REGISTRATION DOCUMENT

issued by

R.E.A. Holdings plc

Dated 25 October 2012

R.E.A. Holdings plc

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

This document is a registration document pursuant to Directive 2003/71/EC (as amended) and provides information on R.E.A. Holdings plc (the "**company**") that, according to the particular nature of the company and the securities which it may offer to the public or apply to have admitted to trading on the Regulated Market of the London Stock Exchange (the "**Market**"), is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the company. The Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). This document has been filed with the Financial Services Authority in its capacity as competent authority under the UK Financial Services and Markets Act 2000.

This document (and any supplements) shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of any securities on the basis of this document, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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. Risk factors

The group's business involves risks and uncertainties. Those risks and uncertainties that the directors currently consider to be material are described below. There are or may be other risks and uncertainties faced by the group that the directors currently deem immaterial, or of which they are unaware, that may have a material adverse impact on the group.

1.1 Agricultural operations

(a) Climatic factors

Although the group's agricultural operations are located in an area of high rainfall with sunlight hours well suited to the cultivation of oil palm, climatic conditions vary from year to year and setbacks are possible.

Unusually high levels of rainfall can disrupt estate operations and result in harvesting delays with loss of oil palm fruit or deterioration in fruit quality. Unusually low levels of rainfall that lead to a water availability below the minimum required for the normal development of the oil palm may lead to a reduction in subsequent crop levels. Such reduction is likely to be broadly proportional to the size of the cumulative water deficit. Over a long period, crop levels should be reasonably predictable but there can be material variations from the norm in individual years.

Low levels of rainfall can also disrupt and, in an extreme situation (not to date experienced by the group), could bring to a standstill the river transport upon which the group is critically dependent for estate supplies and the evacuation of CPO and CPKO. In that event, harvesting may have to be suspended and crop may be lost.

Any loss of crop or reduction in the quality of harvest will reduce revenues and thus negatively impact cash flow and profitability.

(b) Cultivation risks

As in any agricultural business, there is a risk that the group's estate operations may be affected by pests and diseases with a consequential negative impact on crop. Agricultural best practice can to some extent mitigate this risk but it cannot be entirely eliminated.

(c) Other operational factors

The group's agricultural productivity is dependent upon necessary inputs, including, in particular, fertiliser and fuel. Whilst the directors have no reason to anticipate shortages in the availability of such inputs, should such shortages occur over any extended period, the group's operations could be materially disrupted. Equally, increases in input costs are likely to reduce profit margins.

After harvesting, FFB crops become rotten if not processed within a short period. Any hiatus in FFB collection or processing may therefore lead to a loss of crop with the financial consequences referred to under "Climatic factors" above. The group endeavours to maintain resilience in its palm oil mills with each of the mills operating separately and some ability within each mill to switch from steam based to diesel based electricity generation but such resilience would be inadequate to compensate for a material loss of processing capacity for anything other than a short time period.

The group has bulk storage facilities within its main area of agricultural operations and at its transhipment terminal downstream of the port of Samarinda. Such facilities and the further storage facilities afforded by the group's fleet of barges have hitherto always proved adequate to meet the group's requirements for CPO and CPKO storage. Nevertheless, disruptions to river transport between the main areas of operations and the port of Samarinda (such as occurred in 2011 when a bridge over the Mahakam river at Tenggarong collapsed), or delays in collection of CPO and CPKO from the transhipment terminal, could result in a requirement for CPO and CPKO storage exceeding the available capacity. This would be likely to force a temporary cessation in FFB processing with a resultant loss of crop.

The group maintains insurance for the agricultural operations to cover those risks against which the directors consider that it is economic to insure. However, no assurance can be given that such insurance is in fact adequate, will continue to be available or that it will be available at economically reasonable premiums. Certain risks (including the risk of crop loss through fire and other perils potentially affecting planted areas on the group's estates), for which insurance cover is either not available or would, in the opinion of the directors, be disproportionately expensive, are not insured. These risks are mitigated to the extent reasonably feasible by management practices but an occurrence of an adverse uninsured event could result in the group sustaining material losses with a consequential negative impact on cash flows and profitability.

(d) Produce prices

The profitability and cash flow of the group's agricultural operations depend both upon world prices of CPO and CPKO and upon the group's ability to sell these products at price levels comparable with such world prices.

CPO and CPKO are primary commodities and as such are affected by levels of world economic activity and factors affecting the world economy, including levels of inflation and interest rates. This may lead to significant price swings although the directors believe that such swings should be moderated by the fact that the annual oilseed crops account for the major proportion of world vegetable oil production and producers of such crops can reduce or increase their production within a relatively short time frame.

In the past, in times of very high CPO prices, the Indonesian authorities have, for short periods, imposed either restrictions on the export of CPO and CPKO or very high duties on export sales of such oil. The directors believe that, when such measures materially reduce the profitability of oil palm cultivation, they are damaging not only to large plantation groups but also to the large number of smallholder farmers growing oil palm in Indonesia and to the Indonesian economy as a whole (because CPO is an important component of

Indonesia's dollar earning exports). The directors are thus hopeful that future measures affecting sales of CPO and CPKO will not seriously diminish profit margins.

Above average CPO and CPKO prices during 2007 and the early months of 2008 and again, more recently, from 2010 to-date, have not lead to a re-imposition of export restrictions. Instead, the Indonesian government continues to allow the free export of CPO and CPKO but has introduced a sliding scale of duties on CPO and CPKO exports. Furthermore, the starting point for this sliding scale is set at a level such that when CPO and CPKO prices fell back in the last quarter of 2008, the rate of export duty payable was reduced to nil.

World markets for CPO and CPKO may be distorted by the imposition of import controls or taxes in consuming countries. The directors believe that the imposition of such controls or taxes on CPO or CPKO will normally result in greater consumption of alternative vegetable oils within the area in which the controls or taxes have been imposed and the substitution outside that area of CPO and CPKO for other vegetable oils. Should such arbitrage fail to occur or prove insufficient to compensate for the market distortion created by the applicable import controls or taxes, selling prices for the group's CPO and CPKO could be depressed.

(e) Expansion

The group is planning further extension planting of oil palm. The directors hope that unplanted land held by or allocated to the group will become available for planting ahead of the land becoming needed for development and that the development programme can be funded from available cash resources and future operational cash flows, appropriately supplemented with further debt funding or capital raised from further issues of preference shares. Should, however, land or cash availability fall short of expectations and the group be unable to secure alternative land or funding, the extension planting programme, upon which the continued growth of the group's agricultural operations will in part depend, may be delayed or curtailed.

Any shortfall in achieving planned extensions of the group's planted areas would be likely to impact negatively on the annual revaluation of the group's biological assets, the movements arising from which are dealt with in the group's income statement. Whilst this would not affect the group's underlying cash flow, it could adversely affect market perceptions as to the value of the company's securities.

(f) Environmental practices, social and governance

The group recognises that the agricultural operations are both a large employer and have significant economic importance for local communities in the areas of the group's operations. This imposes environmental, social and governance obligations which bring with them risks that any failure by the group to meet the standards expected of it may result in reputational and financial damage. The group seeks to mitigate such risks by establishing standard procedures to ensure that it meets its obligations, monitoring performance against those standards and investigating thoroughly and taking action to prevent recurrence in respect of any failures identified.

