REEA Finance B.V.
Amsterdam

Annual Accounts for the year ended
December 31, 2016

Amstelveenseweg 760
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the Netherlands
Chamber of Commerce: 34259527

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Report of the management

Management herewith presents to the shareholder the audited accounts of REA Finance B.V. (hereinafter "the Company") for the year 2016.

General

The Company is a private company with limited liability 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 REAH 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

At 31 December 2016 the Company has outstanding £40.176 million nominal guaranteed sterling notes, of which £8.324 million are 9.5 per cent guaranteed sterling notes 2015/2017 (the "2017 sterling notes") and £31.852 million are 8.75 per cent guaranteed sterling notes 2020 (the "2020 sterling notes").

The Company has loans receivable from REAH totalling £43.111 million, a Tranche A loan of £11.259 million bearing interest at 9.6783 per cent and repayable on 20 December 2017, and a Tranche B loan of £31.852 million bearing interest at 8.9283 per cent and repayable on 20 August 2020. There is also a loan from REAH to the Company of £2.460 million bearing interest at 8.5 per cent and repayable on 20 December 2017.
During the period under review the Company received interest on the loans from the Company to REAH and paid interest to the note holders of the sterling notes (the “Note Holders”) and to REAH.

Results

The net asset value of the Company as at 31 December 2016 amounts to £863,620 (31 December 2015: £764,074). The result for 2016 is a profit of £99,547 (2015: profit of £85,411).

Going concern

In the Directors’ Report included in the 2016 Annual Report of REAH the directors have made the following statement regarding future viability;

The repacking of the PT Bank DBS Indonesia (“DBS”) facility resulted in a much improved profile of term loan repayments. As at 31 December 2016, bank debt due within one year reduced to $28.6 million from $50.9 million at 31 December 2015. Moreover, of such $28.6 million, $25.5 million represented drawings under the group’s revolving working capital facilities. The directors have no reason to believe that these facilities will not be rolled over at the end of July 2017 when the facilities fall due for renewal. The directors are confident that the group will have the cash resources to meet these commitments and the capital expenditure needed to maintain existing immature plantings and for other routine capital requirements. However, depending upon the level of CPO prices and operational performance during the remainder of 2017, some further funding may be required to enable the group to continue its expansion programme at the level that it would like. Accordingly, the group actively engaged in discussions to obtain new longer term debt financing to replace, or replace in part the maturing notes. The directors are optimistic of a successful outcome to these discussions.

As respects funding risk, the group has material indebtedness in the form of bank loans and listed notes. Some $3.1 million of bank term indebtedness falls due for repayment during 2017, and a further $25.5 million of revolving working capital lines fall due for renewal during the same period. In addition, £8.3 million of sterling notes fall due in December 2017. A further £31.9 million sterling notes will become repayable in August 2020. In view of the material proportion of the group’s indebtedness failing due in the period 31 December 2020, as described above, the directors have chosen this period for their assessment of the long-term viability of the group.

In April 2017, PT Dharma Satya Nusantara Tbk, the non-controlling shareholder in PT REA Kaltim Plantations (“REA Kaltim”) provided further loans of $16.6 million to REA Kaltim’s plantation subsidiaries. The group continues in discussions to refinance with longer term debt indebtedness falling due in 2017 and 2018. Furthermore, the directors have no reason to believe that the revolving working capital facilities falling due in 2017 and 2019 will not be rolled over when these facilities fall due for renewal.

Limited further capital expenditure will be required on the group's mills until construction is commenced on the fourth mill. This is scheduled for 2017 but could be postponed if cash constraints so require.

In 2020 consideration will be given to proposals to the holders of the sterling notes to refinance these with securities of longer duration. The group holds in treasury $9.9 million of dollar notes 2022 which it acquired in the placing in December 2016; the group plans to sell these over time as market condition permit. Should funding be required pending completion of any of the initiatives above, the group will seek to place for cash a limited number of ordinary and/or preference shares, authority for which will be sought as and when appropriate.

