

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if you are not so resident, another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all your ordinary shares in R.E.A. Holdings plc, please send this document and the accompanying form of proxy and form of election to the purchaser or transferee, or the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have recently sold or transferred part of your holding of ordinary shares, you should as soon as possible consult the stockbroker, bank or other agent through whom the sale or transfer was effected as the right to elect to retain new preference shares arising under the proposed capitalisation issue that may otherwise be sold by the company on your behalf may represent a benefit that can be claimed by purchasers or transferees under the rules of the London Stock Exchange.

Applications will be made to each of the Financial Services Authority and London Stock Exchange plc for the 1,670,727 new 9 per cent cumulative preference shares of £1 each in the capital of R.E.A. Holdings plc proposed to be issued pursuant to the capitalisation issue referred to in this document to be admitted to, respectively, the Official List and trading on the London Stock Exchange's market for listed securities. It is expected that such admissions will become effective, and that dealings in the new preference shares will commence, on 27 September 2010.

R.E.A. Holdings plc

Proposals for

a capitalisation issue of one new 9 per cent cumulative preference share of £1, credited as fully paid, for every 20 ordinary shares held and the sale by the company, on behalf of the relative allottees, of allotments of 1,000 or fewer preference shares made pursuant to the capitalisation issue

A notice convening an extraordinary general meeting of R.E.A. Holdings plc to be held on 24 September 2010 is set out at the end of this document. A form of proxy for use in connection with that meeting is enclosed with copies of this document sent to ordinary shareholders. All ordinary shareholders are urged to complete such form of proxy and to return the same to Capita Registrars, at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible but in any event so as to arrive by not later than 11.00 am on 22 September 2010.

The latest time for receipt of forms of election (in respect of elections to retain new preference shares arising under the capitalisation issue that may otherwise be sold by the company on behalf of the relative allottees pursuant to the proposals relating to sales of allotments of 1,000 or fewer new preference shares) is 3.00 pm on 24 September 2010.

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EXPECTED TIMETABLE

Latest time and date for receipt of forms of proxy for use in connection with the extraordinary general meeting	11.00 am on 22 September 2010
Extraordinary general meeting	11.00 am on 24 September 2010
Latest time and date for receipt of forms of election	3.00 pm on 24 September 2010
Record date for the capitalisation issue	24 September 2010
Admission of new preference shares to the Official List and to trading on the London Stock Exchange effective and capitalisation issue unconditional	8.00 am on 27 September 2010
CREST accounts credited in respect of new preference shares	27 September 2010
Definitive share certificates despatched in respect of new preference shares	11 October 2010
CREST accounts credited and cheques despatched (in each case in respect of cash proceeds arising from the sale of new preference shares pursuant to the sale arrangement)	11 October 2010

DEFINITIONS

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

"Act"	the Companies Act 2006
"board"	the board of directors of the company
"Capita Registrars"	a trading name of Capita Registrars Limited
"capitalisation issue"	the proposed capitalisation issue of 1,670,727 new preference shares to be allotted to holders of ordinary shares, credited as fully paid by way of capitalisation of share premium account, on the basis of one new preference share for every 20 ordinary shares held at 6.00 pm on 24 September 2010
"company"	R.E.A. Holdings plc
"CPO"	crude palm oil
"CREST"	the computerised settlement system operated by Euroclear UK & Ireland Limited to facilitate the transfer of title to securities held in uncertificated form
"directors"	the directors of the company
"existing preference shares"	the preference shares currently in issue
"form of election"	the form upon which a holder (or joint holders) of ordinary shares who is/are (a) prospective allottee(s) of 1,000 or fewer new preference shares pursuant to the capitalisation issue may elect (in whole or in part) not to participate in the sale arrangement
"group"	the company and its subsidiaries
"London Stock Exchange"	London Stock Exchange plc
"new preference shares"	the preference shares proposed to be issued pursuant to the capitalisation issue
"Official List"	the list maintained by the Financial Services Authority in accordance with section 74(1) of the Financial Services and Markets Act 2000
"ordinary shares"	ordinary shares of 25p each in the capital of the company
"preference shares"	9 per cent cumulative preference shares of £1 each in the capital of the company

"proposals"	the proposals, details of which are set out in this document, for the capitalisation issue and the sale arrangement
"sale arrangement"	the arrangement whereby the company will (except to the extent that allottees otherwise elect) aggregate all new preference shares comprised in allotments of 1,000 or fewer new preference shares pursuant to the capitalisation issue and arrange for the resultant aggregated holding to be placed by Guy Butler Limited with one or a small number of professional investors (subject to achievement of the minimum price referred to under "Sale arrangement" in Part I below)
"shareholders"	holders of ordinary shares and/or preference shares

References to "dollars" or to "\$" are to the lawful currency of the United States of America. References to "sterling" or to "£" are to the lawful currency of the United Kingdom.

PART I - LETTER FROM THE CHAIRMAN OF R.E.A. HOLDINGS PLC

R.E.A. Holdings plc

(Registered in England and Wales no 671099)

Registered office:
First floor
32-36 Great Portland
Street
London W1W 8QX

27 August 2010

To the holders of ordinary shares and, for information only, to the holders of preference shares

Dear Sir or Madam

Introduction

The purpose of this document is to provide you with information regarding a proposed capitalisation issue by the company.

Pursuant to the capitalisation issue, it is proposed that ordinary shareholders will be allotted new preference shares on the basis of one new preference share for every 20 ordinary shares held at 6.00 pm on 24 September 2010. The new preference shares will be issued credited as fully paid by way of capitalisation of share premium account.

