

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should immediately consult an independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your ordinary shares, warrants or 4 per cent convertible loan stock 2012 of R.E.A. Holdings plc, please send this document and the accompanying form(s) of proxy (as relevant) and prospectus relating to the issue of 7.5 per cent dollar notes 2012/14 of R.E.A. Holdings plc to the transferee or to the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Applications have been made to the Financial Services Authority for up to 5,002,815 new ordinary shares of 25p each in the capital of R.E.A. Holdings plc and \$4,972,310 nominal of 7.5 per cent dollar notes 2012/14 of R.E.A. Holdings plc proposed to be issued pursuant to the proposals described in this document to be admitted to the Official List and to the London Stock Exchange for such ordinary shares and dollar notes to be admitted to trading on its market for listed securities. It is expected that such admission will become effective, and that dealings in new ordinary shares and dollar notes will commence, as respects 20 out of every 164 new ordinary shares, on 13 September 2005 and, as respects the balance of the new ordinary shares and the dollar notes, on 14 September 2005.

Particular attention is drawn to the risks described in the section entitled "Risk factors" in Part I below and in Part II of the accompanying prospectus relating to the issue of 7.5 per cent dollar notes 2012/14 of R.E.A. Holdings plc.

R.E.A. Holdings plc

Proposals

for

the conversion of the outstanding £3,050,497 nominal of 4 per cent convertible loan stock 2012 of the company into new ordinary shares and 7.5 per cent dollar notes 2012/14 of the company on terms that the holders of the new ordinary shares arising on conversion of the convertible loan stock will be entitled to a capitalisation issue of further new ordinary shares so as to result in every £100 nominal of convertible loan stock being exchanged for 164 new ordinary shares and \$163 nominal of dollar notes

and

the creation of additional 7.5 per cent dollar notes 2012/14 (so as to increase the prospective issue size to \$30,000,000) to be issued for cash or other appropriate consideration, as required and as markets permit, over a period of up to four years

Canaccord Capital (Europe) Limited, which is authorised to carry on investment business by the Financial Services Authority, is acting exclusively for R.E.A. Holdings plc in connection with the proposals and for no one else and will not regard any other person as its client or be responsible to any person other than R.E.A. Holdings plc for providing the protections afforded to clients of Canaccord Capital (Europe) Limited or for giving advice to any such person in relation to this document or any matter referred to herein.

Notices convening meetings of warrant holders and convertible loan stock holders, a class meeting of holders of ordinary shares and an extraordinary general meeting of R.E.A. Holdings plc, all to be held on 12 September 2005, are set out at the end of this document. Forms of proxy for use in connection with each of such meetings are enclosed with copies of this document sent to the persons entitled to attend that meeting. All such persons are urged to complete the forms of proxy and to return the same to the company's registrars, Capita Registrars, of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event so as to arrive by not later than, respectively, 10.15 am, 10.20 am, 10.25 am and 10.30 am on 10 September 2005.

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CURRENCY

References to "dollars" and to "\$" are to the lawful currency of the United States.

EXPECTED TIMETABLE

Latest time and date for receipt of proxies for use in connection with the meeting of warrant holders	10.15 am on 10 September 2005
Latest time and date for receipt of proxies for use in connection with the meeting of convertible loan stock holders	10.20 am on 10 September 2005
Latest time and date for receipt of proxies for use in connection with the class meeting of holders of ordinary shares	10.25 am on 10 September 2005
Latest time and date for receipt of proxies for use in connection with the extraordinary general meeting	10.30 am on 10 September 2005
Meeting of warrant holders	10.15 am on 12 September 2005
Meeting of convertible loan stock holders	10.20 am on 12 September 2005
Class meeting of holders of ordinary shares	10.25 am on 12 September 2005
Extraordinary general meeting	10.30 am on 12 September 2005
Record date	12 September 2005
CREST accounts credited in respect of new ordinary shares issued pursuant to the conversion	13 September 2005
Proposals fully unconditional	14 September 2005
CREST accounts credited in respect of dollar notes issued pursuant to the conversion and new ordinary shares issued pursuant to the capitalisation issue	14 September 2005
Definitive share certificates despatched in respect of new ordinary shares and dollar notes issued pursuant to the conversion and capitalisation issue	21 September 2005

DEFINITIONS

Unless the context otherwise requires, the following definitions apply throughout this document

"board" or "directors"	the directors of the company
"Canaccord"	Canaccord Capital (Europe) Limited
"capitalisation issue"	the proposed capitalisation issue of up to 4,392,715 new ordinary shares to be allotted, credited as fully paid, to the holders of the new ordinary shares arising pursuant to the conversion on the effective proportionate basis of 144 new ordinary shares for every £100 nominal of convertible loan stock held, such shares to be allotted credited as fully paid by way of capitalisation of share premium account
"company" or "REA"	R.E.A. Holdings plc
"conversion"	the proposed conversion of the outstanding convertible loan stock on the proportionate basis of 20 new ordinary shares and \$163 nominal of dollar notes for every £100 nominal of convertible loan stock held
"conversion and capitalisation issue"	the conversion and the capitalisation issue which would together result in the exchange of the outstanding convertible loan stock for new ordinary shares and dollar notes on the proportionate basis of 164 new ordinary shares and \$163 nominal of dollar notes for every £100 nominal of convertible loan stock held
"convertible loan stock"	the £3,050,497 nominal of 4 per cent convertible loan stock 2012 of the company currently in issue
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which CRESTCo Limited is the operator
"dollar note prospectus"	the prospectus dated 17 August 2005 relating to the proposed issues of dollar notes
"dollar notes"	\$30,000,000 nominal of 7.5 per cent dollar notes 2012/14 of the company of which up to \$4,972,310 nominal is proposed to be issued pursuant to the conversion and the balance (ranking <i>pari passu</i> and forming a single issue therewith) is proposed to be issued for cash or other appropriate consideration, as required and as markets permit, over a period of up to four years

"Emba"	Emba Holdings Limited
"group"	the company and its subsidiaries
"latest dollar sterling rate"	the exchange rate of £1=\$1.81 ruling on 15 August 2005, the latest practicable date prior to the publication of this document
"Listing Rules"	the listing rules of the Financial Services Authority
"London Stock Exchange"	London Stock Exchange plc
"Makassar"	Makassar Investments Limited, a member of the group
"MEZ group"	Mr M E Zukerman and entities associated (or understood to be associated) with him, including Bodley Investment Company, M. E. Zukerman & Co. Incorporated, M. E. Zukerman Investments Limited and The Zukerman Family Trust, or, where the context so requires, any one or several of such individual and entities
"MEZ group claims"	actual and threatened claims by the MEZ group against the company, certain of its directors and MP as described under "MEZ group claims" in Part VIII of the dollar note prospectus or, where the context so requires, any one or several of such claims
"MP"	Makassar Participation plc, a member of the group
"new ordinary shares"	up to 5,002,815 new ordinary shares proposed to be issued pursuant to the conversion and capitalisation issue
"Official List"	the list maintained by the Financial Services Authority in accordance with section 74(1) of the Financial Services and Markets Act 2000
"ordinary shares"	ordinary shares of 25p each in the capital of the company
"preference shares"	9 per cent cumulative preference shares of £1 each in the capital of the company
"proposals"	the proposals, details of which are set out in this document, for (i) the conversion and capitalisation issue, and (ii) the creation of additional dollar notes
"REA Kaltim"	P.T. REA Kaltim Plantations, a member of the group

"shareholders"	holders of ordinary shares and/or preference shares
"warrants"	the 1,548,807 warrants of the company currently in issue, each entitling the holder to subscribe for one ordinary share at a price of 73.5p either in cash or by surrender of 0.735 preference shares

PART I. LETTER FROM THE CHAIRMAN

R.E.A. Holdings plc

(Registered in England and Wales no 671099)

Registered office:

Third Floor
40-42 Osnaburgh Street
London NW1 3ND

17 August 2005

To the holders of ordinary shares, warrants and convertible loan stock and, for information only, to the holders of preference shares

Dear Sir or Madam

Introduction

It was announced on 23 May 2005 that the company was considering proposals for the conversion of the convertible loan stock into a combination of new ordinary shares and new dollar denominated loan notes. A further announcement was made on 3 August 2005 giving the principal terms on which it would be proposed that the conversion be effected and stating the directors' intention to build on the issue of new listed dollar denominated loan notes that would result from the conversion of the convertible loan stock by creating additional dollar notes, ranking *pari passu* with the dollar notes to be issued on conversion, to be available for issue for cash or other appropriate consideration, as required and as markets permit, over a period of up to four years. Detailed proposals regarding the proposed conversion and creation of additional dollar notes have now been formulated and the purpose of this document is to provide you with information regarding such proposals

Since implementation of the proposals will require certain approvals from holders of listed securities of the company, notices are set out at the end of this document convening a meeting of warrant holders, a meeting of convertible loan stock holders, a class meeting of the holders of ordinary shares and an extraordinary general meeting of the company, all to be held on 12 September 2005, for the purposes of considering and, if thought fit, passing the resolutions necessary to implement the proposals.

Attention is drawn to the accompanying dollar note prospectus which supplements the information contained in this document, and in particular, contains information on the group's current trading (under the section of Part IV entitled "Current trading").

Background

The entire business of the group is represented by oil palm operations in the province of East Kalimantan in Indonesia. Whilst those operations are now producing profits and positive operational cash flow, this has been achieved only after a testing period of several years. That period started with the economic destabilisation that occurred in Indonesia in late 1997 and was followed, in 1998, by political destabilisation accompanied by the collapse of many Indonesian companies and banks. After several years, the Indonesian economy is now recovering but, in the interim, the problems faced were compounded by a fall in the price of crude palm oil from May 1998 to May 2001 when the price moved from a high of \$705

per tonne to a low of \$234 per tonne (in both cases CIF Rotterdam, as published by Oil World).

Against this background, the group has been forced in recent years to raise substantial capital to support the East Kalimantan operations and to finance the withdrawal of capital provided by other investors in those operations. That capital has been found from issues of listed securities and from new borrowings in Indonesia but the nature and terms of the finance raised have, to a considerable extent, been dictated by availability rather than choice. As a result, the present financial structure of the group is not, in the opinion of the directors, ideally matched with the directors' plans for the group's future development.

Reasons for the proposals

A fundamental financing problem that the group faces is that, in order to maximise the equity returns from its oil palm development programme, it needs to finance a prudent proportion of development costs with debt. The group is able to, and does, borrow from banks in Indonesia but borrowings are currently available to the group only for average terms of less than three years. Such maturities do not fit well with the growth cycle of an oil palm which takes nearly four years to maturity from nursery planting and then a further period of three to four years to full yield. Moreover, if the group is to maintain a sensible proportion of debt, it must, as its equity base grows, seek to add rather than repay debt. Continuing reliance on Indonesian borrowings therefore commits the group to a cycle of regular refinancings. This is expensive and inefficient and the uncertainty that it creates limits the group's financial flexibility in a manner that is likely to become increasingly burdensome as cash flow builds and the directors have to decide whether to allocate cash resources to establishing a cash reserve to meet debt repayments or to development expenditure and paying dividends.

