

SUMMARY AND SECURITIES NOTE

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 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 \$50 million nominal of 7.5 per cent dollar notes 2017 of the company.

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 new 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.

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1. Summary

Summaries are made up of disclosure requirements known as "elements". These elements are numbered in sections A to E (A.1 – E.7) below.

This summary contains all the elements required to be included in a summary for this type of securities and company. Because some elements are not required to be addressed, there may be gaps in the numbering sequence of the elements.

Even though an element may be required to be inserted in the summary because of the type of securities and company, it is possible that no relevant information can be given regarding the element. In this case a short description of the element is included in the summary with the mention of 'not applicable'.

Section A – Introduction and warnings

A.1 Introduction

The following summary information should be read as an introduction to the prospectus. Any decision by a prospective investor to invest in the new 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 or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in the new dollar notes.

A.2 Consent

Not applicable. The company does not consent to the use of the prospectus by any other person.

Section B – Company

B.1 Name of company

R.E.A. Holdings plc.

- B.2 Domicile and legal form** 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.
- B.4b Known trends** 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.
- B.5 The company's group** The company is the parent company of a group of companies and is not itself a subsidiary of any other company.
- B.9 Profit forecast or estimate** Not applicable; no profit forecast or estimate is made in the prospectus.
- B.10 Audit report qualifications** Not applicable; the auditors' reports in the annual reports of the company for the years ended 31 December 2011 and 31 December 2010 contain no qualifications.
- B.12 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 group included in the company's 2011 annual report and the unaudited financial statements of the group 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	<u>(183,256)</u>	<u>(188,881)</u>	<u>(171,443)</u>	<u>(176,848)</u>
	<u>312,307</u>	<u>260,097</u>	<u>302,945</u>	<u>235,520</u>

	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	<u>69,115</u>	<u>75,464</u>	<u>147,758</u>	<u>114,039</u>
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	<u>3,770</u>	<u>3,076</u>	<u>7,375</u>	<u>1,588</u>
Operating profit	26,753	40,529	72,749	56,267
Investment revenues and finance costs	<u>(3,903)</u>	<u>(3,659)</u>	<u>(8,576)</u>	<u>(5,820)</u>
Profit before taxation	<u>22,850</u>	<u>36,870</u>	<u>64,173</u>	<u>50,447</u>

There has been no material adverse change in the prospects of the company since 31 December 2011, the date of its last published audited financial statements.

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.

**B.13 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.

**B.14 Dependence upon
other members of the
company's group**

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.

B.15 Principal activities

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.

**B.16 Ownership and
control**

Emba Holdings Limited owns 29.8 per cent of the issued ordinary share capital of the company. Save to that extent, there are no persons who, directly or indirectly, own or could exercise control over the company.

B.17 Credit ratings

Not applicable; neither the company nor its debt securities have been assigned a credit rating.

Section C – Securities

- C.1 The securities** \$50 million nominal of 7.5 per cent dollar notes 2017 proposed to be created by the company. The new dollar notes will be issued in registered form in amounts and integral multiples of \$1.
- The International Security Identification Number assigned to the new dollar notes is GB00B83RJC83.
- C.2 Currency** US dollars.
- C.5 Restrictions on the free transferability** The new dollar notes will be transferable in amounts or integral multiples of \$1 by transfer in the usual form for such securities.
- C.8 Rights attached to the securities** The new dollar notes will bear interest at the fixed rate of 7.5 per cent per annum, payable half yearly in arrear in equal instalments on 30 June and 31 December of each year.
- The trust deed will contain provisions for calling meetings of the holders of the new dollar notes to consider matters affecting their interests generally.
- The trust deed will not contain any restrictions on further borrowings by the company ranking in priority to or *pari passu* with the new 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 new dollar notes).
- C.9 Further terms and conditions of the securities** The terms and conditions attaching to the new dollar notes will be the same as those attaching to the existing dollar notes, save as regards redemption and certain other minor amendments (i) to deal with the first payment of interest and (ii) to exclude terms which are no longer relevant. Accordingly, the new dollar notes will represent unsecured obligations of the company.
- The new dollar notes will bear interest at the fixed rate of 7.5 per cent per annum, payable half yearly in arrear in equal instalments on 30 June and 31 December of each year, provided that, in the respect of the first interest period following the date of issue of the new dollar notes, interest shall be calculated from (but excluding) the date on which the exchange offer becomes fully unconditional to (and including) 31 December 2012, save in respect of new dollar notes issued after 31 December 2012 whereby interest shall accrue from (but excluding) the date of issue.