The group's existing operations and the planned expansion of those operations are based on land areas that have been previously logged and zoned by the Indonesian authorities as appropriate for agricultural development on the basis that, regrettable as it may be from an environmental viewpoint, the logging has been so extensive that primary forest is unlikely to regenerate. Such land areas fall within a region that elsewhere includes substantial areas of unspoilt primary rain forest inhabited by diverse flora and fauna. As such, the group, in common with other oil palm growers in Kalimantan, must expect scrutiny from conservation groups and could suffer adverse consequences if its environmental policies were to be singled out for criticism by such groups.

An environmental impact assessment and master plan was constructed using independent environmental experts when the group first commenced operations in East Kalimantan and this plan is updated regularly to reflect modern practice and to take account of changes in circumstances (including planned additions to the areas to be developed by the group). Substantial conservation reserves have been established in areas already developed by the group and further reserves will be added as new areas are developed. The group actively manages these reserves and endeavours to use them to conserve landscape level biodiversity.

The group is committed to sustainable oil palm development and adopts measures which it considers appropriate to mitigate the risk of its operations causing damage to the environment or to its neighbours. The group supports the principles and criteria established by RSPO and has obtained RSPO accreditation for most of its operations.

(g) Local relations

The agricultural operations of the group could be seriously disrupted if there were to be a material breakdown in relations between the group and the host population in the area of its operations. The group endeavours to mitigate this risk by liaising regularly with representatives of surrounding villages and by seeking to improve local living standards through mutually beneficial economic and social interaction between the local villages and the agricultural operations. In particular, the group, when possible, gives priority to applications for employment from members of the local population and supports specific initiatives to encourage local farmers and tradesmen to act as suppliers to the group, its employees and their dependents and to promote smallholder development of oil palm plantings.

The group's agricultural operations are established in a relatively remote and sparsely populated area which was for the most part unoccupied prior to the establishment of the group's first operations. However, some areas of land were previously used by local villagers for the cultivation of crops. Accordingly, when seeking to take over such areas, the group negotiates with, and pays compensation to, the affected parties.

The negotiation of compensation payments can involve a considerable number of local individuals with differing views and this can cause difficulties in reaching agreement with all affected parties. There is also a risk that, after an agreement has been completed, a party to the agreement may become disaffected with the terms agreed or the manner in which the agreement has been implemented and may seek to repudiate the agreement. Such difficulties and risk have in the past caused, and/or continue periodically to cause, delays to the extension planting programme and other disruptions. The group has to-date been successful in managing such periodic delays and disruptions so as to limit their negative impact but there is a risk that they may not always be able to do so in which event there could be a material negative impact on the group.

1.2 **Coal and quarry operations**

Following recently announced decisions by the directors to suspend the group's coal trading activities, to limit, for the time being, the further capital committed to the coal mining operations and to maximise returns from the concessions in which the group has already invested, the directors believe that the most material risk attaching to the group's coal and quarry operations is the risk that those operations prove not to be fully viable and that a proportion of the capital invested in the operations is lost. To the extent that the operations continue and the concessions are brought, or brought back, into production, the more material risks specific to such operations that the directors currently foresee are as described below.

(a) Operational risks

Delivery volumes from the group's concessions will be dependent upon efficiency of production and this can be disrupted by external factors outside the group's control such as the heavy rains that are common in East Kalimantan. Heavy seas can cause delays to the barging of coal and stone to point of sale. Failure to achieve budgeted delivery volumes increases unit costs and may result in operations becoming unprofitable. Whilst weather related impacts cannot be avoided, the group will seek to mitigate such risks by using experienced contractors, supervising them closely and taking care to ensure that they have equipment of capacity appropriate for the planned delivery volumes.

Traded coal delivery volumes are dependent upon supplier performance of contract obligations. The group endeavours to ensure such performance by exercising care in the selection of suppliers and direct supervision of supplier deliveries.

Failure to load export shipments to an agreed schedule may result in demurrage claims (damages payable for delays) which may be material. The group endeavours to minimise the demurrage risk by establishing stockpiles, and loading barges used for transferring coal from shore to ship, ahead of arrival of ships.

Mining plans are based on geological assessments and the group seeks to ensure the accuracy of those assessments by extensive drilling ahead of any implementation of the plans. Nevertheless, geological assessments are extrapolations based on statistical sampling and may prove inaccurate to an extent. In that event, unforeseen extraction complications can occur and may cause cost overruns and delays.

(b) Price risk

The profitability and cash flow of the coal mining operations will depend upon world prices of coal and the group's ability to sell its coal at price levels comparable with such world prices. Coal is a primary commodity and as such is affected by levels of world economic activity and factors affecting the world economy, including levels of inflation and interest rates. This may lead to significant price swings.

Coal is sold on the basis of its calorific value and other aspects of its chemical composition. Supply and demand for specific grades of coal and consequent pricing may not necessarily reflect overall coal market trends and the group may be adversely affected if it is unable to supply coal within the specifications that are at any particular time in demand.

The profitability and cash flow of the quarrying operations will depend upon the price for stone in the local East Kalimantan market which will itself be dependent upon the quality of stone that the group is able to offer.

(c) Environmental practices

The areas that the group proposes to mine or quarry are not large and the group is committed to international standards of best environmental practice and, in particular, to proper management of waste water and reinstatement of mined areas on completion of mining operations. Nevertheless, the group could sustain reputational damage as a result of environmental criticisms of the mining industry in Indonesia as a whole.

1.3 **General**

(a) Currency

CPO and CPKO are essentially dollar based commodities. Accordingly, the group's revenues and the underlying value of the group's operations are principally US dollar denominated. Moreover, substantial proportions of the group's borrowings and costs are US dollar denominated or hedged against or linked to the US dollar.

Accordingly, the principal currency risk faced by the group is that those components of group costs and funding that arise in, or are denominated in, rupiah and sterling and, as respects group funding, are not hedged against US dollar may, if such currencies strengthen against the US dollar, negatively impact the group's financial position in US dollar terms.

As respect costs and share capital, the directors consider that this risk is inherent in the group's business and structure and the group does not therefore normally hedge against such risk. As respect borrowings, hedging may itself give rise to risks given the contention of the Indonesian tax authorities that mark to market losses in Indonesia on hedging derivatives may not be deducted from chargeable profits for Indonesian tax purposes. The directors believe that, pending clarification of this issue, it is preferable for the group to accept some currency risks in respect of borrowings than to constrain the group either to borrow only in US dollars (which may limit the group's ability to borrow or require it to borrow on terms that are in the directors' opinion sub-optimal as respects tenor, covenants or costs) or to hedge all non US dollar borrowings against the US dollar.

(b) Counterparty risk

Export sales of CPO and CPKO are made either against letters of credit or on the basis of cash against documents. However, domestic sales of CPO and CPKO may require the group to provide some credit to buyers. The position as respects future sales of coal will be similar. Purchase contracts for coal concluded prior to suspension of the coal trading activities have required the group to part pay ahead of delivery. The group seeks to limit the counterparty risk that credit to buyers and prepayments to suppliers entail by effective credit controls. Such controls include regular reviews of buyer creditworthiness and limits on the term and amount of credit that may be extended to any one buyer and in total.