The directors believe that one answer to this problem is to seek longer term debt from markets external to Indonesia. Given the company's size, it cannot readily make a new issue of debt securities for cash in a manner that would meet the requirements of the conventional markets for such securities. However, the directors believe that if an issue of listed debt securities can be established, it should be possible, over an extended period, progressively to increase the level of the debt securities in issue by a series of small offerings. Such a process would dovetail well with the group's requirement for an alternative source of debt finance since that requirement is primarily for new funding to meet maturing obligations as these arise rather than to refinance existing debt. Because crude palm oil is priced in dollars, it is prudent for the group to borrow in dollars. Moreover, the South East Asian markets that are obvious markets for debt securities of the company are principally dollar markets. Accordingly, the directors would prefer any new issue of debt securities by the company to be denominated in dollars.

A second deficiency of the group's present financial structure is the convertible loan stock. That stock was issued in May 2002 at a low point in the group's fortunes and is now traded on the London Stock Exchange at a large premium to its par value. The directors take this premium to mean that the convertible loan stock is essentially viewed as an indirect investment in the company's equity as, whilst the stock does provide some income to holders, that income is not substantial in relation to the current capital value of the stock. Moreover, the stock is relatively illiquid to the extent that certain holders have elected to exercise the conversion rights

attaching to their holdings so as to convert all or part of those holdings into more marketable ordinary shares. From the company's viewpoint, the presence of the convertible loan stock as debt on its balance sheet, when the stock is in substance equity, is unsatisfactory because it complicates dealings with some counterparties.

The current proposals have been formulated to address the establishment of a new issue of listed debt securities and the elimination of the convertible loan stock. If approved, the proposals will achieve this by converting a proportion of the convertible loan stock into new dollar notes (with the balance of the stock being converted into equity). The benefit to the company of establishing the dollar note issue and eliminating the convertible loan stock permits the provision to convertible loan stockholders, as a term of the proposals, of a premium over the value of the ordinary shares that they would receive were they to convert their stock on the basis of the existing conversion terms.

**Conversion and
capitalisation
issue**

Upon and subject to the terms and conditions described below, it is proposed that holders of convertible loan stock on the register of stockholders at the close of business on 12 September 2005 should exchange their stock for new ordinary shares and dollar notes on the basis of:

164 ordinary shares and \$163 nominal of dollar notes	for every £100 nominal of convertible loan stock held
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and so in proportion for any other nominal amount of convertible loan stock held. Fractional entitlements to ordinary shares and dollar notes will not be allotted and entitlements to ordinary shares and dollar notes will be rounded down to the nearest integral number or amount.

For legal reasons, this exchange will be effected in stages. First, £10 nominal of each holding of £100 nominal of convertible loan stock will be converted into 20 fully paid new ordinary shares (and so in proportion for any other amount of convertible loan stock held). Secondly, the balance of the convertible loan stock will be converted into fully paid dollar notes on the basis of \$163 of dollar notes for every £100 nominal of convertible loan stock held immediately prior to the conversion of £10 nominal per £100 nominal of stock into new ordinary shares as just described (and so in proportion for any other amount of convertible loan stock held). Simultaneously with the conversion of the balance of the convertible loan stock, stockholders (in their capacity as the holders of the new ordinary shares arising pursuant to the conversion) will be allotted, by way of capitalisation of up to £1,098,178.75 standing to the credit of share premium account, a further 144 new ordinary shares, credited as fully paid, for every 20 new ordinary shares issued pursuant to the conversion (and so in proportion for any other number of new ordinary shares so issued).

The proposal to effect the overall exchange of convertible loan stock for ordinary shares and dollar notes by way of a conversion and a capitalisation issue reflects the fact that, after allowing for the nominal amount of convertible loan stock to be converted into dollar notes (issued at par), the nominal amount of convertible loan stock available to be converted into ordinary shares would be insufficient to pay up in full, at their par value of 25p each, the number of ordinary shares that the terms of

the overall exchange propose be issued. By law, ordinary shares cannot be issued fully paid at a discount to their par value. The split of the exchange of the convertible loan stock for the full 164 new ordinary shares and \$163 of dollar notes for every £100 nominal of convertible loan stock held into two stages is necessary as, by law, ordinary shares issued by way of capitalisation of share premium account can only be issued to persons who are shareholders.

In the most unlikely event that the first conversion (of £10 nominal per £100 nominal of each holding of convertible loan stock into 20 new ordinary shares) became unconditional but the conversion of the balance of the convertible loan stock into dollar notes and the capitalisation issue did not become unconditional, holders of convertible loan stock would be left with 20 new ordinary shares and £90 nominal of convertible loan stock per £100 nominal of stock originally held. This situation could only occur if, after the first conversion became unconditional, the admission of the dollar notes arising from the conversion, and of the new ordinary shares arising from the capitalisation issue, to the Official List and to trading on the London Stock Exchange's market for listed securities failed to become effective. The conversion of convertible loan stock into dollar notes cannot, under the terms of the proposals, become unconditional unless the capitalisation issue also becomes unconditional.

Particulars of the dollar notes

The dollar notes will be created pursuant to resolutions of the board and will be constituted by a trust deed to be executed between the company and The Law Debenture Trust Corporation p.l.c. as trustee. Holders of the dollar notes will be bound by, and be deemed to have notice of, all of the provisions of the trust deed.

The dollar notes will be issued in registered form in amounts and integral multiples of \$1 and will be listed on the Official List and traded on the London Stock Exchange's market for listed securities. The dollar notes will bear interest at the rate of 7.5 per cent per annum, payable half yearly in arrear on 30 June and 31 December of each year, save that the interest rate for the period ending 31 December 2005 will be calculated as if interest accrued from 1 July 2005 (and that, as respects further issues of dollar notes as described below, the interest rate for the first interest period following the date of issue of such notes will be calculated as if interest had accrued from the most recent interest payment date).

Unless previously redeemed or purchased and cancelled by the company, the dollar notes will be redeemed at par by three equal annual instalments commencing 31 December 2012. If dollar notes have been purchased by the company and cancelled, the amount of dollar notes that the company will be obliged to redeem on any given redemption date will be reduced by the nominal amount of dollar notes purchased and cancelled prior to that redemption date (save in so far as such notes were purchased and cancelled prior to a previous redemption date and taken into account in reducing the dollar note redemption requirement in relation to that previous redemption date).

Holders of dollar notes will be entitled to elect (and all holders of convertible loan stock will, as detailed under "Further terms" below, be deemed to have elected) to receive payments of interest and redemption monies due in respect of their holdings of dollar notes in pounds sterling. Where any such election has been made (or deemed made) and remains in force, the amount of each dollar payment that, absent the election, would be due to the electing holder in respect of the dollar notes held by that

holder will be converted to pounds sterling by the company shortly ahead of the due date of the payment and the resultant conversion proceeds will be paid to the holder in lieu of the dollar amount that would otherwise be payable. Any election (or deemed election) to receive payments in respect of the dollar notes in pounds sterling may be revoked by not less than 30 days' notice in writing to the company's registrars ahead of any date upon which a payment of interest or redemption monies will fall due.

The dollar notes will be unsecured obligations of the company. The trust deed constituting the dollar notes will contain no restrictions on further borrowings by the company ranking in priority to or *pari passu* with the dollar notes save that the company will covenant to procure that the overall borrowings of the group do not exceed an amount equal to 1½ times the share capital and reserves of the group (as defined in the conditions to the dollar notes).

The trust deed constituting the dollar notes will contain provisions pursuant to which the trustee, on behalf of itself and the holders of the dollar notes, will irrevocably consent to one or more reductions of share capital and/or amounts standing to the credit of the company's share premium account and/or capital redemption reserve, up to a maximum aggregate amount of £6 million, and to the release of the reserves thereby created to the distributable reserves of the company, subject only to the necessary consent of the court and provided always that such reduction(s) would not result in the company being in breach of the borrowing restriction set out in the conditions to the dollar notes.

The directors have no immediate plans to propose a reduction in the capital of the company but they are concerned that, as the company's profits derive almost exclusively from the group's East Kalimantan operations, the future funding requirements of those operations may, at least for a period, restrict the ability of, or make it fiscally inefficient for, the company's Indonesian subsidiaries to pay dividends. In those circumstances, the directors would not wish constraints posed by the availability of distributable reserves in the company to inhibit the payment of dividends that the directors would, from a commercial viewpoint, feel able to recommend. This might mean that the directors would wish to put forward proposals to increase the distributable reserves of the company.

Further particulars of the dollar notes are provided in Part III of the dollar note prospectus.

Further terms

As a further term of the conversion and capitalisation issue, interest on the convertible loan stock will cease to accrue after 30 June 2005 (being the last date upon which interest was paid on the stock) but interest on dollar notes issued pursuant to the conversion will bear interest calculated as if accruing from 1 July 2005. As noted under "Particulars of the dollar notes" above, all holders of convertible loan stock will be deemed to have elected, in accordance with conditions 4 and 5(D) endorsed on certificates issued in respect of the dollar notes, to receive interest and redemption monies payable in respect of the dollar notes to be issued pursuant to the conversion in pounds sterling rather than in dollars. Any such election may be revoked by notice in writing to the company as set out in such condition 4.

The new ordinary shares to be issued pursuant to the conversion and capitalisation issue will upon issue rank *pari passu* in all respects with the existing issued ordinary shares, save that the new ordinary shares issued pursuant to the conversion will entitle the holders thereof to receive the

new ordinary shares to be issued pursuant to the capitalisation issue. The existing ordinary shares are already admitted to trading on the London Stock Exchange's market for listed securities.

No expenses of or incidental to the conversion or the capitalisation issue will be charged to allottees of new ordinary shares and dollar notes. It is not considered that any UK stamp duty or stamp duty reserve tax should arise on issue of the new ordinary shares and/or dollar notes but should any such duty or tax be payable by any allottee on such issue, the company will refund the amount so payable to the relevant allottee.

Conditions

The proposals are conditional upon:

- the passing of the extraordinary resolutions set out in the notices of the meetings of warrant holders, convertible loan stock holders and holders of ordinary shares, all convened for 12 September 2005;
- the passing of the three resolutions set out in the notice of the extraordinary general meeting of the company convened for 12 September 2005;
- as respects the first stage of the conversion as described under "Conversion and capitalisation issue" above (whereby £10 nominal per £100 nominal of each holding of convertible loan stock will be converted into 20 new ordinary shares), admission of the new ordinary shares arising to the Official List and to trading on the London Stock Exchange's market for listed securities and such admissions becoming effective; and
- as respects the balance of the proposals, the first stage of the conversion becoming unconditional and admission of the dollar notes arising from the conversion and the further new ordinary shares arising from the capitalisation issue to the Official List and to trading on the London Stock Exchange's market for listed securities and such admissions becoming effective.

