

**REA Finance B.V.
Amsterdam**

Annual report and accounts
for the year ended 31 December 2011

REA Finance B.V., Amsterdam

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REA Finance B.V., Amsterdam

Report of the management

The management herewith presents to the shareholder the audited accounts of REA Finance B.V. (hereinafter "the Company") for the year ended 31 December 2011.

General

The Company is a limited liability company incorporated under the laws of The Netherlands and acts as a finance company. The ultimate holding company is R.E.A. Holdings plc (hereinafter "REAH"), London, United Kingdom. The REA group is principally engaged in the cultivation of oil palms in the province of East Kalimantan in Indonesia and in the production of crude palm oil and by-products from fruit harvested from its oil palms.

Overview of activities

On 12 July 2011 the Company completed the purchase for cancellation of £2,460,000 nominal value of the 9.5 per cent guaranteed sterling notes 2015/17 issued by the Company (the "sterling notes") at a price of 105.45. The purchase was financed by a new long-term loan made by REAH to the Company which bears interest at 8.5%.

Results

The net asset value of the Company as at 31 December 2011 amounts to £583,578 (31 December 2010: £735,612). The result for the year ended 31 December 2011 is a loss of £62,034 (2010 £92,206 profit).

Risks and uncertainties

The principal risks and uncertainties facing the Company relate to the due performance by REAH of its obligations under the loan agreement with the Company. Any shortfall in performance would impact negatively on the Company's ability to perform its obligations to the holders of £34.54 million nominal of 9.5 per cent guaranteed sterling notes 2015/17. The extent of this risk is limited by:

- the guarantee given by REAH and R.E.A. Services Limited ("REAS", a subsidiary company of REAH incorporated in the United Kingdom), in favour of the Note Holders; and
- the Limited Recourse Agreement dated 29 November 2010 and made between the Company, REAH and REAS (together the "Parties") (the "LRA").

The LRA reflects the intention of the Parties that the Company, in relation to its financing activities, should (i) meet the minimum risk requirements of article 8c, paragraph 2, of the Dutch Corporate Income Tax Act and (ii) not be exposed to risk in excess of the Minimum Risk Amount ("MRA"). For these purposes the MRA is 1 per cent of the aggregate amounts outstanding under the loan agreement between the Company and REAH. In relation to point (i) above, the Company's capital and reserves as at 31 December 2011 complied with the minimum risk requirements of article 8c, paragraph 2, of the Dutch Corporate Income Tax Act.

Risk management objectives

In carrying out its financing activities, it is the policy of the Company to minimise exposure to interest and exchange rate fluctuations by ensuring that loans are denominated in the same currency as the financing sources from which such loans are funded and that interest receivable on such loans is based on a formula from which the Company derives a fixed margin over the cost of funding. In addition, the Company relies on the arrangements described under "Risks and uncertainties" above to limit its exposure to loss.

The Company does not enter into or trade other financial instruments for any purpose.

The Company's overheads are denominated mostly in Euros and sterling. The fixed margin referred to above, which is derived in sterling, is formulated to cover all the overheads and to leave a residual margin as compensation for assuming the limited risk under the LRA. The Company does not seek to hedge the minimal foreign currency risk implicit in these arrangements.

The principal credit risk is described in detail under "Risks and uncertainties" above. Deposits of surplus cash resources are only made with banks with high credit ratings.

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Report of the management (cont.)

Audit Committee

In August 2008 the Dutch Act on the Supervision of Accounting Firms (Wet Toezicht Accountantsorganisaties) ("ASAF") was amended. This resulted in a wider definition of a public interest entity (organisatie van openbaar belang) ("PIE"). All Dutch entities which have issued listed debt are now considered to be PIEs. In addition on August 8 2008, an implementing regulation (algemene maatregel van bestuur) ("IR") came into force in the Netherlands, enacting Article 41 of European Directive no. 2006/43/EG (the "ED"), regarding legislative supervision of annual reports and consolidated financial statements. This IR obliges all PIEs to establish an audit committee ("AC").

The AC is formed by members of the Company's supervisory board ("SB") or by non-executive management board members. Because the Company falls within the definition of a PIE it is in principle obliged to establish an AC. Although the ED provides certain exemptions for establishing an AC for securitisation vehicles ("SV"), under the IR (the regulation whereby the ED was implemented in the Netherlands) the Company is not considered to be a SV and therefore can not make use of the exemption to install an AC.