(c) Regulatory exposure

Changes in existing, and adoption of new, laws and regulations affecting the group (including, in particular, laws and regulations relating to land tenure and mining concessions, work permits for expatriate staff and taxation) could have a negative impact on the group's activities. Many of the licences, permits and approvals held by the group are subject to periodic renewal. Renewals are often subject to delays and there is always a risk that a renewal may be refused or made subject to new conditions.

However, the directors are not currently aware of any specific changes that would adversely affect the group to a material extent.

Agricultural land and mining rights and interests held by the group are subject to the satisfaction of various continuing conditions, including, as respects agricultural land, conditions requiring the group to promote smallholder developments of oil palm.

Although the group endeavours to ensure that its activities are conducted only on the land areas, and within the terms of the licences, that it holds, licensing rules change frequently and boundaries of large land areas are not always clearly demarcated. There is therefore always a risk that the group may inadvertently, and to a limited extent, conduct operations on land as respects which it does not hold all necessary licences or operate on land as respects which it does not have all necessary permits.

The UK Bribery Act 2010 (the "**Bribery Act**"), which applies worldwide to interests of UK companies has created an offence of failure by a commercial organisation to prevent a bribe being paid on its behalf. Such failure may be defended if the organisation has "adequate procedures" in place to combat bribery and the group has established appropriate procedures. The group has traditionally had strong controls in this area because the group operates predominantly in Indonesia, which has been classified as relatively high risk on the International Transparency Corruption Perceptions Index 2011.

(d) Country exposure

All of the group's operations are located in Indonesia. The group is therefore significantly dependent on economic and political conditions in Indonesia. In the late 1990's, in common with other parts of South East Asia, Indonesia experienced severe economic turbulence and there have been subsequent occasional instances of civil unrest, often attributed to ethnic tensions, in certain parts of Indonesia. In the recent past, Indonesia has been stable and the Indonesian economy has continued to grow.

Freedom to operate in a stable and secure environment is critical to the group and the existence of security risks in Indonesia should never be ignored. However, the group has always sought to mitigate those risks and has never, since the inception of its East Kalimantan operations in 1989, been adversely affected by regional security problems.

Although there can be no certainty as to such matters, the directors are not aware of any circumstances which would lead them to believe that, under current political conditions, any government authority would revoke the registered land titles or mining rights in which the group has invested or would impose exchange controls or otherwise seek to restrict the group's freedom to manage its operations.

(e) Miscellaneous relationships

The group is materially dependent upon its staff and employees. Whilst the group endeavours to manage this dependence by, inter alia, providing housing, health care, schooling and other benefits to its workforce and their dependents, having available staff and employees in the numbers and with the skills and commitment that are required is vital to the group's business and there can be no certainty that the group will continue to be able to attract and retain such staff and employees.

Relationships with shareholders in Indonesian group companies are also important to the group. The group endeavours to maintain cordial relations with its local investors by seeking their support for decisions affecting their interests and responding constructively to any concerns that they may have. Should such efforts fail and a breakdown in relations result, the group would be obliged to fall back on enforcing, in the Indonesian courts, the agreements governing its arrangements with its local partners with the uncertainties that any juridical process involves. Failure to enforce the agreements relating to the mining concessions in which the group holds interests could have a material negative impact on the value of the coal and quarry operations because the concessions are at the moment legally owned by the group's local partners and, if the arrangements with those partners were successfully to be repudiated (an eventuality that the directors consider highly unlikely), the group could lose its entire interest in the concessions.

(f) Eurozone

The directors are conscious of the possibly heightened financial risks currently prevailing in relation to the eurozone and to banks. The group has no direct exposures to the eurozone but would clearly be affected by any consequential impact on demand for CPO, CPKO and coal that could follow a financial collapse in the eurozone or other major economic area. The group is careful in its commitments and is ready to scale these back rapidly should the need arise. With regard to the banks, the directors endeavour to ensure that the group's liquid funds are deposited in a manner likely to minimise the risk of loss. A significant proportion of the group's deposits are placed with banks that are majority owned by sovereign governments.

2. R.E.A. Holdings plc

The company was incorporated in England and Wales on 27 September 1960 under the Companies Act 1948 with registered number 671099. The company is a public limited company and is subject to the provisions of the Companies Act 2006. The company's registered office is at First Floor, 32-36 Great Portland Street, London, W1W 8QX and its telephone number is + 44 (0)20 7436 7877.

The company is the parent company of a group of companies and is not itself a subsidiary of any other company. Substantially all of the operations of the group that are currently cash generating are owned by REA Kaltim and the company's profitability and cash flow is therefore materially dependent upon REA Kaltim.

2.1 The 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 harvested from its oil palms. Detailed information concerning the group's agricultural operations (and in particular the markets into which the group's palm products are sold) is provided on pages 21 to 37 of the company's 2011 annual report (in the section entitled "Review of the group" under the heading "Agricultural operations") as updated on pages 4 to 8 of the company's 2012 half yearly report (in the section entitled "Chairman's statement" under the headings "Agricultural operations", "Agricultural land allocations and development" and "Environmental and social responsibility") and by paragraph 2.2 ("Update concerning the group's agricultural operations") below.

During 2008, the directors decided to investigate the possibility of establishing a commercial coal operation. However subsequent events have demonstrated to the directors that coal activities have specific complexities that are not shared by the group’s agricultural operations. The directors have therefore decided that, for the time being, further capital committed to the coal operations should be limited and concentrated on maximising returns from the concessions in which the group has already invested. Detailed information concerning the coal activities and a prospective group stone quarrying operation which is dealt with as part of those operations is provided on pages 37 to 41 of the company's 2011 annual report (in the section entitled "Review of the group" under the heading "Coal operations") as updated on page 7 of the company's 2012 half yearly report (in the section entitled "Chairman's statement" under the heading "Coal and quarry operations") and by paragraph 2.3 ("Update concerning the group's coal and quarry operations") below.

2.2 Update concerning the group's agricultural operations

FFB harvested to the end of September 2012 amounted to 425,173 tonnes. This was slightly lower than the crop for the corresponding period in 2011 of 454,996 tonnes and below the budgeted crop of 499,044 tonnes for the period. Crops for the second half of 2012 have been broadly in line with budget but the group has not yet been able to recover any element of the significant shortfall on budget that was sustained in the first half of the year. Some recovery may still be achieved during the remaining months of the year given the volume of harvestable crop available.

External purchases of FFB during the nine months to 30 September 2012 totalled 41,750 tonnes (2011: 23,727 tonnes). Processing of the externally purchased FFB and the group's own production, together totalling 466,923 tonnes (2011: 478,724 tonnes), produced 107,406 tonnes of CPO (2011: 109,881 tonnes), 21,702 tonnes of palm kernels (2011: 21,331 tonnes) and 8,225 tonnes of CPKO (2011: 8,255 tonnes). These production figures reflect extraction rates of 23.03 per cent for CPO (2011: 22.95 per cent), 4.65 per cent for palm kernels (2011: 4.46 per cent) and 37.80 per cent for CPKO (2011: 38.89 per cent).

Rainfall to the end of September averaged 2,303 millimetres across the group's operations (2011: 2,457 millimetres). July rainfall was at normal levels for the time of year but August and September were relatively dry. Several commentators continue to predict the early onset of an El Nino weather phenomenon and the levels of rainfall experienced in August and September provide some support for this prediction.