To avoid allottees of 1,000 or fewer new preference shares being forced to choose between either retaining what they may regard as relatively small allotments or incurring disproportionately high selling costs in realising their allotment, it is further proposed that the company will (except to the extent that allottees otherwise elect) aggregate all new preference shares comprised in allotments of 1,000 or fewer new preference shares and sell the resultant aggregated holding on behalf of the relative allottees (subject to achievement of a minimum gross price of 100p per new preference share as specified below).

Implementation of the capitalisation issue and the sale arrangement requires shareholder approval. Accordingly, a notice is set out at the end of this document convening an extraordinary general meeting of the company, to be held on 24 September 2010, for the purposes of considering and, if thought fit, passing the resolutions necessary to implement the proposals.

Background to the capitalisation issue

As shareholders will be aware, the group has ambitious plans for continued extension planting of oil palms. These plans will require substantial investment by the group and the need to fund this investment currently constrains the rate at which the directors feel that they can prudently declare, or recommend the payment of, dividends on ordinary shares.

The directors appreciate that many shareholders invest not only for capital growth but also for income and that therefore the payment of dividends is important. Dividends totalling 3p per ordinary share were paid in respect of 2008 and totalling 4p per ordinary share in respect of 2009. The directors have indicated in the half yearly report of the company for the six months ended 30

June 2010 (published on 27 August 2010) that they expect to declare dividends totalling 5p per ordinary share in respect of 2010 (comprising an interim dividend of 2.5p per ordinary share which has been declared for payment on 1 October 2010 and a second interim dividend (in lieu of a final dividend) of 2.5p per ordinary share which the directors expect to declare for payment in early 2011).

The directors believe that capitalisation issues of new preference shares, such as were made on several previous occasions provide a useful mechanism for augmenting returns to ordinary shareholders in periods in which good profits are achieved but demands on cash resources limit the scope for payment of ordinary dividends. Because of the then state of markets for fixed return securities of smaller listed companies and because of the reduced profits reported for the first half of 2009, the directors did not propose a capitalisation issue of new preference shares during 2009. They believe that markets for fixed return securities are now better and, with CPO prices during 2010 to date having held at levels that are satisfactorily remunerative for the group, they consider that it is again appropriate to provide some additional return to shareholders in respect of 2010 beyond the cash dividends that the directors have declared or intend to declare. The capitalisation issue is proposed with this aim.

Capitalisation issue

Upon and subject to the terms and conditions described below, it is proposed that holders of ordinary shares on the register of members at 6.00 pm on 24 September 2010 be allotted 1,670,727 new preference shares credited as fully paid at par by way of capitalisation of £1,670,727 standing to the credit of the company's share premium account, on the following basis:

1 new preference share for every 20 ordinary shares

held at 6.00 pm on 24 September 2010 (and so in proportion for any greater or lesser number of ordinary shares held) provided that fractional entitlements to new preference shares will be aggregated and sold on terms that the company will be entitled to retain the proceeds of sale.

The 1,670,727 new preference shares proposed to be issued pursuant to the capitalisation issue would represent 10.19 per cent of the 16,392,954 preference shares currently in issue.

Sale arrangement

Under the sale arrangement, it is proposed that where an ordinary shareholder is allotted 1,000 or fewer new preference shares pursuant to the capitalisation issue and such shareholder does not elect to retain the new preference shares in question, the company will, subject as provided below, arrange for those preference shares to be aggregated with preference shares allotted to other ordinary shareholders with similar allotments and placed by Guy Butler Limited with one or a small number of professional investors. The proceeds of sale (net of dealing costs of ½ per cent as referred to below) will then be distributed to the original allottees of the shares so sold *pro rata* to the numbers of shares sold on their behalf.

Whilst it is impossible to predict the price at which the holdings of participants in the sale arrangement will be sold, the company will endeavour to obtain the highest price reasonably realisable at the time of sale. As an indication to prospective participants, the average of the closing mid market quotations for an existing preference share as derived from the Daily Official List of the London Stock Exchange on and for the four dealing days immediately prior to 26 August 2010 (the latest practicable date before the publication of this document) was 114.25p.

The company will not sell new preference shares the subject of the sale arrangement at a price of less than 100p per share. If, as a result, no sale of such new preference shares has been made on or before the close of business on 28 September 2010, the sale arrangement will be abandoned

and prospective participants in the sale arrangement will retain the new preference shares allotted to them.

The company has agreed with Guy Butler Limited a dealing commission of ½ per cent of the gross proceeds of shares sold pursuant to the sale arrangement for the services of Guy Butler Limited in connection with the sale arrangement, such commission to be borne by the participants in the arrangement.

On the basis of the composition of the company's register of ordinary shareholders as at 26 August 2010 (the latest practicable date before the publication of this document), 744 ordinary shareholders would be allotted 1,000 or fewer new preference shares pursuant to the capitalisation issue representing in aggregate 53,932 new preference shares (being some 3.23 per cent of the new preference shares proposed to be issued pursuant to the capitalisation issue).

The directors are proposing the sale arrangement because they are concerned that an ordinary shareholder receiving a small allotment of new preference shares pursuant to the capitalisation issue might find it unsatisfactory to be faced with a choice between retaining what he may regard as a relatively small investment or incurring disproportionately high selling costs in realising his allotment. Having considered the costs and benefits of whether or not to offer the sale arrangement to small shareholders, the directors concluded that adding a large number of small holdings of preference shares to the company's register of members may not be in the best interest of the company as the future costs to the company of doing this would, in the opinion of the directors, be disproportionate to the benefits to the company and the members concerned. Taking these factors into account, the directors have therefore concluded that these small shareholders should not be considered to be in the same position as other shareholders due to the disproportionate costs involved and that the proposed sale arrangement is in the best interests of the company and its shareholders as a whole.