To the extent not previously purchased by the company and cancelled, the new dollar notes will be redeemed at par in one instalment on 30 June 2017. The new dollar notes will cease to bear interest from (and including) the due date for redemption unless, upon due presentation, payment of principal in respect of the new dollar notes is improperly withheld or refused.

The Law Debenture Trust Corporation p.l.c. has agreed to act as trustee of the holders of the new dollar notes.

The new dollar notes shall be governed by, and shall be construed in accordance with, English law.

C.10 Derivative component

Not applicable; the new dollar notes will not have a derivative component.

C.11 Admission to trading

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

Section D – Risks

D.2 Key risks relating to the company

A number of risks could affect the group's future operating performance and thereby impinge on 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 and CPKO 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 and CPKO are essentially dollar based commodities and that operational costs are incurred partly in other currencies;
- risks stemming from the group's operations 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 assets are located in the East Kalimantan province of Indonesia; and
- the risk that the coal and quarry operations of the company prove not to be fully viable and that all or some of the capital

invested in those operations is lost.

D.3 Key risks relating to the securities

The value of the new dollar notes may be adversely affected by changes in economic conditions and in the group's performance and prospects.

In addition, the new 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 new dollar notes or on the grant of security by the company.

Section E - Offer

E.2b Reasons for the exchange offer and placing

The directors are proceeding with previously announced plans for the amalgamation of all of the group's Indonesian plantation subsidiaries into a single sub-group headed by REA Kaltim and, following that amalgamation, for a public offering of a minority shareholding in REA Kaltim combined with listing of REA Kaltim shares on the Indonesia Stock Exchange in Jakarta. At the same time, the group is continuing its planned extension planting programme which brings with it a requirement for investment in additional estate buildings, vehicles and equipment.

Absent some unforeseen event that has a catastrophic negative impact on the group, the directors are confident that the company could effect redemption of the existing dollar notes in accordance with their current terms, whether from internal cash flows, by refinancing maturing notes or from the proceeds of the proposed public offering of a minority shareholding in REA Kaltim. If circumstances so required, planned capital expenditure could be reduced so as to increase internal cash flows.

However, the directors would prefer the group to retain a sufficient cash cushion to permit continuation of the 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 shareholding in REA Kaltim. The exchange offer and the placing are proposed with this objective.

The exchange offer will, in effect, give holders of existing dollar notes the opportunity themselves to refinance the existing dollar notes. The terms of the exchange offer have been formulated after discussions with certain substantial holders of existing dollar notes as to the basis upon which such holders would be willing to substitute holdings of longer dated dollar notes of the company for existing dollar notes. The directors have received informal and non-binding indications that such holders are likely to accept the

exchange offer in respect of a significant proportion of the outstanding existing dollar notes.

The directors are comfortable that the continuing accretion of shareholder equity from retention of earnings means that the group can support the addition to its current net indebtedness that will result from the placing.

Use of proceeds of the proposed placing

All proceeds from the proposed placing will, to the extent required for that purpose, be applied by the group in funding the planned extension planting programme and associated expenditure and to the extent not so required, will be retained in cash.

E.3 Terms and conditions of the exchange offer and placing

The company is offering to acquire the existing dollar notes under the exchange offer on the following basis:

for each \$100 nominal of existing dollar notes **\$100 nominal of new dollar notes**
plus
\$0.25 in cash
plus
a further amount in cash equal to the interest accrued but unpaid on \$100 nominal of existing dollar notes as at the date on which the offer becomes unconditional

and so in proportion for any greater or lesser amount of existing dollar notes held.

The exchange offer can be accepted in respect of all or any part of a holding of existing dollar notes. Holders of existing dollar notes who do not wish to accept the exchange offer, whether in whole or in part, are free to retain all or any of their existing dollar notes and the company will continue to honour the terms and conditions attaching to such notes.

