

SUMMARY AND SECURITIES NOTE

issued by

R.E.A. Holdings plc

Dated 28 January 2010

R.E.A. Holdings plc

(Incorporated in England and Wales under the Companies Act 2006 with registered number 671099)

This document is a summary and securities note prepared pursuant to the Prospectus Directive and provides information in connection with a proposed issue by R.E.A. Holdings plc (the "**company**") of up to \$15 million nominal of 7.5 per cent dollar notes 2012/14 of the company to be consolidated and form a single series ranking *pari passu* with the \$30 million nominal of 7.5 per cent dollar notes 2012/14 of the company that are already in issue.

This document and the registration document together constitute a prospectus for the purposes of Article 5.4 of the Prospectus Directive. The prospectus has been approved by the UK Financial Services Authority, which is the UK competent authority for the purposes of the Prospectus Directive in the UK. Application will be made for the additional dollar notes to be admitted to the Official List and to trading on the Regulated Market of the London Stock Exchange (the "**Market**"). The Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

The company accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the company (which has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and contains no omissions likely to affect the import of the statements contained in it.

TABLE OF CONTENTS

1.	Summary	1
1.1	Business of the group	1
1.2	Purposes of the proposed issue	1
1.3	Details of the proposed issue	2
1.4	Particulars of the dollar notes	3
1.5	Risk factors	3
2.	Risk factors relating to the additional dollar notes	5
2.1	Investment risk	5
2.2	Market issues	5
3.	Proposed issue	6
3.1	General	6
3.2	Reasons for the issue	7
3.3	Particulars of the dollar notes	8
3.4	Use of proceeds	9
4.	Terms and conditions of the dollar notes	10
1.	Definitions	10
2.	Form and transfer	11
3.	Status	11
4.	Interest	11
5.	Redemption, purchase and cancellation	12
6.	Payments, unclaimed monies and prescription	13
7.	Taxation	13
8.	Default	13
9.	Limitation on borrowing	15
10.	Other covenants	17
11.	Consent to reduction in capital	18
12.	Enforcement of rights	19
13.	Meetings of Noteholders, modification and waiver	19
14.	Further issues	19
15.	Replacement of certificates	20
16.	Notices to Noteholders	20
17.	Trustee	21
18.	Indemnity in favour of the Trustee and contracts between the Trustee and the Issuer	21
21.	Governing law and submission to jurisdiction	22
5.	UK Taxation	23
6.	General Information	26
6.1	Admission	26
6.2	Selling and offering	26
6.3	ISIN	26
	Definitions	27

1. **Summary**

The following summary information should be read as an introduction to the prospectus. Any decision by a prospective investor to invest in the additional dollar notes should be based on consideration of the prospectus as a whole.

Where a claim relating to the information contained in the prospectus is brought before a court in a member state of the European Economic Area, the claimant investor might, under the national legislation of that member state where the claim is brought, be required to bear the costs of translating this prospectus before legal proceedings are initiated.

In each member state of the European Economic Area that has implemented the Prospectus Directive, civil liability attaches to the persons responsible for this summary (being the company), including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus.

1.1 **Business of the group**

The group is principally engaged in the cultivation of oil palms in the province of East Kalimantan in Indonesia and in the production of CPO and by-products from fruit harvested from its oil palms. The area of oil palms planted or under development at 31 December 2009 amounted to some 31,000 hectares of which some 22,000 hectares were classified as mature from 1 January 2010. The FFB crop harvested in 2009 amounted to 490,000 tonnes and the crop for 2010 has been budgeted at 561,000 tonnes.

During 2008, the directors decided to augment the traditional oil palm operations of the group by developing a modest coal mining operation also based in East Kalimantan. Following this decision, the group has acquired rights in respect of two coal concessions near Tanah Grogot in the southern part of East Kalimantan and in respect of a further concession near Kota Bangun in the central part of East Kalimantan.

1.2 **Purposes of the proposed issue**

One of the two Tanah Grogot concessions is now coming into production and the group plans that the Kota Bangun concession should also be brought into production within a few months. To optimise returns from the sale of coal mined from the producing Tanah Grogot concession, it may be appropriate to blend that coal with coal purchased from third parties. Moreover, the company owning the producing Tanah Grogot concession has been approved as a supplier to the Indonesian state electricity company and it is planned to take advantage of this approval by sourcing additional coal from third parties (by a combination of outright purchases and by mining third party coal concessions against payment of a royalty) and selling it to the Indonesian state electricity company. Working capital will be required to fund the new mining operations until commercial levels of production are achieved, to finance the provision of normal credit terms to coal buyers and to fund coal purchases from third parties. The proposed issue is designed to meet these requirements and to refinance some \$4.5 million of the monies that have been advanced to the relevant coal operations by other group companies.

All proceeds of the proposed issue will be applied by the group in funding the relevant coal operations, with the coal operations applying \$4.5 million of the proceeds in making the repayment referred to in the preceding paragraph. It may be that the coal operations develop less quickly than is hoped or generate surplus cash flow more rapidly than expected and that this reduces their requirement for externally funded working capital. This may permit the relevant coal operations to make additional repayments of the monies currently provided to them by other group companies. All monies repaid by the coal operations will be used to provide standby funding for the group's agricultural operations.

1.3 **Details of the proposed issue**

The company proposes to create \$15 million nominal of additional dollar notes (ranking *pari passu* with and forming a single issue with the original notes) and to issue all of the additional dollar notes proposed to be created by way of a placing pursuant to which, for each \$100 nominal of additional dollar notes subscribed, placees will also subscribe one KCC participating preference share.

Guy Butler has undertaken to use its reasonable endeavours to place all of the additional dollar notes together with 150,000 KCC participating preference shares at a subscription price of, in the case of the additional dollar notes, \$90 per \$100 nominal of additional dollar notes plus an amount equal to the interest that will be payable in respect of the additional dollar notes calculated by reference to the period from 1 January 2010 up to the date of allotment and, in the case of the KCC participating preference shares, \$10 per share. Subscription monies payable for the additional dollar notes and the KCC participating preference shares are payable in full on allotment.

The placing is conditional upon the creation of the additional dollar notes and the admission of the additional dollar notes placed to the Official List and to trading on the Regulated Market of the London Stock Exchange by no later than 26 February 2010. As a term of the placing, the company has agreed that, under certain circumstances, placees will have the right to require the company to purchase from them, or procure the purchase from them of, some or all of the additional dollar notes subscribed by them.

The terms and conditions of the dollar notes are summarised in paragraph 1.4 below.