The directors fully expect that the foregoing measures will refinance or permit the group to repay, the group indebtedness falling due for repayment during the period of assessment. As the benefits of recent improvements in operational efficiencies start to flow through, with CPO prices likely to remain at current levels, the group's plantation operations can be expected to generate increasing cash flows going forward.

Based on the foregoing and after making enquiries, the directors therefore have a reasonable expectation the company and the group have adequate resources to continue in operational existence for the period 31 December 2020 and to remain viable during that period.

Having considered these statements by the director of REAH the directors of the Company has a reasonable expectation that REAH will be able to repay its indebtedness.

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 meet its obligations to the holders of £8.324 million nominal of 2017 sterling notes and its obligations to the holders of £31.852 million nominal of 2020 sterling notes. The exposure of the Company 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 (the "LRA").

The LRA reflects the intention of the parties thereto 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 2016 complied with the minimum risk requirements of article 8c, paragraph 2, of the Dutch Corporate Income Tax Act. In addition, pursuant to the LRA, REAH and REAS limited their rights of recourse against the Company in respect of any calls upon their guarantee of the 2017 sterling notes and the 2020 sterling notes.

Risks and uncertainties with respect to the group's operations are low. All of the group's operations are located in Indonesia and the group is therefore significantly dependent on economic and political conditions in Indonesia. In the recent past Indonesia has been stable and the Indonesian economy has continued to grow. In addition the group has never been adversely affected by political unrest. The introduction of exchange controls or other restrictions on foreign owned operations in Indonesia could lead to restrictions on the transfer of profits from Indonesia to the UK with potential negative implications for the servicing of the obligations in relation to the sterling notes but the group is not aware that there are any plans for this under current political conditions. Mandatory reduction of foreign ownership of Indonesian plantation operations could lead to forced divestment of interests in Indonesia. However, while the group accepts there is a significant possibility that foreign owners may be required over time to partially divest ownership of Indonesian oil palm operations, it has no reason to believe that such divestment would be at anything other than market value.

Report of the management (continued)

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.

Employees
During 2016, the Company did not employ personnel nor in the previous years.

Research and development
The Company does not perform any research and development.

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 ("SVs"), under the IR 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 or non-executive members of the board. The 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.

Report of the management (continued)

Future outlook
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.

Management representation statement
Management declares that, to the best of its knowledge, the annual accounts prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and that the Report of the management includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties it faces.

Amsterdam, April 28, 2017

Corfas B.V.

Financial Statements

Balance sheet as at 31 December 2016
(After appropriation of results)

	Notes	2016	2015
		£	£
Fixed assets			
Financial fixed assets			
Loans to parent company	1	31,852,000	43,111,000
Total fixed assets		31,852,000	43,111,000
Current assets			
Loans to parent company falling due within one year	1	11,259,000	-
Amounts due from parent company	2	372,107	284,872
Other debtors	3	375	-
Cash and cash equivalents	4	36,635	29,706
Total current assets		11,668,117	314,578
Current liabilities (due within one year)			
Amounts due to parent company	7	2,460,000	-
Sterling Notes falling due within one year	8	8,324,000	-
Taxation payable	5	5,776	4,580
Due to third parties	6	14,721	20,924
Total current liabilities		10,804,497	25,504
Current assets less current liabilities		863,620	289,074
Total assets less current liabilities		32,715,620	43,400,074
Long term liabilities (due after one year)			
Amounts due to parent company	7	-	2,460,000
Sterling Notes	8	31,852,000	40,176,000
Total long term liabilities		31,852,000	42,636,000
Capital and reserves	9		
Paid-up and called-up share capital		15,415	13,264
Translation reserve		(3,191)	(1,040)
Share premium account		475,000	475,000
Other reserves		376,396	276,850
Total shareholder's equity		863,620	764,074
Total long term liabilities and shareholder's equity		32,715,620	43,400,074