Financial implications of the conversion and capitalisation issue

Implementation of the conversion and capitalisation issue would result in the issue of up to 5,002,815 new ordinary shares and \$4,972,310 nominal of dollar notes. That compares with the 5,755,654 new ordinary shares (ignoring fractional entitlements) that would fall to be issued on full conversion of the convertible loan stock in accordance with its existing conversion terms. An effect of the conversion and capitalisation issue will therefore be to reduce by 752,839 the number of new ordinary shares that would otherwise fall to be issued as a result of conversion of the convertible loan stock and to substitute therefor \$4,972,310 (equivalent at the latest dollar sterling rate to £2,747,133) of debt.

The annual interest payable by the company on the dollar notes to be issued pursuant to the conversion will amount to some \$372,923 (equivalent at the latest dollar sterling rate to £206,035). That compares with the annual interest currently payable on the convertible loan stock of some £122,020 (equivalent at the latest dollar sterling exchange rate to \$220,856).

On the basis of the latest dollar sterling exchange rate and of the mid market quotations (as derived from the Daily Official List of the London Stock Exchange) as at the close of business on 2 August 2005 (the dealing day last preceding the date upon which the principal terms of the proposals were announced) of an ordinary share and £1 nominal of the convertible loan stock of, respectively, 233.5p and 450p, and assuming that the dollar notes will have a market value equal to their par value, holders of

convertible loan stock will obtain a 5 per cent increase in capital value as a result of exchange of their holdings of convertible loan stock for new ordinary shares and dollar notes pursuant to the conversion and capitalisation issue.

No dividends have been paid on the ordinary shares in recent years. While that situation continues, the annual income receivable by holders of convertible loan stock in respect of the new ordinary shares and dollar notes that they would receive on implementation of the conversion and capitalisation issue would, on the basis of the latest dollar sterling exchange rate, represent an increase of 69 per cent over the annual income receivable in respect of their existing holdings of convertible loan stock.

Release of security for the convertible loan stock

As explained in more detail under "The MEZ group claims" in Part VIII of the dollar note prospectus, the company, certain of its directors and MP are the object of actual and threatened claims from the MEZ group (which owns 12.3 per cent of the issued ordinary shares of Makassar, a subsidiary of the company that serves as a sub-holding company for the East Kalimantan operations of the group). The terms of the convertible loan stock contain provisions whereby, in the event that the company were to be placed in insolvent liquidation as a result of those claims, holders of the convertible loan stock would automatically convert their holdings into 98 per cent of the issued ordinary share capital of MP (a sub-holding company within the group) as enlarged by such conversion. MP holds 68 per cent of the issued ordinary share capital of Makassar.

No similar conversion provisions have been included in the terms of the dollar notes. In the opinion of the directors, the increases in the profitability of the group and in the market capitalisation of the company that have occurred since May 2002 (when the convertible loan stock was issued) have been such that the theoretical possibility that the MEZ group claims could, if successful, cause the insolvency of the company is now sufficiently remote that the conversion rights referred to in the preceding paragraph no longer confer a material benefit on holders of the stock. Additionally, while the directors have always considered the MEZ group claims to be without merit, they believe that the evolution of events since 2002 should provide additional support in proving that such claims are baseless.

Further issues of dollar notes and use of resultant proceeds

Pursuant to the proposals, \$30,000,000 nominal of dollar notes will be created of which up to \$4,972,310 will be issued pursuant to the conversion. The directors propose to seek to issue the balance of the dollar notes by way of multiple placings, principally with substantial investors, over a period of up to four years so as to maintain an appropriate level of group indebtedness and to match (insofar as reasonably practicable) and meet the maturing obligations and other funding requirements of the group, namely:

- the maintenance of a cash buffer designed to ensure that, in the event of a material downturn in the price of crude palm oil, the group remains able, on realistic assumptions, to carry to maturity all immature oil palm plantings and to expand established milling capacity to an extent sufficient to process all crop from such immature areas as these come into production

- the funding (in part) of debt repayments in respect of existing borrowings of the group that fall due over the next four years
- the funding (in whole or part) of any monies that may become payable to the MEZ group pursuant to an acquisition of the minority shareholding held by the MEZ group in Makassar or otherwise as a result of settlement of the MEZ group claims.

The directors currently envisage that, subject as provided below, not more than \$10 million of dollar notes will be issued over the twelve months following the publication of this document (in addition to the \$5 million of dollar notes to be issued pursuant to the conversion) and that the balance of the dollar notes would, if market conditions permit, then be issued in stages over the succeeding three years.

As noted in "The MEZ group claims" under Part VIII in the dollar note prospectus, agreement has been reached between the company and the MEZ group that there should be an attempt to resolve the MEZ group claims by way of mediated discussions commencing in late September 2005. The directors are unable to judge the likelihood of such discussions producing a settlement of the MEZ group claims but should they do so or should a settlement otherwise be agreed, the planned timing of dollar note issues may be brought forward to assist in funding such settlement.

Whilst the directors believe that it is important that the group retains flexibility as to the percentage of the group's overall funding that is represented by net debt (meaning the aggregate amount of borrowings and other indebtedness of the group (other than intra-group indebtedness), less cash, bank deposits and similar balances), as a general indication they believe that a target level not exceeding 50 per cent of the aggregate of capital employed (meaning the aggregate amount of share capital, consolidated reserves (taking the oil palm plantations at estimated fair value) and minority interests) and net debt is appropriate to the group at its present stage of development.

Applications have been made to the Financial Services Authority and to the London Stock Exchange for such of the created but unissued dollar notes as may be issued within the twelve months following the date of publication of the dollar note prospectus to be admitted upon issue to the Official List and to the London Stock Exchange's market for listed securities, subject to due compliance with the rules applicable to offering programmes.

Risk factors

Attention is drawn to risks attaching to the dollar notes and to the operations of the group as detailed in Part II of the dollar note prospectus.

Holders of convertible loan stock should also note that, as explained under "Conversion and capitalisation issue" above, the method by which it is proposed that the conversion and capitalisation issue is to be effected involves a risk, which the directors consider to be remote, that the conversion of £10 nominal of each holding of £100 nominal of convertible loan stock becomes unconditional but the balance of the conversion and capitalisation issue does not become unconditional. Holders of convertible loan stock would then be left with 20 new ordinary shares and £90 nominal of convertible loan stock per £100 nominal of stock originally held.

Additional conversion period if proposals not implemented

The company has agreed with The Law Debenture Trust Corporation p.l.c., as trustee for the holders of the convertible loan stock, that in the event that the conversion should fail to become fully unconditional, the terms of the convertible loan stock will be amended so as to provide for an additional conversion period during the month of November 2005.

UK taxation

The following comments are intended as a general guide to the taxation implications of the conversion and capitalisation issue under current UK tax law and what is understood to be the current practice of Her Majesty's Revenue and Customs ("HMRC"). Except where expressly stated otherwise, they apply only to holders of convertible loan stock who are resident and, if individuals, ordinarily resident for tax purposes in, and only in, the UK, who are the absolute beneficial owners of convertible loan stock and who hold the convertible loan stock as an investment. They may not apply to certain classes of investors, such as dealers in securities, persons who have acquired their convertible loan stock by reason of their employment or holders of convertible loan stock who are connected with the company for relevant tax purposes. Any person who is in doubt as to his tax position or who is subject to tax in a jurisdiction other than the UK is strongly recommended to consult his own professional tax adviser.

Liability to UK taxation on the conversion and capitalisation issue will depend on the individual circumstances and identity of the convertible loan stock holder concerned.

Holders within the charge to UK corporation tax should note that the conversion and capitalisation issue could trigger an income and/or chargeable gains charge. The question of whether a tax charge will arise is dependent on various factors. These include the date upon which the convertible loan stock was acquired and the way in which the convertible loan stock is accounted for by the relative holder in its statutory accounts. The legislation in this area has been the subject of recent change and it is understood that further changes may be made. Accordingly, holders within the charge to UK corporation tax are strongly advised to consult their own professional advisers as to the tax consequences of the conversion and capitalisation issue.

For individual holders who are resident or ordinarily resident for tax purposes in the UK or who carry on a trade, profession or vocation in the UK through a branch or agency to which the convertible loan stock is attributable, the exchange of holdings of convertible loan stock for new ordinary shares and dollar notes pursuant to the conversion and capitalisation issue should come within the provisions dealing with the reorganisation of share capital and conversion of securities in Chapter II of Part IV of the Taxation of Chargeable Gains Act 1992. Accordingly, upon such exchange, a holder of convertible loan stock should not be treated as making a disposal of convertible loan stock. Instead, the new ordinary shares and dollar notes resulting from the exchange should be treated as the same asset acquired at the same time as the appropriate proportion of the original holding of convertible loan stock.

As noted under "Further terms" above, it is not considered that any UK stamp duty or stamp duty reserve tax should arise on issue of the new ordinary shares and/or dollar notes but should any such duty or tax be payable by any allottee on such issue, the company will refund the amount so payable to the relevant allottee.

Recent sale by R.E.A. Services Limited of convertible loan stock

R.E.A. Services Limited, a wholly owned subsidiary of the company, owned, until recently, £250,000 nominal of convertible loan stock. Had R.E.A. Services Limited retained that holding of convertible loan stock, implementation of the proposals would have resulted in the exchange of that holding for new ordinary shares and dollar notes. By law, a company may not issue its own shares to a subsidiary. Accordingly, on 3 August 2005, R.E.A. Services Limited sold its holding of convertible loan stock to an institutional purchaser at a price of £430 per £100 nominal of the stock.

Interim results in respect of the six months ended 30 June 2005

Were it not for the recent changes to the accounting principles which a listed company is obliged to apply in preparing its accounts (being the change from UK Generally Accepted Accounting Principles to International Financial Reporting Standards), the company would have expected to issue its interim results in respect of the six months ended 30 June 2005 during September 2005. However, as a result of the changes, and the additional work that this will cause, the issue of the interim results will be delayed. The interim results will be issued by 28 October 2005.

The City Code on Takeovers and Mergers

The company's largest shareholder, Emba, currently owns 7,203,983 ordinary shares, representing 35.8 per cent of the issued ordinary share capital of the company, and £1,380,980 nominal of convertible loan stock, representing 45.3 per cent of the outstanding convertible loan stock. Implementation of the conversion and capitalisation issue would result in the exchange by Emba of its existing holding of convertible loan stock for 2,264,807 new ordinary shares and \$2,250,997 nominal of dollar notes. The aggregation of the new ordinary shares so received by Emba with Emba's existing holding of ordinary shares would result in Emba owning a total of 9,468,790 ordinary shares, representing 37.7 per cent of the issued ordinary share capital of the company as enlarged by the new ordinary shares issued pursuant to the conversion and capitalisation issue. An effect of the conversion and capitalisation issue would therefore be to increase the percentage of the voting rights attaching to the company's share capital held by Emba.

