

**Securities Note
in respect of up to
\$37,500,000 nominal of new 7.5 per cent dollar notes 2022
of R.E.A. Holdings plc**

ISIN: GB00BD8BTF36

R.E.A. Holdings plc

*(a company incorporated in England and Wales under the
Companies Act 2006 with registered number 671099)*

This document (the "**securities note**") relating to the above-referenced notes issued by R.E.A Holdings plc (the "**company**") sets out specific information on, and the terms and conditions applicable to, the proposed issue of the notes by the company. A copy of this document, which has been prepared in accordance with the prospectus rules of the UK Listing Authority (the "**Prospectus Rules**") made under section 85(1) of the Financial Services and Markets Act 2000, has been filed with the Financial Conduct Authority in accordance with rule 3.2.1 of the Prospectus Rules.

This securities note has been approved by the UK Financial Conduct 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).

This securities note includes particulars given in compliance with the Prospectus Rules of the UK Listing Authority for the purposes of giving information with regard to the company and the relevant notes being offered, the information contained in this securities note should be read in the context of, and together with, the information contained in the registration document dated 7 November 2016 of R.E.A. Holdings plc (the "**registration document**") and distribution of this securities note is not authorised unless accompanied by, or supplied in conjunction with, a copy of the registration document. 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.

The attention of potential investors is drawn to "Risk Factors" set out on pages 1 to 2 of this document and the Risk Factors in the registration document.

7 November 2016

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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 the section headed "Risk factors" on pages 1 to 5 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.

Group debt

The group is actively pursuing several options with regard to the refinancing of the \$44 million of sterling and dollar notes falling due in 2017 and the funding of the continuation of the planned expansion of the group's planted hectareage, including the proposed exchange offer for the existing dollar notes described in this document. While the directors expect that their efforts will be successful, such an outcome cannot be guaranteed. In that event, the directors would consider other mitigating actions which could include the sale of certain assets. Any such actions could have a material adverse effect on the company's business, financial condition and result of operations. Furthermore, should the actions taken prove to be insufficient, this could result in the group being unable to meet its liabilities as they fall due and accordingly could lead to cross-defaults and cross-accelerations requiring accelerated repayment of the group's other debt financing. This could, ultimately, lead to insolvency proceedings.

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. The terms and conditions of the new dollar notes (the "**Conditions**") will contain a covenant pursuant to which the company will agree to limit borrowings by the group, but will not contain any restrictions on the grant of security by the group.

Market issues

The market in the existing dollar notes is fairly illiquid. It is likely that the market in the new dollar notes will also be fairly illiquid. Lack of liquidity may adversely affect the value of an investment in the 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.

If market interest rates were to increase, this would be likely to affect adversely the value of the new dollar notes.

Modification, waivers and substitution

The Conditions contain provisions for calling meetings of the holders of the new dollar notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all noteholders, including noteholders who did not attend and vote at the relevant meeting and noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the trustee may, without the consent of noteholders, agree to certain modification of, or to the waiver or authorisation of certain breaches or proposed breaches of, any of the provisions of the new dollar notes.

Exchange rate risks and exchange controls

The company will pay principal and interest on the new dollar notes in dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in

a currency or currency unit other than dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the dollar or revaluation of the investor's currency) and the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls. An appreciation in the value of the investor's currency relative to the dollar would decrease (a) the investor's currency-equivalent yield on the new dollar notes, (b) the investor's currency equivalent value of the principal payable on the new dollar notes and (c) the investor's currency equivalent market value of the new dollar notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Proposed issue

General

The company proposes to create \$37,500,000 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 the section of this document entitled "Terms and conditions of the new dollar notes" and are summarised below.

The exchange offer

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

for each \$120,000 nominal of existing dollar notes	\$120,000 nominal of new dollar notes
	plus
	\$300 in cash
	plus
	an amount in cash equal to the interest accrued but unpaid on \$120,000 nominal of existing dollar notes as at the date on which the exchange offer becomes unconditional

and so in proportion for any greater or lesser amount of existing dollar notes held, provided that acceptances in respect of less than \$120,000 nominal of existing dollar notes will only be valid where (a) the acceptance is in respect of the whole of a holder's holding of existing dollar notes and (b) the accepting holder makes a cash top-up payment.