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

Profit and loss account for the year ended 31 December 2016

	Notes	2016 £	2015 £
Finance activities			
Interest income on loans to parent company	10	3,933,522	3,592,642
Interest expense on loans from parent company	11	(209,100)	(209,100)
Interest expense Sterling Notes	12	(3,577,830)	(3,246,414)
Result finance activities		146,592	137,128
Other financial income and expenses			
Currency exchange rate differences	13	22,568	7,025
Total other financial income and expenses		22,568	7,025
Other income and expenses	14		
Operational income		7,162	-
General and administrative expenses		(49,995)	(37,005)
Total other income and expenses		(42,833)	(37,005)
Result on ordinary activities before taxation		126,327	107,148
Discount on early tax payment	15	466	387
Corporate income tax	15	(27,247)	(22,124)
Result after taxation		99,546	85,411

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

Notes to the annual accounts for the year 2016

General
The Company was incorporated as a private company with limited liability under the laws of the Netherlands on 7 November 2006 and has its statutory seat in Amsterdam, The Netherlands. 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 Amstelveenseweg 760, 1081 JK Amsterdam, The Netherlands.

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 converted 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 accounts are:	31.12.16	31.12.15
1 GBP (pound sterling) = EUR	1.17	1.36

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 recognized 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 recognized to the extent that it is probable that taxable profits will be available against which the deferred tax assets can be utilized. Current tax liabilities are computed taking into account all available tax credits.

Going Concern
In the Directors' Report included in the 2016 Annual Report of REAH the directors have made the following statement regarding future viability;

The repacking of the PT Bank DBS Indonesia ("DBS") facility resulted in a much improved profile of term loan repayments. As at 31 December 2016, bank debt due within one year reduced to $28.6 million from $50.9 million at 31 December 2015. Moreover, of such $28.6 million, $25.5 million represented drawings under the group's revolving working capital facilities. The directors have no reason to believe that these facilities will not be rolled over at the end of July 2017 when the facilities fall due for renewal. The directors are confident that the group will have the cash resources to meet these commitments and the capital expenditure needed to maintain existing immature plantings and for other routine capital requirements. However, depending upon the level of CPO prices and operational performance during the remainder of 2017, some further funding may be required to enable the group to continue its expansion programme at the level that it would like. Accordingly, the group actively engaged in discussions to obtain new longer term debt financing to replace, or replace in part the maturing notes. The directors are optimistic of a successful outcome to these discussions.

As respects funding risk, the group has material indebtedness in the form of bank loans and listed notes. Some $3.1 million of bank term indebtedness falls due for repayment during 2017, and a further $25.5 million of revolving working capital lines fall due for renewal during the same period. In addition, £8.3 million of sterling notes fall due in December 2017. A further £31.9 million sterling notes will become repayable in August 2020. In view of the material proportion of the group's indebtedness failing due in the period 31 December 2020, as described above, the directors have chosen this period for their assessment of the long-term viability of the group.

In April 2017, PT Dharma Satya Nusantara Tbk, the non-controlling shareholder in PT REA Kaltim Plantations ("REA Kaltim") provided further loans of $16.6 million to REA Kaltim's plantation subsidiaries. The group continues in discussions to refinance with longer term debt indebtedness falling due in 2017 and 2017. Furthermore, the directors have no reason to believe that the revolving working capital facilities falling due in 2017 and 2017 will not be rolled over when these facilities fall due for renewal.

Limited further capital expenditure will be required on the group's mills until construction is commenced on the fourth mill. This is scheduled for 2017 but could be postponed if cash constraints so require.

In 2020 consideration will be given to proposals to the holders of the sterling notes to refinance these with securities of longer duration. The group holds in treasury $9.9 million of dollar notes 2022 which it acquired in the placing in December 2016; the group plans to sell these over time as market condition permit. Should funding be required pending completion of any of the initiatives above, the group will seek to place for cash a limited number of ordinary and/or preference shares, authority for which will be sought as and when appropriate.