Under Rule 9 of the City Code on Takeovers and Mergers, except with the consent of the Panel on Takeovers and Mergers, any person who, together with persons acting in concert with him, holds not less than 30 per cent nor more than 50 per cent of the voting rights of a public company and increases the percentage of the voting rights held by him is required to extend a general offer in cash to all remaining shareholders enabling, *inter alia*, such remaining shareholders to exit from their investment in the company concerned. Although implementation of the conversion and capitalisation issue would result in an increase in the percentage of the voting rights attaching to the company's share capital held by Emba, the Panel on Takeovers and Mergers has agreed to waive the requirement for a general offer provided that Emba's increased percentage holding is approved by independent shareholders of the company by way of an ordinary resolution taken on a poll. Therefore, the second resolution set out in the notice of extraordinary general meeting convened for 12 September 2005 (which provides for approval of Emba's increased percentage ownership of voting shares of the company) will be put to a poll on which Emba will not vote.

Emba also owns 41,420 warrants and persons acting in concert with Emba (being the persons referred to in paragraph (L) under "Information on Emba" in Part II below) own a further 116,900 warrants. As stated above,

implementation of the conversion and capitalisation issue would result in an increase in the percentage of the voting rights attaching to the company's share capital held by Emba from 35.8 per cent to 37.7 per cent. Were Emba and the persons acting in concert with it (together the "concert group") to exercise in full the warrants held by them and no other warrants rights were exercised, the percentage of the voting rights attaching to the company's share capital held by the concert group would be further increased from 37.7 per cent to 38.1 per cent (or, if the conversion and capitalisation issue did not become unconditional but the concert group were to exercise in full the warrants held by it and no other warrant rights were exercised, such percentage would increase from 35.8 per cent to 36.3 per cent).

Although the concert group has confirmed to the board that it has no current intention of exercising any of the warrants held by it, the directors have nevertheless decided that the extraordinary general meeting convened for 12 September 2005 will provide a suitable opportunity to obtain independent shareholder approval for the possible further increase in the percentage of the voting rights attaching to the company's share capital held by the concert group were such warrants to be exercised. Thus the second resolution set out in the notice of the extraordinary general meeting also provides for this approval. As stated above, this resolution will be put to a poll on which Emba will not vote (and no other member of the concert group is eligible to vote as Emba is the only member of the concert group that owns voting shares of the company).

Meetings

As already noted, the following meetings have been convened for 12 September 2005, all of which are to be held at the London office of the company's solicitors, Ashurst, at Broadwalk House, 5 Appold Street, London EC2A 2HA:

- a meeting of warrant holders to be held at 10.15 am
- a meeting of convertible loan stock holders to be held at 10.20 am (or so soon thereafter as the meeting of warrant holders has been concluded or adjourned)
- a class meeting of holders of ordinary shares to be held at 10.25 am (or so soon thereafter as the meeting of convertible loan stock holders has been concluded or adjourned)
- an extraordinary general meeting of the company (at which only holders of ordinary shares may vote) to be held at 10.30 am (or so soon thereafter as the class meeting of holders of ordinary shares has been concluded or adjourned)

The rights attaching to the warrants include provision that, save with the consent of an extraordinary resolution of the warrant holders, the company must not (other than in certain limited circumstances) distribute capital profits or reserves or otherwise capitalise profits or reserves or modify the rights attaching to the ordinary shares. Accordingly, the resolution set out in the notice of the meeting of warrant holders (which will be proposed as an extraordinary resolution) provides for the warrant holders to sanction the capitalisation issue and the modification of the rights attaching to the ordinary shares that the passing of the third resolution set out in the notice of extraordinary general meeting (which makes provision for implementation of the capitalisation issue) would effect.

The resolution set out in the notice of meeting of convertible loan stock holders (which will be proposed as an extraordinary resolution) makes provision for implementation of the conversion and capitalisation issue.

The resolution set out in the notice of the class meeting of holders of ordinary shares (which will be proposed as an extraordinary resolution) provides for holders of ordinary shares to sanction the modification of class rights attaching to the ordinary shares that the passing of the third resolution set out in the notice of extraordinary general meeting (which makes provision for implementation of the capitalisation issue) would effect.

In view of the fact that Emba is a substantial shareholder in the company and owns £1,380,980 nominal of convertible loan stock, the Listing Rules require that the conversion and capitalisation issue be treated as a related party transaction and approved by an ordinary resolution of the company upon which Emba does not vote. Accordingly, the first resolution set out in the notice of extraordinary general meeting (which will be proposed as an ordinary resolution) provides for approval of the participation by Emba in the conversion and capitalisation issue. Emba has undertaken not to vote on this resolution. No associate of Emba (as defined in appendix 1 to the Listing Rules) holds any convertible loan stock or voting shares of the company.

The second resolution set out in the notice of extraordinary general meeting (which will be proposed as an ordinary resolution upon which Emba has again undertaken not to vote) provides for the approval required by the City Code on Takeovers and Mergers of the increases in the percentage of the voting rights attaching to the company's share capital held by Emba and persons acting in concert with it that would result from the conversion and capitalisation issue and could result from the exercise of warrants held by Emba and such persons as detailed under "The City Code on Takeovers and Mergers" above. As stated thereunder, Emba has undertaken not to vote on this resolution (and no person acting in concert with Emba owns any voting shares of the company).

The third resolution set out in the notice of extraordinary general meeting (which will be proposed as a special resolution) makes provision for implementation of the capitalisation issue by providing for:

- the articles of association of the company to be amended to permit the capitalisation issue to be made to the holders of the new ordinary shares arising from the conversion by the allotment to such holders of unissued ordinary shares credited as fully paid by way of capitalisation of share premium account; and
- the directors to be authorised to make the capitalisation issue and to allot, pursuant to such issue, up to £1,098,178.75 nominal of securities of the company (comprising 4,392,715 new ordinary shares and representing 21.8 per cent of the issued ordinary share capital at the date of this document) pursuant to such issue, such authorisation to expire on 21 October 2005.

The full text of the proposed amendment to the articles of association of the company referred to above is shown in sub-paragraph (a) of the third resolution set out in the notice of extraordinary general meeting.

Action to be taken

Recipients of this document will find enclosed reply paid forms of proxy for use in connection with such of the meetings convened for 12 September 2005 (as detailed under "Meetings" above) as their holdings of warrants, convertible loan stock and ordinary shares entitle them to attend. Each such person, whether or not he proposes to attend such meeting(s), is urged to complete such form(s) of proxy in accordance with the instructions printed thereon and to return the same by post to Capita Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, in each case so as to arrive as soon as possible but in any event by no later than 48 hours before the time fixed for the meeting to which the applicable form of proxy relates. The return of a form of proxy will not prevent the holder of the relative securities from attending the meeting and voting in person if he should so wish.

Settlement and dealings

It is expected that dealings in the new ordinary shares arising pursuant to the conversion, for normal settlement, will commence on 13 September 2005 and that dealings in the dollar notes arising pursuant to the conversion and in the new ordinary shares arising pursuant to the capitalisation issue, again for normal settlement, will commence on 14 September 2005. The new ordinary shares and dollar notes will be transferable by written instrument in any usual or common form.

The new ordinary shares and dollar notes will be issued in registered form and may be held in uncertificated form. New ordinary shares and dollar notes may be delivered in uncertificated form to member CREST accounts where the holders of convertible loan stock to whom the new ordinary shares and dollar notes have been allotted are CREST participants. However, notwithstanding any other provision set out in this document, the company reserves the right at its absolute discretion to issue new ordinary shares and dollar notes to any such holders of convertible loan stock in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or any part of the facilities under/or systems operated by the company's registrars in connection with CREST.

It is expected that CREST accounts will be credited with new ordinary shares arising pursuant to the conversion on 13 September 2005 and with dollar notes arising pursuant to the conversion and new ordinary shares arising pursuant to the capitalisation issue on 14 September 2005 and that certificates in respect of new ordinary shares and dollar notes will be despatched by first class post on 21 September 2005. Pending accreditation of CREST accounts or despatch of certificates in respect of the new ordinary shares and dollar notes (as applicable), transfers will be certified against the registers of members of the company and of holders of the dollar notes. No temporary documents of title will be issued and rights to the new ordinary shares and dollar notes issued pursuant to the conversion and capitalisation issue will not be renounceable.

Holders of convertible loan stock who are CREST sponsored members should note that they will not be sent any written communication by the company in respect of the issue of new ordinary shares and dollar notes pursuant to the conversion and capitalisation issue. Holders of convertible loan stock who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the proposals.

Certificates in respect of new ordinary shares and dollar notes will be sent to the persons entitled thereto at the risk of such persons.

Upon completion of the conversion and capitalisation issue, certificates for convertible loan stock will become void and should be destroyed.

Recommendation By reason of his family's interest in Emba and the fact that he is to be treated as acting in concert with Emba (all as detailed under "Information on Emba" in Part II below), Mr R M Robinow, the chairman of the company, has taken no part in any decision of the directors concerning the recommendations to be made by the board to shareholders concerning the first resolution set out in the notice of the extraordinary general meeting convened for 12 September 2005 (which provides for approval of the participation by Emba in the conversion and capitalisation issue) or the second resolution set out in such notice of meeting (which provides for approval of (i) the increase in the percentage interest in the voting rights attaching to the share capital of the company held by Emba that would result from implementation of the conversion and capitalisation issue and (ii) the increase in the percentage interest in such voting rights held by Emba and persons acting in concert with it that could result from the exercise of warrants held by Emba and such persons). As noted above, Emba will abstain from voting on such first and second resolutions.

The independent directors (being all the directors other than Mr R M Robinow), who have been so advised by Canaccord, consider the participation of Emba in the proposals to be fair and reasonable so far as convertible loan stock holders, warrant holders, holders of ordinary shares and holders of preference shares are concerned.

The independent directors also consider, having been so advised by Canaccord, that the terms of the proposals and of the waiver by the Panel on Takeovers and Mergers of the bid requirements of Rule 9 of the City Code with regard to (i) the increase in the percentage interest in the voting rights attaching to the share capital of the company held by Emba that would result from implementation of the conversion and capitalisation issue and (ii) the increase in the percentage of such voting rights held by Emba and persons acting in concert with it that could result from the exercise of warrants held by Emba and such persons to be fair and reasonable and in the best interests of convertible loan stock holders, warrant holders, holders of ordinary shares and holders of preference shares.

In providing their advice as referred to above, Canaccord has taken into account the commercial assessments of the directors.

All the directors are of the opinion that the proposals are in the best interests of convertible loan stock holders, warrant holders, holders of ordinary shares and holders of preference shares as a whole.

Accordingly the board recommends that:

- warrant holders vote in favour of the resolution set out in the notice of the meeting of warrant holders convened for 12 September 2005
- convertible loan stock holders vote in favour of the resolution set out in the notice of the meeting of convertible loan stock holders convened for 12 September 2005

- holders of ordinary shares vote in favour of the resolution set out in the notice of the class meeting of holders of ordinary shares convened for 12 September 2005
- shareholders vote in favour of the three resolutions set out in the notice of the extraordinary general meeting.

The independent directors (and persons connected with them within the meaning of section 346 of the Companies Act 1985) intend to vote in favour of the first and second resolutions set out in the notice of the extraordinary general meeting in respect of their own beneficial holdings which amount in aggregate to 714,810 ordinary shares (representing 3.5 per cent of the issued ordinary share capital of the company). All directors (and persons so connected with them) intend to vote in favour of all the other resolutions referred to above in respect of their own beneficial holdings which amount in aggregate to 137,900 warrants (representing 8.9 per cent of the warrants in issue), £95,125 nominal of convertible loan stock (representing 3.1 per cent of the outstanding convertible loan stock) and 714,810 ordinary shares (representing 3.5 per cent of the issued ordinary share capital of the company).