This means that in order to participate in the exchange and to acquire new dollar notes, a holder of less than \$120,000 nominal of existing dollar notes must exercise the top-up option, as described in more detail under "Top-up option" below.

Subject as provided above as regards acceptances in respect of holdings of less than \$120,000 nominal of existing dollar notes, 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, may retain all or any of their existing dollar notes. The company will continue to comply with 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.

Top-up option

So as to enable qualifying holders to accept the exchange offer, if they should wish to do so, the company is offering qualifying holders who accept the exchange offer in respect of the whole of their respective holdings the option to top-up the shortfall by means of a cash payment to the company. For this purpose, a "qualifying holder" is a holder of existing dollar notes whose registered holding of existing dollar notes was, as at 5.00 pm on 4 November 2016 (being the latest practicable date prior to the printing of this document), less than \$120,000 nominal of existing dollar notes and "shortfall" means the amount by which the nominal amount of a qualifying holder's registered holding of existing dollar notes falls short of \$120,000.

The amount payable on exercise of this top-up option is \$1 per \$1 of the shortfall, to be paid in cash in dollars on exercise of the option.

If a qualifying holder makes the requisite cash top-up payment, he will receive, pursuant to his acceptance of the exchange offer (and assuming that the exchange offer becomes unconditional),

\$120,000 nominal of new dollar notes plus the cash premium element of the consideration (namely \$300) and the payment in lieu of accrued interest in respect of his holding of existing dollar notes (but not in respect of the shortfall).

If all holders of existing dollar notes were to accept the exchange offer (and accordingly all qualifying holders were to exercise the top-up in full), the maximum nominal amount of new dollar notes issued pursuant to the exchange offer would be \$37,446,883 (an increase of \$3,435,880 over the 34,011,003 nominal of existing dollar notes in issue).

Placing with REA Services

To the extent that \$34,011,003 nominal of new dollar notes are not taken up by holders of the existing dollar notes pursuant to the exchange offer, the company proposes to place up to \$10,000,000 nominal of the new dollar notes comprised in such shortfall (or, if less, all of the new dollar notes so comprised) with its wholly owned subsidiary, REA Services, with the intention that any notes so subscribed by REA Services would then be sold, over time, as third party purchasers are found.

Such placing would be at par, with the subscription monies payable by REA Services funded by way of an interest free loan from the company to REA Services. REA Services would apply the proceeds of sale of any new dollar notes that it so subscribes in or towards repayment of such loan.

Increase in group indebtedness

The exercise by holders of existing dollar notes of the top-up option will increase group indebtedness in respect of dollar notes by the aggregate nominal amount of the new dollar notes subscribed for cash (being up to a maximum of \$3,435,880).

In addition, the sale by REA Services of new dollar notes subscribed by it, if effected prior to the maturity of the existing dollar notes on 30 June 2017, will increase group indebtedness in respect of dollar notes by the nominal amount of the new dollar notes sold but such increase will remain outstanding only until redemption of the existing dollar notes on 30 June 2017 and will, in any event, not exceed \$10,000,000.

Balance of the unissued new dollar notes

To the extent that the full \$37,500,000 nominal of new dollar notes are not issued pursuant to the exchange offer and/or to REA Services, the balance will remain available for issue in the future, subject always to compliance with all relevant formalities and, amongst other things, all borrowing restrictions and other covenants included in the terms and conditions attaching to the existing dollar notes, to the new dollar notes and to the sterling notes issued by the company's subsidiary, REA Finance B.V.

Admission

Application for the admission of the new dollar notes to the Official List and to trading on the Regulated Market of the London Stock Exchange is expected to take place on 23 November 2016, and dealings in the fully paid new dollar notes issued pursuant to the exchange offer and the placing with REA Services, for normal settlement, are expected to commence on 24 November 2016.