Existing dollar notes acquired by the company pursuant to the exchange offer will be cancelled and will not be available for re-issue or sale by the company.

The exchange offer is conditional upon acceptances being received by not later than 1.00 p.m. on 15 November 2012 (or such later time(s) and/or date(s) as the company may decide, being not later than 1.00 p.m. on 20 December 2012) in respect of not less than \$10 million nominal of existing dollar notes (or such lesser amount as the company may decide, provided that this condition will not be satisfied unless the company will have in issue, at the time that the exchange offer becomes fully unconditional (both as to acceptances and as to the admissions referred to below), at least \$10 million nominal of new dollar notes (whether issued pursuant to the exchange offer or the exchange offer in conjunction with the placing).

The placing is conditional on 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).

The exchange offer and the placing are both also conditional upon 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 by no later than 5.00 p.m. on 21 December 2012.

- | | | |
|------------|---|---|
| E.4 | Interests material to the issue | Not applicable; there are no interests material to the exchange offer or placing. |
| E.7 | Expenses charged to the investor | Not applicable; no expenses will be charged to investors by the company. |

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

Before making any investment decisions, prospective investors in the new 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 1 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 new 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 new 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 new dollar notes will be dependent upon the future ability of the company to meet its obligations.

The new 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 new dollar notes or on the grant of security by the group.

2.2 **Market issues**

The value of an investment in the new dollar notes may be affected by many factors including, *inter alia*, general economic conditions, levels of interest rates, political events and trends, perceived changes in the performance of the company's competitors, tax laws and rates of inflation which are outside the group's control. The value of such an investment may also be affected by changes or perceived changes in the group's performance and prospects as a result of announcements made and reports published by the company, speculation about the group's business or industries in which the group operates in the press, media or the investment community or the publication by investment analysts of research reports concerning the group's business or such industries.

The market in the new dollar notes may be illiquid. Lack of liquidity may adversely affect the prevailing market value of an investment in any new dollar notes and may make it difficult to sell such notes. Even if an active market in the new dollar notes does develop, the new dollar notes may trade at prices lower than the subscription price.

3. **Proposed issue**

3.1 **General**

The company proposes to create \$50 million nominal of new dollar notes. The constitution of the new dollar notes will be effected by the execution of the trust deed. The terms and conditions applicable to the new dollar notes are set out in section 4 of this document and are summarised in paragraph 3.4 below.

The company intends that of the new dollar notes proposed to be created, up to \$35 million nominal should be issued by way of the exchange offer and up to \$15 million nominal should be issued by way of a placing for cash.

(a) **The exchange offer**

The company is offering to acquire all of the \$35 million nominal of outstanding existing dollar notes issued by the company in exchange for new dollar notes to be issued by the company. The new dollar notes will have, in commercial terms, the same terms as the existing dollar notes save as regards the final redemption date.

The existing dollar notes were issued on terms that provided for their redemption in three equal annual instalments commencing 31 December 2012, but with the proviso that to the extent that existing dollar notes were purchased and cancelled by the company, the amount of existing dollar notes that the company would be obliged to redeem on any subsequent redemption date would be reduced by the nominal amount of existing dollar notes purchased and cancelled prior to that redemption date (save in so far as such notes had been purchased and cancelled prior to a previous redemption date and taken into account in reducing the amount of existing dollar notes otherwise due to be redeemed in relation to that redemption date).

\$10 million nominal of existing dollar notes have to date been purchased by the company and cancelled. Thus, the outstanding balance of the existing dollar notes is currently redeemable as to \$5 million nominal on 31 December 2012 and, as to the balance of \$30 million nominal, as to \$15 million nominal on each of 31 December 2013 and 31 December 2014. Existing dollar notes acquired by the company pursuant to the offer will be cancelled. This will result in adjustment of the timetable for redemption of the balance of the outstanding existing dollar notes in accordance with the foregoing provisions.

The new dollar notes will be redeemable in one instalment on 30 June 2017.