Emba has undertaken to vote in favour of the resolutions set out in the notices of the meetings of warrant holders and convertible loan stock holders and of the class meeting of ordinary shareholders, and in favour of the third resolution set out in the notice of the extraordinary general meeting in respect of its holdings of 41,420 warrants (representing 2.7 per cent of the warrants in issue), £1,380,980 nominal of convertible loan stock (representing 45.3 per cent of the outstanding convertible loan stock) and 7,203,983 ordinary shares (representing 35.8 per cent of the issued ordinary share capital of the company).

Trustee

The Law Debenture Trust Corporation p.l.c. as trustee (the "Trustee") for the holders of the convertible loan stock has not been involved in the formulation of the company's proposals outlined in this document and, in accordance with normal practice, expresses no opinion as to the merits of the passing of the extraordinary resolution set out in the notice convening the meeting of convertible loan stock holders. The Trustee has, however, authorised it to be stated that on the basis of the information contained in this document and the terms of the extraordinary resolution set out in the notice convening the meeting of convertible loan stock holders, it has given consent to the issue of such notice, and of the circular dated 17 August 2005 of which the notice forms a part, to *inter alia*, holders of the convertible loan stock, and has no objection to the information contained therein being presented to the holders of the convertible stock for their consideration.

Further information

Attention is drawn to the further information set out in Part II below.

Yours faithfully

RICHARD ROBINOW
Chairman

PART II. ADDITIONAL INFORMATION

- 1. Responsibility** The directors of the company, whose names appear in paragraph (C) under "The company" below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 2. The company**
- (A) The company was incorporated and registered in England and Wales on 27 September 1960 as a private company limited by shares under the Companies Act 1948 with registered number 671099 and was re-registered on 15 February 1982 as a public limited company under the Companies Acts 1948 to 1980. The company is subject to the provisions of the Companies Act 1985. The registered and head office of the company is Third Floor, 40-42 Osnaburgh Street, London NW1 3ND (telephone: +44 (0)20 7419 0100).
- (B) No dividend has been declared or paid on the ordinary shares in respect of any of the three financial years ended 31 December 2004.
- (C) The directors of the company (all being of Third Floor, 40-42 Osnaburgh Street, London NW1 3ND) are as follows
- Richard Michael Robinow (Chairman)
John Clifton Oakley (Managing Director)
John MacDonald Green-Armytage
John Rankin Macdonald Keatley
Lionel Edgar Charles Letts
Chan Lok Lim
- (D) No shares of the company are currently held in treasury.
- (E) Insofar as is known to the company, as at 15 August 2005 (being the latest practicable date prior to the publication of this document), the following persons (other than directors) had, directly or indirectly, interests in the company's capital or voting rights which are notifiable under the Companies Act 1985 (being interests representing three per cent or more of the issued ordinary share capital of the company), as follows:
- | | <i>Number</i> | <i>Percentage</i> |
|--------------------------------|---------------|-------------------|
| Emba | 7,203,983 | 35.8 |
| Alcatel Bell Pensioenfonds VZW | 2,494,094 | 12.4 |
- (F) Save as disclosed in "Information on Emba" below in relation to Emba, no associate of the company (as defined in paragraph (1) of the definition of "associate" in the City Code on Takeovers and Mergers), or pension fund or employee benefit trust of, or adviser to the company, or pension fund or employee benefit trust of, or adviser to, any such associate, or adviser to any person acting in concert with the directors owns any ordinary shares, warrants or convertible loan stock (where for this purpose, "adviser" means a "connected adviser" as defined in the City Code on Takeovers and Mergers and persons controlling, controlled by, or under the same control as such adviser).
- (G) Historical financial information relating to the group is provided in the dollar note prospectus.
- (H) There has been no significant change in the financial or trading position of the group since 31 December 2004, being the end of the last period for which the group has published financial statements.

3. Directors' interests

(A) As at the date of this document, the interests (the "relevant interests") in the shares, warrants and convertible loan stock of the company which (i) have been notified to the company pursuant to sections 324 or 328 of the Companies Act 1985, (ii) are required pursuant to section 325 of that Act to be entered in the register referred to therein, or (iii) are interests of a person connected (within the meaning of section 346 of the Companies Act 1985) with a director, which would, if that connected person were a director, be required to be disclosed under (i) or (ii) aforesaid and the existence of which is known to or could with reasonable diligence be ascertained by that director, are as follows (all such interests being beneficial interests):

	<i>Preference shares</i>	<i>Ordinary shares</i>	<i>Warrants</i>	<i>Convertible loan stock</i>
R M Robinow	113,329	-	116,900	-
J C Oakley	453	61,983	-	1,000
J M Green-Armytage	2,896	55,861	21,000	-
J R M Keatley	2,007	520,980	-	77,733
L E C Letts	4,304	75,986	-	16,392
C L Lim	-	-	-	-

In addition Mr J C Oakley has been granted an option to subscribe up to 1,003,824 new ordinary shares at a price of 44.8p per share until 21 May 2012.

(B) Save as respects interests in the proposals (being interests that arise solely by virtue of interests in ordinary shares, warrants and convertible loan stock), no director has or had any interest in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of the group and which was entered into by a member of the group during the current or the immediately preceding financial year or was entered into during an earlier financial year and remains in any respect outstanding or unperformed.

(C) No director has or is proposed to have a service contract with the company or any of its subsidiaries having a notice period of one year or more or containing provisions for predetermining compensation on termination of an amount which equals or exceeds one year's salary and benefits in kind.

(D) The aggregate amount paid by the group to the directors in respect of the financial year ended 31 December 2004 (including remuneration, amounts representing benefits in kind and fees in respect of service arrangements payable to companies in which directors are interested) amounted to £566,000.

4. Information on Emba

(A) Emba owns 7,203,983 ordinary shares (representing 35.8 per cent of the ordinary shares in issue), 41,420 warrants (representing 2.7 per cent of the warrants in issue) and £1,380,980 nominal of convertible loan stock (representing 45.3 per cent of the outstanding convertible loan stock). Mr R M Robinow (the chairman of the company) and persons connected with him (within the meaning of section 346 of the Companies Act 1985) are interested in 45 per cent of the issued ordinary share capital of Emba.

(B) Emba is a private company which carries on the business of an investment holding company. The principal activities of its subsidiaries are dealing in securities, property investment and the provision of management services. Emba holds a substantial minority interest in the company as detailed in paragraph (A) above. The directors of Emba are Mr R M Robinow and his brother, Mr J J Robinow. The registered office of Emba is at Third Floor, 40-42 Osnaburgh Street, London NW1 3ND.

(C) The published accounts of Emba are prepared under the historical cost convention and in accordance with applicable UK law and auditing standards. Fixed asset investments are included at cost less any provision for impairment. Income from investments is included in the accounts of the financial period in which it is receivable. Emba is not currently required to prepare group accounts by virtue of the exemption provided by section 248 of the Companies Act 1985 and does not do so.

As permitted by the provisions of Financial Reporting Standard No 1 Revised, the accounts of Emba do not include a cash flow statement.

(D) The results of Emba for the three financial years ended 30 April 2005 were as follows:

	2002/03 £'000	2003/04 £'000	2004/05 £'000
Profit / (loss) before tax	12	-	(55)
Tax	-	-	-
Profit / (loss) after tax	<u>12</u>	<u>-</u>	<u>(55)</u>
Dividend	<u>(22)</u>	<u>(22)</u>	<u>(22)</u>
Retained earnings	<u>(10)</u>	<u>(22)</u>	<u>(77)</u>

Dividend represents dividend payments in respect of Emba preference shares. No dividend has been declared or paid on the Emba ordinary shares in respect of any of the three financial years ended 30 April 2005.

(E) The net assets of Emba at 30 April 2005 were as follows

	£'000
Investment in REA	6,475
Other fixed asset investments	1
Debtors	126
Creditors up to one year	<u>(1,191)</u>
	5,411
Shareholder loans	<u>(2,192)</u>
	<u>3,219</u>

The market value of the Emba investment in REA at 30 April 2005 was £24.5 million.

(F) The financial information relating to Emba contained in the preceding paragraphs of this section "Information on Emba" has been extracted without material adjustment from the statutory accounts of Emba for the three financial years ended 30 April 2005. The information does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. Statutory accounts of Emba in respect of each of the three years ended 30 April 2005 have been audited by Deloitte & Touche LLP, whose report in each year was unqualified within the meaning of sections 235 to 237 of the Companies Act 1985, and have been delivered to the registrar of companies.

(G) The following contracts, not being contracts entered into in the ordinary course of business, are the contracts that have been entered into by Emba and its subsidiaries within the two years preceding the date of this document that are or may be material:

- (1) dated 19 May 2004, between (i) San Ysidro Corporation ("SYC"), Anglo American Agriculture plc ("AAA"), Anglo American Agriculture Holdings and Mr M E Zukerman and (ii) Mr H M Robinow, Mr R M Robinow, R.E.A. Trading Limited (a company wholly owned by Mr H M Robinow), the trustees of the V S Robinow (1986) Settlement and Emba, being a settlement and release agreement, whereby the parties of the first and second parts settled and released all rights claims and demands relating to various actions between them relating to AAA and SYC, and Emba and the other parties of the second part agreed to transfer their former holdings of non-voting ordinary shares of AAA to Mr M E Zukerman or such person as he might nominate; and
- (2) dated 22 November 2004, between (i) Mr H M Robinow and (ii) Emba, being a sale and purchase agreement, whereby Emba purchased Mr Robinow's investments in REA, comprising 170,458 ordinary shares, 12,748 warrants and £4,961 nominal of convertible loan stock for an aggregate consideration of £425,484 satisfied by the issue by Emba of 425,484 10 per cent cumulative

redeemable second preference shares of £1 each ("second preference shares"), and Mr Robinow subscribed a further 574,516 second preference shares for cash at par, the subscription monies for such shares being set off against indebtedness owed by Emba to Mr Robinow.

(H) There has been no significant change in the financial or trading position of Emba and its subsidiaries since 30 April 2005, being the end of the last period for which Emba has published financial statements.

(I) Since substantially all of the assets of Emba comprise interests in the company, the directors of Emba consider that the prospects for Emba mirror the prospects for the group.

