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If you have sold or otherwise transferred all your ordinary or preference shares in R.E.A. Holdings plc, please send this document and the accompanying form of proxy to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee, except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations. If you have sold or otherwise transferred only part of your holding, you should retain these documents.

R.E.A. Holdings plc

(incorporated in England and Wales with registered number 671099)

Proposed further investment by PT Dharma Satya Nusantara Tbk in PT REA Kaltim Plantations, potential sale of PT Cipta Davia Mandiri and proposed intra-group sale and purchase of PT Prasetia Utama

and

notice of general meeting

Rothschild & Co

Sponsor and Financial Adviser

A notice convening a general meeting of R.E.A. Holdings plc to be held at 11.00 a.m. on 12 February 2024 is set out at the end of this document. The actions to be taken in respect of the general meeting are set out in the notes to such notice. A form of proxy for use in connection with the meeting is enclosed. Whether or not they intend to attend the general meeting in person, all shareholders are urged to complete such form of proxy and return the same to Computershare Investor Services PLC at The Pavilions, Bridgewater Road, Bristol BS99 6ZY as soon as possible but in any event so as to arrive by not later than 11.00 a.m. on 8 February 2024, or to appoint a proxy electronically as referred to in this document.

This document should be read as a whole. Your attention is drawn to the letter from the chairman which is set out on pages 8 to 27 of this document. Such letter includes a recommendation from the board to all shareholders that they vote in favour of the resolution to be proposed at the general meeting. However, shareholders should read the whole of this document. For a discussion of the risks and uncertainties relating to the proposals, please see the risk factors set out on pages 28 to 31 of this document, when considering what action they wish to take in connection with the general meeting.

This document is a circular relating to the proposals described herein and has been prepared in accordance with the Listing Rules of the Financial Conduct Authority made under section 73A of the Financial Services and Markets Act 2000, as amended, ("FSMA"). This document has been approved by the Financial Conduct Authority.

Rothschild & Co, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for R.E.A. Holdings plc as sponsor and lead financial adviser and for no one else in connection with the contents of this document and the matters or arrangements described in this document, and will not regard any other person (whether or not a recipient of this document) as a client in relation to such matters or arrangements and will not be responsible to anyone other than R.E.A. Holdings plc for providing the protections afforded to clients of Rothschild & Co, nor for providing advice in relation to the contents of this document or any other matter or arrangement referred to in this document.

Rothschild & Co has given and not withdrawn its consent to the issue of this document with the inclusion of the reference to its name in the form and context in which it is included. Save for the responsibilities and liabilities, if any, of Rothschild & Co under FSMA or the regulatory regime established under FSMA, Rothschild & Co assumes no responsibility whatsoever and makes no representations or warranties, express or implied, in relation to the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by R.E.A. Holdings plc, or on behalf of R.E.A. Holdings plc, or by Rothschild & Co, or on its behalf, and nothing contained in this document is, or shall be, relied on as a promise or representation in this respect, whether as to the past or the future, in connection with R.E.A. Holdings plc and its subsidiaries. Rothschild & Co accordingly disclaims to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this document or any such statement.

The release, publication or distribution of this document and the accompanying form of proxy in jurisdictions other than the UK may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the UK should inform themselves about, and observe, any applicable requirements. Failure to comply with any such restrictions may constitute a violation of the securities laws of any jurisdiction. This document has been prepared to comply with the requirements of English law and the Listing Rules of the Financial Conduct Authority made under section 73A of FSMA. The information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any jurisdiction other than England.

The documents listed in paragraph 12 of Part IX of this document (*Additional Information*) are available in 'read-only' format and can be printed from the company's website at the following address: www.rea.co.uk and are also available for inspection as provided in such section.

Unless otherwise specified in this document, neither the content of the company's website (www.rea.co.uk), nor the content of any website accessible from hyperlinks on the company's website, is incorporated into, or forms part of, this document, such content has not been scrutinised or approved by the FCA and shareholders should not rely on them.

The date of this document is 25 January 2024.

If you have any questions about this document, the general meeting or the appointment of a proxy to vote on your behalf at the general meeting, please call Computershare Investor Services PLC on +44 (0) 370 707 1031 (lines are open from 8.30 am to 5.30 pm (UK time), Monday to Friday) or email webcorres@computershare.co.uk. Computershare Investor Services PLC will not provide advice on the merits of the proposals, nor give any financial, legal or tax advice in relation thereto.

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EXPECTED TIMETABLE

Each of the times and dates in the table below is indicative only and may be subject to change.

