

H&G LIMITED

PO Box 14-063, Mayfair, Hastings 4159 | Email: enquiries@handg.co.nz

29 January 2025

RURAL EQUITIES LIMITED: COMPULSORY ACQUISITION NOTICE

Background

- 1 On 18 December 2024, H&G Limited (**H&G**) made an offer under the Takeovers Code to purchase all of the issued fully paid ordinary shares (**REL Shares**) in Rural Equities Limited (**REL**) on the terms and conditions outlined in the takeover offer document (**Offer**). The consideration offered under the Offer was \$6.65 per REL Share.
- 2 As at the date of this notice, and as a result of acceptances of the Offer, H&G holds or controls more than 90% of the voting rights in REL. The Offer closed on 24 January 2025. H&G has given formal notice to REL and the Takeovers Panel that H&G has become the “dominant owner” of REL for the purposes of the compulsory acquisition provisions of the Takeovers Code.
- 3 H&G is now obliged to comply with the compulsory acquisition provisions contained in Part 7 of the Takeovers Code.

Purpose of this Notice

- 4 The purpose of this notice is to advise you that H&G requires you to transfer your REL Shares to H&G as it is entitled to do under the provisions of Part 7 of the Takeovers Code. The consideration which H&G will pay for those REL Shares is \$6.65 per REL Share (which is the same as the consideration offered by H&G under the Offer), subject to the written objection rights described in the appendix to this notice. The \$6.65 per REL Share amount will be paid within the timeframes specified in paragraph 7 and 8 (irrespective of whether objection rights are exercised), although there may be a further payment or recovery as described in the appendix.

Return of Instrument of Transfer

- 5 This notice is accompanied by an instrument of transfer. You may return the completed Instrument of Transfer by email or post so as to be received by H&G at either of the following addresses no later than 11:59pm on 20 February 2025 (being 15 working days after the date on which this notice is sent):

Email: Email a scanned copy of the completed Instrument of Transfer to:
enquiries@handg.co.nz

Post: Send the completed Instrument of Transfer to the following address:

c/- H & G Limited
PO Box 14-063
Mayfair
Hastings 4159

- 6 As the Offer has closed, acceptance forms previously provided in connection with the Offer will not be valid. Only completed and signed Instrument of Transfer forms will be valid. Returning an instrument of transfer does not prejudice the shareholder objection rights described in the appendix.

Payment of Consideration

- 7 If you return the completed Instrument of Transfer to H&G on or before 11:59pm on 20 February 2025, H&G will pay the appropriate amount for your REL Shares to you within 5 working days after H&G receives that Instrument of Transfer.
- 8 If you do not return the completed Instrument of Transfer to H&G by 11:59pm on 20 February 2025, then H&G will, within 5 working days after that date:
 - 8.1 pay the appropriate amount for your REL Shares to REL for all the REL Shares in respect of which an Instrument of Transfer has not been returned to H&G; and
 - 8.2 send to REL an Instrument of Transfer for those REL Shares, executed on behalf of the holders of those REL Shares by H&G or its agent (as H&G is required to do under the Takeovers Code).
- 9 Any moneys received by REL under paragraph 8.1 above will be held by REL in trust for the relevant outstanding REL shareholders until it is claimed subject to the Unclaimed Money Act 1971.

Information required by Rule 55 of the Takeovers Code

- 10 The details required to be stated in this notice by Rule 55 of the Takeovers Code are set out below:
 - 10.1 H&G holds or controls 90% or more of the voting rights in REL;
 - 10.2 all outstanding shareholders in REL must sell their REL Shares to H&G;
 - 10.3 except as noted in the appendix to this notice the consideration to be provided for those outstanding REL Shares is \$6.65 per REL Share, which is the same as the consideration paid by H&G under the Offer;
 - 10.4 the outstanding shareholders in REL must sell their REL Shares to H&G in accordance with Part 7 of the Takeovers Code. The other rights of those shareholders under Part 7 of the Takeovers Code are set out in this notice;
 - 10.5 the date on which this notice is sent is 29 January 2025;
 - 10.6 this notice is accompanied by the Instrument of Transfer for the transfer to H&G of all REL Shares held by you; and
 - 10.7 the Instrument of Transfer should be completed, signed and returned to H&G in accordance with the instructions set out in paragraph 5 so as to be received by H&G no later than 11:59pm on 20 February 2025 (being 15 working days after the date on which this notice is sent).