The directors fully expect that the foregoing measures will refinance or permit the group to repay, the group indebtedness falling due for repayment during the period of assessment. As the benefits of recent improvements in operational efficiencies start to flow through, with CPO prices likely to remain at current levels, the group's plantation operations can be expected to generate increasing cash flows going forward.

Based on the foregoing and after making enquiries, the directors therefore have a reasonable expectation the company and the group have adequate resources to continue in operational existence for the period 31 December 2020 and to remain viable during that period.

Having considered this statements by the directors of REAH the directors of the Company have a reasonable expectation that REAH will be able to repay its indebtedness.

Cash flow statement
The annual accounts for 2016 of the Company's ultimate holding company (REAH) include a consolidated cash flow statement for the group as a whole. Accordingly, the Company has elected to use the exemption provided under RJ 360.104 and does not present its own cash flow statement. The annual report of REAH can be obtained from the website www.rea.co.uk

Related party transactions
All transactions with the shareholder (REAH) are related party transactions and are performed at arm's length.

Notes to the specific items of the balance sheet

1. Loans to parent company

	2016	2015
	£	£
R.E.A. Holdings plc ("REAH") (due after one year)	31,852,000	43,111,000
Balance of loans as at 1 January	31,852,000	37,475,000
Additions	-	5,636,000
Balance of loans as at 31 December	31,852,000	43,111,000

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 loans to REAH comprise:

	2016	2015
	£	£
Balance Tranche A at 1 January	11,259,000	37,475,000
Exchange of 2017 sterling notes 3 September 2015	-	(26,216,000)
Tranche A loan	11,259,000	11,259,000
Balance Tranche B at 1 January	31,852,000	-
Exchange of 2017 for 2020 sterling notes 3 September 2015	-	26,216,000
New 2020 sterling notes 3 September 2015	-	636,000
New 2020 sterling notes 22 December 2015	-	5,000,000
Tranche B loan	31,852,000	31,852,000
Balance at 31 December	43,111,000	43,111,000

The Tranche A loan to REAH bears interest at 9.6783 per cent and is repayable on 20 December 2017.
The Tranche B loan to REAH bears interest at 8.9283 per cent and is repayable on 20 August 2020. The loans to REAH represent the on-lending of proceeds from the issue of the 2017 sterling notes and the 8.75 per cent guaranteed sterling notes 2020 on such terms that permit the Company to earn such interest margin as is specified by the Advance Pricing Agreement referred to in note 15. In view of the similar provisions of this loan as to interest and maturity as those applicable to the sterling notes, management estimates a fair value of £42.7m (2015: £42.0m), using the same basis of valuation as the sterling notes (see note 7).

2. Amounts due from parent company

	2016	2015
	£	£
R.E.A. Holdings plc: current account	372,107	284,872
	372,107	284,872

All amounts are due within one year.

3. Other debtors

	2016	2015
	£	£
ADNL credit invoice	375	-
	375	-

4. Cash and cash equivalents

	2016	2015
	£	£
Current account with bank GBP	36,482	28,544
Current account with bank EUR	153	1,162
	36,635	29,706

5. Taxation

	2016	2015
	£	£
Corporate income tax 2015	-	4,472
Corporate income tax 2016	4,248	-
Value added tax	1,528	108
	5,776	4,580

Corporate income tax summary	01.01	paid/(received)	p/l account	31.12
2015	(4,472)	16,738	(21,210)	(4,472)
2016	-	21,544	(25,792)	(4,248)
	(4,472)	38,282	(47,002)	(8,720)

6. Due to third parties

	2016	2015
	£	£
Administration fees	-	4,236
Audit fees	11,000	14,188
Tax advisory fees	2,000	2,000
Legal fees	1,721	500
	14,721	20,924

7. Amounts due to parent company

	2016	2015
	£	£
R.E.A. Holdings plc: loan account (due within one year)	2,460,000	-
R.E.A. Holdings plc: loan account (due after one year)	-	2,460,000
	2,460,000	2,460,000
Balance loan as per 1 January	2,460,000	2,460,000
New loan received	-	-
Balance loan as per 31 December	2,460,000	2,460,000

The sterling loan from REAH incurs interest at 8.5% and is repayable on 20 December 2017. The loan from REAH to the Company was provided during 2011 in order to finance the re-purchase of £2,460,000 nominal of sterling notes. Management 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 £2.4m at 31 December 2016 (2015: £2.6m).