The company is offering to acquire existing dollar notes in exchange for new dollar notes on the following basis:

for each \$100 nominal of existing dollar notes	\$100 nominal of new dollar notes
	plus
	\$0.25 in cash

plus

a further amount in cash equal to the interest accrued but unpaid on \$100 nominal of existing dollar notes as at the date on which the offer becomes unconditional

and so in proportion for any greater or lesser amount of existing dollar notes held, provided that fractional entitlements to less than \$1 will be rounded down to the nearest whole dollar.

The exchange offer can be accepted in respect of all or any part of a holding of existing dollar notes. Holders of existing dollar notes who do not wish to accept the exchange offer, whether in whole or in part, are free to retain all or any of their existing dollar notes and the company will continue to honour the terms and conditions attaching to such notes.

Existing dollar notes acquired by the company pursuant to the exchange offer will be cancelled and will not be available for re-issue or sale by the company.

The company has appointed KBC Securities N.V. ("**KBC**") and Guy Butler to provide general assistance to the company in connection with the exchange offer. In consideration of such services, the company has 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 (plus VAT), subject to the exchange offer becoming fully unconditional.

(b) The placing

Guy Butler has undertaken to use its reasonable endeavours to place all of the new dollar notes the subject of the placing at par. The subscription monies payable for the new dollar notes the subject of the placing are payable in full on allotment.

The company has agreed to pay Guy Butler a commission of 1.75 per cent of the gross proceeds of the new dollar notes issued pursuant to the placing (plus VAT) and to bear all expenses of and incidental to the placing.

(c) Conditions

The exchange offer is conditional upon acceptances being received by not later than 1.00 p.m. on 15 November 2012 (or such later time(s) and/or date(s) as the company may decide, being not later than 1.00 p.m. on 20 December 2012) in respect of not less than \$10 million nominal of existing dollar notes (or such lesser amount as the company may decide, provided that this condition will not be satisfied unless the company will have in issue, at the time that the exchange offer becomes fully unconditional (both as to acceptances and as to the admissions referred to below), at least \$10 million nominal of new dollar notes (whether issued pursuant to the exchange offer or the exchange offer in conjunction with the placing).

The placing is conditional on 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).

The exchange offer and the placing are both also conditional upon 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 by no later than 5.00 p.m. on 21 December 2012.

The company will announce the results of the exchange offer and placing by notification to the Regulatory News Service of the London Stock Exchange. It is expected that such announcement will be made on 16 November 2012 and that dealings in the fully paid new dollar notes issued pursuant to the exchange offer and the placing, for normal settlement, will commence on 19 November 2012. Guy Butler currently maintains an over-the-counter market in the existing dollar notes and has indicated, without commitment, that it will endeavour also to do so in respect of the new dollar notes.

3.2 Reasons for the exchange offer and placing

The directors are proceeding with previously announced plans for the amalgamation of all of the group's Indonesian plantation subsidiaries into a single sub-group headed by REA Kaltim and, following that amalgamation, for a public offering of a minority shareholding in REA Kaltim combined with listing of REA Kaltim shares on the Indonesia Stock Exchange in Jakarta. At the same time, the group is continuing its planned extension planting programme which brings with it a requirement for investment in additional estate buildings, vehicles and equipment.

Absent some unforeseen event that has a catastrophic negative impact on the group, the directors are confident that the company could effect redemption of the existing dollar notes in accordance with their current terms, whether from internal cash flows, by refinancing maturing notes or from proceeds of the proposed public offering of a minority shareholding in REA Kaltim. If circumstances so required, planned capital expenditure could be reduced so as to increase internal cash flows.

However, the directors would prefer the group to retain a sufficient cash cushion to permit continuation of the 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 shareholding in REA Kaltim. The exchange offer and the placing are proposed with this objective.

The exchange offer will, in effect, give holders of existing dollar notes the opportunity themselves to refinance the existing dollar notes. The terms of the exchange offer have been formulated after discussions with certain substantial holders of existing dollar notes as to the basis upon which such holders would be willing to substitute holdings of longer dated dollar notes of the company for existing dollar notes. The directors have received informal and non-binding indications that such holders are likely to accept the exchange offer in respect of a significant proportion of the outstanding existing dollar notes.