Latest time for receipt of forms of proxy and electronic appointments of proxy for the general meeting	11.00 a.m. on 8 February 2024
Record time for entitlement to vote at the general meeting	6.00 p.m. on 8 February 2024
General meeting to approve the proposals	11.00 a.m. on 12 February 2024
Completion of the proposed DSN subscription	By end February 2024
Completion of the proposed intra-group sale and purchase of PU	By end February 2024
Completion of the potential sale of CDM	By end May 2024

DEFINITIONS

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

"2022 annual financial statements"	the audited consolidated financial statements for the company as at and for the financial year ended 31 December 2022, including the notes thereto
"2023 half yearly report"	the unaudited condensed consolidated interim financial statements of the company as at and for the six months ended 30 June 2023
"AP"	PT Agro Pratama, a subsidiary of DSN incorporated in the Republic of Indonesia, being, as at the date of this document, the holder of 5 per cent of the issued share capital of REA Kaltim
"as amended"	as amended, modified and/or supplemented from time to time up to the date of this document
"Bank Mandiri"	PT Bank Mandiri Tbk, the group's Indonesian lending bank
"board"	the board of directors of the company
"CDM"	PT Cipta Davia Mandiri, a wholly owned subsidiary of REA Kaltim (and thus also a subsidiary of the company) incorporated in the Republic of Indonesia and engaged in the cultivation of oil palms
"Companies Act 2006"	the Companies Act 2006 of England and Wales, as amended
"company"	R.E.A. Holdings plc
"continuing group"	the company and its subsidiaries other than CDM
"continuing REA Kaltim sub-group"	REA Kaltim, SYB and KMS
"CPKO"	crude palm kernel oil
"CPO"	crude palm oil
"CREST"	the computerised system for the paperless settlement of trades in securities and the holding of uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
"directors"	the directors of the company and "director" means any one of them
"dollar notes"	the 7.5 per cent dollar notes 2026 issued by the company

"DSN"	PT Dharma Satya Nusantara Tbk, an Indonesian company listed on the Indonesia Stock Exchange and engaged in the businesses of oil palm plantations, wood products and timber estates
"DSN group"	DSN and its subsidiaries
"FFB"	oil palm fresh fruit bunches
"Financial Conduct Authority"	the Financial Conduct Authority of the UK in its capacity as the competent authority for the purposes of Part VI of FSMA
"FSMA"	the Financial Services and Markets Act 2000 of England and Wales, as amended
"group"	the company and its subsidiaries
"IFRS"	the UK-adopted International Financial Reporting Standards as applied in accordance with the provisions of the Companies Act 2006 as applicable to companies reporting under those standards
"KKS"	PT Kartanegara Kumala Sakti, a former subsidiary of REA Kaltim (and thus also a former subsidiary of the company) incorporated in the Republic of Indonesia and whose business had been intended to be the cultivation of oil palms, recently sold by REA Kaltim pursuant to the reorganisation
"KMS"	PT Kutai Mitra Sejahtera, a wholly owned subsidiary of REA Kaltim (and thus also a subsidiary of the company) incorporated in the Republic of Indonesia and engaged in the cultivation of oil palms
"Listing Rules"	the listing rules made by the Financial Conduct Authority under Part VI of FSMA, as set out in the Financial Conduct Authority's Handbook of Rules and Guidance as amended
"Makassar"	Makassar Investments Limited, a wholly owned subsidiary of the company incorporated in Jersey, being, as at the date of this document, the holder of 85 per cent of the issued share capital of REA Kaltim
"MHA"	MacIntyre Hudson LLP, the company's auditor
"ordinary shares"	ordinary shares of 25p each in the capital of the company
"PBJ2"	PT Persada Bangun Jaya, a subsidiary of KKS (and thus also, until REA Kaltim sold KKS pursuant to the reorganisation, a subsidiary of REA Kaltim and the company) incorporated in the Republic of Indonesia and engaged in the cultivation of oil palms

"plasma advances"	advances to fund oil palm developments owned by local village cooperatives but managed by the REA Kaltim group on behalf of such cooperatives
"potential sale of CDM"	the potential sale by REA Kaltim of CDM to the DSN group, details of which are set out in this document
"pre-closing loan"	the pre-closing loan of \$10.0 million made by AP to REA Kaltim in connection with the proposed DSN subscription, details of which are set out in this document
"preference shares"	9 per cent cumulative preference shares of £1 each in the capital of the company
"proposals"	the proposed DSN subscription, the potential sale of CDM and the proposed intra-group sale and purchase of PU
"proposed DSN subscription"	the proposed subscription by AP for further shares in the capital of REA Kaltim, to increase the investment of the DSN group in the share capital of REA Kaltim from 15 per cent to 35 per cent, details of which are set out in this document
"proposed intra-group sale and purchase of PU"	the proposed purchase by PU Holdings Limited, a new wholly owned UK subsidiary of the company, of PU from SYB (such that the DSN group would no longer hold an indirect interest, through REA Kaltim, in PU), details of which are set out in this document
"Prospectus Regulation"	the UK version of Regulation number 2019/980 of the European Commission, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended
"Prospectus Regulation Rules"	the Prospectus Regulation Rules of the Financial Conduct Authority made under section 73A of FSMA
"PU"	PT Prasetia Utama, a wholly owned subsidiary of SYB (and thus also a wholly owned subsidiary of REA Kaltim and a subsidiary of the company) incorporated in the Republic of Indonesia and engaged in the cultivation of oil palms
"REA Finance"	REA Finance B.V., a wholly owned subsidiary of the company incorporated in The Netherlands
"REA Kaltim"	PT REA Kaltim Plantations, the principal operating subsidiary of the company, incorporated in the Republic of Indonesia and engaged in the cultivation of oil palms and the processing of oil palm fruit, being, as at the date of this document, the holding company of all of the agricultural operations of the group