8. Sterling Notes

	2016	2015
	£	£
Notes issued - 9.5 per cent guaranteed sterling notes 2015/2017 (due within one year)	8,324,000	-
Notes issued - 9.5 per cent guaranteed sterling notes 2015/2017 (due after one year)	-	8,324,000
Notes issued - 8.75 per cent guaranteed sterling notes 2020 (due after one year)	31,852,000	31,852,000
	40,176,000	40,176,000

The sterling notes are listed on the London Stock Exchange and are irrevocably and jointly guaranteed by REAH and by REAS.

	2016	2015
	£	£
Balance sterling 2017 notes at 1 January	8,324,000	34,540,000
Exchange of 2017 sterling notes 3 September 2015	-	(26,216,000)
Balance 2017 sterling notes at 31 December	8,324,000	8,324,000
Balance sterling 2020 notes at 1 January	31,852,000	-
Exchange of 2017 sterling notes 3 September	-	26,216,000
New 2020 sterling notes 3 September - cash placing	-	636,000
New 2020 sterling notes 22 December - cash placing	-	5,000,000
Balance 2020 sterling notes at 31 December	31,852,000	31,852,000
Balance at 31 December	40,176,000	40,176,000

Unless previously redeemed or purchased and cancelled the 2017 sterling notes are repayable on 31 December 2017. The 2020 sterling notes are repayable on 31 August 2020. The fair value of the sterling notes has been estimated by management at £39.8m (2015: £39.2m) 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 and fully paid-up. The share capital is recorded at the rate of exchange at the balance sheet date. At 31 December 2016 the rate was 1 GBP = 1.17 EUR.

	Share capital	Translation reserve	Share premium	Other reserves	Total
Balance as at 31.12.14	14,085	(1,861)	475,000	191,439	678,663
Transfer	-	-	-	-	-
Dividend	-	-	-	-	-
Revaluation	(821)	821	-	-	-
Result for the year	-	-	-	85,411	85,411
Balance as at 31.12.15	13,264	(1,040)	475,000	276,850	764,074
Transfer	-	-	-	-	-
Dividend	-	-	-	-	-
Revaluation	2,151	(2,151)	-	-	-
Result for the year	-	-	-	99,546	99,546
Balance as at 31.12.16	15,415	(3,191)	475,000	376,396	863,620

10. Interest income on loans to parent company

	2016	2015
	£	£
R.E.A. Holdings plc	3,933,522	3,592,642
	3,933,522	3,592,642

11. Interest expense on loans from parent company

	2016	2015
	£	£
R.E.A. Holdings plc	209,100	209,100
	209,100	209,100

12. Interest expense on sterling notes

	2016	2015
	£	£
Interest payable sterling notes	3,577,830	3,246,414
	3,577,830	3,246,414

13. Currency exchange rate differences

	2016	2015
	£	£
On finance activities	22,568	7,025
	22,568	7,025

14. Other income and expenses

	2016	2015
	£	£
Operational income	7,162	-
	7,162	-

General and administrative expenses

	2016	2015
	£	£
Administration fees	17,376	14,248
Tax advisory fees	5,694	3,448
Notary fees	10,154	8,621
Bank charges	2,073	1,421
Audit fees (Deloitte Accountants B.V.)	12,087	9,267
VAT 2015	1,083	-
VAT 2016	1,528	-
	49,995	37,005

Audit fees

With reference to Section 2:302a of the Dutch Civil Code, the following fees for the financial year have been charged by Deloitte Accountants B.V. to the Company:

