

15 March 2013



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Dear Shareholder

SHARE BUYBACK IN RURAL EQUITIES LIMITED (REL)
AT \$3.55 PER SHARE

We enclose an offer to REL shareholders to repurchase up to 2,200,000 REL shares at \$3.55 per share (*the Offer*).

On 25 February 2013 we wrote to you advising of REL's intention to make the Offer and enclosed a Share Repurchase Disclosure Document that set out the key terms of the proposed Offer as is required by Section 60(1)(b)(ii) of the Companies Act 1993.

Given that REL shares trade infrequently on the Unlisted market, the Directors of REL consider that the Offer will provide shareholders who are contemplating exiting their investment in REL, a convenient and efficient mechanism to realise their holding at \$3.55 per share with no brokerage or other transactional costs being incurred.

The Offer price of \$3.55 is greater than the highest price that REL shares have ever traded for on the Unlisted market. The weighted average price on the Unlisted market for REL shares during the month prior to the announcement of the intention to make the Offer was \$3.41. The Offer price is also at a significant premium to the repurchases completed by REL from institutional investors over the past 18 months.

Please read the Terms of the Offer which are set out in full on the reverse of the Acceptance Form.

You will be able to accept the Offer for all or part of your REL shareholding – however if you do accept the Offer you must accept for a minimum of 15% of the shares that you hold. The terms of the Offer are such that the proceeds of any repurchase should be a non-taxable return of capital, unless the shares are held on revenue account. Shareholders should, however, seek their own taxation and financial advice.


If the Offer is oversubscribed, the Directors will, at their absolute discretion, elect the criteria for scaling acceptances. Preference will be given to small shareholders who would otherwise, as a consequence of scaling, hold less than REL's minimum shareholding requirement of 1,000 shares.

Participation in the Offer is entirely voluntary – there is no compulsion for any shareholder to accept the Offer.

Should you wish to accept the offer please complete the enclosed Acceptance Form and return it with your share certificate(s) in the enclosed pre-paid envelope. If you cannot find your share certificate(s) or if it has (they have) been destroyed, upon returning the signed Acceptance Form, you will be deemed to have given the declaration of loss and indemnity set out under the heading Share Certificates.

Completed Acceptance Forms must be received by Computershare Investor Services Limited no later than 2.00 pm on Friday 12 April 2013. If you intend to accept the Offer we recommend that you return your Acceptance Form early to avoid any postal delays.

If you have any questions regarding the Offer please call the REL office.

A handwritten signature in black ink, appearing to read 'David Cushing', written in a cursive style.

David Cushing
EXECUTIVE CHAIRMAN

ACCEPTANCE FORM FOR SHARE REPURCHASE OFFER



This Acceptance Form constitutes acceptance of an offer by Rural Equities to repurchase from you ordinary shares in Rural Equities Limited (Shares) by way of an off-market non pro-rata share repurchase pursuant to section 60(1)(b)(ii) of the Companies Act 1993 subject to a maximum of 2,200,000 Shares at \$3.55 per Share (the Offer). The Terms of the Offer are set out in full on the reverse of this Acceptance Form.

Completed Acceptance Forms must be received by Computershare Investor Services Limited prior to 2.00pm on 12 April 2013.

1. SHAREHOLDER(S) DETAILS

Holder Number

Current bank account details

To be completed only if we do not have your bank account details or if you wish to have the payment direct credited to a bank account different from the account details already held.

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Bank		Branch			Account Number								Suffix					

(A) Number of Shares held by you as at 5.00pm on 25 February 2013

Tick this box if you wish to accept the Offer for all of your Shares

(B) Total number of Shares for which you wish to accept the Offer if you do not wish to accept for all of your Shares

(must be at least 15% of your shareholding)

Note: (i) If you do not fill in Box (B) then you are accepting the Offer for all of your Shares. If you fill in Box B you are accepting the Offer for that number of Shares, however it must be for a minimum of 15% of your shareholding.

(ii) If you have sold some of your Shares since 25 February 2013 please amend the number of Shares in Box (A) above.

(iii) If the Offer is oversubscribed scaling will occur – refer to section 2.4 of the Terms of the Offer on the reverse of this Acceptance Form.

2 ACCEPTANCE

I/We:

(a) accept the Offer by Rural Equities Limited to repurchase the number of Shares specified above on the Terms of the Offer which are set out in full on the reverse of this Acceptance Form.

(b) represent and warrant that I am/we are:

- (i) the registered holder(s) of the number of Shares which I am/we are agreeing to sell to Rural Equities Limited;
- (ii) have the right and power to sell those Shares to Rural Equities Limited under the Offer; and
- (iii) have not mortgaged, pledged, encumbered, transferred or otherwise dealt with any of those Shares;

3 SHARE CERTIFICATES

(Tick applicable box)

My/our share certificate/s representing at least the number of Shares that I/we wish to accept the Offer for are enclosed with this Acceptance Form.