"REA Services"	R.E.A. Services Limited, a wholly owned subsidiary of the company incorporated in England and Wales
"reorganisation"	(i) the sale by REA Kaltim of KKS (and thus also its subsidiary PBJ2) to a third party; and (ii) the purchase by REA Kaltim and SYB of the remaining five per cent non-controlling interests in those of their subsidiaries that were not already wholly owned by them, details of which are set out in this document
"resolution"	the ordinary resolution set out in the notice of general meeting of the company dated 25 January 2024, which notice forms part of this document
"Rothschild & Co"	N. M. Rothschild & Sons Limited of New Court, St Swithin's Lane, London EC4N 8AL
"share subscription agreement"	the share subscription agreement dated 2 November 2023 made between (1) Makassar, (2) the company, (3) AP, (4) SWA, (5) DSN and (6) REA Kaltim, a summary of which is included in Part VIII of this document
"shareholders"	the holders of ordinary shares and/or preference shares and "shareholder" means any one of them
"sterling notes"	the 8.75 per cent sterling notes 2025 issued by REA Finance and guaranteed by the company and REA Services
"subsidiary"	as defined in the Companies Act 2006
"SWA"	PT Swakarsa Sinarsentosa, a subsidiary of DSN incorporated in the Republic of Indonesia, being, as at the date of this document, the holder of 10 per cent of the issued share capital of REA Kaltim
"SYB"	PT Sasana Yudha Bhakti, a wholly owned subsidiary of REA Kaltim (and thus also a subsidiary of the company) incorporated in the Republic of Indonesia and engaged in the cultivation of oil palms and the processing of oil palm fruit

References in this document to **"dollars"** and **"\$"** are to the lawful currency of the United States, references to **"sterling"**, **"£"** and **"p"** are to the lawful currency of the United Kingdom and references to **"rupiah"** and **"Rp"** are to the lawful currency of the Republic of Indonesia.

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

R.E.A. Holdings plc

(Incorporated in England and Wales with registered number 671099)

Directors:

David Blackett (Chairman / non-executive director)
Carol Gysin (Managing director)
Mieke Djalil (Non-executive director)
John Oakley (Non-executive director)
Richard Robinow (Non-executive director)
Rizal Satar (Non-executive director)
Michael St Clair-George (Non-executive director and senior independent director)

Registered office:

5th Floor North
Tennyson House
159-165 Great Portland Street
London W1W 5PA

25 January 2024

Dear Shareholder

Proposed further investment by PT Dharma Satya Nusantara Tbk in PT REA Kaltim Plantations, potential sale of PT Cipta Davia Mandiri, proposed intra-group sale and purchase of PT Prasetya Utama and notice of general meeting

Introduction

On 2 November 2023, the company announced that it had reached agreement with DSN pursuant to which, subject to the satisfaction of certain conditions, AP would subscribe for further shares in the capital of REA Kaltim, to increase the investment of the DSN group in the share capital of REA Kaltim from 15 per cent to 35 per cent. The company also announced that, in connection with such proposal, (i) the company had granted the DSN group a priority right to acquire CDM, and (ii) the company and DSN had agreed that a new wholly owned UK subsidiary of the company would purchase PU from REA Kaltim (such that the DSN group would no longer hold an indirect interest, through REA Kaltim, in PU).

The proposed DSN subscription and the potential sale of CDM, if completed, are expected to realise value for the group of approximately \$78 million (before estimated expenses of approximately \$1 million), comprising approximately \$52 million from the proposed DSN subscription and approximately \$26 million from the potential sale of CDM.

As such, the proposals are of a size that results in their being classified as a class 1 transaction for the purposes of the Listing Rules, thus requiring the approval of shareholders. Additionally, by virtue of the DSN group being entitled to exercise more than 10 per cent of the votes capable of being cast at a general meeting of REA Kaltim, DSN is a "substantial shareholder" in REA Kaltim and thus a related party of the company for the purposes of the Listing Rules. Therefore, the proposals are also classified as a related party transaction for the purposes of the Listing Rules, similarly requiring the approval of shareholders.

Completion of each of the proposals is therefore conditional upon, amongst other things, shareholder approval. Such shareholder approval is being sought by way of a single resolution, rather than three separate resolutions, to be proposed at a general meeting of the company which has been convened for 11.00 a.m. on 12 February 2024. Shareholders are not being asked to vote on each proposal individually and accordingly, it will not be possible for one proposal to be approved by shareholders in circumstances where others are not. However, as the proposals are not inter-conditional, in the event that the resolution is passed by shareholders, it would be possible for one proposal to complete in circumstances where either or both of the others do not.

Subject to receipt of shareholder approval, and satisfaction of the other conditions to each of the proposals, it is expected that completion of: (i) the proposed DSN subscription will take place by the end of February 2024; (ii) the proposed intra-group sale and purchase of PU will also take place by the end of February 2024; and (iii) the potential sale of CDM to the DSN group, should the DSN group exercise its priority right, would take place by the end of May 2024.

The purpose of this document is to provide you with further information regarding the proposals, to explain why the board believes that the proposals are fair and reasonable as far as the shareholders of the company are concerned and in the best interests of the company and its shareholders as a whole, and to give notice of the general meeting convened for the purpose of seeking shareholder approval for the proposals. Shareholders should particularly note the provisions of the paragraph headed "Importance of the vote" on pages 24 and 25 below.