(J) The equity capital of Emba comprises 185,462 ordinary shares of £1 each, 182,985 of which are owned by Mr R M Robinow and his immediate family (comprising himself and his wife, P E Robinow, and their son, L M D Robinow; his brother, J J Robinow and J J Robinow's children, A D Robinow and Y A Robinow; his father, H M Robinow; and certain family trusts and settlements of which some or all of the above mentioned members of the Robinow family are the beneficiaries) (the "Robinow family"). The number of Emba ordinary shares and REA warrants owned by each member of the Robinow family is shown below (no member of the Robinow family owns any REA ordinary shares or convertible loan stock):

	<i>Emba ordinary shares</i>	<i>REA warrants</i>
H M Robinow	35,450	-
J J Robinow	49,031	-
L M D Robinow	1,370	-
P E Robinow	8,851	18,000
R M Robinow	33,393	18,400
A D Robinow Bare Trust	961	-
Y A Robinow Bare Trust	962	-
H M Robinow (1983) Settlement	9,250	-
J J Robinow (1983) Settlement	10,000	-
R M Robinow (1983) Settlement	10,000	-
V S Robinow (1983) Settlement	3,375	-
V S Robinow (1986) Settlement	10,067	80,500
V S Robinow (1997) Trust	10,275	-
	<u>182,985</u>	<u>116,900</u>

(K) The principal business interests of the Robinow family comprise their interests in Emba and interests in Willington plc and REA Vipingo Plantations Limited. Willington plc (of which the whole of the issued ordinary share capital is owned by Mr H M Robinow) is a public company, incorporated in England and Wales, of which the preference share capital is admitted to trading on AIM, a market operated by the London Stock Exchange. Willington plc is engaged in storage and distribution in the UK. REA Vipingo Plantations Limited (in which Mr H M Robinow has a majority interest) is a Kenyan company, listed on the Nairobi Stock Exchange, which is engaged in the cultivation of sisal in Kenya and Tanzania.

(L) The persons acting in concert with Emba (together with Emba, the "concert group") are the persons listed in paragraph (J) above and the Emba Services Limited Pension Scheme. Save for the following transactions between members of the concert group, neither Emba nor any person acting in concert with Emba (including the directors of Emba) has dealt for value in the ordinary shares, warrants or convertible loan stock within the period of twelve months immediately preceding the date of this document:

- (i) on 7 September 2004, Mr H M Robinow acquired from the underlisted members of the concert group a total of 147,551 ordinary shares and 12,748 warrants at prices of 262.5p per ordinary share and 192.5p per warrant:

	<i>Ordinary shares</i>	<i>Warrants</i>
J J Robinow	24,891	-
L M D Robinow	6,000	-
P E Robinow	14,396	4,748
R M Robinow	16,708	8,000
A D Robinow Bare Trust	3,470	-
Y A Robinow Bare Trust	3,471	-
V S Robinow (1986) Settlement	50,949	-
V S Robinow (1997) Trust	11,000	-
Emba Services Limited Pension Scheme	16,666	-

- (ii) on 22 November 2004, pursuant to the contract summarised in sub-paragraph (2) of paragraph (G) above, Emba purchased from Mr H M Robinow 170,458 ordinary shares, 12,748 warrants and £4,961 nominal of convertible loan stock at prices of 222.5p per ordinary share, 180p per warrant and 465p per £1 nominal of convertible loan stock; and
- (iii) on 17 August 2005, Emba purchased from the Emba Services Limited Pension Scheme £10,000 nominal of convertible loan stock at a price of 450p per £1 nominal of the convertible loan stock (such purchase having been made to allow the concert group the continued convenience, following implementation of the proposals, of having Emba as the only member of the concert group owning ordinary shares).

(M) No agreement, arrangement (including a compensation arrangement) or understanding exists between Emba or any person acting in concert with it and any of the directors, recent directors, shareholders or recent shareholders of the company having any connection with or dependence upon the proposals.

(N) There is no agreement, arrangement or understanding whereby any new ordinary shares acquired by Emba pursuant to the conversion and capitalisation issue will or may be transferred to any other person.

(O) Emba intends that the business of the group should remain under its existing management and that the group should continue its development in accordance with the existing plans of the directors as outlined in the dollar note prospectus. Pursuant to deeds dated 24 November 1998 and 10 April 2001, Emba has agreed that it will not undertake activities in conflict with those of the group and that it will deal with the group only on a basis that is appropriate between a listed company and its subsidiaries and a significant shareholder.

(P) The information in the preceding paragraphs under this section "Information on Emba" has been supplied by the directors of Emba (whose names are given in paragraph (B) above). To the best of the knowledge and belief of those directors (who have taken all reasonable care to ensure that such is the case), the information contained in those paragraphs is in accordance with the facts and does not omit anything likely to affect the import of such information.

(Q) Save as disclosed in paragraph (J) above in respect of Mr R M Robinow, neither the company nor any director of the company has any interest in the ordinary shares of Emba.

5. Material contracts

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which the company or any member of the group is a party, entered into within the two years immediately preceding the date of publication of this document, together with a summary of any other contract, not being a contract entered into in the ordinary course of business, entered into by any member of the group which contains any provision under which any member of the group has an obligation or entitlement which is material to the group as at the date of this document:

- (1) dated 17 September 2003 between (i) the company and (ii) Canaccord, being a placing agreement, whereby Canaccord, as agent of the company, arranged placees to subscribe 1,300,000 ordinary shares at a subscription price of 146p per share for a commission of 4 per cent of the gross proceeds of the placing and a fee of £5,000 (plus VAT) and the company gave certain warranties and indemnities to Canaccord (being warranties and indemnities customary in connection with a placing of shares of a listed company); the time limit for claims under such warranties and indemnities has now expired;
- (2) dated 5 July 2004 between (i) the company and (ii) Canaccord, being a placing agreement, whereby Canaccord, as agent of the company, arranged placees to subscribe 1,000,000 preference shares at a subscription price of £1 per share and to acquire a further 99,345 preference shares held by the company as treasury shares at a price of £1 per share (paid in cash) for a fee of £45,000 (plus VAT) and the company gave certain warranties and indemnities to Canaccord (being warranties and indemnities customary in connection with a placing of shares of a listed company) upon terms that the company will be liable in respect only of claims made under such warranties and indemnities until six months after publication of the company's annual report for the year ended 31 December 2004 and then only (other than in a case of fraud or wilful non disclosure) up to a maximum amount equal to the gross proceeds of the placing; and
- (3) dated 7 October 2004 between (i) the company and (ii) Canaccord, being a placing agreement, whereby Canaccord, as agent of the company, arranged placees to subscribe 772,965 preference shares at a subscription price of £1 per share for a commission of 2¼ per cent of the gross proceeds of the placing (plus VAT) and the company gave certain warranties and indemnities to Canaccord (being warranties and indemnities customary in connection with a placing of shares of a listed company) upon terms that the company will be liable in respect only of claims made under such warranties and indemnities (other than in a case of fraud or wilful non disclosure) up to a maximum amount equal to the gross proceeds of the placing.

6. Miscellaneous (A) *Consent*

Canaccord has given and has not withdrawn its written consent to the references in this document to its name in the form and context in which these appear.

(B) *London Stock Exchange quotations*

The following table sets out the closing mid market quotations of the ordinary shares, warrants and £1 nominal of convertible loan stock as derived from the Daily Official List of the London Stock Exchange on the first dealing day of each of the months March to August 2005, on 2 August 2005 (the dealing day last preceding the date upon which the principal terms of the proposals were announced) and on 15 August 2005 (the latest practicable date prior to the posting of this document):

	<i>Ordinary shares</i>	<i>Warrants</i>	<i>Convertible loan stock</i>
1 March 2005	221.00 p	180.00 p	462.50 p
1 April 2005	230.00 p	225.00 p	472.50 p
3 May 2005	243.00 p	225.00 p	500.00 p
1 June 2005	230.00 p	225.00 p	485.00 p
1 July 2005	235.13 p	225.00 p	450.00 p
1 August 2005	233.50 p	225.00 p	450.00 p
2 August 2005	233.50 p	225.00 p	450.00 p
15 August 2005	247.00 p	202.50 p	450.00 p

7. Referenced information

This document incorporates by reference the following information contained in the dollar note prospectus:

- (i) Part II entitled "Risk factors" on pages 9 and 10 of the dollar note prospectus (as referenced under "Risk factors" in Part I on page 14 above);

- (ii) Part III entitled "Terms and conditions of the dollar notes" on pages 11 to 20 of the dollar note prospectus (as referenced under "Particulars of the dollar notes" in Part I commencing on page 10 above);
- (iii) Part IV entitled "Business of the group" on pages 21 to 28 of the dollar note prospectus, which includes the plans of the directors for the development of the group (as referenced in paragraph (O) under "Information on Emba" in Part II on page 26 above) and information on the group's current trading under the section entitled "Current trading"(as referenced under "Introduction" in Part I on page 7 above);
- (iv) Part VII on pages 35 to 51 of the dollar note prospectus entitled "Historical financial information" (as referenced in paragraph (G) under "The company" in Part II on page 22 above); and
- (v) the section of Part VIII entitled "The MEZ group claims" on pages 54 to 58 of the dollar note prospectus (as referenced under "Release of security for the convertible loan stock" and "Further issues of dollar notes and use of resultant proceeds" in Part I on, respectively, page 13 and pages 13 and 14 above).

The dollar note prospectus may be inspected as described under "Documents available for inspection" below and will also be available for downloading from the company's web site at "www.rea.co.uk" throughout the period that it is available for inspection.

8. Documents available for inspection

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays and public holidays excluded) at the London office of the company's solicitors, Ashurst, at Broadwalk House, 5 Appold Street, London EC2A 2HA up to and including 12 September 2005:

- (i) the memorandum and articles of association of the company;
- (ii) the trust deed dated 22 May 2002 made between (1) the company, (2) Makassar Participation plc and (3) The Law Debenture Trust Corporation p.l.c. constituting the convertible loan stock, together with the first and second supplemental trust deeds relating to the convertible loan stock, dated respectively 18 December 2003 and 17 August 2005;
- (iii) the instrument constituting the warrants;
- (iv) the audited accounts of the company for the two financial years ended 31 December 2004;
- (v) the dollar note prospectus;
- (vi) a draft of the trust deed by which the dollar notes will be constituted;
- (vii) the memorandum and articles of association of Emba;
- (viii) the audited accounts of Emba for the two financial years ended 30 April 2005;
- (ix) the material contracts referred to in paragraph (G) under "Information on Emba" above;
- (x) the deeds executed by Emba referred to in paragraph (O) under "Information on Emba" above;
- (xi) the voting undertaking given by Emba (incorporating undertakings not to vote, and to vote, as referred to under, respectively, "Meetings" and "Recommendation" in Part I above);
- (xii) the deed dated 22 May 2005 constituting the share option granted to Mr J C Oakley as referred to in paragraph (A) under "Directors' interests" above;
- (xiii) the material contracts referred to under "Material contracts" above; and
- (xiv) the written consent referred to in paragraph (A) under "Miscellaneous" above.

NOTICE OF MEETING OF WARRANT HOLDERS

R.E.A. Holdings plc

(Registered in England and Wales number 671099)

Notice is hereby given that a meeting of the holders of warrants to subscribe, or to convert preference shares into, ordinary shares in the capital of the company will be held at the London office of Ashurst at Broadwalk House, 5 Appold Street, London EC2A 2HA on 12 September 2005 at 10.15 am for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an extraordinary resolution

Extraordinary resolution

THAT the holders of the warrants to subscribe, or to convert preference shares into, ordinary shares in the capital of the company (the "warrants") hereby sanction:

- (a) the proposed capitalisation issue to the holders of new ordinary shares of 25p each in the capital of the company arising pursuant to the conversion of the 4 per cent convertible loan stock 2012 of the company as described in the circular to, *inter alia*, warrant holders dated 17 August 2005; and
- (b) each and every modification, abrogation and variation of the rights attached to the ordinary shares in the capital of the company to be effected by the third resolution set out in the notice of extraordinary general meeting of the company dated 17 August 2005.