For and on behalf of

H&G Limited



David Cushing
CHAIRMAN

APPENDIX: DETERMINATION OF CONSIDERATION PAYABLE

- 1 Pursuant to the Takeovers Code, the consideration payable for your REL Shares is the same as that specified in the Offer, being \$6.65 per REL Share.
- 2 However, if by 11:59pm on 13 February 2025 (being 10 working days after the date on which this notice was sent), H&G receives written objections to the consideration specified above from REL shareholders who hold, in aggregate, the lesser of:
 - 2.1 2% or more of all of the REL Shares; or
 - 2.2 10% or more of the REL Shares not held by H&G,being 137,419 REL shares, then H&G must immediately refer to expert determination the amount of consideration to be provided for the REL Shares.
- 3 The consideration to be determined must be a cash sum equal to the fair and reasonable value of the REL Shares. The expert is an independent person appointed by the Takeovers Panel. The costs of the expert must be paid by H&G and the expert's determination must be made within 20 working days of their appointment.
- 4 The fair and reasonable value is required to be calculated by:
 - 4.1 first assessing the value of all REL Shares; and
 - 4.2 then allocating that value pro rata among all REL Shares.
- 5 Upon receipt of the expert's determination, H&G must send it to:
 - 5.1 the Takeovers Panel; and
 - 5.2 to any person who requests that certificate within 1 working day of receipt of that request.
- 6 If the consideration is to be determined by an expert as set out above, H&G may acquire your REL Shares in the manner set out in the Compulsory Acquisition Notice to which this appendix is attached. If:
 - 6.1 the expert determines that the consideration payable for the REL Shares is greater than that paid by H&G, H&G must pay the additional amount (being the difference between the amount determined by the expert and the amount paid by H&G, per REL Share) in the manner set out in the Compulsory Acquisition Notice (that is, direct to the holders of REL Shares who transferred their REL Shares to H&G in accordance with the procedure set out in the Compulsory Acquisition Notice, or otherwise to REL to be held in the same manner as the balance of the consideration paid to REL); or
 - 6.2 the expert determines that the consideration payable for the REL Shares is less than that paid by H&G, H&G may recover the amount of overpayment (being the difference between the amount paid by H&G and the amount determined by the expert, per REL Share) from the persons to whom it made the payment for those REL Shares. Should this circumstance arise, H&G intends to recover the amount of overpayment.

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INSTRUMENT OF TRANSFER

COMPULSORY ACQUISITION OF ALL OF THE SHARES IN RURAL EQUITIES LIMITED (REL)

This form must be returned so as to be received by H&G Limited (H&G) no later than 11:59pm on 20 February 2025

Shareholder/Seller (you)

Number of REL Shares held as at 28 January 2025:
Consideration: NOTE: This is the total consideration payable by H&G for all of your REL Shares. It is calculated by multiplying the number of REL Shares that you hold as at 28 January 2025 by \$6.65 per REL Share.

PLEASE REFER TO THE INSTRUCTIONS OVERLEAF FOR DIRECTIONS ON HOW TO COMPLETE THIS INSTRUMENT OF TRANSFER

By signing this form you hereby:

- (a) transfer to H&G all of the fully paid ordinary shares in REL (REL Shares) held by you at the time this Instrument of Transfer is presented to REL for registration, and transfer title of those REL Shares to H&G, in consideration for the payment of \$6.65 per REL Share;
- (b) irrevocably appoint H&G as your attorney and agent on the terms set out in the following paragraph.

REPRESENTATIONS AND WARRANTIES:

By signing this form you represent and warrant that:

- (a) you are the legal and beneficial owner(s) of the REL Shares to which this form relates, or are the legal owner(s) and have the necessary capacity and authority to sell and transfer the REL Shares to H&G (including where you are a joint holder of the REL Shares and not all joint holders have signed, or where you hold the relevant REL Shares as the trustee of a trust);
- (b) legal and beneficial title to all of your REL Shares will be transferred to H&G free of all liens, charges, mortgages, encumbrances and other adverse interests or claims of any nature whatsoever upon payment of the relevant consideration; and
- (c) delivering the consideration in the manner contemplated by this form will not cause H&G to breach any law.