Background to the proposals

The group

The company is a holding company with its core operations held through its principal operating subsidiary, REA Kaltim.

REA Kaltim is incorporated in Indonesia and, as noted above, is currently owned as to 85 per cent by the company (through Makassar) and 15 per cent by the DSN group (through AP and SWA). REA Kaltim is engaged in the cultivation of oil palms in the province of East Kalimantan in Indonesia and in the production of crude palm oil and crude palm kernel oil. The subsidiaries of REA Kaltim including, currently, CDM and PU, are engaged in the same or similar activities.

In addition to its oil palm interests, the company has also made loans to certain Indonesian companies with interests in stone and coal deposits in East Kalimantan and has recently established a joint venture for mining quartz sand contained in the overburden overlaying the coal in one of the two coal concessions to which the company has provided funding.

Operational challenges in 2012 and the immediately succeeding years resulted in group crops and revenues over the five year period 2013 to 2017 falling considerably short of the levels that the directors had expected would be achieved. Action taken to overcome these challenges resulted in a recovery in operational performance from 2018 onwards, but borrowings assumed to finance cash flow shortfalls during the five years of under-performance left the group with a legacy of excessive net indebtedness. Recent years have seen some reduction in net indebtedness from the peak reached in 2017, but group net indebtedness still remains at a level that the directors regard as too high, particularly against the background of current interest rates and credit conditions.

The directors' strategy for the group going forward is to reduce the group net indebtedness by the limited divestments that the proposals will entail and, having done so, to recover maximum value from the ancillary interests in stone, coal and sand and to use such extracted value, supplemented by the cash flow from the core oil palm business, further to reduce group net indebtedness while continuing to invest in improvements to and the expansion of the oil palm operations.

Details of the land and plantings held by REA Kaltim and its subsidiaries (other than CDM and PU), and by CDM and PU individually, are provided in the immediately following paragraphs.

The continuing REA Kaltim sub-group

The continuing REA Kaltim sub-group's land holdings at 31 December 2023 comprised 44,737 fully titled hectares (held under *Hak Guna Usaha*). The holdings are located some 140 kilometres north-west of Samarinda and lie either side of the Belayan River. Of the total hectareage, at 31 December 2023, 31,091 hectares were classified as planted (with land undergoing replanting being included as planted hectares).

CDM

CDM's land holdings lie some 70 kilometres north-west of REA Kaltim's central administrative area. As at 31 December 2023, the holdings comprised 9,784 fully titled hectares (held under *Hak Guna Usaha*) and an additional land allocation, held subject to completion of titling, of 5,454 hectares (representing

land originally zoned for use under the Indonesian transmigration scheme and held by CDM pursuant to a former licence (which is currently under renewal) issued by the Indonesian Ministry of Transmigration). Within these land holdings, 2,801 hectares were classified as planted in the fully titled area, with a further 925 hectares planted in the area that is not yet fully titled. The latter area has been designated for transfer to a village cooperative scheme in satisfaction of CDM's obligation, under Indonesian government regulations, to develop oil palm plantings for cooperative ownership by local communities affected by CDM's development of its own oil palm plantings.

PU

PU's land holdings lie some 20 kilometres north-east of REA Kaltim's central administrative area. As at 31 December 2023, the holdings comprised 9,097 fully titled hectares (held under *Hak Guna Usaha*). Within this land holding, 491 hectares were planted (or prepared for planting). It is hoped that approaching 4,000 hectares of oil palm planting can eventually be established on PU for PU's own use with up to a further 800 hectares developed for local village cooperative schemes.

The DSN group

DSN is an Indonesian company listed on the Indonesia Stock Exchange in Jakarta and engaged in the cultivation of oil palms and the processing of oil palm fruit, and in the manufacture of wood products, primarily wood panels and engineered wood flooring. According to DSN's last annual report, as at and for the year ended 31 December 2022, its oil palm plantations comprised a total of 112,500 planted hectares, over half of which are in East Kalimantan. Shareholder funds at 31 December 2022 amounted to Rp 8,034 billion (\$510.7 million). Group profit before tax reported by the DSN group for the year ended 31 December 2022 amounted to Rp 1,610 billion (\$102.4 million).

The DSN group has been an investor in REA Kaltim since 2016. The DSN group's current investment in REA Kaltim is held through AP (which holds 5 per cent of the current issued share capital of REA Kaltim) and SWA (which holds 10 per cent of the current issued share capital of REA Kaltim).

Reasons for the proposals

The principal object of the proposals is to reduce the group's net indebtedness, thereby assisting the group's continuance as a going concern, and to strengthen the group's balance sheet and broader financial position.

As explained under "Importance of the vote" on pages 24 and 25 below, the company is comfortable that were the proposals not to proceed it would, in its "base case" scenario, have sufficient working capital to continue to operate its business as a going concern, that is for at least the twelve months following the date of this document. However, based on the modelling of a "reasonable worst case" scenario, the company would, without the successful implementation of one or more of the mitigating actions available to it, which cannot be guaranteed, suffer a liquidity shortfall. Such a liquidity shortfall could lead, in a worst case scenario, to the company's insolvency and the potential loss by shareholders of all or a substantial portion of their investment.