In the light of extensive research and discussions between, amongst others, the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten) and several legal advisors and audit firms, there are certain matters to be considered with respect to the requirement to establish an AC :

- the activities of the Company and those of a SV are very similar;
- under the ED the Company qualifies as a SV and would thus be exempted from the obligation to establish an AC;
- the Company does not have a SB nor non-executive members of the board. Furthermore, establishment of a SB would require an amendment to the Company's Articles of Association;
- it remains unclear why the IR contains a more stringent definition of a SV than the ED.

The general view in the Netherlands is that it could not have been the legislators' intention for financing vehicles, such as the Company, not to fall within the description of a SV and thus not be exempted. In view of the above reasons, Management currently does not consider it to be in the Company's best interest, nor has it taken steps, to implement an AC.

Future outlook

The management is of the opinion that the present level of activities will be maintained during the next financial year. Management expects that the average number of employees will not change during the next financial year.

Amsterdam, April 27, 2012
Intertrust (Netherlands) B.V.

REA Finance B.V., Amsterdam

Responsibility confirmation

The managing director is responsible for the preparation of this annual report and accounts.

To the best of the knowledge of the managing director:

- the accompanying annual accounts are prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the accompanying "Report of the management " section of this annual report provides a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces.

The current managing director of the Company, responsible for the executive management of the Company, is Intertrust (Netherlands B.V.).

Amsterdam, April 27, 2012

REA Finance B.V., Amsterdam

Balance sheet as at 31 December 2011

(After appropriation of results)

	Notes	2011	2010
		£	£
Fixed assets			
Financial fixed assets			
Loans to group entities	1	37,475,000	37,475,000
<i>Total fixed assets</i>		<u>37,475,000</u>	<u>37,475,000</u>
Current assets			
Debtors			
Amounts due from group entities	2	12,642	160,348
Prepayments and other receivables	3	28,049	9,236
Cash and cash equivalents	4	83,944	105,644
<i>Total current assets</i>		<u>124,635</u>	<u>275,228</u>
Current liabilities (due within one year)			
Amounts due to third parties	5	5,297	2,284
Accruals and deferred income	6	10,760	12,332
<i>Total current liabilities</i>		<u>16,057</u>	<u>14,616</u>
Current assets less current liabilities		<u>108,578</u>	<u>260,612</u>
Total assets less current liabilities		<u>37,583,578</u>	<u>37,735,612</u>
Long term liabilities (due after one year)			
Amounts due to group entities	7	2,460,000	-
Bond loans	8	34,540,000	37,000,000
<i>Total long term liabilities</i>		<u>37,000,000</u>	<u>37,000,000</u>
Capital and reserves			
Paid up and called up share capital	9	15,048	15,498
Share premium account		475,000	475,000
Translation reserve		(2,824)	(3,274)
Other reserves		96,354	156,182
Unappropriated results		-	92,206
<i>Total shareholder's equity</i>		<u>583,578</u>	<u>735,612</u>
Total long term liabilities and share capital and reserves		<u>37,583,578</u>	<u>37,735,612</u>

The accompanying notes are an integral part of this balance sheet.

Profit and loss account for the year ended 31 December 2011

	Notes	2011	2010
		£	£
Finance activities			
Interest income on loans to group entities	10	3,626,943	5,876,433
Interest expense on loans from group entities	11	(104,550)	(843,854)
Interest expense on bond loans	12	<u>(3,398,150)</u>	<u>(3,515,000)</u>
<i>Result finance activities</i>		124,243	1,517,579
Other financial income and expenses			
Other interest income		9	119
Other financial expense		(8)	-
Currency exchange rate differences	13	2,597	7,316
Premium on purchase of bond loans	14	<u>(141,691)</u>	<u>-</u>
<i>Total other financial income and expenses</i>		(139,093)	7,435
Other income and expenses			
General and administrative expenses	15	<u>(55,660)</u>	<u>(306,244)</u>
<i>Total other income and expenses</i>		(55,660)	(306,244)
Result on ordinary activities before taxation		<u>(70,510)</u>	<u>1,218,770</u>
Overseas withholding taxes	16	-	(1,112,168)
Corporate income tax	16	8,476	(14,396)
Result after taxation		<u><u>(62,034)</u></u>	<u><u>92,206</u></u>

The accompanying notes are an integral part of this profit and loss account.