POWER OF ATTORNEY

From the date of beneficial ownership to your REL Shares passing to H&G in accordance with the terms of this form, being from the date of payment of the consideration, you irrevocably authorise and appoint H&G (with power of substitution by H&G in favour of such person(s) as H&G may appoint to act on its behalf) as your attorney and agent to act for you and do all matters of any kind or nature whatsoever in respect of or pertaining to your REL Shares and all rights and benefits attaching to them as H&G may think proper and expedient and which you could lawfully do or cause to be done if personally acting as a legal or beneficial owner of the applicable REL Shares.

PAYMENT DETAILS – REFER TO NOTE (e) ON THE BACK PAGE OF THIS FORM

Please complete the boxes below. Payment will be made by electronic transfer directly into your bank account. All payments will be made in New Zealand dollars.

BOX 1 Tick this box if you want the payment for your REL Shares to be to the same bank account that your REL dividends have previously been paid.

BOX 2 Tick this box if you want the payment for your REL Shares to be made to a different bank account from the account to where your REL dividends have previously been paid. Further details as set out in note (e) overleaf.

Dated and signed the ____ day of _____ Contact Daytime Phone Number _____

Email Address _____

By providing your email address you give H&G permission to communicate to you by email where required.

SIGNATURE(S) FOR AN INDIVIDUAL/ATTORNEY/TRUSTEE/COMPANY

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Individual / Attorney / Trustee / Director

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Individual / Trustee / Director / Authorised person

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Individual / Trustee / Director / Authorised person

ONLY COMPLETE THE FOLLOWING SECTION IF THE ACCEPTANCE FORM IS SIGNED UNDER A POWER OF ATTORNEY

CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

I _____ of _____, _____, certify:
full name of power of attorney place and country of residence occupation

That by deed dated _____, _____, of _____
date full name of donor (individual or corporate) place and country of residence / registered office

appointed me his / her / its attorney. If the donee of the power is a body corporate, I confirm that I am authorised to give this certificate on its behalf and the capacity in which I give this certificate for the attorney is as

insert director / officer / other capacity

That I have not received notice of any event revoking the power of attorney.

SIGNED at _____ this _____ day of _____
Signature & Name of Attorney

NOTES AND INSTRUCTIONS FOR COMPLETION OF THIS ACCEPTANCE FORM

To complete this Instrument of Transfer:

- (a) Please ensure that all details on this form are correct. Please alter this form if required.
- (b) Insert the date of signing in the space provided.
- (c) Sign this form where marked "Signature(s)". Companies must sign in accordance with the Companies Act 1993 or other applicable law.
- (d) If the REL Shares are registered in the names of joint holders, all holders must sign this form.
- (e) Payment details:

Box 1

If you have ticked Box 1 in the Payment Details on the front page of this form, you authorise REL to release the bank details held by Computershare Registry Services Limited on the REL share register to H&G for the sole purpose of remitting the proceeds of the compulsory acquisition to you.

Box 2

If you have ticked Box 2 in the Payment Details on the front page of this form, your form must be accompanied by a bank generated document evidencing a bank account in your name.

- (f) Power of Attorney: If this form is signed under a power of attorney, the certificate of non-revocation printed on this form must be completed by the party holding the Power of Attorney and signing this form, unless the attorney is a body corporate, in which case the attorney must sign and attach a certificate of non-revocation of power of attorney in the form set out in the Property Law Act 2007. In either case, the relevant instrument appointing the attorney must be submitted for noting and return.
- (g) On Completion: Either email or post this form to H&G as provided for below so that it is received no later than 11:59pm on 20 February 2025:

(i) **EMAIL:** Email a scanned copy of the signed form to: enquiries@handg.co.nz

(ii) **POST:** Send the signed form to the following address:

c/- H&G Limited
PO Box 14-063
Mayfair
Hastings 4159

Interpretation:

A reference to "you" is a reference to the registered shareholder(s) printed at the head of this form and, accordingly, references to you in the singular shall include the plural.

IF YOU ARE IN DOUBT ABOUT HOW TO COMPLETE THIS FORM OR THE COMPULSORY ACQUISITION PROCEDURE, PLEASE EMAIL enquiries@handg.co.nz.