While the DSN subscription will dilute the company's interest in REA Kaltim from 85 per cent to 65 per cent, it will provide an immediate and substantial capital injection to the group and will also permit the group to retain its core operations, while avoiding disruption of the management of those operations.

The oil palm estate owned by CDM is the group's most outlying estate and currently contributes approximately 5 per cent of the group's own crop. Whilst the CDM estate has the potential to become a high quality estate, significant further investment in bunding (to control flooding) and other infrastructure will be needed to realise that potential. Moreover, the estate's location will always mean that a large proportion of the CDM crop will need to be processed in adjacent third party mills rather than in the group's own mills, thus depriving the group of the processing margin on the proportion of the CDM crop that is so processed. If CDM is sold, this will relieve the group of the need to fund further investment in CDM and will permit the continuing group to focus its financial resources and management on its remaining plantings, which will be more concentrated within a single geographical area.

PU is currently at an early stage in developing a new oil palm plantation. The proposed intra-group sale and purchase of PU reflects both the group's strategy to maintain the whole of any profit that can be

realised from the development of such new oil palm plantation, and the DSN group's strategic preference for investing in producing plantation businesses.

The proposed DSN subscription

Principal terms

Pursuant to the share subscription agreement, AP has agreed to subscribe for further shares in the capital of REA Kaltim, thereby increasing the investment of the DSN group in the issued share capital of REA Kaltim from 15 per cent to 35 per cent. The company's investment in the share capital of REA Kaltim will reduce from 85 per cent to 65 per cent.

The subscription price payable by AP will be payable in cash and will be calculated by reference to a valuation of the continuing REA Kaltim sub-group which will be derived by aggregating:

- (a) the value attributed to the planted hectareage owned by the continuing REA Kaltim sub-group as at 31 December 2023 on the basis that:
 - (i) each planted hectare is valued at \$10,500 per hectare (such value being treated as inclusive of the value of all property, plant and equipment used in connection with the business of the continuing REA Kaltim sub-group, including the continuing REA Kaltim sub-group's three oil mills and the Samarinda transshipment terminal), subject to a deduction of \$6,000 per hectare in respect of planted land expected to be released over the next three years to an unrelated third party for coal mining; and
 - (ii) the balance of the planted hectareage, comprising any areas that (A) are not fully titled, (B) have been designated for transfer to a local village cooperative scheme, (C) overlap with land under concession, permit or licence of another party (other than any area in respect of which the continuing REA Kaltim group has, by 31 December 2023, entered into a settlement agreement which allows continued use by the continuing REA Kaltim group of the overlapping area), or (D) are unproductive, is valued at \$nil;
- (b) \$12.5 million, being the valuation attributed to the two biogas plants owned by REA Kaltim;
- (c) the amount of the additional capital contribution to be made by REA Kaltim to CDM immediately prior to completion of the potential sale of CDM as explained under "The potential sale of CDM" on pages 13 to 15 below, to be included as a negative number (or, if the potential sale of CDM does not proceed, the valuation attributed to the CDM equity calculated as explained under "The potential sale of CDM", to be included as a negative number);
- (d) \$3.2 million, being the dollar equivalent of the Rp 50 billion to be paid by the newly incorporated UK subsidiary of the company for PU pursuant to the proposed intra-group sale and purchase of PU;
- (e) the book value of the balance of the assets and the liabilities of the continuing REA Kaltim sub-group as at 31 December 2023, to be included as a negative number should such be the case; and
- (f) \$150,000.

Failing agreement between the parties as to any element of the subscription price formula summarised above, the matter in dispute will be determined by an independent firm of chartered surveyors (in the case of disagreement as regards the number of hectares planted) or an independent firm of chartered accountants (in any other case) pursuant to a fairly typical completion accounts mechanism set out in the share subscription agreement.

Estimated subscription proceeds

The gross proceeds from the proposed DSN subscription are estimated to be approximately \$52 million.

This figure has been calculated on the basis of amounts extracted (without material adjustment) from the consolidation schedules that underlie the unaudited consolidated balance sheet of the company as at 30

June 2023, as published in the 2023 half yearly report, and the planted hectareage of the continuing REA Kaltim sub-group as at 31 December 2023, as follows:

	\$'000
30,991 fully titled planted hectares ⁽¹⁾ plus an area of 248 hectares undergoing replanting, all at \$10,500 per hectare	328,010
515 hectares to be released for coal mining at \$6,000 per hectare	(3,090)
Valuation attributed to the two biogas plants	12,500
Negative equity of CDM (to be covered by additional capital contribution to be made by REA Kaltim to CDM if the potential sale of CDM completes) ⁽²⁾	(1,430)
Dollar equivalent of the price of Rp 50 billion to be paid for PU	3,243
Book value of the balance of the assets and the liabilities of the continuing REA Kaltim sub-group ⁽³⁾	(170,630)
Other adjustment	150
Valuation of the continuing REA Kaltim sub-group	<u>168,753</u>
Subscription price payable ⁽⁴⁾	<u>51,919</u>

⁽¹⁾ See note 2 to the final table in "Planted hectareage" under "Effects of the proposals" on page 18 below

⁽²⁾ See "Estimated value of CDM's business" under "The potential sale of CDM" on page 14 below