Further terms of the capitalisation issue

The new preference shares to be issued pursuant to the capitalisation issue will upon issue rank *pari passu* in all respects with the existing preference shares and, in particular, will rank for dividend on 31 December 2010 as if their dividend entitlement on that date had accrued (at the rate of 9 per cent per annum) with effect from and including 1 July 2010. The existing preference shares are already admitted to trading on the London Stock Exchange's market for listed securities.

No expenses of or incidental to the capitalisation issue will be charged to allottees of new preference shares and the new preference shares will be registered by the company in the names of the allottees thereof free of stamp duty and stamp duty reserve tax. New preference shares the subject of the sale arrangement will be sold on terms that stamp duty or stamp duty reserve tax payable on transfer of those shares will be borne by the purchaser(s) of the shares and not the participants in the sale arrangement. However, the dealing commission of ½ per cent referred to above, payable in connection with the sale arrangement, will be deducted in calculating the net proceeds of sale of new preference shares sold pursuant to the arrangement.

No premium will be payable upon issue of any of the new preference shares.

Risk factors applicable to the capitalisation issue

The capitalisation issue will result in holders of ordinary shares receiving new preference shares. The risks attaching to an investment in the preference shares differ in some respects from those attached to an investment in the ordinary shares.

The existing market capitalisation of the preference share capital of the company is substantially less than that of the ordinary share capital and this may be expected to remain the case for the foreseeable future. An investment in the preference shares may therefore be more illiquid than an investment in the ordinary shares.

The value of an investment in any shares of the company may be affected by many factors including general economic conditions, levels of interest rates, political events and trends, tax laws, rates of inflation and changes or perceived changes in the group's performance and prospects. Because the preference shares are fixed income securities, the impact of such factors on the value of the preference shares may differ from its impact on the ordinary shares.

Conditions

The capitalisation issue and the sale arrangement are conditional upon:

- the passing of the first resolution set out in the notice of the extraordinary general meeting of the company convened for 24 September 2010.
- admission of the new preference shares to the Official List and to trading on the London Stock Exchange's market for listed securities and such admissions becoming effective on or before 5.00 pm on 31 October 2010.

The sale arrangement is further conditional upon the passing of the second resolution set out in the notice of the extraordinary general meeting of the company convened for 24 September 2010.

Meeting

As noted above, implementation of the capitalisation issue and the sale arrangement requires shareholder approval. Accordingly, an extraordinary general meeting of the company has been convened for 11.00 am on 24 September 2010, to be held at the London offices of the company's solicitors, Ashurst LLP, at Broadwalk House, 5 Appold Street, London EC2A 2HA. Two resolutions are set out in the notice of such meeting, each of which will be proposed as an ordinary resolution.

The first resolution provides authority pursuant to article 141(a) of the company's articles of association for the directors to implement the capitalisation issue.

The second resolution provides authority pursuant to article 141(b) of the company's articles of association for the directors to effect the proposed sale arrangement.

Action to be taken

Ordinary shareholders will find enclosed with this document a reply paid form of proxy for use in connection with the extraordinary general meeting convened for 24 September 2010. All ordinary shareholders, whether or not they propose to attend the meeting, are urged to complete such form of proxy in accordance with the instructions printed thereon and to return the same by post to Capita Registrars at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive as soon as possible but in any event by no later than 48 hours before the time fixed for the meeting. The return of a form of proxy will not prevent an ordinary shareholder from attending the meeting and voting in person if he should so wish.

Ordinary shareholders will also find enclosed a form of election for use in connection with the sale arrangement. Any prospective allottee of 1,000 or fewer new preference shares who wishes to retain some or all of the new preference shares to be allotted to him under the capitalisation issue must complete and return the form of election in accordance with the instructions contained therein and in any event so as to be received by Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 3.00 pm on 24 September 2010. A reply paid envelope is enclosed for this purpose. Forms of election will be sent by potential participants in the sale arrangement at the risk of such persons.

Elections to retain new preference shares that would otherwise be subject to the sale arrangement will be irrevocable and may only be made pursuant to the forms of election that are enclosed with this document. Further forms of election, if required as a result of any as yet unregistered sale or other transfers of ordinary shares or any sale or other transfers following the date of this document, are available on request from the company's registrars, Capita Registrars, Corporate

Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (telephone: 0871 664 0321 or, if telephoning from outside the UK, +44 20 8639 3399). Calls to the Capita Registrars 0871 664 0321 number are charged at 10p per minute (including VAT) plus any extra costs charged by the relevant service provider. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones. Calls may be recorded and monitored randomly for security and training purposes. Capita Registrars will not provide advice on the merits of the capitalisation issue or sale arrangement, nor give any financial, legal or tax advice in relation thereto.

Ordinary shareholders holding ordinary shares for a number of beneficial owners, one or more of whom will be beneficially entitled to 1,000 or fewer new preference shares pursuant to the capitalisation issue and who wish to avail themselves of the sale arrangement, should act immediately to transfer the relevant ordinary shares into (a) separate account(s).

Settlement and dealings

It is expected that the issue of the new preference shares will become unconditional, and dealings in the new preference shares, for normal settlement, will commence, on 27 September 2010. The new preference shares will be transferable by written instrument in any usual or common form.