By order of the board
R.E.A. SERVICES LIMITED
Secretaries

Registered office
Third floor
40-42 Osnaburgh Street
London NW1 3ND

17 August 2005

Notes

- 1 *The proposed capitalisation issue, as described in the circular to, inter alia, warrant holders dated 17 August 2005 of which this notice forms part (the "circular"), would breach the rights attaching to the warrants, unless such capitalisation issue is first sanctioned by an extraordinary resolution of the warrant holders. Further details of the capitalisation issue are set out in Part I of the circular. The attention of warrant holders is drawn to the recommendation by the board in Part I of the circular.*
- 2 *The quorum required for a meeting of warrant holders is the holders (present in person or by proxy) of one-third of the outstanding warrants; at any adjourned meeting, if a quorum as defined above is not present, those holders of warrants who are then present in person or by proxy shall be a quorum. An extraordinary resolution as referred to in this notice is a resolution passed by a majority consisting of not less than three-fourths of the votes cast, whether on a show of hands or on a poll.*
- 3 *A holder of warrants entitled to attend and vote at the meeting convened by the above notice may appoint a proxy to attend and, on a poll, vote instead of him or her. A proxy need not be a holder of warrants. The instrument appointing a proxy must be deposited at the office of the registrars of the company not less than*

48 hours before the time appointed for holding the meeting. The appointment of a proxy will not prevent a holder of warrants from attending and voting at the meeting should he or she wish to do so.

- 4 The company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that in relation to securities held in dematerialised form only those holders of warrants registered in the register of warrant holders of the company at 5.00 pm on 10 September 2005 shall be entitled to attend or vote at the meeting in respect of the number of warrants registered in their name at that time. Changes to entries on the register of warrant holders after 5.00 pm on 10 September 2005 shall be disregarded in determining the rights of any person to attend or vote at the meeting.*

NOTICE OF MEETING OF CONVERTIBLE LOAN STOCK HOLDERS

R.E.A. Holdings plc

(Registered in England and Wales number 671099)

Notice is hereby given that a meeting of the holders of the 4 per cent convertible loan stock 2012 of the company will be held at the London office of Ashurst at Broadwalk House, 5 Appold Street, London EC2A 2HA on 12 September 2005 at 10.20 am (or so soon thereafter as the meeting of the holders of the warrants to subscribe, or to convert preference shares into, ordinary shares in the capital of the company convened for 10.20 am on the same day has been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an extraordinary resolution

Extraordinary resolution

THAT, in accordance with the exercise of the powers conferred upon them by paragraph 15 of schedule 2 to the trust deed dated 22 May 2002 (the "**trust deed**") constituting the 4 per cent convertible loan stock 2012 of R.E.A. Holdings plc (the "**company**") (the "**stock**") to (i) sanction the exchange of the stock or the conversion of the stock into shares, stock, debentures, debenture stock or other obligations or securities of the company or any other company formed, or to be formed, and whether with or without a cash entitlement; and (ii) sanction any modification, abrogation or compromise of an arrangement in respect of the rights of the holders of the stock against the company or against the whole or any part of the undertaking, property, assets and rights of the company, the holders of the stock hereby:

(a) sanction the following reorganisation of the stock:

1. Conditions

The reorganisation of the stock proposed to be effected pursuant to paragraphs 2 to 4 below is conditional upon:

- (A) the passing of the extraordinary resolution set out in the notice of meeting of the holders of warrants to subscribe, or to convert preference shares into, ordinary shares in the capital of the company dated 17 August 2005;
- (B) the passing of the extraordinary resolution set out in the notice of separate class meeting of the holders of ordinary shares of 25p each in the capital of the company ("**ordinary shares**") dated 17 August 2005; and
- (C) the passing of the three resolutions set out in the notice of extraordinary general meeting of the company dated 17 August 2005.

2. Conversion of £10 nominal per £100 nominal of each holding of stock into new ordinary shares

Further conditional upon the new ordinary shares (as defined below) being admitted by the Financial Services Authority to the Official List and by London Stock Exchange plc to trading on its market for listed securities and such admissions (the "**first admission**") becoming effective on or before 5.00 pm on 20 October 2005:

- (A) the company shall repay £10 nominal per £100 nominal of each holding of stock registered in the register of stock holders at the close of business on 12 September 2005 (the "**record date**") (and so in proportion for any greater or lesser amount of stock then held);
- (B) contemporaneously with such repayment as is referred to at sub-paragraph (A) above, each person entitled to the repayment monies referred to at sub-paragraph (A) above (each such person a "**holder of record**") shall subscribe such number of new ordinary shares of 25p each in the capital of the company ("**new ordinary shares**") at a subscription price of 50p per share, payable in full in cash on allotment, as has an aggregate subscription price equal to the repayment monies due by the company to that holder of record as a result of the operation of sub-paragraph (A) above (rounded down to the nearest whole 50p) and the company shall allot such shares fully paid;
- (C) the subscription monies thus due by each holder of record to the company as a result of the operation of sub-paragraph (B) above shall be set-off against the repayment monies due by the company to each holder of record as a result of the operation of sub-paragraph (A) above; and
- (D) any balance of repayment monies remaining due by the company to the holders of record as a result of the rounding down provision included in sub-paragraph (B) above shall be forfeit for the benefit of the company.

The new ordinary shares shall entitle the holders thereof to participate in the bonus issue referred to at paragraph 4 below.

3. Conversion of the balance of holdings of stock into dollar notes

Further conditional upon (i) first admission becoming effective on or before 5.00 pm on 20 October 2005 and (ii) the dollar notes referred to below being admitted by the Financial Services Authority to the Official List and by London Stock Exchange plc to trading on its market for listed securities and such admissions becoming effective on or before 5.00 pm on 21 October 2005 and (iii) the bonus ordinary shares (as defined in paragraph 4 below) also being admitted by the Financial Services Authority to the Official List and by London Stock Exchange plc to trading on its market for listed securities and such admissions becoming effective on or before 5.00 pm on 21 October 2005:

- (A) the company shall repay the balance of the stock at par by payment to the holders of record;
- (B) contemporaneously with such repayment as is referred to at sub-paragraph (A) above, each holder of record shall subscribe \$163 nominal of 7.5 per cent dollar notes 2012/14 of the company ("**dollar notes**") per £100 of stock held at the close of business on the record date (and so in proportion for any greater or lesser amount of stock then held) at a subscription price of £90 per \$163 of dollar notes subscribed (and so in proportion for any greater or lesser amount of notes subscribed) and the company shall allot such dollar notes fully paid, provided that fractional entitlements to dollar notes shall not be allotted and entitlements will be rounded down to the nearest whole amount of \$1 nominal of dollar notes;
- (C) the aggregate subscription monies thus due by each holder of record to the company as a result of the operation of sub-paragraph (B) above shall be set-off against the aggregate repayment monies due by the company to each holder of record as a result of the operation of sub-paragraph (A) above; and

- (D) any balance of repayment monies remaining due by the company to the holders of record as a result of the rounding down provision included in sub-paragraph (B) above shall be forfeit for the benefit of the company.

4. Bonus issue of ordinary shares

Conditional as provided at paragraph 3 above, contemporaneously with the allotment of the dollar notes as referred to at paragraph 3(B) above and in accordance with the terms of issue of the new ordinary shares pursuant to paragraph 2 above, the company shall:

- (A) appropriate up to £1,098,178.75 (being part of the amount standing to the credit of the company's share premium account) to those persons who hold the new ordinary shares issued pursuant to paragraph 2(B) above immediately following the entry in the register of members of the company of the allotment of the same (the "**new ordinary shareholders**") in the proportion of £36 for every 20 new ordinary shares then held (and so in proportion for any greater or lesser number of new ordinary shares then held provided that fractional entitlements to 25p shall be rounded down to the nearest 25p);
- (B) apply that sum on behalf of the new ordinary shareholders in paying up in full at par up to 4,392,715 ordinary shares ("**bonus ordinary shares**"); and
- (C) allot the bonus ordinary shares, credited as fully paid, to and among the new ordinary shareholders on the basis of 144 bonus ordinary shares for every 20 new ordinary shares then held (and so in proportion as aforesaid).

5. Interest

Conditional upon the reorganisation of stock proposed to be effected pursuant to paragraphs 2 to 4 above being effected and becoming unconditional interest shall cease to accrue on the stock with effect from and including 1 July 2005.

6. Election to receive monies in sterling

All holders of record shall be deemed to have elected, in accordance with conditions 4 and 5 endorsed on the certificates issued in respect of the dollar notes, to receive payments of interest and repayments of principal in respect of the dollar notes in pounds sterling.

7. Certificates for ordinary shares and dollar notes

No later than ten business days after the date on which the admissions referred to at paragraphs 3 and 4 above becomes effective (the "**effective date**"), the company shall send by post to the allottees certificates for the new ordinary shares, bonus ordinary shares and dollar notes (together "**new securities**") allotted as envisaged pursuant to paragraphs 2(B), 3(B) and 4 above or, where the stock giving rise to the same was held in uncertificated form, the company shall procure that CRESTCo Limited is instructed to credit the appropriate account in CREST of the holder of record concerned with such holder's entitlement to new securities. All certificates as referred to in this paragraph 7 shall be sent through the post in prepaid envelopes addressed to the persons respectively entitled thereto at their respective addresses appearing in the register of stock holders at the close of business on the record date (or, in the case of joint holders, to the address of that one of the joint holders whose name stands first in the register in respect of such joint holding) or in accordance with any special instructions regarding communications. The company will not be

responsible for any loss or delay in transmission of certificates sent in accordance with this paragraph 7; certificates shall be sent at the risk of the persons entitled thereto.

8. Cancellation of existing stock certificates

With effect from and including the effective date, all stock certificates shall cease to be valid. CRESTCo Limited shall be instructed to cancel all entitlements to stock.

- (b) sanction each and every modification, abrogation and compromise of or arrangement in respect of the rights of the stock holders against the company to be effected by the scheme of reorganisation referred to at paragraph (a) above; and
- (c) sanction the release by The Law Debenture Trust Corporation p.l.c. as trustee for the holders of the stock of all security held by The Law Debenture Trust Corporation p.l.c. in respect of the stock, subject only to the scheme of reorganisation referred to at paragraph (a) above being implemented and becoming unconditional.