Reasons for the exchange offer and placing with REA Services

The group currently holds land titles or land allocations in respect of 108,215 hectares of land in the East Kalimantan province of Indonesia. Of this, 37,097 hectares had been planted with oil palms at 31 December 2015. The group estimates that, taking into account sustainability constraints and an Indonesian requirement that any extension planting by the group is accompanied by development of land for local cooperatives, this established oil palm hectarage should be extendible by a further 23,000 hectares to take the group's total planted oil palm hectarage to close to 60,000 hectares. Extension planting is currently going well and the group expects to meet its target of planting a further 6,000 hectares during 2016. The rate at which it will be able to plant thereafter will be dependent upon the speed at which necessary permitting and land compensation obligations can be processed and settled but the group's aim is to complete extension planting within its existing land bank by the end of 2020.

Every hectare planted brings with it a requirement for investment in additional estate buildings, vehicles and equipment. Attainment of the targeted 60,000 hectares will also require the construction of two further oil mills. Implementation of the group's planned development programme will therefore mean continuing capital expenditure at a high level until 2020. Thereafter there should be a steady reduction to lower levels as the extension planting programme is concluded and the concomitant requirement for buildings, plant, equipment and processing facilities met. As capital expenditure levels decline, so crops from the much expanded planted areas should increase and this increase can be expected to bring increasing cash flows subject to the normal cyclicity of prices within the vegetable oil complex.

Against this background, the group would prefer to defer debt repayments until after the extension planting programme has been completed and, in the interim, to rely on the additional equity that should be generated by such planting to keep the group's leverage within acceptable bounds. As capital expenditure levels decline into the 2020s and the group's operations mature, the progressively higher cash flows can be utilised to repay debt.

Accordingly the group wishes to refinance the two principal components of its debt that mature during 2017, namely the \$34,011,003 nominal of existing dollar notes which fall due for repayment on 30 June 2017 and the £8,324,000 nominal of the 9.5 per cent sterling notes 2015/17 issued by REA Finance B.V. which fall due for repayment on 31 December 2017. To this end the group has for several months been in discussion with a number of financial institutions with a view to securing the necessary finance to replace this maturing debt. These discussions are proceeding well and the group is optimistic that they can be brought to a successful conclusion.

The group, however, recognises that the existing dollar notes have been a useful and flexible source of funding for the group. Many existing holders of the existing dollar notes have been longstanding supporters of the group's debt securities and the group would welcome a continuing relationship with such holders. Moreover several holders have indicated informally that they would be willing to roll over at least a part of their holdings of existing dollar notes for an extended period. The exchange offer is proposed to provide an opportunity for them to do so.

The exchange offer will, in effect, give holders of existing dollar notes the opportunity themselves to refinance their notes. To the extent that they do so, the group will scale back the funding that it has been seeking from the financial institutions with which it is currently in discussions.

Commission

The company has appointed Guy Butler Limited ("**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 Guy Butler commission equal to 1.5 per cent of the nominal value of the existing dollar notes in respect of which valid acceptances of the exchange offer are received, subject to the exchange offer becoming unconditional.

Use of proceeds

All cash proceeds from the top-up option and the sale by REA Services of new dollar notes subscribed by it will be applied by the company in purchasing or redeeming existing dollar notes or otherwise in reducing group indebtedness. Pending such application, such cash proceeds will be applied, on a short-term basis, in augmenting the group's working capital resources.

Particulars of the new dollar notes

The new dollar notes will be created and issued 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 minimum denominations of \$120,000 and integral multiples of \$1 in excess thereof 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 2022.

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. Any equivalent elections in place as regards existing dollar notes will automatically apply as regards the new dollar notes issued as consideration under the exchange offer or pursuant to the top-up option referred to above.

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 terms and conditions attaching to the new dollar notes).

The full terms and conditions attaching to the new dollar notes are set out in the section of this document entitled "Terms and conditions of the new dollar notes".

Terms and conditions of the new dollar notes

The following are the terms and conditions to be endorsed on the new dollar notes issued in certificated form (if any). Such terms and conditions will apply also to the new dollar notes issued in uncertificated form.