REA Finance B.V., Amsterdam

Notes to the annual accounts for the year ended 31 December 2011

General

The Company was incorporated as a limited liability company under the laws of the Netherlands on 7 November 2006 and has its statutory seat in Amsterdam. The ultimate holding company is R.E.A. Holdings plc in London, United Kingdom. The principal activity of the Company is to act as a finance company, and its place of business is at Prins Bernhardplein 200, 1097 JB Amsterdam.

The functional currency of the Company is GBP, which is also the presentation currency of the accounts.

Basis of presentation

The accompanying accounts have been prepared in accordance with accounting principles generally accepted in The Netherlands and with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The most significant accounting principles are as follows:

a. Foreign currencies

Assets and liabilities in foreign currencies are translated into pounds sterling at the exchange rates prevailing on the balance sheet date. Transactions in foreign currencies are translated into pounds sterling at the exchange rates in effect at the time of the transactions. The resulting exchange rate differences are taken to the profit and loss account, with the exception of the share capital which is included in Capital and reserves under Translation reserve.

The exchange rates used in the annual financial statements are:	<u>31.12.11</u>	<u>31.12.10</u>
1 GBP (pound sterling) = EUR	1.20	1.16
1 GBP (pound sterling) = USD	1.55	1.57

b. Loans and receivables

Loans and receivables are stated at their face value, less an allowance for any possible uncollectible amounts.

c. Other assets and liabilities

Other assets and liabilities are shown at face value, unless stated otherwise in the notes.

d. Recognition of income

Income and expenses, including taxation, are recognised and reported on the accruals basis.

e. Corporate income tax

Taxation on the result for the period comprises both current taxation payable and deferred taxation. No current taxation is provided if, and to the extent that, profits can be offset against losses brought forward from previous periods. Deferred tax assets on losses are recognised to the extent that it is probable that taxable profits will be available against which the deferred tax assets can be utilised. Current tax liabilities are computed taking into account all available tax credits.

Cash flow statement

The annual report for 2011 of the Company's ultimate holding company includes a consolidated cash flow statement for the group as a whole. Accordingly, the Company has elected to use the exemption provided under Dutch Law and does not present its own cash flow statement.

Notes to the specific items of the balance sheet

1 Loans to group entities	2011	2010
	£	£
R.E.A. Holdings plc ("REAH")	<u>37,475,000</u>	<u>37,475,000</u>
Balance of loans as at 1 January	37,475,000	60,105,759
New US\$ loan to PT Susana Yudha Bhakti ("SYB")	-	6,745,968
GBP loans to PT REA Kaltim ("REAK") and SYB assigned to R.E.A. Services Limited ("REAS")	-	(37,475,000)
Consideration received from REAH for such assignment	-	37,475,000
USD loans to REAK and SYB assigned to REAS (note 7)	-	(29,579,751)
Currency exchange rate differences	-	203,024
Balance of loans as at 31 December	<u>37,475,000</u>	<u>37,475,000</u>

R.E.A. Holdings plc ("REAH"), the Company's parent company, is a company incorporated in the United Kingdom whose share capital is listed on the London Stock Exchange.

The loan to REAH bears interest at 9.6729 per cent and is repayable in three equal annual instalments commencing on 31 December 2015. The loan to REAH represents the on-lending of proceeds from the issue of the 9.5 per cent guaranteed sterling notes 2015-17 ("the sterling notes") on such terms that permit the Company to earn such interest margin as is specified by the Advance Pricing Agreement referred to in note 16. In view of the similar provisions of this loan as to interest and maturity as those applicable to the sterling notes, the director estimates a fair value of £39.2m (2010: £39.3m), using the same basis of valuation as the sterling notes (see note 8).

2 Amounts due from group entities	2011	2010
	£	£
R.E.A. Holdings plc: current account	<u>12,642</u>	<u>160,348</u>
	<u>12,642</u>	<u>160,348</u>

All amounts are due within one year.

3 Prepayments and other receivables	2011	2010
	£	£
Corporation tax recoverable	21,989	4,507
VAT receivable	-	4,729
Prepayments	<u>6,060</u>	<u>-</u>
	<u>28,049</u>	<u>9,236</u>

All amounts are due within one year.