The directors are comfortable that the continuing accretion of shareholder equity from retention of earnings means that the group can support the addition to its current net indebtedness that will result from the placing.

3.3 Use of proceeds of the proposed placing

All proceeds from the proposed placing will, to the extent required for that purpose, be applied by the group in funding the planned extension planting programme and associated expenditure and to the extent not so required, will be retained in cash.

3.4 Particulars of the new dollar notes

The new dollar notes will be created pursuant to resolutions of the board and will be constituted by the trust deed. Holders of the new dollar notes will be bound by, and be deemed to have notice of, all of the provisions of the trust deed.

The new dollar notes will be issued in registered form in amounts and integral multiples of \$1 and may be held in uncertificated form in CREST. They will be admitted to the Official List and traded on the Regulated Market of the London Stock Exchange.

The new dollar notes will bear interest at the rate of 7.5 per cent per annum, payable half yearly in arrear on 30 June and 31 December of each year.

To the extent not previously purchased by the company and cancelled, the new dollar notes will be redeemed at par in one instalment on 30 June 2017.

Holders of new dollar notes may elect to receive payments of interest and redemption monies due in respect of their holdings of new 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 new 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 new 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 new dollar notes will represent 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 new 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 new dollar notes).

The attention of prospective investors in the new dollar notes is drawn to the fact that the company has obtained no commitments to subscribe for the new dollar notes proposed to be issued. However, the exchange offer and the placing are conditional upon the company having in issue, at the time that the exchange offer becomes fully unconditional, at least \$10 million nominal of new dollar notes (whether issued pursuant to the exchange offer or the exchange offer in conjunction with the placing).

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 \$50,000,000 7.5 per cent dollar notes 2017 (the "**Notes**", which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 13 and forming a single series with the Notes) of R.E.A. Holdings plc (the "**Issuer**") are constituted by a trust deed (the "**Trust Deed**") dated 25 October 2012 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**"). The issue of the Notes was authorised pursuant to resolutions of the board of directors of the Issuer passed on 23 August 2012 and pursuant to resolutions of a duly constituted committee of the board of directors passed on 25 October 2012. 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 on 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 (but excluding) 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 30 June 2017;

"**subsidiary**" has the meaning given thereto in section 1159 of the Companies Act 2006; and

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

2. Form and transfer

2.1 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.

2.2 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

4.1 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), provided that:

- (i) in respect of the first Interest Period following the date of issue of each Note issued on the date that the offer by the company to acquire all of the outstanding 7.5 per cent dollar notes 2012/2014 issued by the company in exchange for Notes (the "**exchange offer**") becomes unconditional, interest shall be calculated from (but excluding) the date of issue to (and including) 31 December 2012;
- (ii) in respect of the first Interest Period following the date of issue of each Note issued after the date that the exchange offer becomes unconditional but on or prior to 31 December 2012, the interest rate shall be calculated as if interest had accrued from (and including) the day following the date that the exchange offer becomes unconditional to (and including) 31 December 2012; and
- (iii) in respect of the first Interest Period following the date of issue of each Note issued after 31 December 2012, interest shall be calculated from (but excluding) the date of issue to (and including) the first Interest Payment Date following the date of issue; and
- (iv) 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.

For this purpose, the "**record date**" means the thirtieth day before the relevant Interest Payment Date or, if such day is not a business day, then the next following business day.

- 4.2 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 the 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 a.m. 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 record date as regards any subsequent interest payment.

5. Redemption, purchase and cancellation

5.1 Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, the Issuer shall redeem the Notes at their principal amount in one instalment on 30 June 2017.

5.2 Purchases

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

5.3 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.

5.4 Election to receive monies in sterling

An election to receive interest payments in pounds sterling, given in accordance with the provisions of Condition 4.2, 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 4.2, 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

- 6.1 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.

- 6.2 If any monies 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 and/or pre-funded to its satisfaction) (but, in the case of the happening of any of the events mentioned in sub-paragraphs (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 2006;
- (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 may reasonably require and in such form as they may 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 section 434 of the Companies Act 2006;
- (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. Enforcement of rights

11.1 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 and/or pre-funded to its satisfaction.

11.2 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.

12. 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 15.