By order of the board
R.E.A. SERVICES LIMITED
Secretaries

Registered office
Third floor
40-42 Osnaburgh Street
London NW1 3ND

17 August 2005

Notes

- 1 The quorum required for a meeting of stockholders is one or more persons holding or representing by proxy one-third in nominal amount of the stock for the time being outstanding; the quorum required for any adjourned meeting is one or more stockholders present in person or by proxy (whatever the nominal amount of the stock held by them). An extraordinary resolution as referred to in this notice is a resolution passed at a meeting of the stockholders duly convened and held in accordance with the provisions of the trust deed relating to a meeting for passing an extraordinary resolution by a majority consisting of not less than three-fourths of the persons voting thereat on a show of hands or if a poll is duly demanded then by a majority consisting of not less than three-fourths of the votes given on such poll.*
- 2 A holder of stock entitled to attend and vote at the meeting convened by the above notice may appoint a proxy to attend and, on a poll, vote instead of him or her. A proxy need not be a holder of stock. The instrument appointing a proxy must be deposited at the office of the registrars of the company not less than 48 hours before the time appointed for holding the meeting. The appointment of a proxy will not prevent a holder of stock from attending and voting at the meeting should he or she wish to do so.*
- 3 The company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that in relation to securities held in dematerialised form only those holders of stock registered in the register of stock holders of the company at 5.00 pm on 10 September 2005 shall be entitled to attend or vote at the meeting in respect of the nominal amount of stock registered in their name at that time. Changes to entries on the register of stock holders after 5.00 pm on 10 September 2005 shall be disregarded in determining the rights of any person to attend or vote at the meeting.*

NOTICE OF CLASS MEETING OF HOLDERS OF ORDINARY SHARES

R.E.A. Holdings plc

(Registered in England and Wales number 671099)

Notice is hereby given that a separate class meeting of the holders of ordinary shares of 25p each in the capital of the company will be held at the London office of Ashurst at Broadwalk House, 5 Appold Street, London EC2A 2HA on 12 September 2005 at 10.25 am (or so soon thereafter as the meeting of the holders of the 4 per cent convertible loan stock 2012 of the company convened for 10.20 am on the same day has been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an extraordinary resolution

Extraordinary resolution

THAT the holders of the ordinary shares of 25p each in the capital of the company ("ordinary shares") hereby sanction:

- (a) the proposed capitalisation issue to the holders of new ordinary shares of 25p each in the capital of the company arising pursuant to the conversion of the 4 per cent convertible loan stock 2012 of the company as described in the circular to, *inter alia*, holders of ordinary shares dated 17 August 2005; and
- (b) each and every modification, abrogation and variation of the rights attached to the ordinary shares to be effected by the third resolution set out in the notice of extraordinary general meeting of the company dated 17 August 2005.

By order of the board
R.E.A. SERVICES LIMITED
Secretaries

Registered office
Third floor
40-42 Osnaburgh Street
London NW1 3ND

17 August 2005

Notes

- 1 *The quorum required for a class meeting of ordinary shares is two persons holding or representing by proxy at least one-third in nominal value of the issued ordinary shares; the quorum required at any adjourned meeting is one person holding ordinary shares or his proxy. An extraordinary resolution as referred to in this notice is a resolution passed by a majority of not less than three-fourths of such holders of ordinary shares as vote in person or, where a poll is called, of not less than three-fourths of the votes cast.*
- 2 *A holder of ordinary shares entitled to attend and vote at the meeting convened by the above notice may appoint a proxy to attend and, on a poll, vote instead of him or her. A proxy need not be a holder of ordinary shares. The instrument appointing a proxy must be deposited at the office of the registrars of the company not less than 48 hours before the time appointed for holding the meeting. The appointment of a proxy will not prevent a holder of ordinary shares from attending and voting at the meeting should he or she wish to do so.*
- 3 *The company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that in relation to securities held in dematerialised form only those holders of ordinary shares registered in the register of members*

of the company at 5.00 pm on 10 September 2005 shall be entitled to attend or vote at the meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the register of members after 5.00 pm on 10 September 2005 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

NOTICE OF EXTRAORDINARY GENERAL MEETING

R.E.A. Holdings plc

(Registered in England and Wales number 671099)

Notice is hereby given that an extraordinary general meeting of the company will be held at the London office of Ashurst at Broadwalk House, 5 Appold Street, London EC2A 2HA on 12 September 2005 at 10.30 am (or so soon thereafter as the class meeting of the holders of ordinary shares of 25p each in the capital of the company convened for 10.25 am on the same day has been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolutions, the first and second of which will be proposed as ordinary resolutions and the third of which will be proposed as a special resolution

Ordinary resolutions

1 THAT the participation by Emba Holdings Limited in the proposed reorganisation of the 4 per cent convertible loan stock 2012 of the company, to be effected in the manner detailed in the circular to shareholders of the company dated 17 August 2005 or to be effected on such other terms or in such other manner as may be approved by the directors (or any duly authorised committee thereof) be and is hereby approved.

2 THAT the waiver by the Panel on Takeovers and Mergers of the requirement to make a bid that:

- (a) would otherwise arise as a result of the prospective ownership by Emba Holdings Limited ("**Emba**") of up to a maximum of 9,468,790 ordinary shares of 25p each in the capital of the company (representing approximately 37.7 per cent of the issued voting shares of the company) that would result from the implementation of the proposed reorganisation of the 4 per cent convertible loan stock 2012 of the company details of which are set out in the circular to, *inter alia*, shareholders of the company dated 17 August 2005 (the "**proposed reorganisation**"); and/or
- (b) could otherwise result from the exercise by Emba and the persons acting in concert with it (within the meaning of The City Code on Takeovers and Mergers) of the 158,320 warrants to subscribe, or convert preference shares into, ordinary shares in the capital of the company ("**warrants**") owned by them resulting in the prospective ownership by Emba and persons acting in concert with it of up to a maximum of 9,627,110 ordinary shares of 25p each in the capital of the company (representing approximately 38.1 per cent of the issued voting shares of the company on the assumptions that (i) the proposed reorganisation becomes unconditional, (ii) all of the warrants owned by Emba and persons acting in concert with it are exercised, (iii) no other person exercises any warrants and (iv) no voting shares are otherwise issued by the company)

be and is hereby approved.

**Special
resolution**

3 THAT, conditional upon (i) the passing of the extraordinary resolution set out in the notice of meeting of the holders of warrants to subscribe, or to convert preference shares into, ordinary shares in the capital of the company dated 17 August 2005, (ii) the passing of the extraordinary resolution (the "**convertible resolution**") set out in the notice of meeting of the holders of 4 per cent convertible loan stock 2012 of the company ("**stock**") dated 17 August 2005, (iii) the passing of the extraordinary resolution set out in the notice of separate class meeting of the holders of ordinary shares of 25p each in the capital of the company ("**ordinary shares**") dated 17 August 2005, (iv) the passing of the first two resolutions set out in the notice of extraordinary general meeting of the company dated 17 August 2005 and (v) the new ordinary shares of 25p each in the capital of the company issued on conversion of £10 nominal of every £100 nominal of stock held as described in paragraph 2 of the scheme of reorganisation contained in the convertible resolution (the "**scheme of reorganisation**") being admitted by the Financial Services Authority to the Official List and by London Stock Exchange plc to trading on its market for listed securities and such admissions becoming effective on or before 5.00 pm on 20 October 2005:

(a) the articles of association of the company be and are hereby amended by the insertion at the end of article 153 of a new paragraph (iv) as follows:

"(iv) to the holders of new Ordinary shares arising pursuant to the conversion of 4 per cent convertible loan stock 2012 of the company ("**stock**") in accordance with the scheme of reorganisation contained in the extraordinary resolution set out in the notice of meeting of the holders of the stock dated 17 August 2005 (the "**scheme of reorganisation**"), pro rata to the number of new Ordinary shares held by them which are issued on conversion of the stock in accordance with the scheme of reorganisation (but not, for the avoidance of doubt, any other Ordinary shares which may be held by them), and the Directors shall apply, on behalf of such shareholders, such sums in or towards paying up in full at par unissued Ordinary shares to be allotted credited as fully paid to such shareholders."

and the full stop at the end of paragraph (iii) of article 153 shall be deleted and there shall be substituted therefor a semi colon and the word "or";

(b) it being desirable to capitalise the sum of up to £1,098,178.75 (being part of the amount standing to the credit of the company's share premium account), conditional upon (i) the 7.5 per cent dollar notes 2012/14 of the company proposed to be issued on conversion of the balance of the holdings of stock as described in paragraph 3 of the scheme of reorganisation being admitted by the Financial Services Authority to the Official List and by London Stock Exchange plc to trading on its market for listed securities and such admissions becoming effective on or before 5.00 pm on 21 October 2005 and (ii) the bonus ordinary shares (as defined below) also being admitted by the UK Listing Authority to the Official List and by London Stock Exchange plc to trading on its market for listed securities and such admissions becoming effective on or before 5.00 pm on 21 October 2005, the directors be and are hereby authorised and directed:

(1) to appropriate (conditional as aforesaid) that sum to those holders of ordinary shares on the register of members of the company immediately following the entry in the register of the allotment of the new ordinary shares referred to at paragraph 2(B) set out in the convertible resolution ("**holders of record**") in the proportion of £36 for every 20 new ordinary shares held by them which are issued on conversion of the stock in accordance with the scheme of reorganisation (but not, for the avoidance of doubt, any other ordinary shares which may be held by them) ("**conversion ordinary shares**") (and so in proportion for any greater or lesser number of conversion ordinary shares then held provided that fractional entitlements to 25p shall be rounded down to the nearest 25p);

- (2) to apply (conditional as aforesaid) that sum on behalf of holders of record in paying up in full at par up to 4,392,715 ordinary shares ("**bonus ordinary shares**"); and
 - (3) to allot (conditional as aforesaid) the bonus ordinary shares, credited as fully paid, to and among the holders of record on the basis of 144 bonus ordinary shares for every 20 conversion ordinary shares held as aforesaid (and so in proportion as aforesaid); and
- (c) the directors of the company be and are hereby generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 to exercise all the powers of the company to allot relevant securities (as defined in sub-section (2) of that section) up to an aggregate nominal amount of £1,098,178.75, such authority to expire on 21 October 2005 and to be in addition to, and without prejudice to, all existing authorities granted to the directors for the purposes of section 80 of the Companies Act 1985.

By order of the board
R.E.A. SERVICES LIMITED
Secretaries

Registered office
Third floor
40-42 Osnaburgh Street
London NW1 3ND

17 August 2005

Notes

- 1 Only holders of ordinary shares may vote at the meeting convened by the above notice. However, notwithstanding this, Emba Holdings Limited has, in accordance with, respectively, the Listing Rules of the Financial Services Authority and the City Code on Takeovers and Mergers, undertaken not to vote in respect of the first or second resolutions set out in such notice.*
- 2 A member of the company entitled to attend and vote at the meeting convened by the above notice may appoint a proxy to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the company. The instrument appointing a proxy must be deposited at the office of the registrars of the company not less than 48 hours before the time appointed for holding the meeting. The appointment of a proxy will not prevent a member from attending and voting at the meeting should he or she wish to do so.*
- 3 The company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that in relation to securities held in dematerialised form only those holders of shares registered in the register of members of the company at 5.00 pm on 10 September 2005 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 5.00 pm on 10 September 2005 shall be disregarded in determining the rights of any person to attend or vote at the meeting.*