The KCC participating preference shares will provide a limited interest in the relevant coal operations such that if those operations achieve an average annual level of earnings before interest, tax, depreciation and amortisation ("EBITDA") of \$8 million over the four and a half year period from 1 January 2010 to 30 June 2014 (equivalent to a total of \$36 million for the full period), the combined return to a placee of additional dollar notes and KCC participating preference shares (subscribed in the ratio of \$100 nominal of additional dollar notes to one KCC participating preference share) will be 15 per cent per annum. If the relevant coal operations do not prove successful in achieving the required level of EBITDA, then, except in certain limited circumstances (such as divestment of all or a significant part of the operations or a change of control of the company), no dividends or other distributions will be paid or made on KCC participating preference shares and, after 31 December 2014, those shares will be converted into valueless deferred shares.

No application is being made to list the KCC participating preference shares on any stock exchange or for admission of those shares to trading on any market. However, the KCC participating preference shares will be freely transferable by private arrangement (subject to due stamping of the relevant transfer form).

1.4 **Particulars of the dollar notes**

The dollar notes are or will be admitted to the Official List and traded on the Regulated Market of the London Stock Exchange.

The dollar notes 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, as respects the additional dollar notes, in the first interest period following the date of issue, interest will be calculated as if it had accrued with effect from 1 January 2010.

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).

The dollar notes are unsecured obligations of the company. The trust deed will not contain any 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 of the dollar notes).

The attention of prospective investors in the additional dollar notes is drawn to the fact that the company has obtained no commitments to subscribe for the additional dollar notes proposed to be issued.

1.5 **Risk factors**

The value of the additional dollar notes may be adversely affected by changes in economic conditions and in the group's performance and prospects. Moreover the additional dollar notes will be unsecured obligations of the company and the trust deed will contain no restrictions on further borrowings by the company ranking in priority to the dollar notes or on the grant of security by the company.

In addition, a number of risks could affect the group's future operating performance and thereby affect the company's ability to meet its obligations. Of these, the more material include:

- the exposure of the group's agricultural operations to adverse climatic conditions, pests, diseases and potential damage from logistical disruptions;

- the financial dependence of the agricultural operations upon CPO prices and, as respects the planned level of the extension planting programme, the group's ability to make land available for planting and to finance expansion at the rate that the programme will require;
- currency risks inherent in the fact that CPO is essentially a dollar based commodity;
- environmental risks stemming from the group's involvement in planting oil palm in a region that elsewhere includes substantial areas of unspoilt rain forest;
- regulatory, country and locality risks that arise from the fact that substantially all of the group's agricultural assets are located in the East Kalimantan province of Indonesia; and
- failure by the group's new coal operations to achieve the anticipated results with a consequent loss of capital invested in those operations.

2. **Risk factors relating to the additional dollar notes**

Before making any investment decisions, prospective investors in the additional dollar notes should carefully consider all of the information in this document and the registration document, including the risks and uncertainties referred to in section 2 of the registration document and the risks and uncertainties described below. Those risks and uncertainties are considered by the directors to be the material risk factors currently faced by the group or applicable to an investment in the additional dollar notes. Such risks and uncertainties are not the only ones currently so faced or applicable and other risks and uncertainties not currently known to the directors or that the directors currently deem immaterial may also have a material adverse effect on the group or on such an investment.

2.1 **Investment risk**

The additional dollar notes will represent investments in the loan capital of the company. As such, payments of interest and repayment of principal in respect of the additional dollar notes will be dependent upon the future ability of the company to meet its obligations.

The additional dollar notes will be unsecured obligations of the company and the trust deed will contain no restrictions on further borrowings by the company ranking in priority to the dollar notes or on the grant of security by the group.

2.2 **Market issues**

The value of an investment in the additional dollar notes may be affected by many factors including general economic conditions, levels of interest rates, political events and trends, tax laws and rates of inflation. The value may also be affected by actual and/or perceived changes in the group's financial condition, performance and prospects reflecting, inter alia, announcements made and/or reports published by the company, speculation about the group's business in the press, media or the investment community and/or the publication by investment analysts of research reports concerning the group and/or the market in which it operates.

The market in the original notes is, and it is likely that even with the issue of any additional dollar notes the market in the dollar notes will remain, illiquid. Lack of liquidity may adversely affect the value of an investment in any additional dollar notes and may make it difficult to sell such notes. Even if an active market in the dollar notes were to develop, the additional dollar notes may trade at prices lower than the subscription price.

3. **Proposed issue**

3.1 **General**

The company proposes to create \$15 million nominal of additional dollar notes ranking *pari passu* with and forming a single issue with the original notes so as to create a total issue of up to \$45 million nominal of dollar notes. The constitution of the additional dollar notes will be effected by the execution by the parties thereto of a supplemental trust deed supplementing the original trust deed constituting the dollar notes. The terms and conditions applicable to the dollar notes are set out in section 4 of this document and are summarised in paragraph 3.3 below.

The company intends that all of the additional dollar notes proposed to be created should be issued by way of a placing pursuant to which, for each \$100 nominal of additional dollar notes subscribed, placees will also subscribe one KCC participating preference share.

Guy Butler has undertaken to use its reasonable endeavours to place all of the additional dollar notes together with 150,000 KCC participating preference shares at a subscription price of, in the case of the additional dollar notes, \$90 per \$100 nominal of additional dollar notes plus an amount equal to the interest that will be payable in respect of the additional dollar notes calculated by reference to the period from 1 January 2010 up to the date of allotment and, in the case of the KCC participating preference shares, \$10 per share. The subscription monies payable for the additional dollar notes and the KCC participating preference shares are payable in full on allotment.

The placing is conditional upon the creation of the additional dollar notes and the admission of the additional dollar notes placed to the Official List and to trading on the Regulated Market of the London Stock Exchange by no later than 26 February 2010. As a term of the placing, the company has agreed that, under certain circumstances (as detailed in the summary of the placing agreement included at material contract (K) on page 25 of the registration document), placees will have the right to require the company to purchase, or to procure one or more persons to purchase, some or all of the additional dollar notes subscribed by them.

The company will announce the results of the placing by notification to the Regulatory News Service of the London Stock Exchange. It is expected that such announcement will be made on 10 February 2010 and that dealings in the fully paid additional dollar notes issued pursuant to the placing, for normal settlement, will commence on 11 February 2010. Guy Butler currently maintains a market in the dollar notes and has indicated, without commitment, that it will endeavour to continue to do so.

No application is being made to list the KCC participating preference shares on any stock exchange or for admission of those shares to trading on any market. However, the KCC participating preference shares will be freely transferable by private arrangement (subject to due stamping of the relevant transfer form).

The rights attaching to the KCC participating preference shares are set out in the articles of association of KCC and are summarised as part of the summary of the placing agreement included at material contract (K) on page 25 of the registration document. The KCC participating

preference shares will be issued in registered form but may be held in uncertificated form on CREST. The International Security Identification Number assigned to the KCC preference shares is GB00B61H4989.