The new preference shares will be issued in registered form and may be held in certificated or uncertificated form. New preference shares may be delivered in uncertificated form to member CREST accounts where the holders of ordinary shares to whom the shares have been allotted are CREST participants and, where applicable, have not elected not to participate in the sale arrangement. However, notwithstanding any other provision set out in this document, the company reserves the right in its absolute discretion to issue new preference shares to any such shareholders in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or any part of the facilities under/or systems operated by the company's registrars in connection with CREST.

It is expected that CREST accounts will be credited in respect of new preference shares on 27 September 2010 and that share certificates in respect of new preference shares will be despatched by first class post on 11 October 2010. Pending despatch of share certificates in respect of the new preference shares to be held in certificated form, transfers will be certified against the register of members of the company. No temporary documents of title will be issued and rights to the new preference shares issued pursuant to the capitalisation issue will not be renounceable.

Holders of ordinary shares who are CREST sponsored members should note that they will not be sent any written communication by the company confirming the issue of new preference shares pursuant to the capitalisation issue.

It is further expected that CREST accounts will be credited and cheques will be sent by post to the ordinary shareholders entitled thereto (in each case in respect of cash proceeds arising from the sale of new preference shares pursuant to the sale arrangement) on or before 11 October 2010. Cheques will be crossed "account payee only" and will be drawn in favour of the relevant ordinary shareholders (or in the case of joint holders, the first named thereof).

Certificates in respect of new preference shares and cheques in respect of cash proceeds arising from sales of new preference shares pursuant to the sale arrangement will be sent to the persons entitled thereto at the risk of such persons.

Recommendation

The board considers that each of the capitalisation issue and the sale arrangement is in the best interests of the company and its shareholders as a whole.)

Accordingly, the board recommends that all ordinary shareholders vote in favour of the two resolutions set out in the notice of the extraordinary general meeting of the company convened for

24 September 2010 as the directors (and persons connected with them as defined in section 96B(2) of the Financial Services and Markets Act 2000) intend to do in respect of their own holdings comprising 10,921,394 ordinary shares (representing 32.7 per cent of the issued ordinary share capital of the company).

Further information

Attention is drawn to the further information set out in Part II of this document.

Yours faithfully

Richard Robinow
Chairman

PART II - ADDITIONAL INFORMATION

1. Share capital

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

	<i>Authorised</i>		<i>Issued and fully paid</i>	
	<i>Number</i>	<i>Amount £</i>	<i>Number</i>	<i>Amount £</i>
Preference shares	27,500,000	27,500,000	16,392,954	16,392,954
Ordinary shares	41,000,000	10,250,000	33,414,545	8,353,636

1.2 Implementation of the capitalisation issue would result in the authorised and issued share capitals of the company becoming as follows:

	<i>Authorised</i>		<i>Issued and fully paid</i>	
	<i>Number</i>	<i>Amount £</i>	<i>Number</i>	<i>Amount £</i>
Preference shares	27,500,000	27,500,000	18,063,681	18,063,681
Ordinary shares	41,000,000	10,250,000	33,414,545	8,353,636

1.3 No shares are, or following the capitalisation issue are proposed to be, held by the company in treasury or beneficially owned by the company or any subsidiary of the company.

1.4 The provisions of section 561 of Act (to the extent not disapplied pursuant to section 570 or 571 of the Act) confer on holders of ordinary shares rights of pre-emption in respect of the allotment of equity securities (as defined in section 560(1) of the Act) which are to be paid up in cash. There are no rights of pre-emption attaching to the preference shares.

1.5 By resolutions passed on 8 June 2010:

(a) the directors were generally and unconditionally authorised for the purposes of section 551 of the Act to exercise all the powers of the company to allot, and to grant rights to subscribe for or to convert any security into:

(i) shares in the capital of the company (other than preference shares) up to an aggregate nominal amount (calculated, in the case of the grant of rights to subscribe for, or to convert any security into, shares in the capital of the company, in accordance with sub-section (6) of section 551 of the Act) of £2,784,545; and

(ii) preference shares up to an aggregate nominal amount of £11,107,046,

such authorisations to expire at the conclusion of the next annual general meeting of the company (or, if earlier, on 30 June 2011), save that the company may before such expiry make any offer or agreement which would or might require shares/preference shares (as applicable) to be allotted, or rights to be granted, after such expiry and the directors may allot shares, or grant rights, in pursuance of any such offer or agreement as if the said authorisations had not expired; and

- (b) the directors were given power:
- (i) for the purposes of section 570 of the Act, to allot equity securities (as defined in sub-section (1) of section 560 of the Act) of the company for cash pursuant to the authorisation referred to at paragraph (a)(i) above; and
 - (ii) for the purposes of section 573 of the Act, to sell ordinary shares (as defined in sub-section (1) of section 560 of the Act) in the capital of the company held by the company as treasury shares for cash

as if section 561 of the Act did not apply to the allotment or sale, provided that such powers shall be limited:

- (A) to the allotment of equity securities in connection with a rights issue or open offer in favour of holders of ordinary shares and to the sale of treasury shares by way of an invitation made by way of rights to holders of ordinary shares, in each case in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them on the record date for participation in the rights issue, open offer or invitation but subject in each case to such exclusions or other arrangements as the directors may consider necessary or appropriate to deal with fractional entitlements, treasury shares (other than treasury shares being sold), record dates or legal, regulatory or practical difficulties which may arise under the laws of any territory or the requirements of any regulatory body or stock exchange in any territory; or
- (B) otherwise than as specified at (A) above, to the allotment of equity securities and the sale of treasury shares up to an aggregate nominal amount (calculated, in the case of the grant of rights to subscribe for, or convert any security into, shares in the capital of the company, in accordance with sub-section (6) of section 551 of the Act) of £417,681

and shall expire at the conclusion of the next annual general meeting of the company (or, if earlier, on 30 June 2011), save that the company may before such expiry make any offer or agreement that would or might require equity securities to be allotted, or treasury shares to be sold, after such expiry and the directors may allot equity securities or sell treasury shares, in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

1.6 The new preference shares have already been created under the laws of England and Wales. They will be issued by resolutions of the board pursuant to the authority referred to at paragraph 1.5(a)(ii) above and the further authority provided by the first resolution set out in the notice of the extraordinary general meeting of the company convened for 24 September 2010.