⁽³⁾ See note 4 to pro-forma statement A in Part VII of this document (Unaudited pro-forma financial information)

⁽⁴⁾ Calculated by dividing the valuation of the continuing REA Kaltim sub-group by the number of shares in the capital of REA Kaltim currently in issue (27,530) and multiplying the quotient by the number of new shares in the capital of REA Kaltim to be subscribed by AP (8,470)

Further terms

At completion of the proposed DSN subscription, AP will pay to REA Kaltim an amount equal to 90 per cent of an estimate of the subscription price on account of the final subscription price, calculated by reference to unaudited combined management accounts of REA Kaltim and its subsidiaries as at and for the year ended 31 December 2023. Following the agreement or determination of the final subscription price, AP will pay the excess of the final subscription price over the estimated amount paid by AP (or, should there be a shortfall, REA Kaltim will reimburse that shortfall).

Pursuant to the share subscription agreement, AP has lent \$10.0 million to REA Kaltim by way of a pre-closing loan. If the proposed DSN subscription becomes unconditional, REA Kaltim will repay the pre-closing loan on completion of the issue of the new shares in REA Kaltim to AP. If the proposed DSN subscription does not become unconditional, REA Kaltim will repay the pre-closing loan within fourteen days of the share subscription agreement lapsing or being terminated. In either case, repayment will be made with interest at 5.75 per cent per annum for the period during which the pre-closing loan has been outstanding. REA Kaltim has applied substantially all of the pre-closing loan proceeds in funding repayments of loans owed by REA Kaltim to the company and the DSN group (with such repayments being made 85 per cent to the company and 15 per cent to the DSN group).

In connection with the proposed DSN subscription, Makassar has given warranties and indemnities to AP subject to agreed limitations on liability, including an overall cap on liability equal to the aggregate subscription price payable by AP.

All obligations and liabilities of Makassar and REA Kaltim pursuant to the share subscription agreement, including the liability of REA Kaltim to repay the pre-closing loan, have been guaranteed by the company. All obligations and liabilities of AP and SWA pursuant to the share subscription agreement have been guaranteed by DSN.

In the existing joint venture agreement between, amongst others, the company and DSN (summarised at paragraph 7.1(a) of Part IX of this document (*Additional information*)), the company acknowledged that the DSN group might gradually increase its percentage ownership of REA Kaltim up to an eventual level

of 49 per cent, subject to agreement at the time of the price to be paid for the additional shares and subject to due compliance with all applicable laws and regulations. The period over which any such increase was expected to take place was the period to 30 June 2021. The proposed DSN subscription nevertheless furthers DSN's intentions as acknowledged, and in the amended and restated joint venture agreement to be made between the parties at completion of the proposed DSN subscription (see paragraph 14 of Part VIII of this document (*Summary of the principal terms of the share subscription agreement*)), the company will again acknowledge an equivalent intention on the part of DSN over the period to 30 June 2028.

Financial information relating to the continuing REA Kaltim sub-group

Gross assets of the continuing REA Kaltim sub-group, as included in the 2022 annual financial statements, amounted to \$484.3 million. Net assets, as included in the 2022 annual financial statements, amounted to \$186.2 million and profit before tax for the year amounted to \$39.8 million.

Further financial information relating to the continuing REA Kaltim sub-group is included in Part IV of this document (*Financial information relating to the continuing REA Kaltim sub-group*).

The potential sale of CDM

Principal terms

For the reasons explained under "Reasons for the proposals" on page 10 above, the company wishes to sell CDM. Pursuant to the share subscription agreement, the company has granted the DSN group a priority right to acquire CDM, exercisable by notice in writing to the company given at any time prior to 30 April 2024 (and if not so exercised by such date, the priority right shall lapse).

Pending exercise of the priority right, DSN is conducting a due diligence exercise on CDM and its business.

The price payable by the DSN group for CDM, if the DSN group exercises its priority right and the potential sale of CDM proceeds, will be calculated by reference to a valuation of CDM's business which will be derived by aggregating:

- (a) the value attributed to the planted hectareage owned by CDM as at 31 December 2023 on the basis that:
 - (i) each planted hectare is valued at \$8,000 per hectare (such value being treated as inclusive of the value of all property, plant and equipment used in connection with CDM's business); and
 - (ii) the balance of the planted hectareage, comprising any areas that (A) are not fully titled, (B) have been designated for transfer to a local village cooperative scheme, (C) overlap with land under concession, permit or licence of another party (other than any area in respect of which CDM has, by 31 December 2023, entered into a settlement agreement which allows continued use by CDM of the overlapping area), or (D) are unproductive, is valued at \$nil; and
- (b) the book value of the balance of the assets and the liabilities of CDM as at 31 December 2023, excluding the shareholder loans owed by CDM to REA Services and the DSN group and the balance owed to CDM by REA Kaltim.

It is expected that adjusting the valuation of CDM's business (as derived above) for the shareholder loans owed by CDM to REA Services and the DSN group and the balance owed to CDM by REA Kaltim will result in a negative value being attributed to the equity of CDM. Accordingly, if the potential sale of CDM proceeds, immediately prior to completion of the sale, REA Kaltim will make an additional capital contribution to CDM in an amount equal to such negative value and CDM will be sold to the DSN group for the nominal value of \$1.