Since 30 June 2012, CPO prices have weakened and, after falling from a level close to $1,000 per tonne, CIF Rotterdam, to under $800 per tonne, the price now stands at some $860 per tonne. Factors influencing the price are reported increases in stocks at origin and concern that the current world economic situation may reduce consumption of CPO and other vegetable oils in industrial applications such as bio-diesel. Against this, the current CPO price is at an unusually large discount to the soya oil price and this seems likely to support the CPO price in the medium term

The group’s third oil mill and second methane capture plant are now both in operation. Given that it has become evident that the two methane capture plants have the capacity to capture far more methane than required to generate the power that the group's operations can themselves absorb, the directors have initiated discussions with the Indonesian state electricity company ("PLN") with a view to investigating the possibilities for using methane to generate power for sale to PLN ideally by feed into the national grid if this can be extended to the group’s estates. The directors are also actively exploring the possibility of using methane as an alternative fuel for the group’s vehicles and other diesel or petrol powered equipment.

Negotiations continue with local villages in relation to the various disputes reported in the 2012 half yearly report. Some disputes have been resolved. As respects those remaining, the local Indonesian authorities have supported the group in its effort to minimise the disruptive impact on day to day estate operations and this support has to-date proved quite effective. Unfortunately, the delays to harvesting caused by the earlier disruptions have meant that significant volumes of FFB have been and continue to be harvested late with a negative impact on the free fatty acid content of CPO production and the prices realisable on sale of such production. Additional harvesters have been recruited and, with these now in place, the frequency of harvesting rounds should gradually return to normal levels. This should not only improve the quality of CPO output but may also assist in recovering some of the crop shortfall on budget.

The group is proceeding with its planned extension planting programme although planting up of the main areas prepared for planting in 2011 remains slow. Construction of a bridge over the River Senyiur to provide better access to these areas has recently been completed but planting up has until very recently continued to be delayed by very dry conditions. It is possible that opening of the 4,000 hectares scheduled for development in 2012 may take longer than originally foreseen because the group, with its recent experience of disputes with local villages, wishes to ensure, to the maximum extent practicable, that compensation arrangements with villagers are settled and registered with the local Indonesian authorities before development starts. Arranging this is currently causing some delays.

The estates and mills of the group's principal operating subsidiary, REA Kaltim, have now obtained International Sustainability and Carbon Certification. This accreditation should permit CPO from the REA Kaltim estates to be used to manufacture bio-diesel that meets the requirements of the European Union Renewable Energy Directive.

2.3 **Update concerning the group's coal and quarry operations**

Following the group's decision to limit further capital committed to the coal mining operations, steps have been taken to reduce the overheads of the coal activities. On the coal trading side, efforts are being made to close out contractual commitments made prior to the suspension of trading and no new trades are being initiated. Drilling reports indicate that at current coal prices, which have if anything fallen slightly from the levels prevailing at the time of publication of the 2012 half yearly report, the potential of the group's coal concessions is unexciting. It may, however, be that, even at current coal price levels, these concessions can be economically developed by holders of adjacent concessions and the directors intend to explore this possibility.

The position regarding the group's stone concession is much more positive with initial drilling reports confirming a substantial deposit of stone suitable for road making and indicating that the deposit can be economically developed for this purpose. Further deeper drilling is now being arranged to establish whether the sub-surface stone would also be suitable for higher value applications such as concrete production.

2.4 **Proposed listing in Jakarta**

The directors are proceeding with their plans for the amalgamation of all of the group's Indonesian plantation subsidiaries into a single sub-group headed by REA Kaltim and for a public offering of a minority shareholding in REA Kaltim (probably 20 per cent) combined with a listing of the shares of REA Kaltim on the Indonesia Stock Exchange in Jakarta.

An advisory team has now been appointed and the group is preparing applications to the regulatory authorities in Jakarta for permission to proceed with the proposed amalgamation. Such amalgamation will need to be completed before any application can be made for regulatory approvals of the proposed public offering and listing. This means that the earliest time at which it is likely to be practicable to proceed with the proposed public offering and listing will be in the second quarter of 2013.

The directors continue to envisage that the net cash proceeds from the proposed public offering of REA Kaltim shares will be retained within the group and will be utilised to fund an acceleration of the group's planned extension planting programme. They also envisage that, concurrently with the public offering, the company would invite ordinary shareholders to approve a further substantial capitalisation issue of new preference shares to ordinary shareholders to offset, in effect, part of the dilution of such shareholders' effective interest in REA Kaltim.

2.5 Financing

Group indebtedness and related engagements now total (as respects the latter, on the basis of exchange and interest swap rates prevailing at 30 June 2012) $145.2 million. Against this, the group currently holds cash and cash equivalents totalling $16.9 million.

On 17 September 2012, the company issued 3,926,575 new 9 per cent cumulative preference shares for cash by way of a placing at 105p per share. This was followed on 28 September 2012 by the issue of 2,004,872 new 9 per cent cumulative preference shares, credited as fully paid up at par value of £1, by way of a capitalisation issue to ordinary shareholders.

The directors believe that the continuing accretion of shareholder funds from retained earnings means that the group can comfortably support modest additions to its loan capital and the refinancing of existing indebtedness as this falls due for repayment.

On this basis, the group is offering holders of the $35 million nominal of outstanding existing dollar notes an opportunity to exchange their existing dollar notes for new dollar notes and concurrently is seeking to issue up to a further $15 million nominal of new dollar notes by way of a placing for cash at par. The new dollar notes will be repayable on 30 June 2017 but will otherwise carry (save as respects redemption and minor amendments to deal with the first payment of interest on the new dollar notes and to exclude terms that are no longer relevant) the same terms as the existing dollar notes which (to the extent not previously repurchased and cancelled) fall due for repayment by instalments commencing 31 December 2012 and ending 31 December 2014.

The various financing measures described above are designed to provide the group with a sufficient cash cushion to permit continuation of the group's planned extension planting programme in the event of a sustained downturn in CPO prices and/or a postponement of the proposed public offering of a minority interest in REA Kaltim.

2.6 **Selected financial information**

The following table provides summary financial information concerning the group as at the dates and for the periods stated. The information has been extracted without material adjustment from the audited annual financial statements of the company included in the company's 2011 annual report and the unaudited financial statements of the company included in the company's 2012 half yearly report.