2. **Objects of the company**

The principal objects of the company are set out in clause 4 of its memorandum of association and are to act as and perform the functions of an investment or holding company.

3. **Articles of association of the company**

The articles of association of the company ("**articles**") contain provisions, *inter alia*, to the following effect:

(a) *Voting rights*

- (i) Save as otherwise provided in the articles, at any general meeting, on a show of hands each shareholder who is present in person or by proxy and entitled to vote shall have one vote and upon a poll each such shareholder who is present in person or by proxy and entitled to vote shall have one vote in respect of each share held by him.
- (ii) Preference shareholders have the right to receive notice of and to attend any general meeting where the business of the meeting includes a resolution on which such preference shareholders are entitled to vote.
- (iii) Preference shareholders are entitled to vote upon any resolution for the winding up of the company or directly and adversely affecting any of the special rights or privileges attached to such shares but not otherwise unless at the date of a notice convening a meeting at which any resolution is to be proposed the dividend on such shares is six months in arrears.
- (iv) No shareholder shall, unless the directors otherwise determine, be entitled to vote at any general meeting or count in a quorum if any call or other sum presently payable by him in respect of shares remains unpaid or if a shareholder has been served by the directors with a restriction notice in accordance with paragraph (b) below.

(b) *Restrictions on shares*

If a member or any person appearing to be interested in shares in the company has been duly served with a notice pursuant to section 793 of the Act and is in default in supplying to the company information thereby required within 14 days from the date of service of such notice the company may serve on such member or on any such person a notice (a "restriction notice") in respect of the shares in relation to which the default occurred ("default shares") and any other shares held at the date of the restriction notice directing that the member shall not be entitled to be present or to vote at any general meeting or class meeting of the company. Where the default shares represent at least 0.25 per cent in nominal value of the issued shares of the company of the same class the restriction notice may in addition direct, *inter alia*, that any dividend or other money which would otherwise be payable on the default shares shall be retained by the company without liability to pay interest; where the company has offered the right to elect to receive shares instead of cash in respect of any dividends any election by such member of such restricted shares will not be effective; and no transfer of any of the shares held by the member shall be registered unless the member is not himself in default in supplying the information requested and the transfer is part only of the member's holding and is accompanied by a certificate given by the member in a form satisfactory to the directors to the effect that after due and careful enquiry the member is satisfied that none of the shares which are the subject of the transfer are default shares.

(c) *Dividends*

- (i) Preference shareholders are entitled to be paid out of the profits of the company available for dividend and resolved to be distributed a fixed cumulative preferential dividend of 9 per cent per annum (exclusive of the imputed tax credit available to preference shareholders) on the nominal amount paid up on such preference shares. The preference shares shall rank for dividend in priority to the payment of any dividend to the holders of any other class of shares. The preferential dividend shall be payable half-

yearly in equal amounts on 30 June and 31 December in respect of the half years ending on those dates.

- (ii) Subject to the rights of the preference shareholders, ordinary shareholders are entitled to share equally with the other holders of ordinary shares (but as between them proportionately to the amount paid up on their respective shareholdings) in any dividend paid on the issued ordinary share capital of the company.
 - (iii) The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the directors. Subject to the provisions of the Act, the directors may pay such interim dividends as they think fit and may pay the fixed dividends payable on any shares of the company half-yearly or otherwise on fixed dates. No dividend or interim dividend shall be paid otherwise than in accordance with the provisions of the Act.
 - (iv) Subject to the Act and any priority, preference or special rights, all dividends shall be declared and paid according to the amounts paid up on the shares and shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid.
 - (v) The directors may, with the sanction of an ordinary resolution of the company in general meeting, offer the shareholders the right to elect to receive new shares of the same class credited as fully paid instead of cash in respect of the whole or part of any dividend.
 - (vi) Any dividend unclaimed for a period of 12 years after it became due for payment shall be forfeited and shall revert to the company.
- (d) *Return of capital*
- (i) On the winding up of the company or any other repayment of capital the assets of the company available for distribution among shareholders shall be applied in repaying to the preference shareholders the amounts paid up in respect of the nominal value of such shares together with a sum equal to any arrears and accruals of the fixed dividend thereon to be calculated down to the date of the commencement of the winding up or the date of repayment of capital (as the case may be) and to be payable irrespective of whether such dividend has been declared or earned or not. The preference shares shall rank on the winding up of the company or any other return of capital in priority to any other shares of the company for the time being in issue.
 - (ii) Subject to the rights of the preference shareholders and to any rights which may be attached to any other class of shares, any surplus assets of the company available for distribution among shareholders on a return of assets on a winding up shall be applied in repaying to the ordinary shareholders the amounts paid up on such ordinary shares and, subject thereto, shall belong to and be distributed among such ordinary shareholders rateably according to the number of ordinary shares held by them respectively.
 - (iii) On a liquidation, the liquidator may, subject to the Act and with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the shareholders in specie or in kind the whole or any part of the assets of the company and may, for such purpose, set such

value as he deems fair upon any property to be divided and may determine how such division shall be carried out.