3.2 **Reasons for the issue**

The principal business of the group has for some years been, and remains, the cultivation of oil palms in the province of East Kalimantan in Indonesia and the production of crude palm oil and by-products from fruit harvested from the group's oil palms.

During 2008, the directors decided to augment the traditional oil palm operations of the group by developing a modest coal mining operation in East Kalimantan. Following this decision, the group has acquired rights in respect of two coal concessions near Tanah Grogot in the southern part of East Kalimantan and in respect of a further concession near Kota Bangun in the central part of East Kalimantan.

One of the two Tanah Grogot concessions is now coming into production and the group plans that the Kota Bangun concession should also be brought into production within a few months. To optimise returns from the sale of coal mined from the producing Tanah Grogot concession, it may be appropriate to blend that coal with coal purchased from third parties. Moreover, the company owning the producing Tanah Grogot concession has been approved as a supplier to the Indonesian state electricity company and it is planned to take advantage of this approval by sourcing additional coal from third parties (by a combination of outright purchases and by mining third party coal concessions against payment of a royalty) and selling it to the Indonesian state electricity company. Working capital will be needed to fund the new mining operations until commercial levels of production are achieved, to finance the provision of normal credit terms to coal buyers and to fund coal purchases from third parties.

At current levels of production and crude palm oil prices, the group's agricultural operations are generating substantial cash flows. However, the agricultural operations require significant capital to fund their planned further development and the directors do not wish to scale back such planned development, which offers the prospect of good returns, to release capital to fund the group's coal operations. The directors therefore believe that going forward the latter operations should, in so far as practicable, be funded from their own internally generated cash flow supplemented by external borrowings at a level that the operations can reasonably be expected to support.

The group's coal operations have been offered some local bank facilities. While the directors consider that it is sensible to have bank facilities available, given recent events in the banking market and the general conditions applicable to the bank debt available, they believe that the coal operations should not become reliant on bank finance. Rather, the directors believe that additional funding needed for the coal operations should be secured by the issue of further listed debt securities. Given that the group already has outstanding two issues of listed debt securities, namely £37 million nominal of sterling notes and the \$30 million nominal of original notes, the directors feel that it is preferable that any further issue of listed debt securities be made as an addition to one of these two existing issues rather than as a separate issue as this is likely to be more economic as respects both initial issue costs and future administrative costs.

Because the structure of the sterling notes requires that the proceeds of any issue of such notes be employed in the group's agricultural operations, the group cannot issue further sterling notes to provide funding to the group's coal operations. Accordingly, if funding for those operations is to be provided by an addition to one of the group's existing issues of debt securities, then it must be provided by way of an issue of further dollar notes. Unfortunately, the directors have found that many European and Asian investors in dollar debt markets regard the group as too small for them to be able to consider an investment in the additional dollar notes. The directors therefore concluded that to attract interest in an issue of further dollar notes it would be necessary, particularly in the circumstance that the proceeds of such issue would be invested in what for the group is a new business, to offer prospective investors some incentive to subscribe further dollar notes.

It is for this reason that placees of the additional dollar notes will also subscribe one KCC participating preference share for every \$100 nominal of additional dollar notes subscribed. The KCC participating preference shares will provide a limited interest in the relevant coal operations such that if those operations achieve an average annual level of earnings before interest, tax, depreciation and amortisation ("EBITDA") of \$8 million over the four and a half year period from 1 January 2010 to 30 June 2014 (equivalent to a total of \$36 million for the full period), the combined return to a placee of additional dollar notes and KCC participating preference shares (subscribed in the ratio of \$100 nominal of dollar notes to one KCC participating preference share) will be 15 per cent per annum. If the relevant coal operations do not prove successful in achieving the required level of EBITDA, then, except in certain limited circumstances (such as divestment of all or a significant part of the operations or a change of control of the company), no dividends or other distributions will be paid or made on the KCC participating preference shares and, after 31 December 2014, those shares will be converted to valueless deferred shares.

3.3 Particulars of the dollar notes

The company currently has in issue \$30 million nominal of original notes. The \$15 million nominal of additional dollar notes now proposed to be issued will rank *pari passu* with and form a single series with the original notes.

The dollar notes have been or will be created pursuant to resolutions of the board and will be constituted by the trust deed. 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 have been or will be issued in registered form in amounts and integral multiples of \$1 and may be held in uncertificated form on CREST. They are or will be admitted to the Official List and traded on the Regulated Market of the London Stock Exchange.

The dollar notes 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, as respects the additional dollar notes, in the first interest period following the date of issue, interest will be calculated as if interest had accrued with effect from 1 January 2010.

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 may elect 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 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 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 are unsecured obligations of the company. The trust deed will not contain any 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 of the dollar notes).

The attention of prospective investors in the additional dollar notes is drawn to the fact that the company has obtained no commitments to subscribe for the additional dollar notes proposed to be issued.

3.4 **Use of proceeds**

All proceeds of the proposed issue will be applied by the group in funding the relevant coal operations, with the coal operations applying \$4.5 million of the proceeds in repaying an equivalent amount of the monies currently provided to the operations by other group companies. It may be that the coal operations develop less quickly than is hoped or generate surplus cash flow more rapidly than expected and that this reduces their requirement for externally funded working capital. This may permit them to make additional repayments of the monies currently provided to the relevant coal operations by other group companies. All monies repaid by the coal operations will be used to provide standby funding for the group's agricultural operations.

All costs and expenses incurred in connection with the proposed issue have been or will be recharged to the relevant coal operations.

4. **Terms and conditions of the dollar notes**

The terms and conditions to be endorsed on the dollar notes will be in the form set out below.

"The \$45,000,000 7.5 per cent dollar notes 2012/14 (the "**Notes**", which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 14 and forming a single series with the Notes) of R.E.A. Holdings plc (the "**Issuer**") are constituted by a trust deed dated 12 September 2005 made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the "**Trustee**") as trustee for the holders of the Notes (the "**Noteholders**") as supplemented by a supplemental trust deed dated [date of execution] (the "**Trust Deed**"). The issue of the Notes was authorised pursuant to resolutions of the board of directors of the Issuer passed on 16 August 2005 and 20 January 2010 and pursuant to resolutions of duly constituted committees of the board of directors passed on 12 September 2005 and 28 January 2010. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed are available for inspection during normal business hours by the Noteholders at the registered office for the time being of the Trustee, being as at the date of issue of this certificate at Fifth Floor, 100 Wood Street, London EC2V 7EX. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed.

References to "**dollars**" or to "**\$**" are to the lawful currency of the United States of America.