On completion of the potential sale of CDM, DSN will procure the repayment by CDM of all loans then owed by it to REA Services and REA Kaltim will repay the balance then owed by it to CDM.

Accordingly, the continuing group will receive the value of CDM's business by way of the recovery of the net intra-group indebtedness between CDM and the continuing group as well as a reduction of group indebtedness.

Estimated value of CDM's business

The value to be realised by the group for CDM's business from the potential sale of CDM is estimated to be approximately \$26 million.

This figure has been calculated on the basis of amounts extracted (without material adjustment) from the consolidation schedules that underlie the unaudited consolidated balance sheet of the company as at 30 June 2023, as published in the company's 2023 half yearly report, and the planted hectareage of CDM as at 31 December 2023 as follows:

	\$'000
2,801 fully titled planted hectares at \$8,000 per hectare	22,408
Book value of the balance of the assets and the liabilities of CDM, excluding shareholders loans owed by CDM to REA Services and the DSN group and the balance owed by CDM to REA Kaltim *	3,496
	<u>25,904</u>

* See note 2 to pro-forma statement B in Part VII of this document (Unaudited pro-forma financial information)

On the same basis, on completion of the potential sale of CDM, the valuation of CDM's business would be received as follows:

	\$'000
<u>Cash</u>	
Valuation of CDM's business (as above)	25,904
Shareholders loans owed by CDM to REA Services and DSN group	(70,938)
Balance owed by CDM to REA Kaltim	43,604
Negative equity of CDM (to be covered by the additional capital contribution to be made by REA Kaltim to CDM)	(1,430)
Repayment of the shareholder loan owed by CDM to REA Services	60,297
Repayment of the balance owed to CDM by REA Kaltim	(43,604)
	<u>15,263</u>
<u>Reduction of group indebtedness</u>	
Degrouping of shareholder loan owed by CDM to the DSN group	10,641
	<u><u>25,904</u></u>

Further terms

Pursuant to the share subscription agreement, REA and DSN have agreed to negotiate in good faith, when DSN so requires, to settle a sale and purchase agreement for the sale by REA Kaltim of CDM to such subsidiary of DSN as DSN may nominate. It is expected that such agreement will include warranties and indemnities to be given by REA Kaltim, subject to agreed limitations on liability including an aggregate cap on liability.

If the potential sale of CDM does not complete by 31 May 2024 (or such later date as the company and DSN may agree), all rights of the DSN group to purchase CDM will lapse, in which event the company intends to pursue a sale of CDM to an unrelated third-party buyer.

Financial information relating to CDM

Gross assets of CDM, as included in the 2022 annual financial statements, amounted to \$102.1 million. Net assets, as included in the 2022 annual financial statements, amounted to \$24.6 million and the loss before tax amounted to \$5.2 million.

Further financial information relating to CDM is included in Part V of this document (*Financial information relating to CDM*).

The proposed intra-group sale and purchase of PU

For the reasons explained under "Reasons for the proposals" on page 10 above, it is proposed that ownership of PU should be sold intra-group from REA Kaltim to PU Holdings Limited, a new wholly owned UK subsidiary of the company ("**newco**"). The DSN group has consented to such sale and purchase provided that the sale and purchase completes by 31 December 2024.

The company has agreed with DSN that the consideration to be paid by newco for PU will be Rp 50 billion (\$3.2 million), payable in cash on completion of the sale and purchase, and that the terms of such sale and purchase will include a provision that, on completion, the company will procure the repayment of all balances then owed by PU to the continuing REA Kaltim sub-group (which balances totalled \$0.3 million at 23 January 2024 (being the latest practicable date prior to the publication of this document)).

Gross assets of PU, as included in the 2022 annual financial statements, amounted to \$10.6 million. Net assets, as included in the 2022 annual financial statements, amounted to \$9.0 million and the profit before tax for the year amounted to \$48,000.

Further financial information relating to PU is included in Part VI of this document (*Financial information relating to PU*).

Total value of the proposals

It is expected that, if all of the proposals are completed, the company will receive total value of approximately \$78 million, made up as to approximately \$52 million in proceeds and as to approximately \$26 million by way of additional value received, primarily, as a result of a reduction in the group's liabilities and the repayment of intra-group debt.

A view of the potential impact of the proposals on the company can be seen in Part VII of this document (*Unaudited pro-forma financial information*).

Key employees

It is intended that the President Director and Vice President Director of REA Kaltim will continue in their present positions under their current terms of employment following completion of the proposals.

Conditions and timing

Completion of each of the proposals is conditional upon shareholder approval. Such shareholder approval is being sought by way of a single resolution, rather than three separate resolutions, to be proposed at a general meeting of the company which has been convened for 11.00 a.m. on 12 February 2024. Shareholders are not being asked to vote on each proposal individually and accordingly, it will not be possible for one proposal to be approved by shareholders in circumstances where others are not. However, as the proposals are not inter-conditional, in the event that the resolution is passed by shareholders, it would be possible for one proposal to complete in circumstances where either or both of the others do not.

Each of the proposals is also conditional upon receipt of formal approval of Bank Mandiri.