	As at 30 June 2012 $'000	As at 30 June 2011 $'000	As at 31 December 2011 $'000	As at 31 December 2010 $'000
Summary of net assets				
Non-current assets	456,443	379,284	419,227	363,250
Current assets	77,957	96,222	91,285	79,378
Current liabilities	(38,837)	(26,528)	(36,124)	(30,260)
Non-current liabilities	(183,256)	(188,881)	(171,443)	(176,848)
	312,307	260,097	302,945	235,520

	6 months to 30 June 2012 $'000	6 months to 30 June 2011 $'000	Year to 31 December 2011 $'000	Year to 31 December 2010 $'000
Summary of results (before taxation and minority interests)				
Revenue	69,115	75,464	147,758	114,039
Earnings before interest, tax, depreciation and movement on biological assets	25,792	39,874	70,818	58,394
Depreciation and amortisation	(2,809)	(2,421)	(5,444)	(3,715)
Change in fair value of biological assets	3,770	3,076	7,375	1,588
Operating profit	26,753	40,529	72,749	56,267
Investment revenues and finance costs	(3,903)	(3,659)	(8,576)	(5,820)
Profit before taxation	22,850	36,870	64,173	50,447

2.7 **Directors and corporate governance of the company**

(A) The directors of the company (all being of First Floor, 32-36 Great Portland Street, London W1W 8QX) are as follows:

(i) Richard Michael Robinow
Chairman (66)

Mr Robinow was appointed a director in 1978 and has been chairman since 1984. After early investment banking experience, he has been involved for over 35 years in the plantation industry. He is non-executive but devotes a significant proportion of his working time to the affairs of the group. He is a non-executive director of M. P. Evans Group plc, a UK plantation company of which the shares are admitted to trading on the Alternative Investment Market of the London Stock Exchange, and of two overseas listed plantations companies: Sipef NV, Belgium, and REA Vipingo Plantations Limited, Kenya.

(ii) John Clifton Oakley
Managing director (64)

After early experience in investment banking and general management, Mr Oakley joined the group in 1983 as divisional managing director of the group's then horticultural operations. He was appointed to the main board in 1985 and subsequently oversaw group businesses involved in tea, bananas, pineapples and merchanting, transferring in the early 1990s to take charge of the day to day management of the group's then embryonic East Kalimantan agricultural operations. He was appointed managing director in January 2002. As the sole executive director, he has overall responsibility for the operations of the group.

(iii) David Blackett
Senior independent non-executive director (62)

Mr Blackett was appointed a non-executive director in July 2008 and was subsequently appointed chairman of the audit and remuneration committees and, more recently, as a member of the nomination committee. After qualifying as a chartered accountant in Scotland, he worked for over 25 years in South East Asia, where he concluded his career as chairman of AT&T Capital Inc. Prior to joining that company, he was a director of an international investment bank with responsibility for the bank's South East Asian operations. He is a non-executive director of South China Holdings Limited, a company listed on the Hong Kong Stock Exchange.

(iv) John McDonald Green-Armytage
Independent non-executive director (67)

Mr Green-Armytage was a non-executive director from 1984 to 1994. He rejoined the board as a non-executive director in 1997 and for several years served as chairman of the audit and remuneration committees. After a career in investment banking, he moved to become managing director of a UK listed company with South East Asian involvement. He has subsequently held directorships of a number of companies in both executive and non-executive capacities, including, until May 2011, the chairmanship of AMEC PLC.

(v) John Rankin Macdonald Keatley
Independent non-executive director (79)

Mr Keatley was a non-executive director from 1975 to 1983 and chairman from 1978 to 1983. He rejoined the board as a non-executive director in 1985 and is a member of the nomination committee. After a background in the fertiliser industry, he is now involved in a family business investing in property in the UK and overseas.

(vi) David Henry Rothwell Killick
Independent non-executive director (74)

Mr Killick was appointed a non-executive director in 2006. He is chairman of the nomination committee and a member of the audit and remuneration committees. After qualifying as a barrister, he became a Fellow of the Institute of Chartered Secretaries and Administrators. He worked for over 28 years for the Commonwealth Development Corporation, serving as a member of its management board from 1980 to 1994. Thereafter, he has held a number of directorships. He is currently a director of Reallyenglish.com Limited.

(vii) Lionel Edgar Charles Letts
Independent non-executive director (94)

Mr Letts was appointed a non-executive director in 1989. After serving in the British Armed Forces in World War II and thereafter in the British Foreign Office, he was a main board director of Jardine Matheson & Co. Limited for 15 years and then set up his own business. For over 40 years, he has held directorships and advisory posts in companies covering a wide range of activities in various countries, with particular emphasis on the plantation industry. His present directorships include The China Club Limited and China Investment Fund.

(viii) Chan Lok Lim
Independent non-executive director (71)

Mr Lim was appointed a non-executive director in 2002. He has been involved for over 30 years in companies in South East Asia engaged in power generation and distribution, water and waste treatment, industrial and agro-industrial engineering (including palm oil mill design and construction) and in the plantation industry. He is chairman of SPC Power Corporation, a public company listed on the Philippines Stock Exchange, and a director of Agusan Plantations Inc, Philippines, Agumil Philippines Inc and Pan Abrasives (Private) Limited, Singapore.

(B) It is intended that, later in 2012, Mark Parry, the President Director of REA Kaltim, should be appointed a director of the company and that, at the same time, four of the long-serving non-executive directors, Messrs Green-Armytage, Keatley, Letts and Lim, should retire. At that time, it is also intended to appoint a new independent non-executive director.

(C) As noted in paragraph (A) above, Mr Robinow is a director of M.P. Evans Group plc and of Sipef NV. Both M.P. Evans Group plc and Sipef NV have interests in oil palm plantations in Indonesia, meaning that they operate in the same market as the group. This could lead to a conflict of interest in the future. However, since CPO is an international commodity and the group's share of the CPO market is small, the group does not compete for sales with other producers of CPO. Hence, the directors are satisfied that Mr Robinow is not currently, in general, subject to any material conflicts of interest as a result of his position as both chairman of the company and a director of each of M.P. Evans Group plc and Sipef NV.

(D) As detailed under "Significant shareholders" in section 2.10 below, Mr Robinow, together with his immediate family and other members of the Robinow family, together own the whole of the issued share capital of Emba, a significant shareholder in the company. Whilst Emba has agreed that it will not undertake activities in conflict with those of the group, Mr Robinow's role as chairman of the company and his position as a major shareholder of a significant shareholder in the company, could lead to a conflict of interest in the future. However, the directors are satisfied that the interests of Emba do not currently, in general, conflict with the interests of the group.

(E) Save as referred to in paragraphs (C) and (D) above, no director of the company has any potential conflicts of interest between his duties to the company and his private interests or other duties.

2.8 **Corporate governance**

(A) The board has appointed audit, nomination and remuneration committees, with written terms of reference, to undertake certain of the board's functions. Further information regarding the audit committee is provided under "Audit committee" in paragraph 2.9 below. The nomination committee is responsible for recommending new appointments to the board while the remuneration committee sets the remuneration and benefits of the managing director (being the only executive director of the company) and the chairman.

(B) In the opinion of the directors, the company complies fully with the provisions set out in the UK Corporate Governance Code published in May 2010 by the Financial Reporting Council.

2.9 **Audit committee**

(A) The audit committee comprises David Blackett and David Killick. It is responsible for:

(i) monitoring the integrity of the financial statements and reviewing formal announcements of financial performance and the significant reporting issues and judgements that such statements and announcements contain;

(ii) reviewing the effectiveness of the internal control functions (including the internal financial controls, the internal audit function and arrangements whereby internally raised staff concerns as to financial reporting and other relevant matters are considered);

(iii) making recommendations to the board in relation to the appointment, reappointment and removal of the external auditors, their remuneration and terms of engagement; and

(iv) reviewing and monitoring the independence of the external auditors and the effectiveness of the audit process.

The audit committee also monitors the engagement of the auditors in respect of non-audit work.

(B) The members of the audit committee discharge their responsibilities by informal discussions between themselves, by meetings with the external auditors, the internal auditors in Indonesia and management and by consideration of reports by management, the group's internal audit function in Indonesia and the external auditors, and by holding at least three formal meetings in each year.