1. **Definitions**

In these Conditions, except to the extent that the context otherwise requires:

"**business day**" means a day which banks in the City of London are generally open for business (other than a Saturday or Sunday);

"**Extraordinary Resolution**" means a resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions contained in the Trust Deed by a majority consisting of not less than three-fourths of the persons voting thereat upon 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 a poll;

"**Interest Payment Date**" means 30 June and 31 December in each year;

"**Interest Period**" means the period commencing on (and including) the date of issue of the relevant notes and ending on (and including) the next following Interest Payment Date and thereafter each successive period commencing on (and including) the day following an Interest Payment Date and ending on (and including) the next following Interest Payment Date;

"**Redemption Date**" means 31 December in each of the three years commencing 31 December 2012;

"**subsidiary**" has the meaning given thereto in section 736 of the Companies Act 1985; and

"**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland.

2. Form and transfer

(A) Form and denomination

The Notes are issued in registered form in amounts and integral multiples of \$1.

The Issuer and the Trustee may (to the fullest extent permitted by applicable law) deem and treat the registered holder of any Notes as the absolute owner for all purposes, notwithstanding any notice to the contrary, including any notice of ownership, trust or any interest in it and no person shall be liable for so treating the registered holder.

(B) Transfer

The Notes will be transferable in amounts or integral multiples of \$1 by transfer in the usual form for such securities.

3. Status

The Notes are direct and unconditional unsecured obligations of the Issuer and rank *pari passu* and without any preference among themselves and with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future.

4. Interest

The Issuer shall pay interest on the principal amount of the Notes at the rate of 7.5 per cent per annum semi-annually in arrear in equal instalments on each Interest Payment Date to those persons who are registered as Noteholders at the close of business on the relevant record date (notwithstanding any intermediate transfer or transmission of any Notes), save that in respect of the first Interest Period following the date of issue of each Note, the interest rate will be calculated as if interest had accrued from (and including) the day following the most recent Interest Payment Date (or, if none, 1 July 2005) (and for this purpose, the "**record date**" shall mean the thirtieth day before the relevant interest payment date or, if such day is not a business day, then the next following business day). Each Note will cease to bear interest from (and including) the due date for redemption unless, upon due presentation, payment of principal in respect of the Note is improperly withheld or refused.

Whenever it is necessary to compute an amount of interest in respect of any Notes for a period shorter than a complete Interest Period (other than the first Interest Period following the issue of the Notes in question), such interest shall be calculated on the basis of the actual number of days in the period from (and including) the day following the most recent Interest Payment Date to (and including) the final day of the relevant period divided by the actual number of days in the period from (and including) the day following the most recent Interest Payment Date to (and including) the next Interest Payment Date. In respect of the first Interest Period following the issue of the Notes in question, the above provisions shall apply as if the date of issue were an Interest Payment Date.

Interest will be paid in dollars unless the relevant Noteholder has elected, by notice in writing to the Issuer received by the Issuer (at the office of its registrars) prior to the relevant record date as

regards any future interest payment, to receive interest in pounds sterling, in which event interest will be paid to that Noteholder in pounds sterling, with each dollar of interest otherwise payable by the Issuer being translated into pounds sterling at the rate actually achieved by the Issuer at or around 11.00 am on the fifth business day prior to the relevant Interest Payment Date (provided always that the Issuer shall not be responsible to any Noteholder for any loss or alleged loss arising from any such sale of dollars for pounds sterling). Any such election shall remain in force for all subsequent interest payments to the Noteholder making the election unless and until revoked by the Noteholder by notice in writing to the Issuer received by the Issuer (at the office of its registrars) prior to the relevant record date as regards any subsequent interest payment.

5. Redemption, purchase and cancellation

(A) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, the Issuer shall redeem the Notes at their principal amount by three equal annual instalments commencing 31 December 2012. If Notes are purchased and cancelled by the Issuer, the amount of Notes that the Issuer will be obliged to redeem on any given redemption date will be reduced by the nominal amount of 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 amount of Notes otherwise due to be redeemed in relation to that redemption date).

(B) Purchases

The Issuer or any of its subsidiaries may at any time purchase Notes in any manner and at any price.

(C) Cancellation

All Notes redeemed will be cancelled forthwith and such Notes may not be reissued or resold. Notes purchased by the Issuer or any of its subsidiaries may be held, resold or surrendered for cancellation.

(D) Election to receive monies in sterling

An election to receive interest payments in pounds sterling, given in accordance with the provisions of Condition 4, will be deemed also to be an election to receive redemption payments in pounds sterling (and any revocation of any such election to receive interest payments in pounds sterling, given in accordance with the provisions of Condition 4, will be deemed also to be a revocation of such election to receive redemption payments in pounds sterling) provided that, in relation to the repayment of any amount of principal, the sterling amount paid shall not exceed 100 per cent of the dollar amount due to be repaid on the date of payment applying the spot exchange rate between dollars and sterling on the relevant repayment date.

6. Payments, unclaimed monies and prescription

- (A) Any principal or interest or other monies payable by the Issuer or the Trustee on or in respect of any Notes may be paid by cheque or warrant made payable to the order of and sent through the post to the registered address of the holder or person entitled thereto or in the case of joint holders made payable to the order of and sent through the post to the registered address of that one of the joint holders who is first named in the register in respect of the Notes or made payable to the order of such person and sent to such address as the holder or joint holders may in writing direct. Payment of any such cheque or warrant shall be a satisfaction of the monies represented thereby. Every such cheque or warrant shall be sent at the risk of the person(s) entitled to the monies represented thereby. If several persons are entered in the register as joint holders of any Notes, then without prejudice to the forgoing provisions of this paragraph, the payment to any of such persons of any principal or interest on or other monies payable in respect of such Notes shall be as effective a discharge to the Issuer and to the Trustee as if the person to whom the payment is made was the sole registered holder of such Notes.
- (B) If any monies should remain due to any Noteholder in respect of any Notes after the due date (whether an Interest Payment Date or a Redemption Date) because any cheque or warrant in respect of it has not been presented, then after the expiry of six months from such due date (or at such earlier time as the Trustee may agree), the Issuer may pay to the Trustee the amount due to such Noteholder and upon such payment being made the interest due on the Notes which the Issuer is ready to redeem (as the case may be) shall be deemed to have been paid or redeemed. The Trustee may place any such monies so received by it on deposit in the name of the Trustee in such bank as it may think fit and thereafter it shall not be responsible for the safe custody of such monies or for interest thereon. Any payment made to the Trustee as described in this Condition 6(B) shall be held by the Trustee on trust for the holder of the relevant Notes provided that the Trustee may amalgamate any such monies with any other monies for the time being held by the Trustee for which it is accountable to any other Noteholder or to the holders of any stock or security (whether or not of the Issuer) for which it is or was the trustee under provisions equivalent to or similar to these provisions. Any monies which remain unclaimed after ten years (in the case of principal) or five years (in the case of interest), and any interest thereon, will be forfeit and will revert to the Issuer.