	Deloitte Accountants B.V.	Other Deloitte network	Total
Audit of the financial statements	11,000	-	11,000
Underprovision in respect of 2015	1,087	-	1,087
Other audit engagements	-	-	-
Tax advisory services	-	-	-
Other non-audit services	-	-	-
Total	12,087	-	12,087

2015

	Deloitte Accountants B.V.	Other Deloitte network	Total audit fee
Audit of the financial statements	9,267	-	9,267
Other audit engagements	6,655	-	6,655
Tax advisory services	-	-	-
Other non-audit services	-	-	-
Total	15,922	-	15,922

15. Taxation on the result on ordinary activities before taxation	**2016**	**2015**
	£	**£**
Discount on early tax payment	466	387
Corporate income tax - previous year	(989)	(527)
Corporate income tax - current year	(26,258)	(21,597)
	(26,781)	(21,737)

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 below an amount of EUR 200,000 is 20%.
The Dutch corporate income tax rate above an amount of EUR 200,000 is 25%.
The effective tax rate of the Company is 20%.

16. 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.

17. Directors
The Company has one (2015: one) managing director.
The Company has no (2015: none) supervisory directors.

18. Ultimate Holding Company
The immediate and ultimate holding company and the controlling party is REAH, incorporated in the United Kingdom and registered in England and Wales. The annual accounts 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 28, 2017

Corfas B.V.

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 article 18 of the Company's articles of association, and Book 2 of the Dutch Civil Code, the allocation of profits accrued in a financial year shall be determined by the general meeting. If the general meeting does not adopt a resolution regarding the allocation of the profits prior to or at latest immediately after the adoption of the annual accounts, the profits will be reserved.

The general meeting has the authority to make distributions. If the Company is required by law to maintain reserves, this authority only applies to the extent that the equity exceeds these reserves. No resolution of the general meeting to distribute shall have effect without the consent of the management board. The management board may withhold such consent only if it knows or reasonably should expect that after the distribution, the Company will be unable to continue the payment of its debts as they fall due.

Appropriation of the result for the year
The management proposes to add the profit for the year to the other reserves. This proposal has already been reflected in the financial statements.

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.

Independent auditor's report
To the shareholders and the management board of REA Finance B.V.

REPORT ON THE FINANCIAL STATEMENTS 2016 INCLUDED IN THE ANNUAL ACCOUNTS

Our Opinion
We have audited the financial statements 2016 of REA Finance B.V., based in Amsterdam.
In our opinion the financial statements included in these annual accounts give a true and fair view of the financial position of REA Finance B.V. as at 31 December 2016, and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.
The financial statements comprise:

1. The balance sheet as at 31 December 2016.

2. The profit and loss account for 2016.

3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the “Our responsibilities for the audit of the financial statements” section of our report.
We are independent of REA Finance B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).
We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality
Based on our professional judgement we determined the materiality for the financial statements as a whole at € 435.000. The materiality is based on 1% of total assets. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.
We agreed with the management board that misstatements in excess of € 21.500, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the management board. The key audit matters are not a comprehensive reflection of all matters discussed.
These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of receivables
A key audit risk is the risk associated with the possible impairment of the receivables from the (ultimate) parent company which are measured against amortized cost, and the disclosure of the fair value of these receivables. Reference is made to note 1 of the financial statements of REA Finance B.V. as per December 31, 2016.

Response
We obtained the audited financial statements of the ultimate shareholder and based on the information received we evaluated the impairment analysis of management. For the fair value disclosures we challenged management assumptions used when determinating the fair value.

Based on the work performed, as mentioned above, we observed that the impairment analysis for these receivables is appropriate. We also determined that the disclosure of the fair value in relation to these receivables is appropriate.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report, the annual accounts contain other information that consists of:

- Management Board's Report

- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.

- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.
By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.
Management is responsible for the preparation of other information, including the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of management and the management board for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.
As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.
Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.
Management is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.
Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.
We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit 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 company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, April 28, 2017

Deloitte Accountants B.V.

Signed on the original: A.J. Kernkamp