2.10 **Significant shareholders**

(A) As at 24 October 2012 (being the latest practicable date prior to the publication of this document), the company had received notifications required by the Disclosure and Transparency Rules of the Financial Services Authority from the following persons of the voting rights held by them as shareholders through the holdings of ordinary shares indicated:

	Number of ordinary shares	*Percentage of ordinary share capital*
Emba	9,957,500	29.80
Prudential plc group of companies	6,043,129	18.09
Alcatel Bell Pensioenfonds VZW	4,167,049	12.47
Artemis UK Smaller Companies	1,919,400	5.79

In addition, the company has been notified that the above interest of Prudential plc group of companies includes 6,021,116 ordinary shares (18.02 per cent) in which M&G Investment Funds 3 is also interested.

(B) In so far as the company is aware, other than as disclosed in paragraph (A) above, no person has directly or indirectly an interest in the company's capital which is notifiable under the Disclosure and Transparency Rules of the Financial Services Authority. In so far as is known to the company and other than as disclosed in paragraph (A) above, there are no persons who, directly or indirectly, could exercise control over the company and no arrangements the operation of which could result in a change of control of the company at a future date.

(C) 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, on the one hand, a listed company and its subsidiaries and, on the other hand, a significant shareholder in the listed company. On the basis of that agreement, the directors are satisfied that the group is capable of carrying on business independently of Emba and that all transactions and relationships between the group and Emba are, and will be, at arm's length and on normal commercial terms.

(D) Mr R M Robinow (the chairman of the company), his immediate family and other members of the Robinow family together own the whole of the issued share capital of Emba.

3. General information

3.1 Share capital

The existing authorised and issued share capitals of the company are as follows:

	Authorised		*Issued and fully paid*	
	Number	*Amount* £	*Number*	*Amount* £
Preference shares	50,000,000	50,000,000	50,000,000	50,000,000
Ordinary shares	41,000,000	10,250,000	33,414,545	8,353,636

3.2 Objects of the company

The principal objects of the company are set out in clause 4 of its memorandum of association (which was incorporated into the company's articles of association on 1 October 2009 by virtue of section 28 of the Companies Act 2006) and are to act as and perform the functions of an investment or holding company.

3.3 Historical financial information

The company's audited financial statements for years ended 31 December 2010 and 2011 were drawn up in accordance with International Financial Reporting Standards as adopted by the European Union.

3.4 Legal and arbitration proceedings

Save for the appeals against the Indonesian tax assessments in respect of REA Kaltim's 2006 and 2008 profits referred to on page 43 of the company's 2011 annual report (in the section entitled "Review of the group" under the heading "Group results") and updated on pages 3 and 4 of the company's 2012 half yearly report (in the section entitled "Chairman's statement" under the heading "Results"), the group is not, and has not been involved within the 12 months preceding the date of this document in any legal, governmental or arbitration proceedings (including any proceedings which are pending or threatened of which the company is aware) which may have or have had in the recent past a significant effect on the financial position or profitability of the company and/or the group.

3.5 Significant change in the company's financial or trading position

There has been no significant change in the financial or trading position of the group since 30 June 2012, being the end of the last period for which the company has published interim financial information, nor has there been any recent event particular to the company that is to a material extent relevant to the solvency of the company.

3.6 **Material adverse changes in the company's prospects**

There has been no material adverse change in the prospects of the company since the date of the last published audited financial statements for the financial year ended 31 December 2011, being the date to which the latest audited financial information of the group was prepared.

3.7 **Recent events impacting the company's solvency**

There have been no recent events particular to the company that are to a material extent relevant to the solvency of the company.

3.8 **Group investments**

Apart from normal capital expenditure on the continued development of the group's agricultural operations as referred to in paragraph 2.2 above and the company's 2012 half yearly report and an agreement to acquire a 95 per cent interest in PT Persada Bangun Jaya at a projected overall cost of $7 million (as referred to on page 6 of the half yearly report), no material investments have been made by the group since 30 June 2012 and no commitments have been made as respects any future such investments.

3.9 **Material contracts**

The following are summaries of the principal contents of all the material contracts, not being contracts entered into in the ordinary course of business, that could result in a member of the group being under an obligation or entitlement that is material to the company's ability to meet its obligations:

(a) a trust deed dated 12 September 2005 and made between (i) the company (as issuer) and (ii) The Law Debenture Trust Corporation plc (as trustee), as supplemented pursuant to a supplemental trust deed dated 10 February 2010, constituting $45 million of 7.5 per cent dollar notes 2012/14 of the company; such dollar notes are unsecured obligations of the company, bear interest at the fixed rate of 7.5 per cent per annum and are redeemable by three equal annual instalments commencing 31 December 2012 (provided that the amount of dollar notes to be redeemed on any redemption date will be subject to reduction to the extent of dollar notes previously purchased and cancelled save in so far as such dollar 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);

(b) a master agreement (in the form of the International Swaps and Derivatives Association, Inc 2002 Master Agreement) dated 13 February 2007 and made between (i) Australia and New Zealand Banking Group Limited ("ANZ") and (ii) REA Kaltim together with:

(i) a confirmatory letter dated 14 February 2007 from ANZ to REA Kaltim pursuant to which (A) ANZ agreed to pay to REA Kaltim (I) on 27 December 2015 (or, if either party should so elect, 10 February 2012) (the "termination date"), the sum of £22,000,000 and (II) semi-annually in arrear in each year up to and including the termination date, the sum of £1,145,683 and (B) REA Kaltim agreed to pay to ANZ (I) on the termination date, the sum of $42,889,000 and (II) semi-annually in arrear in each year up to and including the termination date, interest on the sum of $42,889,000 calculated at the rate of 10.568 per cent per annum; and

(ii) a confirmatory letter dated 1 October 2008 from ANZ to REA Kaltim pursuant to which (A) ANZ agreed to pay to REA Kaltim (I) on 27 December 2015 (or, if either party should so elect, 30 September 2013) (the "termination date"), the sum of £8,000,000 and (II) semi-annually in arrear in each year up to and including the termination date, interest on the sum of £8,000,000 calculated at the rate of 10.4153 per cent per annum and (B) REA Kaltim agreed to pay to ANZ (I) on the termination date, the sum of $14,512,000 and (II) semi-annually in arrear in each year up to and including the termination date, interest on the sum of $14,512,000 calculated at the rate of 9.71 per cent per annum;

(c) a master agreement (in the form of the International Swaps and Derivatives Association, Inc 2002 Master Agreement) dated 20 October 2008 and made between (i) Australia and New Zealand Banking Group Limited ("ANZ") and (ii) SYB together with a confirmatory letter dated 26 November 2008 from ANZ to SYB pursuant to which (A) ANZ agreed to pay to SYB (I) on 27 December 2015 (or, if either party should so elect, on 24 October 2013, 24 October 2014 or 24 October 2015) (the "termination date"), the sum of £7,000,000 and (II) semi-annually in arrear in each year up to and including the termination date, interest on the sum of £7,000,000 calculated at the rate of 10.4153 per cent per annum and (B) SYB agreed to pay to ANZ (I) on the termination date, the sum of $11,200,000 and (II) semi-annually in arrear in each year up to and including the termination date, interest on the sum of $11,200,000 calculated at the rate of 10.33 per cent per annum;