(e) *Variation of class rights*

If at any time the share capital of the company is divided into different classes of shares, the rights attached to any class of shares may, subject to the Act and any other act or regulation relating to companies (the "Statutes"), be modified, abrogated or varied either with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of Chapter 3 of part 13 of the Act (excluding sections 303 to 306) and the provisions of the articles relating to general meetings shall apply, *mutatis mutandis*, but so that the necessary quorum at any such meeting other than an adjourned meeting shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) and at an adjourned meeting one person holding shares of the class or his proxy. Any holder of shares of the relevant class present in person or by proxy may demand a poll upon which every holder of shares of that class shall be entitled to one vote for every such share held by him. The rights attached to any class of shares shall, unless otherwise expressly provided by the terms of issue of such shares or by the terms upon which such shares are for the time being held, be deemed not to be modified, abrogated or varied by the creation or issue of further shares ranking *pari passu* therewith.

(f) *Alteration of capital*

- (i) The company may by ordinary resolution increase its share capital, consolidate all or any of its share capital into shares of larger amount, subdivide all or any of its shares into shares of smaller amount and cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person.
- (ii) Subject to the provisions of the Statutes, the company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.
- (iii) Subject to the provisions of the Statutes, all unissued shares of the company are at the disposal of the directors and any shares may be allotted on terms that they are redeemed or liable to be redeemed at the option of the company or the shareholders on the terms and in the manner provided for by the articles.
- (iv) Subject to the provisions of the Statutes, the company may purchase its own shares (including any redeemable shares).

(g) *Transfer of shares*

- (i) The instrument of transfer of a certificated share shall be signed by or on behalf of the transferor (and, in the case of a share which is not fully paid, by or on behalf of the transferee) and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof. All transfers of certificated shares shall be effected by instrument in writing in any usual or common form or any other form which the directors may approve. The directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a

share which is not fully paid (whether certificated or uncertificated) provided that where such shares are admitted to the Official List, such discretion may not be exercised in a way which the Financial Services Authority or the London Stock Exchange regards as preventing dealings in the shares of the relevant class or classes from taking place on an open and proper basis. The directors may likewise refuse to register any transfer of a share (whether certificated or uncertificated) in favour of more than four persons jointly. In relation to certificated shares, the directors may decline to recognise any instrument of transfer unless it is left at the registered office of the company or such other place as the directors may determine, accompanied by the relevant certificate and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do), and unless the instrument is in respect of only one class of share. If the directors refuse to register a transfer they shall, in the case of certificated shares, within two months after the date on which the transfer was lodged with the company, send to the transferee notice of the refusal and (except in the case of fraud) return to him the instrument of transfer or, in the case of uncertificated shares, notify such person as may be required by the Uncertificated Securities Regulations 2001 (the "Regulations") and the requirements of the relevant system concerned.

- (ii) Notwithstanding any other provision of the articles to the contrary, unless otherwise determined by the directors, any shares in the company may be held in uncertificated form and title to shares may be transferred by means of a relevant system (in each case as defined in the Regulations) such as CREST.

(h) *General meetings*

- (i) An annual general meeting shall be called by not less than 21 clear days' notice, and a meeting of the company other than an annual general meeting shall be called by not less than 14 clear days' notice. The notice shall specify the place, the day and time of meeting and the general nature of business to be transacted at the meeting. A notice calling an annual general meeting shall specify the meeting as such and a notice convening a meeting to pass a special resolution as the case may be shall specify the intention to propose the resolution as such and shall include the text of the resolution.
- (ii) The accidental omission to give notice of a meeting, of a resolution to be moved at a meeting or to issue an invitation to appoint a proxy with a notice where required by the articles, to any person entitled to receive notice, or the non-receipt of notice of a meeting or of such a resolution or of an invitation to appoint a proxy by any such person, shall not invalidate the proceedings at that meeting.
- (iii) No business shall be transacted at any general meeting unless a quorum is present. Except as provided in the articles, two shareholders present in person or by proxy and entitled to vote shall be a quorum. If within five minutes (or such longer time as the chairman of the meeting may decide) from the time appointed for the meeting a quorum is not present, the meeting, if convened by or upon the requisition of the members, shall be dissolved. In any other case it shall stand adjourned to such day, time and place as the chairman of the meeting shall appoint. If at such adjourned meeting a quorum is not present within five minutes from the time appointed therefore, the member or members present in person or by proxy and entitled to vote shall have the power to decide upon all matters which

could properly have been disposed of at the meeting from which the adjournment took place.

(i) *Non-United Kingdom shareholders*

There are no restrictions in the articles on the rights of non-United Kingdom shareholders to hold, or to exercise voting rights attached to or to receive dividends and distributions in respect of the shares. However, non-United Kingdom shareholders are not entitled to receive notices from the company unless they have given an address in the United Kingdom to which such notices may be sent.

4. **UK taxation**

4.1 General

The following paragraphs are intended only as a general guide to current UK tax legislation and to what is understood to be the current practice of Her Majesty's Revenue and Customs ("HMRC"). They may not apply to certain categories of holders of shares, such as dealers in securities. Any person who is in any doubt as to his tax position is strongly recommended to consult his professional advisers immediately.