7. Taxation

All payments of principal and interest in respect of the Notes by the Issuer will be made free and clear of, and without withholding of or deduction for, or on account of, any taxes imposed or levied by or on behalf of the United Kingdom or any political sub-division thereof or by any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes is required by law.

8. Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary

Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured to its satisfaction) (but, in the case of the happening of any of the events mentioned in subparagraphs (iii), (iv), (v), (vi) and (vii) below, only if the Trustee shall have certified in writing that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest, in any of the following events ("**Events of Default**"):

- (i) if default shall be made in the payment on the due date of any principal monies or for a period of 14 days in the payment of any interest which ought to be paid in accordance with these Conditions;
- (ii) if an administration order shall be made, or if an order shall be made or a resolution passed for the winding up of the Issuer (except for a voluntary members' winding up approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders) or if an administrator shall otherwise be appointed with or without a court order;
- (iii) if an encumbrancer shall take possession or a receiver shall be appointed of the whole or any part of the assets or undertaking of the Issuer or if a distress, execution or other process shall be levied or enforced or sued out upon or against any of the assets of the Issuer and such distress, execution or other process shall not be removed discharged or paid out within 14 days;
- (iv) if the Issuer shall stop or threaten by notice to its creditors generally to stop payment of its debts generally or if the Issuer shall cease or threaten to cease to carry on business or substantially the whole of its business;
- (v) if default shall be made by the Issuer in the performance or observance of any covenant, condition or provision binding on it under the Trust Deed or the Notes (other than a covenant, condition or provision for payment of principal or interest) and (except in circumstances where the Trustee shall certify that delay would in its opinion place the interests of the Noteholders in jeopardy) the same (if capable of remedy) is not remedied to the satisfaction of the Trustee within one calendar month after notice in writing of such default shall have been given to the Issuer by the Trustee;
- (vi) if the Issuer shall be unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986 or if any voluntary arrangement is proposed under section 1 of that Act in respect of the Issuer; or
- (vii) if the security for any other debenture or any mortgage or charge of the Issuer shall become enforceable and steps are taken to enforce the same or if any debenture, loan capital or borrowings of the Issuer shall become repayable by reason of default by the Issuer or if any guarantee or indemnity given by the Issuer is not honoured when due and called upon and steps are taken to enforce payment.

9. Limitation on borrowing

The Issuer covenants with the Trustee that for so long as any of the Notes remain outstanding it will procure that (except with the sanction of an Extraordinary Resolution of the Noteholders) the aggregate amount for the time being remaining undischarged of all monies borrowed by the Issuer and its subsidiary undertakings for the time being (the "**Group**") and for the time being owing to persons outside the Group shall not at any time exceed a sum equal to 1½ times the aggregate of:

- (i) the amount paid up on the issued share capital of the Issuer; and
- (ii) the total of the capital and revenue reserves of the Group (including any share premium account, capital redemption reserve and credit balance on the revenue reserve) in each case whether or not such amounts are available for distribution,

all as shown in the latest audited consolidated balance sheet of the Issuer and after:

- (a) making such adjustments as may be appropriate in respect of any variation in such amount paid up on the issued share capital or share premium account or capital redemption reserve or merger reserve since the date of such latest audited consolidated balance sheet and so that for this purpose if any issue or proposed issue of shares for cash or otherwise has been underwritten or otherwise agreed to be subscribed (for cash or otherwise) then, at any time when the underwriting of such shares or other agreement as aforesaid shall be unconditional, such shares shall be deemed to have been issued and the amount (including any premium) payable (or which would be credited as payable) in respect thereof (not being monies payable later than six months after the date of allotment) shall be deemed to have been paid up to the extent that the underwriters or other persons are liable therefor;
- (b) deducting (to the extent included):
 - (I) any amounts distributed or proposed to be distributed (but not provided in such latest audited consolidated balance sheet) other than distributions attributable to the Issuer or any subsidiary undertaking;
 - (II) any amounts attributable to goodwill (other than goodwill arising on consolidation) or other intangible assets;
- (c) excluding:
 - (I) any sums set aside for taxation;
 - (II) any amounts attributable to outside shareholders in subsidiary undertakings of the Issuer;
- (d) deducting any debit balance on the revenue reserve; and
- (e) making such other adjustments (if any) as the auditors for the time being of the Issuer may consider appropriate.

For the purpose of the foregoing limit "**monies borrowed**" shall be deemed to include the following except in so far as otherwise taken into account (together in each case with any fixed or minimum premium payable on final redemption or repayment):

- (i) the principal amount for the time being owing (other than to a member of the Group) in respect of any loan capital, whether secured or unsecured, issued by a member of the Group in whole or in part for cash or otherwise;
- (ii) the principal amount raised by any member of the Group by acceptances or under any acceptance credit opened on its behalf by any bank or accepting house other than acceptances relating to the purchase of goods in the ordinary course of trading and outstanding for not more than ninety days;
- (iii) the nominal amount of any issued share capital, and the principal amount of any monies borrowed or other indebtedness, the redemption or repayment of which is guaranteed or secured or is the subject of an indemnity given by any member of the Group and the beneficial interest in the redemption or repayment of which is not owned within the Group; and
- (iv) the nominal amount of any issued share capital (not being equity share capital which as regards capital has rights no more favourable than those attached to its ordinary share capital) of any subsidiary undertaking of the Issuer owned otherwise than by other members of the Group;

but shall not include and shall be deemed not to include:

- (a) amounts borrowed for the purpose of repaying the whole or any part (with or without premium) of any monies borrowed by any member of the Group then outstanding and so to be applied within six months of being so borrowed, pending their application for such purpose within such period; and
- (b) the proportion of the excess outside borrowing of a partly owned subsidiary undertaking which corresponds to the proportion of its equity share capital which is not directly or indirectly attributable to the Issuer and so that, for this purpose, the expression "**excess outside borrowing**" shall mean so much of the monies borrowed by such partly owned subsidiary undertaking otherwise than from members of the Group as exceeds the amounts (if any) borrowed from it by other members of the Group.

