding or control of the voting securities to be acquired, or to the exercising of the voting rights in the Company. Furthermore, the manager of the REL-Pacific Equity Trust under the terms of the trust deed must exercise the voting rights on any shares acquired in the best interests of all unitholders in the REL-Pacific Equity Trust.

(h) The report from an Independent Adviser that complies with Rule 18

An Independent Adviser's Report prepared by Deloitte that complies with Rule 18 of the Takeovers Code accompanies this notice of meeting.

(i) A statement by the directors of the code company referred to in Rule 19

Roger Bonifant, the Independent Director of the Company, recommends shareholders vote in favour of the resolution. He considers the indirect increase of the Cushing investment in the Company to be positive, and is unconcerned about the increase in voting control of the Cushings and their associates from 61.6% to 66.74%, as they already have effective control. He notes that company law provides some protection for minority shareholders with respect to the passing of special resolutions. Roger Bonifant proposes to vote the 20,000 shares in respect of which he controls the voting rights, in favour of the resolution.

Sir Selwyn Cushing, Sir Ronald Carter, David Cushing, Murray Gough and Brian Martin make no recommendation in respect of the resolution, as they are either associates of the Cushing interests or directors of REL-Trust Management Limited, the manager of the REL-Pacific Equity Trust. In these circumstances they consider it appropriate not to make a recommendation, and for shareholders to form their own opinions after reviewing the information in and accompanying the notice of meeting including the Independent Adviser's Report.