(d) a facility agreement dated 27 July 2010 and made between (i) SYB as borrower and (ii) PT Bank DBS Indonesia ("DBS") as lender, pursuant to which:

(i) DBS agreed to provide facilities comprising an amortizing term loan facility in the amount of Rp 350 billion (the "ATLF") (currently drawn to the extent of Rp 350 billion and an uncommitted revolving credit facility in the amount of $1,000,000 (including sub-facilities in rupiah) (the "RCF"). DBS can, at any time and at its sole discretion, cancel the RCF and/or declare any amount drawn under it immediately repayable;

(ii) the term for each loan drawn under the ATLF is a maximum of eight years from the date that such loan is drawn-down, subject to all amounts drawn under the ATLF becoming repayable on the ATLF expiry date (being the earlier of 8 years from the first draw-down and 31 December 2018). The availability period of the ATLF is four years from the signing of the facility agreement and upon the expiry of the availability period, if SYB has not drawn-down the entire ATLF any amounts undrawn shall no longer be available for draw-down. Under the RCF, the term for each loan drawn is a maximum of two months from the date that such loan is drawn-down and the RCF expired on 27 July 2011;

(iii) SYB agreed to pay interest on the aggregate amount of the facility drawn-down (A) in the case of the ATLF, at a floating rate equal to 3.5 per cent per annum over the

Jakarta Interbank Offer Rate ("JIBOR") from time to time plus a liquidity fee, a facility fee, an annual fee and a commitment fee on undrawn balances; (B) in the case of the RCF, at a floating rate equal to 3.0 per cent per annum over the Singapore Interbank Offer Rate from time to time (or in the case of the sub-facilities in rupiah, at a floating rate equal to 3.0 per cent per annum over the JIBOR from time to time) plus a liquidity premium, a facility fee and an annual fee;

(iv) SYB agreed to repay the ATLF (together with any interest) in instalments following expiry of the four year grace period with the first repayment of principal falling due at the end of month 51 from the first draw-down date and the last repayment falling due at the end of month 96 from the first draw-down date (or, if earlier, following a demand from DBS on the occurrence of an event of default) and to repay each advance drawn-down under the RCF (together with interest) at the end of each two month loan term (as described in (ii) above) with all amounts due under the RCF (including interest) to be repaid in full no later than the due date as set out in (ii) above (or, if earlier, following demand from DBS to make immediate repayment);

(v) SYB agreed to provide or procure the provision to DBS of security for the ATLF and RCF principally comprising charges over substantially the whole of the assets and undertaking of SYB and an unsecured guarantee from the company and REA Kaltim; and

(vi) SYB gave various representations, warranties and undertakings to DBS, including certain financial covenants;

(e) a trust deed dated 29 November 2010 and made between (i) REA Finance (as issuer), (ii) the company (as guarantor), (iii) REA Services (as co-guarantor) and (iv) Capita Trust Company Limited (as trustee) constituting £50 million nominal of 9.5 per cent guaranteed sterling notes 2015/17 of REA Finance; such sterling notes are obligations of REA Finance and bear interest at the fixed rate of 9.5 per cent per annum and are redeemable by three equal annual instalments commencing 31 December 2015 (provided that the amount of sterling notes to be redeemed on any redemption date will be subject to reduction to the extent of sterling notes previously purchased and cancelled save in so far as such sterling notes were purchased and cancelled prior to a previous redemption date and taken into account in reducing the sterling note redemption requirement in relation to that previous redemption date); the sterling notes are unconditionally and irrevocably guaranteed by the company and by REA Services; the obligation of REA Services as co-guarantor are secured principally by charges granted by REA Services over outstanding loans owed by REA Kaltim and SYB to REA Services;

(f) a settlement agreement dated 30 December 2011 and made between (i) PT Ade Putra Tanrajeng; (ii) PT Guruh Putra Bersama, (iii) PT Jaya Prima Sentosa and (iv) SYB, together with an addendum to such settlement agreement of the same date, pursuant to which SYB agreed to transfer 3,557 hectares of HGU titled land which are subject to overlapping rights to coal underneath such land, and in consideration of this, PT Jaya Prima Sentosa agreed to transfer to SYB the shares in PT Prasetia Utama ("PU") held by it and to procure the transfer to SYB of all other shares in PU, upon terms that PU will upon completion of the settlement agreement hold HGU titles to, 9,097 hectares of land in East Kalimantan; SYB also agreed to relinquish 2,212 hectares in respect of which it holds a land allocation still subject to completion of titling;

(g) a facility agreement dated 12 April 2012 and made between (i) REA Kaltim as borrower and (ii) DBS as lender, pursuant to which:

(i) DBS agreed to provide an uncommitted revolving credit facility in the amount of $15,000,000 (including a sub-facility in rupiah of up to the equivalent of $13,500,000) (the "RCF") (currently drawn to the extent of $9 million). DBS can, at any time and at its sole discretion, cancel the RCF and/or declare any amount drawn under it immediately repayable;

(ii) the term for each loan drawn under the RCF is a maximum of two months from the date that such loan is drawn-down and the RCF shall expire on 12 April 2013 unless the RCF is terminated earlier in accordance with the terms of the facility agreement (the "Maturity Date"). DBS is entitled to extend the term of the RCF automatically for a period of three months from the Maturity Date during which time all provisions of the facility agreement will continue to apply in full force and effect;

(iii) REA Kaltim agreed to pay interest on the aggregate amount of the RCF drawn-down (A) in the case of loans denominated in dollars, at an annual interest rate of 3.755 per cent over the Singapore Interbank Offer Rate ("SIBOR") (maximum two months), plus a liquidity premium; or (B) in the case of loans denominated in Rupiah (under the sub-facility), at an annual interest rate of 4.0 per cent over the Jakarta Interbank Offer Rate ("JIBOR") (maximum two months), plus a liquidity premium. In both cases, the interest period is a maximum of one month and interest shall be paid at the end of each relevant interest period;

(iv) REA Kaltim agreed to pay a facility fee of 0.25 per cent per annum to be paid within 30 days of the date of the facility agreement and on each anniversary thereof. If automatically renewed (as mentioned in (ii) above), REA Kaltim must pay the facility fee on a pro rated basis for the three month period unless it has given written notice before such automatic renewal that it will not renew the RCF;

(v) REA Kaltim agreed to procure that the company provide a corporate guarantee to DBS in respect of REA Kaltim's obligations under the RCF and DBS reserved the right to request additional collateral at any time, in its sole discretion; and

(vi) REA Kaltim gave various undertakings and financial covenants to DBS;

(h) a guarantee dated 15 May 2012 between (i) the company as guarantor and (ii) DBS, pursuant to which the company guaranteed all moneys and liabilities which may at any time be due to DBS from REA Kaltim in respect of the RCF referred to at material contract (g) above;

(i) a placing agreement made by way of letter dated 25 October 2012 from the company to Guy Butler, pursuant to which:

(i) Guy Butler, as agent of the company, has agreed to use its reasonable endeavours to procure placees to subscribe up to $15 million nominal of new dollar notes for cash at par, such subscription being conditional upon:

(A) the company having in issue, at the time that the placing becomes unconditional, at least $10 million nominal of new dollar notes (whether issued pursuant to the placing or the placing in conjunction with the exchange offer); and