The US\$ 37,500,000 7.5 per cent dollar notes 2022 (the "**Notes**", which expression shall, unless the context otherwise requires, include any further notes issued by R.E.A. Holdings plc (the "**Issuer**") pursuant to Condition 13 and forming a single series with the Notes) are constituted by a trust deed dated on or around 21 November 2016 made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the "**Trustee**") as trustee for the holders of the Notes (the "**Noteholders**") as from time to time amended and/or supplemented (the "**Trust Deed**"). 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.

1. Definitions

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

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

"**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 2022;

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

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

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

2. Form and denomination, and status

2.1 Form and denomination

The Notes are issued in registered form in minimum denominations of \$120,000 and integral multiples of \$1 in excess thereof.

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 **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.

3. **Transfer**

3.1 The Notes are transferable in minimum amounts of \$120,000 nominal and integral multiples of \$1 in excess thereof provided that, where the transfer is in respect of part only of a holding of Notes, the transfer will not be valid unless the transferor retains a minimum holding of \$120,000 nominal of Notes represented, in the case of Notes held in certificated form, by one certificate. Where a prospective transferor of Notes holds more than one Note in certificated form and is proposing to transfer part only of his holding, he may need first to consolidate his holding into fewer certificates.

3.2 Subject as provided below, transfers of Notes shall be made by instrument in writing in the usual common form applicable to UK securities or in any other form which the board of directors of the Issuer may approve. There shall not be included in any instrument of transfer more than one series (or class) of Notes.

3.3 In the case of Notes held in uncertificated form, title to the Notes may be transferred by means of a relevant system (as defined in the Uncertificated Securities Regulations 2001 (the "**Regulations**")), in which event, the Conditions shall not apply to the Notes to the extent that they are inconsistent with:

- (i) the holding of Notes in uncertificated form;
- (ii) the transfer of title to the Notes by means of a relevant system;
- (iii) any provision of the Regulations,

and the provisions of the Regulations shall apply in respect of the Notes and these Conditions.

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 each Note issued on the date that the offer by the company to acquire all of the outstanding 7.5 per cent dollar notes 2017 (the "**exchange offer**") becomes unconditional, interest payable in respect of the first Interest Period shall be calculated from (but excluding) the date of issue to (and including) 31 December 2016;
- (ii) in respect of each Note issued as consideration for the acquisition by the Issuer of 7.5 per cent dollar notes 2017 pursuant to the exchange offer after the date that the exchange offer becomes unconditional but on or prior to 31 December 2016, interest payable in respect of the first Interest Period shall be calculated as if interest had accrued from (and including) the day following the date that the exchange offer became unconditional to (and including) 31 December 2016;
- (iii) in respect of each Note issued for cash, interest payable in respect of the first Interest Period 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 equivalent such elections in place as regards existing 7.5% dollar notes 2017 issued by the Issuer will automatically apply as regards Notes issued as consideration under the exchange offer or pursuant to the top-up option offered by the Issuer in connection with the exchange offer (the "**top-up option**"). Any elections as referred to in this Condition 4.2 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.
- 4.3 If it should be necessary to compute an amount of interest in respect of any Notes for a period shorter than a complete Interest Period, such interest shall be calculated on the basis of the actual number of days in the period from (and including) the day following the most recent Interest Payment Date to (and including) the final day of the relevant period divided by the actual number of days in the period from (and including) the day following the most recent Interest Payment Date to (and including) the next Interest Payment Date.

5. **Redemption, purchases 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 2022.

Redemptions will be made *pro rata* to holdings of Notes on the due redemption date with the amount to be applied in redemption of each holding being rounded down to the nearest integral multiple of \$120,000 and then utilised to redeem in full an appropriate proportion of the Notes comprised in that holding.

Any interest accrued but unpaid on any Notes to be redeemed shall be paid on redemption.