4 Cash and cash equivalents	2011	2010
	£	£
Current account with bank	72,560	54,969
Current account with bank	11,384	28,838
Current account with bank	-	21,837
	<u>83,944</u>	<u>105,644</u>

5 Amounts due to third parties	2011	2010
	£	£
Trade creditors	4,481	2,284
VAT payable	<u>816</u>	<u>-</u>
	<u>5,297</u>	<u>2,284</u>

6 Accruals	2011	2010
	£	£
Audit fee	10,760	10,332
Tax adviser fee	<u>-</u>	<u>2,000</u>
	<u>10,760</u>	<u>12,332</u>

Notes to the specific items of the balance sheet (cont.)

7 Amounts due to group entities	2011	2010
	£	£
R.E.A. Holdings plc: loan account	<u>2,460,000</u>	<u>-</u>
	<u>2,460,000</u>	<u>-</u>
Balance loan as per 1 January	-	22,630,760
New loan received	2,460,000	6,747,377
Extinguished by set-off (see note 1).	-	(29,579,751)
Currency exchange rate differences	-	201,614
Balance loan as per 31 December	<u>2,460,000</u>	<u>-</u>

The sterling loan from REAH incurs interest at 8.5% (2010: USD loans at 2.75 per cent above SIBOR) and is repayable in 3 equal annual instalments commencing on 20 December 2015. The loan from REAH to the Company was made during 2011 in order to finance the purchase for cancellation of £2,460,000 nominal of sterling notes. The director has estimated the fair value of this loan on the same basis as the loan from the Company to REAH (see note 1) resulting in a fair value of £2.6m at 31 December 2011.

8 Bond loans	2011	2010
	£	£
Bonds issued - 9.5 per cent guaranteed sterling notes 2015-17	<u>34,540,000</u>	<u>37,000,000</u>
	<u>34,540,000</u>	<u>37,000,000</u>

The sterling notes are listed on the London Stock Exchange and are irrevocably and jointly guaranteed by REAH and by R.E.A. Services Limited.

On 12 July 2011 the Company completed the purchase for cancellation £2,460,000 nominal value of sterling notes at a price of 105.45. The purchase was financed by a new long-term loan issued by REAH to the Company which bears interest at 8.5% (see note 7).

Balance as at 1 January	37,000,000	37,000,000
Decrease	(2,460,000)	-
Balance as at 31 December	<u>34,540,000</u>	<u>37,000,000</u>

The sterling notes are repayable in three equal annual instalments commencing on 31 December 2015. The fair value of the sterling notes has been estimated by the director at £36.1m (2010: £38.9m) based on the latest price at which the sterling notes were traded prior to the balance sheet date.

9 Capital and reserves

The authorised share capital of the Company amounts to EUR 90,000 divided into 90,000 shares of EUR 1 each, of which 18,000 shares have been issued, fully paid. The share capital is recorded at the rate of exchange at the balance sheet date. At 31 December 2011 the rate was 1 GBP = 1.20 EUR.

At the annual general meeting of shareholders held on 10 May 2011 it was resolved to declare a dividend amounting to £90,000 from the result for 2010 of £92,206 and to transfer the remaining balance of £2,206 to the other reserves.

	Share capital	Translation reserve	Share premium	Other reserves	Unappropriated results
Balance as at 31.12.09	<u>16,110</u>	<u>(3,886)</u>	<u>475,000</u>	<u>169,169</u>	<u>37,013</u>
Dividend				(50,000)	
Transfer	-	-	-	37,013	(37,013)
Revaluation	(612)	612	-	-	-
Result for the period	-	-	-	-	92,206
Balance as at 31.12.10	<u>15,498</u>	<u>(3,274)</u>	<u>475,000</u>	<u>156,182</u>	<u>92,206</u>
Transfer				92,206	(92,206)
Dividend				(90,000)	
Revaluation	(450)	450			
Result for the period				(62,034)	
Balance as at 31.12.11	<u>15,048</u>	<u>(2,824)</u>	<u>475,000</u>	<u>96,354</u>	<u>-</u>