If my/our certificate/s in respect of the Shares that I/we wish to accept the Offer for is/are not enclosed, I/we declare that I/we believe that the share certificate/s not enclosed have been lost/never received and I/we have made a diligent search in all places in which the said certificate/s would likely to be but I/we have been unable to find it/them. In consideration of the payment of the net proceeds from the repurchase of my/our shareholding I/we indemnify Rural Equities Limited against any costs, loss or damage arising out of my/our failure to produce the share certificate/s not enclosed.

If applicable, following the Offer closing, a new certificate will be issued for any Shares not accepted into the Offer.

4 SIGNATURES

Signatures of shareholder(s)

NOTE: All joint holders and trustees must sign. For a company this Acceptance Form must be signed in accordance with the company's signing protocol. If you are signing as an attorney, please sign the certificate of non-revocation on the reverse of this Acceptance Form.

Date

CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

(The Attorney(s) signing the Acceptance Form must sign the following certificate)

I/We of
(Name of Attorney(s)) (Place and country of residence and occupation of Attorney)

CERTIFY:

1 That by deed dated the day of
(Date) (Month) (Year)

of
(Full name of donor of power of Attorney) (Place and country of residence of donor)

appointed me his/her/its attorney.

2 I/we have executed the acceptance of the Offer printed on this Acceptance Form as Attorney under the powers conferred on me/us by that Power of Attorney.

3 That I/we have not received notice of any event revoking the power of attorney and to the best of my knowledge and belief no such notice has been received by me.

SIGNED at this day of SIGNED by
(Place) (Day) (Month) (Year) Attorney

TERMS OF THE OFFER

15 March 2013

1 INTRODUCTION

Rural Equities Limited (REL) recently sent a Disclosure Document to all of its shareholders advising that the Directors of REL (the Directors) have resolved to undertake a share repurchase pursuant to section 60(1)(b)(ii) of the Companies Act 1993.

This offer document has been sent to all shareholders in REL who are eligible to participate in the share repurchase (the Offer).

2 TERMS OF THE OFFER

2.1 Participation

Every person recorded in REL's share register at 5.00pm on 25 February 2013 (the Record Date) will be eligible to participate in the Offer (Eligible Shareholders). Eligible Shareholders may accept the Offer for all or some of their Shares but must accept the Offer for a minimum of 15% of their shareholding.

Participation in the Offer is entirely voluntary. There is no compulsion for an Eligible Shareholder to accept the Offer.

2.2 Offer period

The Offer opens to all Eligible Shareholders on 18 March 2013. In order to accept the Offer, the Acceptance Form must be received by Computershare Investor Services Limited by 2.00pm on 12 April 2013.

REL reserves the right, in its absolute discretion, to suspend, close or cancel the Offer at any time, or acquire less than the maximum number of Shares specified below.

2.3 Repurchase price

The repurchase price is \$3.55 per Share.

2.4 Limit on aggregate acquisition amount

The maximum number of Shares that can be accepted under the Offer is 2,200,000. If the Offer is oversubscribed, the Directors will, at their absolute discretion, elect the criteria for scaling acceptances, giving preference to small shareholders who would otherwise, as a consequence of scaling, hold less than REL's minimum shareholding requirement of 1,000 Shares.

2.5 Cancellation of Shares

Shares repurchased by REL under the Offer will be cancelled automatically on acquisition and the number of issued Shares in REL will be reduced accordingly.

3 TAXATION IMPLICATIONS

The terms of the Offer are such that the proceeds of any repurchase should be a non-taxable return of capital unless

the Shares are held on revenue account. Shareholders should, however, seek their own taxation and financial advice.

4 ADDITIONAL INFORMATION

4.1 Acceptance Form

To participate in the Offer, an Eligible Shareholder must complete the Acceptance Form and post this to Computershare Investor Services Limited in the prepaid envelope together with the relevant share certificate/s so that it is received prior to 2.00pm on 12 April 2013. If the relevant share certificate/s are not enclosed, by signing the Acceptance Form you will be deemed to have given the declaration of loss and indemnity set out under the heading Share Certificates on the Acceptance Form.

An Eligible Shareholder who completes and lodges an Acceptance Form is, by doing so:

- agreeing to sell to REL under the Offer the Shares held by that Eligible Shareholder (as shown on the Acceptance Form which must at a minimum represent 15% of the Eligible Shareholder's Shares); and
- representing and warranting that that Eligible Shareholder is the holder of each Share it is agreeing to sell to REL under the Offer and has the right and power to sell those Shares, free of encumbrances, to REL.

REL reserves the right to reject any Acceptance Form received by it for any reason.

4.2 Processing of Acceptance Forms and payment of Offer proceeds

REL will process valid Acceptance Forms on or around 15 April 2013.

Subject to the maximum share repurchase limit of 2,200,000 Shares and any scaling of the Offer, and also subject to REL's discretion to cancel, suspend, or close the Offer and share repurchase, or to reduce the number of Shares to be repurchased under the Offer, at any time, REL will repurchase the Shares under the Offer. REL will pay the repurchase price for the Shares bought back on or about 22 April 2013 to the bank account detailed on the Acceptance Form. If no bank account details are held then payment will be made by cheque.

4.3 Further information

If an Eligible Shareholder has any questions about the Offer, they can contact REL by email: enquiries@ruralequities.co.nz or by phone (06) 870 4672.