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 or purchased by the Issuer will be cancelled forthwith and such Notes may not be reissued or resold. Notes purchased by any subsidiary of the Issuer 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 (or deemed to have been given, in respect of Notes issued as consideration pursuant to the exchange offer or pursuant to the top-up option) 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 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 shall be a satisfaction of the monies represented thereby. Every such cheque 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 because any cheque in respect of such monies 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 6.2 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 should 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 should be made, or if an order should be made or a resolution should be 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 should otherwise be appointed with or without a court order;
- (iii) if an encumbrancer should take possession or a receiver should be appointed of the whole or any part of the assets or undertaking of the Issuer or if a distress, execution or other process should be levied or enforced or sued out upon or against any of the assets of the Issuer and such distress, execution or other process should not be removed discharged or paid out within 14 days;
- (iv) if the Issuer should stop or threaten by notice to its creditors generally to stop payment of its debts generally or if the Issuer should cease or threaten to cease to carry on business or substantially the whole of its business;
- (v) if default should 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 certifies that such 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 has been given to the Issuer by the Trustee;
- (vi) if the Issuer should be unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986 or if any voluntary arrangement should be proposed under section 1 of that Act in respect of the Issuer; or
- (vii) if the security for any other debenture of the Issuer or any mortgage or charge of the Issuer should become enforceable and steps be taken to enforce the same or if any debenture, loan capital or borrowings of the Issuer should become repayable by reason of default by the Issuer or if any guarantee or indemnity given by the Issuer should not be 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):
 - (A) 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;
 - (B) any amounts attributable to goodwill (other than goodwill arising on consolidation) or other intangible assets;
- (c) excluding:
 - (A) any sums set aside for taxation;
 - (B) 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 Conduct 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 of the Issuer 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):
 - (A) 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
 - (B) 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 for the holders of the Notes 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.

UK taxation

1. 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.

2. 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.

3. UK individuals and other holders not within the charge to UK corporation tax

(a) 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.

(b) 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.

(c) 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.

4. 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.

5. 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.

6. 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.

General information

Existing dollar notes

The term "existing dollar notes" refers to the \$50,000,000 nominal of 7.5 per cent dollar notes 2017 issued by the company in registered form in amounts and integral multiples of \$1, \$34,011,003 nominal of which notes are outstanding.

The existing dollar notes are admitted to listing on the Official List and to trading on the Regulated Market of the London Stock Exchange.

The International Security Identification Number assigned to the existing dollar notes is GB00B83RJC83.

New dollar notes

The term "new dollar notes" refers to the 7.5 per cent dollar notes 2022 to be issued by the company in registered form in minimum denominations of \$120,000 and integral multiples of \$1 in excess thereof. 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 24 November 2016. The International Security Identification Number assigned to the new dollar notes is GB00BD8BTF36.

Selling and offering

1. 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.

2. 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.

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
"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 7.5 per cent dollar notes 2017 constituted pursuant to a trust deed dated 16 November 2012 made between the company as issuer and The Law Debenture Trust Corporation p.l.c. as trustee, \$34,011,003 nominal of which notes are outstanding
"group"	the company and its subsidiaries
"London Stock Exchange"	London Stock Exchange plc
"new dollar notes"	the \$37,500,000 nominal of 7.5 per cent dollar notes 2022 proposed to be created by the company
"Official List"	the list maintained by the Financial Conduct Authority in accordance with section 74(1) of the Financial Services and Markets Act 2000
"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 Services"	R.E.A. Services Limited, a subsidiary of the company incorporated in England and Wales and principally engaged in the provision of secretarial services and financing to the group
"registration document"	the registration document pursuant to the Prospectus Directive, issued by the company and dated 7 November 2016, including all information incorporated by reference therein
"top-up option"	the option being offered by the company to those holders of existing dollar notes whose registered holding of existing dollar notes, as at 5.00 p.m. on 4 November 2016 (being the latest practicable date prior to the printing of this document), was less than \$120,000 nominal of existing dollar notes and who wish to accept the offer in respect of the whole of their holding, being an option to top-up, by means of a cash payment, that element of the subscription price of \$120,000 nominal of new dollar notes that would not be met by acceptance of the offer, as

set out in this document

"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.