When the aggregate amount of monies borrowed required to be taken into account for the purposes of this Condition 9 on any particular day is being ascertained, any of such monies denominated or repayable (or repayable at the option of any person other than the Issuer or any subsidiary undertaking) in a currency other than sterling shall be translated, for the purpose of calculating the sterling equivalent, at the rate(s) of exchange prevailing on that day in London, or on the last business day six months before such day if thereby such aggregate amount would be less (and so that for this purpose the rate of exchange prevailing shall be taken as the spot rate in London quoted at or about 11.00 am on the day in question by a London clearing bank, approved by the board of directors of the Issuer, as being the rate for the purchase by the Issuer of the

currency and amount in question for sterling). A certificate or report by the auditors for the time being of the Issuer as to the amount of the limit referred to above in this Condition 9 or the aggregate amount of monies borrowed falling to be taken into account as provided above in this Condition 9, or to the effect that the limit imposed by this Condition 9 has not been or will not be exceeded at any particular time or times or during any period shall be conclusive evidence of such amount or fact for the purposes of this Condition 9.

10. Other covenants

The Issuer covenants with the Trustee that for so long as any of the Notes remain outstanding it will:

- (i) carry on and conduct its businesses and affairs in a proper and efficient manner and duly comply with all obligations imposed on it by the Companies Act 1985;
- (ii) keep proper books of account and therein make true and proper entries of all dealings and transactions of and in relation to its business and keep the said books of account and all other documents relating to its affairs at its registered office or other place or places where the said books of account and documents of a similar nature ought in the ordinary course to be kept and allow the Trustee and any receiver or any person or persons nominated by the Trustee in writing (not being a person or persons to whom the Issuer may reasonably object) at all reasonable times to have full access to all its books, accounts and documents as are relevant for the purposes of the Notes;
- (iii) give to the Trustee or to such person or persons as aforesaid such information as they shall reasonably require and in such form as they shall reasonably require as to all matters relating to its business, immovable property, assets and affairs and furnish to the Trustee two copies of every report, balance sheet, profit and loss account, circular or notice issued to its shareholders at the time of issue and send to the Noteholders every published consolidated balance sheet of the Issuer and such other documents as ought to be sent to them in compliance with sections 240 and 246 of the Companies Act 1985;
- (iv) use its best endeavours (a) to maintain the listing of the Notes on the Official List of the Financial Services Authority and their admission to trading on the London Stock Exchange's market for listed securities or, if it is unable to do so having used such best endeavours or if the maintenance of such listing and admission to trading is agreed by the Trustee to be unduly onerous, use its best endeavours to obtain and maintain the quotation and listing of the Notes on such other stock exchange and by such other listing authority, where applicable, as it may (with the prior written approval of the Trustee) decide and (b) to procure that there will at all times be furnished to any stock exchange and listing authority, where applicable, on which and by which the Notes are for the time being traded and listed, on the application of the Issuer, such information as such stock exchange and listing authority, where applicable, may require in accordance with its normal requirements or in accordance with any arrangements for the time being made with any such stock exchange and listing authority, where applicable;

- (v) use all reasonable endeavours to procure that its auditors furnish to the Trustee such certificates, reports or other information as the Trustee may from time to time reasonably require and in such form as the Trustee may reasonably require in connection with any calculation or matter arising under the Trust Deed or these Conditions;
- (vi) at all times execute all such further documents and carry out all such further acts and things as may be necessary at any time or times in the opinion of the Trustee to give effect to the provisions of the Trust Deed and these Conditions;
- (vii) give immediate notice in writing to the Trustee upon it becoming aware of the happening of any such event as is mentioned in Condition 8;
- (viii) at the same time as the audited accounts for each financial period of the Issuer are despatched to the members of the Issuer, use all reasonable endeavours to procure the delivery to the Trustee of a written report from the auditors in a form approved by the Trustee showing that the borrowing limits set out in Condition 9 were not being exceeded as of the date of the relevant accounts; and
- (ix) deliver to the Trustee (a) within 14 days of request therefor from time to time by the Trustee and (b) without the need for any such demand, at the same time as the audited accounts for each financial period of the Issuer are despatched to the members of the Issuer (or, if earlier, not later than 180 days after the end of the financial year to which such audited accounts relate) a certificate signed by two Directors on behalf of the Issuer certifying that, so far as the Issuer is aware, having made all proper enquiries and except as set out in the relevant certificate, as at the date of such certificate and throughout the period from and including the date of the last such certificate (or, in the case of the first such certificate, the date of the Trust Deed) to and including the date of the certificate (or throughout any other period specified by the Trustee):
 - (I) none of the provisions of the Trust Deed (including in particular, without limitation, the borrowing limitation set out in Condition 9) is being or has been breached; and
 - (II) none of the events specified in Condition 8 has occurred

The Trust Deed does not contain any provision restricting or prohibiting the granting of security by the Issuer or any of its subsidiaries.

11. Consent to reduction in capital

The Trust Deed contains provisions pursuant to which the Trustee, on behalf of itself and the Noteholders, has irrevocably consented to one or more reductions of share capital and/or amounts standing to the credit of the Issuer'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 Issuer, subject only to the necessary consent of the court and provided always that such reduction(s) would not result in the Issuer being in breach of the borrowing restriction set out in Condition 9.

12. Enforcement of rights

(A) Enforcement by the Trustee

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed or the Notes, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed or the Notes unless (i) it has been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (ii) it has been indemnified and/or secured to its satisfaction.

(B) Enforcement by the Noteholders

No Noteholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

13. Meetings of Noteholders, modification and waiver

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing at least one third of the principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes for the time being outstanding so held or represented. An Extraordinary Resolution passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

The Trustee may agree, without the consent of the Noteholders, to any modification (subject to certain exceptions) of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed which is not, in the opinion, of the Trustee, materially prejudicial to the interests of the Noteholders or to any modification which is, in the opinion of the Trustee, of a formal, minor or technical nature or which is made to correct a manifest or proven error. Any such modification, waiver or authorisation shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 16.

14. Further issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes or bonds either ranking *pari passu* in all respects (save for the first payment of interest thereon) and (in the case of notes) so that the same shall be consolidated and form a single series with the Notes or upon such terms as to ranking, interest, premium, redemption and otherwise as the Issuer may at the time of the issue thereof determine. Any such notes or bonds, if they are to form a single series with the Notes, shall be constituted by a deed

supplemental to the Trust Deed and in any other case in such manner as the Trustee may agree. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series for the purpose of passing an Extraordinary Resolution in certain circumstances where the Trustee so decides.

15. Replacement of certificates

If any certificate in respect of Notes be worn out or defaced then, upon production of such certificate to the Issuer, the Issuer shall cancel the same and shall issue a new certificate in lieu thereof to the person(s) entitled to such worn out or defaced certificate. If any such certificate be lost or destroyed then, upon proof thereof to the satisfaction of the Issuer and on such terms as to evidence and indemnity as the Issuer may deem adequate being given, the Issuer shall issue a new certificate in lieu thereof to the person(s) entitled to such lost or destroyed certificate. An entry as to the issue of the new certificate and indemnity (if any) shall be made in the register of Noteholders.