4.2 UK capital gains implications of the capitalisation issue

For the purposes of UK taxation of capital gains (or, for corporate shareholders, corporation tax on chargeable gains), the issue of new preference shares pursuant to the capitalisation issue should constitute a reorganisation of the ordinary shares. Accordingly, new preference shares issued to an ordinary shareholder pursuant to the capitalisation issue should normally constitute an addition to that holder's then holding of ordinary shares so that the resultant holdings of new preference shares and ordinary shares should be treated as the same asset (the "new holding") acquired on the same date or dates as the date or dates upon which the holder's holding of ordinary shares was acquired or deemed acquired (save that, where a non-corporate shareholder's holding of ordinary shares is treated as consisting of more than one holding for tax purposes, the new preference shares acquired will be attributed pro rata to those holdings).

For the purposes of computing the gain (or loss) on the subsequent disposal of the new holding or any part of it, the base cost of the new holding will be treated as equal to the base cost of the ordinary shares held by the relative holder of ordinary shares and will be apportioned between the ordinary shares and new preference shares comprised in the new holding by reference to their respective market values on the first day following the capitalisation issue on which a market value per share is quoted for each type of shares.

Indexation allowance is now only available for the purposes of corporation tax.

4.3 UK tax implications of the sale arrangement

The sale of new preference shares pursuant to the sale arrangement will constitute a disposal of part of the new holding (as defined in paragraph 4.2 above) which may, depending on the individual circumstances of the relative holder of ordinary shares, give rise to a chargeable gain or allowable loss.

4.4 Taxation of dividends

(a) *Taxation of dividends paid to shareholders resident in the UK*

Under current UK tax legislation, no tax should be withheld at source from dividend payments by the company.

Non-corporate shareholders resident in the UK who receive a dividend paid by the company should generally be entitled to a tax credit in respect of the dividend which they may offset against their total income tax liability. The rate of the tax credit is equal to 10 per cent of the sum of the dividend and the tax credit. Basic rate taxpayers should be subject to tax on the sum of the dividend plus the tax credit at the dividend lower rate which is currently 10 per cent. Accordingly, basic rate taxpayers should have no further liability to tax on dividends received. Higher rate tax payers should be liable to tax on the sum of the dividend plus the tax credit at the dividend upper rate (currently 32.5 per cent) against which liability they can offset the 10 per cent tax credit resulting in an effective rate of 25 per cent of the net dividend received. Taxpayers liable to the additional rate on incomes above £150,000 should be liable to tax on the sum of the dividend plus the tax credit at the dividend additional rate (currently 42.5 per cent) against which liability they can offset the 10 per cent credit resulting in an effective rate of 36.11 per cent of the net dividend received.

A corporate shareholder resident in the UK (other than a person who is regarded as a dealer in securities) should not be liable to UK corporation tax on any dividend received from the company.

(b) *Taxation of dividends paid to shareholders resident outside the UK*

Shareholders resident outside the UK may be entitled to claim payment from HMRC in respect of part of the tax credit attached to the dividends to which they become entitled, depending on the provisions of any relevant double taxation convention or agreement. The amount paid will not normally be more than one per cent of the dividend to which the applicable tax credit relates. Such shareholders should consult their own tax advisers as to entitlement and procedures as well as to taxation in their own jurisdiction.

4.5 Stamp duty and stamp duty reserve tax

(a) *New preference shares*

The issue of new preference shares pursuant to the capitalisation issue should not give rise to a liability to stamp duty or stamp duty reserve tax.

(b) *Transfer of new preference shares in certificated form*

An agreement to transfer new preference shares held in certificated form will normally give rise to a liability to stamp duty reserve tax ("SDRT"), generally at the rate of ½ per cent of the amount or value of the consideration given, although if the agreement to transfer such new preference shares is completed by a duly stamped transfer to the transferee the stamp duty payable in respect of such transfer (generally at the rate of 50p per £100 (or part thereof) of the consideration given rounded up to the nearest £5, save that no stamp duty is payable where the amount or value of the consideration is £1,000 or under and the instrument of transfer is certified at £1,000) will extinguish the liability to SDRT and permit a refund of any SDRT already paid to be claimed. Stamp duty and SDRT are customarily paid by a purchaser of new preference shares, although where a purchase is effected through a stockbroker or other financial intermediary, that person should normally account for the liability to SDRT and should indicate that this has been done in any contract note issued to a purchaser.

- (c) *Transfer of new preference shares into or out of CREST without change in beneficial ownership*

Where new preference shares are transferred into CREST without change in beneficial ownership or by a member of CREST to the beneficial owner (on whose behalf it has held them as nominee) no stamp duty or SDRT will normally be payable.

- (d) *Transfer of new preference shares within CREST or on dematerialisation with change of beneficial ownership*

Where a change in the beneficial ownership of new preference shares held in, or being transferred into, uncertificated form occurs and such change is for a consideration in money or money's worth (whether the transferee will hold such new preference shares in certificated or uncertificated form) a liability to SDRT at the rate of ½ per cent of the amount or value of the consideration will arise. This will generally be met by the new beneficial owner.

NOTICE OF EXTRAORDINARY GENERAL MEETING

R.E.A. Holdings plc

(Registered in England and Wales number 671099)

Notice is hereby given that an extraordinary general meeting of the company will be held at the London office of Ashurst LLP at Broadwalk House, 5 Appold Street, London EC2A 2HA on 24 September 2010 at 11.00 am for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions.