(B) the creation of the new dollar notes and the admission of the new dollar notes to the Official List and to trading on the Regulated Market of the London Stock Exchange becoming effective by not later than 5.00 p.m. on 21 December 2012; and

(ii) the company agreed to pay Guy Butler a commission of 1.75 per cent of the nominal value of the new dollar notes subscribed by the placees (plus VAT) and to bear all expenses of and incidental to the placing;

(j) a commission agreement made by way of letter dated 25 October 2012 from the company to (i) KBC Securities N.V. ("KBC") and (ii) Guy Butler, pursuant to which:

(i) each of KBC and Guy Butler has agreed to provide general assistance to the company in connection with the exchange offer:

(A) in the case of KBC, in relation to holders and/or beneficial owners of existing dollar notes based in Belgium (the "Belgium noteholders"); and

(B) in the case of Guy Butler, in relation to holders of existing dollar notes excluding the Belgian noteholders;

(ii) in consideration of this, the company agreed to pay KBC and Guy Butler an aggregate fee equal to 1.5 per cent of the nominal value of the existing dollar notes in respect of which valid acceptances of the exchange offer are received (subject to the exchange offer becoming fully unconditional)(plus VAT), such fee to be payable to KBC in respect of those valid acceptances received from the Belgian noteholders and to Guy Butler in respect of those valid acceptances received from the other noteholders; and

(iii) In consideration of KBC and Guy Butler respectively agreeing to provide services to the company as set out in sub clause (i) above, the company has agreed with KBC and Guy Butler to indemnify and to hold harmless each of KBC and Guy Butler from and against (a) any and all actions, claims, demands, proceedings or judgments (collectively "Claims") which may be instituted, made or alleged against KBC or Guy Butler (as applicable); and (b) any and all losses, liabilities, damages, costs, charges and expenses (including legal fees) (collectively "Losses") which may be suffered or incurred by KBC or Guy Butler to the extent that the same arise, directly or indirectly, in relation to the exchange offer provided that the company will not be responsible for any Claims or Losses to the extent that it is judicially determined that the same arise, directly or indirectly, (x) from fraud, wilful default or gross negligence on the part of KBC or Guy Butler, or (y) as a result of any recommendation or advice given by KBC or Guy Butler to any holder or beneficial owner of existing dollar notes, or any adviser to or manager of any holder or beneficial owner of existing dollar notes.

3.10 **Available Information**

During the life of this document, the following documents will be available to be downloaded from the company's website: www.rea.co.uk and to be inspected, during normal business hours, at the London offices of the company's solicitors, Ashurst LLP, at Broadwalk House, 5 Appold Street, London EC2A 2HA.

(A) the memorandum and articles of association of the company;

(B) the annual reports of the company for the years ended 31 December 2011 and 31 December 2010;

(C) the half yearly report of the company for the six month period ended 30 June 2012;

(D) the original trust deed dated 12 September 2005 constituting the existing dollar notes made between the company as issuer and The Law Debenture Trust Corporation p.l.c. as trustee, as supplemented by a first supplemental trust deed dated 10 February 2010;

(E) a draft of the trust deed by which the new dollar notes will be constituted, proposed to be made between the company as issuer and The Law Debenture Trust Corporation p.l.c. as trustee; and

(F) the offer letter to be sent to the holders of existing dollar notes setting out the terms and conditions of the exchange offer.

3.11 **Statutory auditors**

The annual financial statements of the company for the years ended 31 December 2011 and 31 December 2010 have been audited by Deloitte LLP (Chartered Accountants and Registered Auditors) of 2 New Street Square, London EC4A 3BZ and contain an audit report from Deloitte LLP which was not qualified and which did not contain a statement under section 498(2) or (3) of the Companies Act 2006. None of the information contained in this document has been audited

3.12 **Third party information**

This document contains third party information (provided by Oil World, found on page 27 of the company's 2011 annual report). The company confirms that the third party information has been accurately reproduced from the information provided to it and as far as the company is aware and able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

3.13 **Documents incorporated by reference**

This document should be read and construed in conjunction with the following documents which shall be deemed to be incorporated in, and form part of this document, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

(A) The annual reports of the company for the years ended 31 December 2011 and 31 December 2010 which contain (a) the audited annual financial statements of the company for those years, as well as the auditors' report and notes and (b) a description of the business of the company and its subsidiaries.

(B) The half yearly report of the company for the six month period ended 30 June 2012 which includes the unaudited half yearly financial statements of the company.

During the life of this document, the above documents will be available to be downloaded from the company's website: www.rea.co.uk and to be inspected, during normal business hours, at the London offices of the company's solicitors, Ashurst LLP, at Broadwalk House, 5 Appold Street, London EC2A 2HA.

Documents incorporated by reference in the above documents are not incorporated by reference in this document.

Definitions

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

"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
"CPKO"	crude palm kernel oil
"CPO"	crude palm oil
"directors"	the directors of the company
"Emba"	Emba Holdings Limited
"exchange offer"	the offer by the company to holders of existing dollar notes, pursuant to which holders of existing dollar notes are invited to exchange all or any part of their holdings of existing dollar notes for new dollar notes
"existing dollar notes"	the $45 million nominal of 7.5 per cent dollar notes 2012/14 constituted pursuant to a trust deed dated 12 September 2005 made between the company as issuer and The Law Debenture Trust Corporation p.l.c. as trustee as supplemented by a first supplemental trust deed dated 10 February 2010, $35 million nominal of which notes are outstanding
"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
"HGU"	"hak guna usaha", a formal registered land title certificate
"London Stock Exchange"	London Stock Exchange plc
"new dollar notes"	the $50 million nominal of 7.5 per cent dollar notes 2017 proposed to be created by the company
"ordinary shares"	ordinary shares of 25p each in the capital of the company
"placing"	the proposed placing of up to $15 million nominal of new dollar notes by Guy Butler at par
"preference shares"	9 per cent cumulative preference shares of £1 each in the capital of the company
"REA Finance"	REA Finance B.V., a wholly owned subsidiary of the company, incorporated in the Netherlands
"REA Kaltim"	P.T. REA Kaltim Plantations, the principal operating subsidiary of the company, incorporated in the Republic of Indonesia
"REA Services"	R.E.A. Services Limited, a wholly owned subsidiary of the

	company, incorporated in England and Wales
"RSPO"	Roundtable on Sustainable Palm Oil
"sterling notes "	the £50 million nominal of 9.5 per cent guaranteed sterling notes 2015/17 of REA Finance which are irrevocably and unconditionally guaranteed by the company, £37 million nominal of which are in issue
"SYB"	PT Sasana Yudha Bhakti, a subsidiary of the company incorporated in the Republic of Indonesia
"UK or United Kingdom"	the United Kingdom of Great Britain and Northern Ireland

References to "dollars" and to "$" are to the lawful currency of the United States, to "sterling" and "£" are to the lawful currency of the United Kingdom and to "rupiahs" and "Rp" are to the lawful currency of the Republic of Indonesia. Unless otherwise specifically indicated, where an amount denominated in one currency is stated as at a date and with an equivalent amount in another currency, that equivalent represents the conversion of the applicable amount at the exchange rate ruling as at the close of business in London on the date in question or on the last business day preceding that date.