REA Finance B.V., Amsterdam

Notes to the specific items of the profit and loss account

10 Interest income on loans to group entities	2011	2010
	£	£
R.E.A. Holdings plc	3,626,943	315,210
PT REA Kaltim Plantations	-	4,144,271
PT Sasana Yudha Bhakti	-	1,416,952
	<u>3,626,943</u>	<u>5,876,433</u>
11 Interest expense on loans from group entities	2011	2010
	£	£
Interest payable on loans from group entities	<u>104,550</u>	<u>843,854</u>
	<u>104,550</u>	<u>843,854</u>
12 Interest expense on bond loans	2011	2010
	£	£
Interest payable bonds	<u>3,398,150</u>	<u>3,515,000</u>
	<u>3,398,150</u>	<u>3,515,000</u>
13 Currency exchange rate differences	2011	2010
	£	£
On finance activities	<u>2,597</u>	<u>7,316</u>
	<u>2,597</u>	<u>7,316</u>
14 Premium on purchase of bond loans	2011	2010
	£	£
Premium on purchase of bond loans for cancellation.	<u>141,691</u>	-
	<u>141,691</u>	-
15 General and administrative expenses	2011	2010
	£	£
Guarantee fee - R.E.A. Holdings plc	-	253,370
Administration	25,405	18,987
Tax advice	7,333	8,845
Notary expenses	10,458	8,386
Bank charges	869	1,221
Audit fee (Deloitte Accountants B.V.)	10,676	15,328
General expenses	919	107
	<u>55,660</u>	<u>306,244</u>

The audit fee (Deloitte Accountants B.V.) relates to the audit of the financial statements for 2011. No other fees have been charged.

Notes to the specific items of the profit and loss account (cont)

16 Taxation on the result on ordinary activities before taxation	2011	2010
	£	£
Overseas withholding taxes	-	1,112,168
Corporate income tax - current year	(14,102)	16,232
Corporate income tax - prior year	<u>5,626</u>	<u>(1,836)</u>
	<u>(8,476)</u>	<u>1,126,564</u>

The Company has concluded an Advance Pricing Agreement and an Advance Tax Ruling with the Dutch fiscal authorities dated 21 February 2007, as amended by Addenda dated 11 March 2009 and 29 July 2010. The Company's financing activities are based on a transfer pricing report and are confirmed to be conducted at arm's length in the Advance Pricing Agreement. The profit on such financing activities comprises interest received on loans to group entities, less interest payable on loans from group and external entities and operating expenses relating to such activities. Dutch corporate income tax is assessable on such profit.

The Dutch corporate income tax rate is 20%. The effective tax rate is -20% (2010: 18%) due to the fiscal loss in 2011.

17 Staff numbers and employment costs

The Company has no employees and hence incurred no wages, salaries or related social security charges during the reporting period, nor during the previous year.

18 Directors

The Company has one (2010: one) managing director, who received fees of £25,405 (2010: £18,897).
The Company has no (2010: none) supervisory directors.

19 Ultimate Holding Company

The immediate and ultimate holding company and the controlling party is R.E.A. Holdings plc ("REAH"), incorporated in the United Kingdom and registered in England and Wales. The financial statements of the company are consolidated into the group headed by REAH which is the only group into which the results of the company are consolidated. Copies of the annual report, including the audited financial statements, of REAH are available at the registered office of REAH.

Amsterdam, April 27, 2012
Intertrust (Netherlands) B.V.

REA Finance B.V., Amsterdam

Other information

Independent auditor's report

The independent auditor's report is set out on the next page.

Statutory rules relating to the appropriation of results

In accordance with a restriction prescribed by Dutch law, a company may only make a distribution of profit provided that shareholders' equity exceeds its issued share capital and legal reserves, in which case the remaining reserves and the unappropriated profit for the year may be dealt with by shareholders in accordance with the Company's articles of association.

Appropriation of the result for the year

The loss for the year has been transferred to other reserves.

Subsequent events

No events have occurred since the balance sheet date, which would change the financial position of the Company and which would require adjustment of or disclosure in the annual accounts now presented.

REA Finance B.V., Amsterdam

Independent auditor's report

To: the shareholders of REA Finance B.V.

Report on the annual accounts

We have audited the accompanying annual accounts of REA Finance B.V., Amsterdam, which comprise the balance sheet as at December 31, 2011, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these annual accounts and for the preparation of the report of the management, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the annual accounts

In our opinion, the annual accounts give a true and fair view of the financial position of REA Finance B.V. as at December 31, 2011 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report of the management, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the report of the management, to the extent we can assess, is consistent with the annual accounts as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 27 April 2012
Deloitte Accountants B.V.

J. Penon