13. 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.

14. 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.

15. 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 United Kingdom, 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.

16. Trustee

The Law Debenture Trust Corporation p.l.c., whose registered office is at Fifth Floor, 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 properly incurred by the Trustee in relation to the carrying out of its functions as trustee.

17. 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 and/or pre-funded 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.

18. 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.

19. 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.

20. 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 matter, claim or dispute, whether contractual or non-contractual, 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 new dollar notes as an investment and are the absolute beneficial owners of the new dollar notes and may not apply to certain classes of persons such as dealers, persons who have acquired their new 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 new dollar notes who are resident and (if individuals) ordinarily resident in the UK for tax purposes. Prospective holders of new 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 new 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 new dollar notes cease to be listed, interest may be paid under deduction of income tax at the basic rate (currently 20 per cent).

Any interest on new 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 new 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 new 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 new 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 and therefore will be treated as non-qualifying corporate bonds. Accordingly, individual holders of new dollar notes may be subject to UK taxation on capital gains on a disposal or redemption of new dollar notes if they are resident or ordinarily resident for tax purposes in the UK or, in the

case of a non resident individual, if they carry on a trade in the UK through a branch or agency and the new dollar notes are either used in or for the purposes of that trade, used or held by that branch or agency or acquired for use by or for the purposes of that branch or agency.

(ii) Interest

UK tax resident individuals who are holders of new dollar notes will be subject to income tax on the amount of interest received by them in respect of the new dollar notes.

(iii) Accrued income scheme

The transfer of new 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, in the case of a non resident individual, carrying on a trade through a UK branch or agency for the purposes of which the new dollar notes are used or held 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 new dollar notes at the time of transfer.

(D) UK corporation taxpayers

Holders of new 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 new 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

No stamp duty or stamp duty reserve tax should generally be payable on issue or transfer of the new dollar notes on the basis that the new dollar notes constitute loan capital within the meaning of section 78 of the Finance Act 1986.

(F) EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income payments ("**savings income**") made by a person within its jurisdiction to, or collected by such a person for, an individual or to certain non-corporate entities, resident in that other Member State (interest payments on the new dollar notes will for these purposes be savings income).

In addition, Member States have entered into reciprocal arrangements with certain of those non-EU countries and dependent or associated territories of certain Member States in relation to payments of savings income made by a person in a Member State to an individual, or to certain non-corporate entities, resident in certain dependent or associated territories or non-EU countries.

The directive was the subject of a recent review which may lead to it being amended to overcome its perceived shortcomings. Any changes could apply to new dollar notes that have already been issued at the date of the amendment of the directive.

(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 new dollar notes to listing on the Official List and to trading on the Regulated Market of the London Stock Exchange is expected to take effect on 19 November 2012.

6.2 **Selling and offering**

(A) **United States**

The new dollar notes have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "Securities Act"). The new 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 new 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 new dollar notes, an offer, sale or transfer of the new dollar notes within the United States by a dealer (whether or not participating in the offer of the new 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 new 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 new dollar notes may not be offered or sold, directly or indirectly, in connection with the issue of, or any secondary trading in, the new 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 new dollar notes is GB00B83RJC83.

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
"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
"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
"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
"Official List"	the list maintained by the Financial Services Authority in accordance with section 74(1) of the Financial Services and Markets Act 2000
"placing"	the proposed placing of up to \$15 million nominal of new dollar notes by Guy Butler at par
"prospectus"	the registration document together with this document
"Prospectus Directive"	Directive 2003/71/EC, as amended by Directive 2010/73/EU, including relevant implementing measures
"REA Kaltim"	P.T. REA Kaltim Plantations, the principal operating subsidiary of the company, incorporated in the Republic of Indonesia
"registration document"	the registration document pursuant to the Prospectus Directive, issued by the company and dated 25 October 2012, including all information incorporated by reference therein

"trust deed"	the trust deed to be executed between the company (as issuer) and The Law Debenture Trust Corporation p.l.c. (as trustee) constituting the new dollar notes
"UK or United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"US or United States"	the United States of America, its territories and possessions and all areas subject to its jurisdiction, the District of Columbia and any state of the United States of America

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.