Ordinary resolution

1. THAT, it being desirable to capitalise the sum of £1,670,727, being part of the amount standing to the credit of the share premium account of the company, conditional upon the new preference shares (as defined below) being admitted by the Financial Services Authority to the Official List and by London Stock Exchange plc to trading on the London Stock Exchange's market for listed securities and such admissions becoming effective on or before 5.00 pm on 31 October 2010, the directors be and are hereby authorised and directed:
 - (a) to appropriate (conditional as aforesaid) that sum from the share premium account of the company to the holders of ordinary shares of 25p each in the capital of the company as shown in the register of members of the company at 6.00 pm on 24 September 2010, in proportion to the respective numbers of ordinary shares then held by such holders;
 - (b) to apply (conditional as aforesaid) that sum on behalf of such shareholders in paying up in full at par 1,670,727 9 per cent cumulative preference shares of £1 each in the capital of the company ranking *pari passu* in all respects with the existing 9 per cent cumulative preference shares of £1 each in the capital of the company (and in particular ranking for dividend on 31 December 2010 as if their entitlement to dividend on that date accrued (at the rate of 9 per cent per annum) with effect from and including 1 July 2010) ("**new preference shares**"); and
 - (c) to allot (conditional as aforesaid) the new preference shares, credited as fully paid, to and amongst such shareholders on the basis of one new preference share for every 20 ordinary shares held at 6.00 pm on 24 September 2010

provided that the directors be and are hereby authorised to aggregate fractional entitlements and to sell the same on terms that the company be entitled to retain the proceeds of sale, and any one of the directors and the company secretary be and is hereby severally authorised to sign on behalf of such shareholders instruments of transfer in respect of the new preference shares so sold.

Ordinary resolution

2. THAT subject to (A) the passing of the first resolution set out in the notice of extraordinary general meeting of the company dated 27 August 2010 and (B) a gross sale price of not less than 100p per new preference share being achieved, the directors be and are hereby authorised to aggregate holdings of new preference shares comprised in allotments made pursuant to the capitalisation issue effected pursuant to such first resolution to allottees of 1,000 or fewer new preference shares who do not elect otherwise in accordance with the procedures set out in the circular from the company to ordinary shareholders dated 27 August 2010, to arrange for the aggregated total of such holdings to be placed by Guy Butler Limited with one or a small number of professional investors by no later than 28 September 2010 and to remit the sale proceeds thereof, net of dealing

costs, to the shareholders entitled thereto, *pro rata* to the numbers of shares sold on their behalf and any one of the directors and the company secretary be and is hereby severally authorised to sign on behalf of such shareholders instruments of transfer in respect of the new preference shares so sold.

By order of the board
R.E.A. Services Limited
Secretaries

Registered office
First floor
32-36 Great Portland Street
London W1W 8QX

27 August 2010

NOTES:

The company specifies that in order to have the right to attend and vote at the above convened general meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the company at 6.00 pm on 22 September 2010 or, in the event of any adjournment, at 6.00 pm on the date which is two days before the day of the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Only holders of ordinary shares are entitled to attend and vote at the above convened general meeting. A holder of ordinary shares may appoint another person as that holder's proxy to exercise all or any of the holder's rights to attend, speak and vote at the meeting. A holder of ordinary shares may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to (a) different share(s) held by the holder. A proxy need not be a member of the company. A form of proxy for the meeting is enclosed. To be valid, forms of proxy and other written instruments appointing a proxy must be received by post or by hand (during normal business hours only) by the company's registrars, Capita Registrars, by no later than 11.00 am on 22 September 2010.

Completion of a form of proxy or other written instrument appointing a proxy, or any appointment of a proxy submitted electronically through the CREST electronic proxy appointment service as described below, will not preclude a holder of ordinary shares from attending and voting in person at the meeting if such holder wishes to do so.

CREST members may register the appointment of a proxy or proxies for the above convened general meeting and any adjournment(s) thereof through the CREST electronic proxy appointment service by using the procedures described in the CREST Manual (available via www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction regarding a proxy appointment made or given using the CREST service to be valid, the appropriate CREST message (a "CREST proxy instruction") must be properly authenticated in accordance with the specifications of Euroclear UK and Ireland Limited ("Euroclear") and must contain the required information as described in the CREST Manual (available via www.euroclear.com/CREST). The CREST proxy instruction, regardless of whether it constitutes a proxy appointment or an instruction to amend a previous proxy appointment, must,

in order to be valid, be transmitted so as to be received by the company's registrars (ID: RA10) by 11.00 am on 22 September 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST applications host) from which the company's registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that such member's CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The rights of members in relation to the appointment of proxies described above do not apply to persons nominated under section 146 of the Companies Act 2006 to enjoy information rights ("nominated persons") but a nominated person may have a right, under an agreement with the member by whom such person was nominated, to be appointed (or to have someone else appointed) as a proxy for the above convened general meeting. If a nominated person has no such right or does not wish to exercise it, such person may have a right, under such an agreement, to give instructions to the member as to the exercise of voting rights.

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Any member attending the above convened general meeting has the right to ask questions. The company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.

A copy of this notice, and other information required by section 311A of the Companies Act 2006, may be found on the company's website www.rea.co.uk.

As at the date of this notice, the issued share capital of the company comprises 33,414,545 ordinary shares and 16,392,954 9 per cent cumulative preference shares. As stated above, only holders of ordinary shares (and their proxies) are entitled to attend and vote at the above convened general meeting. Accordingly, the voting rights attaching to shares of the company exercisable in respect of each of the resolutions to be proposed at the meeting total 33,414,545 as at the date of this notice.

Shareholders may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided in this notice (or any other related document including the form of proxy) to communicate with the company for any purposes other than those expressly stated.