

R.E.A. Holdings plc (RE.)
R.E.A. Holdings plc: Further re selling prices

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R.E.A. Holdings plc ("REA" or the "company")

Further re selling prices

Further to the company's announcement in June 2021 regarding selling prices for crude palm oil ("CPO") and crude palm kernel oil ("CPKO"), the Indonesian government has published a change to the export levy structure with effect from 17 March 2022. There has been no change to the export duty structure.

REA sells CPO into the local Indonesian market which is not subject to export levy or export duty. However, arbitrage between the Indonesian and international CPO markets normally results in a local price that is broadly in line with prevailing international prices after adjustment of the latter for delivery costs and export tariffs and restrictions. Changes to export tariffs and restrictions therefore have an indirect effect on the prices that REA achieves on sales of its CPO

Export tariffs comprise export duty and export levy. Both are calculated on a sliding scale by reference to a CPO reference price that is set periodically by the Indonesian government on the basis of CIF Rotterdam and other recognised benchmark CPO prices. The export tariffs applicable from 17 March 2022 are set out below. These extend the scale previously in operation which was capped at \$1,050 per tonne (so that there was no increase in levy or duty at CPO reference prices above that level). The new scale is capped at \$1,550 per tonne.

The CPO reference price is expected to be \$1,786 per tonne from April 2022 which, being above \$1,500 per tonne, will result in total export tariffs of \$575 per tonne. This represents an increase of \$200 per tonne from the total export tariffs that were payable under the previous rules. The impact of this increase will be mitigated by the removal of domestic market obligations that were designed to procure the sale, in the domestic market at a capped price, of cooking oil with a CPO content equivalent to 20 per cent (subsequently increased to 30 per cent) of the volume of Indonesian CPO exports.

The export levy is payable to a dedicated fund that is used to subsidise the manufacture of biodiesel from CPO, smallholder replanting and, more recently, the sale of Indonesian cooking oil. Export duty is a duty levied by the Indonesian government.

Combined export levy and export duty applicable from 17 March 2022

CPO reference price

From	To	Levy	Duty	Total	Net price*
\$	\$	\$	\$	\$	\$
-	750	55	-	55	695
751	800	75	3	78	722
801	850	95	18	113	737
851	900	115	33	148	752
901	950	135	52	187	763
951	1,000	155	74	229	771
1,001	1,050	175	93	268	782

1,051	1,100	195	116	311	789
1,101	1,150	215	144	359	791
1,151	1,200	235	166	401	799
1,201	1,250	255	183	438	812
1,251	1,300	275	200	475	825
1,301	1,350	295	200	495	855
1,351	1,400	315	200	515	885
1,401	1,450	335	200	535	915
1,451	1,500	355	200	555	945
1,501	1,550	375	200	575	975

**At top of band*

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