16. Notices to Noteholders

Any notice may be given to or served on any Noteholder either personally or by sending it by first class or airmail post in a prepaid envelope addressed to him at his registered address or (if he desires that notices shall be sent to some other person or address) to the person at the address supplied by him to the Issuer for the giving of notices or sending of other documents to him. In the case of joint registered holders of any Notes, a notice given to the Noteholder whose name stands first in the register in respect of such Notes shall be sufficient notice to all the joint holders. Any notice or other document duly served on or delivered to any Noteholder as provided above shall, notwithstanding that such Noteholder is then dead or bankrupt or that any other event has occurred and whether or not the Issuer has notice of the death or the bankruptcy or other event, be deemed to have been duly served or delivered in respect of any Notes registered in the name of such Noteholder as sole or joint holder unless before the day of posting (or if it is not sent by post before the day of service or delivery) of the notice or document his name has been removed from the register as the holder of the Notes, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or claiming through or under him) in the Notes.

Any notice given or document served by post shall be deemed to have been given or served on the day following that on which the same is posted and in proving such service it shall be sufficient to prove that the envelope or wrapper containing the notice of the document or the notice or document itself was properly addressed stamped and posted. Any notice given or document served by delivery otherwise than by post shall be deemed to have been given or served at the time it is delivered to the address hereinbefore specified.

A Noteholder who, having no registered address within the United Kingdom, has not supplied to the Issuer an address within the United Kingdom for the service of notices shall not be entitled to receive notices from the Issuer provided that the Issuer may, at its discretion, give notices to such Noteholder by advertisement (to Noteholders generally) in a national newspaper published in the UK, and any such notices shall be deemed to be effective on the date of such publication.

If at any time the Issuer is unable to give notice by post within the United Kingdom as a result of the suspension or curtailment of postal services or if at the time that such notice is to be posted there is no register of Noteholders, notice may be given to Noteholders by advertisement in a national newspaper published in the United Kingdom. In any such case, the Issuer shall send confirmatory copies of the notice by post as soon as practicable after normal postal services throughout the United Kingdom are restored.

17. Trustee

The Law Debenture Trust Corporation p.l.c., whose head office is at 100 Wood Street, London EC2V 7EX, has agreed to act as trustee of the Noteholders in respect of the Notes.

The statutory power of appointing new trustees shall be vested in the Issuer but a new trustee so appointed must in the first place be approved by the Noteholders by an Extraordinary Resolution. At least one trustee must be a trust corporation and a trust corporation may be a sole trustee. Whenever there are more than two trustees, a majority of trustees shall be competent to exercise all the powers, authorities and discretions vested in the Trustee under the Trust Deed or by law, provided always that a trust corporation is included in such majority.

Any trustee may at any time on the expiry of not less than three months' written notice to that effect given to the Issuer retire without assigning any reason and without being responsible for any expense thereby occasioned.

As between the Trustee and the Noteholders, the Trustee shall have full power to determine all questions and doubts arising in relation to any of the provisions of the Trust Deed and the Notes and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Trustee, shall be conclusive and shall bind all Noteholders.

The Issuer will pay to the Trustee by way of remuneration for its services as trustee such sum as may from time to time be agreed between them. The Issuer shall also reimburse all costs, charges, liabilities and expenses reasonably incurred by the Trustee in relation to the carrying out of its functions as trustee.

18. Indemnity in favour of the Trustee and contracts between the Trustee and the Issuer

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any of the Issuer's subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/ or any of the Issuer's subsidiaries, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

19. Exercise of functions by the Trustee

In connection with the exercise of any of its trusts, powers or discretions (including but not limited to those relating to any proposed modification, waiver, authorisation or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interest arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. The Trustee shall not be entitled to require, nor shall any Noteholder, in connection with any such modification, waiver, authorisation or substitution, be entitled to claim from the Issuer or any other person any indemnification or payment in respect of any tax or other consequence thereof upon individual Noteholders.

20. Rights of third parties

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

21. Governing law and submission to jurisdiction

The Trust Deed and the Notes are governed by, and shall be construed in accordance with, English law.

Each Noteholder is deemed to have irrevocably agreed that the courts of England shall have exclusive jurisdiction to hear and decide any suit, action or proceedings and / or to settle any disputes which may arise out of or in connection with the Notes or their creation and for these purposes each Noteholder will be deemed to have irrevocably submitted to the exclusive jurisdiction of the courts of England."

5. **UK Taxation**

(A) General

The comments below are of a general nature and are based upon the company's understanding of current UK tax laws and the practice of Her Majesty's Revenue and Customs ("HMRC") as of the date hereof. They do not purport to be a complete analysis of all tax considerations, relate only to the position of persons who hold the dollar notes as an investment and are the absolute beneficial owners of the dollar notes and may not apply to certain classes of persons such as dealers, persons who have acquired their dollar notes by reason of their employment or persons connected with the company for relevant tax purposes. Save as specifically mentioned, the comments apply only to holders of dollar notes who are resident and (if individuals) ordinarily resident in the UK for tax purposes. Prospective holders of dollar notes who are in any doubt whatsoever as to their taxation position or who may be subject to tax in a jurisdiction other than the UK should consult their own professional adviser.

(B) UK withholding tax

While the dollar notes are listed on a recognised stock exchange within the meaning of section 1005 of the Income Tax Act 2007 ("ITA"), payments of interest may be made without withholding or deduction of, or on account of, income tax. The London Stock Exchange is such a recognised stock exchange. If the dollar notes cease to be listed, interest may be paid under deduction of income tax at the lower rate (currently 20 per cent).

Any interest on dollar notes will have a UK source and accordingly may be chargeable to UK tax by direct assessment. Where the interest is paid without withholding or deduction, the interest will not generally be assessed to UK tax in the hands of holders of dollar notes who are not resident in the UK, except for certain non-UK resident trustees or where such persons carry on a trade, profession or vocation in the UK through a UK branch or agency (or, in the case of a company, through a permanent establishment) in connection with which the interest is received or to which the dollar notes are attributable, in which case (subject to exemptions for interest received by certain categories of agent, such as brokers or investment managers) tax may be levied on the UK branch or agency or permanent establishment.

(C) UK individuals and other holders not within the charge to UK corporation tax

(i) Taxation of chargeable gains

The dollar notes are not denominated in sterling and accordingly do not fall within the definition of qualifying corporate bond in section 117(1) of the Taxation of Chargeable Gains Act 1992. Since they will form part of a single series of fungible debt securities of which more than half by nominal value will have been issued at a price that is not less than par and will be repaid at par, it is thought that they will not constitute "deeply discounted securities" and will not therefore be deemed to be

qualifying corporate bonds pursuant to section 117(2AA) of that act. Accordingly, individual holders of dollar notes may be subject to UK taxation on capital gains on a disposal or redemption of dollar notes if they are resident or ordinarily resident for tax purposes in the UK or if they carry on a trade in the UK through a branch or agency to which the dollar notes are attributable.

(ii) Accrued income scheme

The transfer of dollar notes by a holder who is not within the charge to UK corporation tax and is resident or ordinarily resident for tax purposes in the UK or carrying on a trade through a branch or agency to which the dollar notes are attributable may give rise to a charge to UK tax on income in respect of an amount treated under rules known as the "accrued income scheme" (contained in chapter 2 of Part 12 of ITA) as representing interest accrued on the dollar notes at the time of transfer.

(D) UK corporation taxpayers

Holders of dollar notes who are within the charge to UK corporation tax should be aware of the provisions contained in Part 5 of the Corporation Tax Act 2009 relating to the taxation of "loan relationships". The effect of these provisions is that any profits and gains (including interest or discount or foreign exchange gains) arising on the dollar notes in the hands of such holders will generally be charged to tax as income in each accounting period on a basis reflecting the treatment in the noteholders' statutory accounts. However, the loan relationship provisions apply to authorised unit trusts, open ended investment companies, investment trusts or venture capital trusts in modified form and, in particular, profits of a capital nature are generally excluded.

(E) Stamp duty and stamp duty reserve tax

It is considered that no stamp duty or stamp duty reserve tax will generally be payable on issue or transfer of the dollar notes.

(F) EU Savings Tax Directive

A new directive regarding the taxation of savings income adopted by the EU Council of Economic and Finance Ministers took effect from 1 July 2005. Under the directive each Member State will be required to provide to the tax authorities of another Member State and certain other states and territories details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that time they elect otherwise) to operate a withholding system in relation to such payments (the ending of such period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have agreed to adopt similar measures.

(G) UK provision of information requirements

Persons in the UK paying interest to or receiving interest on behalf of another person may be required to provide certain information to HMRC regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

6. **General Information**

6.1 **Admission**

The admission of the additional dollar notes to listing on the Official List of the Financial Services Authority and to trading on the Regulated Market of the London Stock Exchange is expected to take effect on 11 February 2010.

6.2 **Selling and offering**

(A) United States

The additional dollar notes have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "Securities Act"). The additional dollar notes are only being offered and sold outside the United States to persons that are not US persons in transactions meeting the requirements of Regulation S under the Securities Act ("Regulation S"). Accordingly, the additional dollar notes may not be offered or sold within the United States or to or for the account or benefit of any US persons. Terms used in this paragraph have the meaning given to them by Regulation S.

Until 40 days after the commencement of any offer of the additional dollar notes, an offer, sale or transfer of the additional dollar notes within the United States by a dealer (whether or not participating in the offer of the additional dollar notes) may violate the registration requirements of the Securities Act.

(B) General

No action has been taken by the company in any jurisdiction (other than in the UK) that would permit, or is intended to permit, an offering of any of the additional dollar notes or the possession or distribution of this document or any amendment or supplement hereto or any other offering material relating to the further notes in any country or jurisdiction where any such action for that purpose is required.

Accordingly, the additional dollar notes may not be offered or sold, directly or indirectly, in connection with the issue of , or any secondary trading in, the additional dollar notes and neither this document nor any other offering material may be distributed or published, in or from any country or jurisdiction except in circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

6.3 **ISIN**

The International Security Identification Number assigned to the dollar notes is GB00B0FRLM43.

Definitions

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

"additional dollar notes"	the \$15 million nominal of 7.5 per cent dollar notes 2012/14 proposed to be issued by the company to form a single series with and rank <i>pari passu</i> with the original notes
"board"	the board of directors of the company
"company"	R.E.A. Holdings plc, whose registered address is at First Floor, 32-36 Great Portland Street, London W1W 8QX
"CPO"	crude palm oil
"CREST"	the computerised settlement system operated by Euroclear UK & Ireland Limited to facilitate the transfer of title to securities in uncertificated form
"directors"	the directors of the company
"dollar notes"	the original notes and the additional dollar notes
"FFB"	oil palm fresh fruit bunches
"group"	the company and its subsidiaries
"Guy Butler"	Guy Butler Limited of 21 Great Winchester Street, London EC2N 2JA
"KCC"	KCC Resources Limited, the wholly owned subsidiary of the company that acts as a sub-holding company for the group's coal operations, incorporated in England and Wales
"KCCMSI"	PT KCC Mining Services Indonesia, a subsidiary of the company incorporated in the Republic of Indonesia
"KCC participating preference shares"	redeemable participating preference shares of \$10 each in the capital of KCC having the rights and being subject to the restrictions described in the summary of material contract (K) on page 25 of the registration document
"London Stock Exchange"	London Stock Exchange plc
"Official List"	the list maintained by the Financial Services Authority in accordance with section 74(1) of the Financial Services and Markets Act 2000
"original notes"	the \$30 million nominal of 7.5 per cent dollar notes 2012/14 of the company in issue
"original trust deed"	the trust deed dated 12 September 2005 made between the company (as issuer) and The Law Debenture Trust Corporation plc (as trustee) constituting the dollar notes
"proposed issue"	the proposed issue of up to \$15 million nominal of additional dollar notes and 150,000 KCC participating preference shares

"prospectus"	the registration document together with this document
"Prospectus Directive"	Directive 2003/71/EC, including relevant implementing measures
"registration document"	the registration document pursuant to Directive 2003/71/EC issued by the company and dated 28 January 2010, including all information incorporated by reference therein
"relevant coal operations"	KCC, KCCMSI and those companies incorporated in Indonesia that, as at 28 January 2010, are (or are proposed to be) engaged in coal mining and are funded by loans from KCC and (ii) any subsidiaries from time to time of any of such companies
"sterling notes"	the £50 million nominal of 9.5 per cent guaranteed sterling notes 2015/17 of REA Finance B.V. (a wholly owned subsidiary of the company incorporated as a private company with limited liability under the laws of the Netherlands) which are irrevocably and unconditionally guaranteed by the company, £37 million nominal of which are in issue
"trust deed"	the original trust deed as supplemented by a supplemental trust deed to be executed between the parties to the original trust deed

References to "dollars" and to "\$" are to the lawful currency of the United States and to "sterling" and "£" are to the lawful currency of the United Kingdom. Unless otherwise specifically indicated, where a dollar amount is stated as at a date and with a sterling equivalent, that sterling equivalent represents the sterling conversion of the applicable dollar amount at the exchange rate ruling as at the close of business in London on the date in question.