In addition to the receipt of shareholder approval and the approval of Bank Mandiri:

- the proposed DSN subscription is also conditional upon the reclassification of the existing class A shares and class B shares in the capital of REA Kaltim (issued and unissued) into ordinary shares of one class, and such reclassification being duly approved by the Ministry of Law and Human Rights of the Republic of Indonesia;
- the potential sale of CDM is also, in practice, conditional upon (i) DSN completing its due diligence exercise as regards CDM to DSN's satisfaction and exercising the priority right and (ii) the company and DSN agreeing the definitive transaction documents necessary to effect the sale of CDM to the DSN group; and

- the proposed intra-group sale and purchase of PU is also conditional upon the receipt of all necessary regulatory approvals and consents required under Indonesian law.

It is expected that completion of: (i) the proposed DSN subscription will take place by the end of February 2024; (ii) the proposed intra-group sale and purchase of PU will take also place by the end of February 2024; and (iii) the potential sale of CDM to the DSN group, should the DSN group exercise its priority right, would take place by the end of May 2024.

REA Kaltim shareholder loans

As at 30 June 2023, REA Kaltim had outstanding shareholder loans from the company and the DSN group totalling \$32.5 million, provided as to 85 per cent by the company and as to 15 per cent by the DSN group. Since 30 June 2023, REA Kaltim has made loan repayments to the company and the DSN group resulting in the aggregate principal amount of the shareholder loans being reduced to \$23.2 million (still provided as to 85 per cent by the company and as to 15 per cent by the DSN group).

As soon as practicable following completion of the proposed DSN subscription, AP will refinance a proportion of the shareholder loan owed by REA Kaltim to the company, such that, following such refinancing, the aggregate balance of the shareholder loans owed by REA Kaltim to the company and the DSN group will be owed as to 65 per cent to the company and as to 35 per cent to the DSN group. The resultant adjustments in the shareholder loans will be as follows:

	<i>Existing</i>	<i>Movement</i>	<i>Rebalanced</i>
	\$'000	\$'000	\$'000
<u>Rebalancing of shareholder loans to REA Kaltim</u>			
The company	19,746	(4,646)	15,100
DSN group	3,484	4,646	8,130
	<u>23,230</u>	<u>–</u>	<u>23,230</u>

As at 30 June 2023, CDM had outstanding shareholder loans from REA Services and the DSN group totalling \$70.9 million, provided as to 85 per cent by REA Services and as to 15 per cent by the DSN group, and a balance owed to it by REA Kaltim of \$43.6 million. As explained under "Use of proceeds" on page 17 below, following completion of the proposed DSN subscription, REA Kaltim will apply \$13.6 million of the subscription monies receivable pursuant to the proposed DSN subscription in reducing the balance owed by it to CDM to \$30.0 million and, upon receipt of those monies, CDM will reduce the aggregate balance of the shareholder loans owed by CDM to REA Services and the DSN group to \$60.0 million (still provided as to 85 per cent by REA Services and 15 per cent by the DSN group).

As noted under "The potential sale of CDM" on pages 13 to 15 above, if the potential sale of CDM is completed, the DSN group will procure that, on completion of the sale, CDM repays the shareholder loan owed by CDM to REA Services (which will then amount to \$51.0 million, being 85 per cent of \$60.0 million) and REA Kaltim will repay the balance owed by it to CDM (which will then amount to \$30.0 million). To assist with the funding of the repayment by REA Kaltim of the \$30.0 million, the company and AP will advance a further \$30.0 million to REA Kaltim, as to \$19.5 million by the company (65 per cent) and as to \$10.5 million by the DSN group (35 per cent). This will result in the shareholder loans owed by REA Kaltim to the company and the DSN group being adjusted as follows:

	<i>Rebalanced*</i>	<i>Additions</i>	<i>Increased</i>
	\$'000	\$'000	\$'000
<u>Increased shareholder loans to REA Kaltim</u>			
The company	15,100	19,500	34,600
DSN group	8,130	10,500	18,630
	<u>23,230</u>	<u>30,000</u>	<u>53,230</u>

* *Derived as provided above*

If a sale of CDM has not occurred by the time that the final subscription price to be paid for the new shares in REA Kaltim has been agreed or determined (in accordance with the procedure set out in the share subscription agreement), AP will refinance a proportion of the shareholder loan owed by CDM to

REA Services, such that, following such refinancing, the aggregate balance of the shareholder loans owed by CDM will be owed as to 65 per cent to the company and as to 35 per cent to the DSN group. The resultant adjustments in the shareholder loans will be as follows:

	<i>Existing*</i>	<i>Movement</i>	<i>Rebalanced</i>
	\$'000	\$'000	\$'000
<u>Rebalancing of shareholder loans to CDM</u>			
REA Services	51,000	(12,000)	39,000
DSN group	9,000	12,000	21,000
	<u>60,000</u>	<u>–</u>	<u>60,000</u>

* As reduced out of the proceeds of the partial repayment of the balance owed to CDM by REA Kaltim (to be funded out of the proceeds of the proposed DSN subscription as explained above).

Use of proceeds

The gross proceeds from the proposed DSN subscription (estimated to amount to approximately \$52 million) will be applied by REA Kaltim:

- (a) as to approximately \$1 million, in meeting expenses incurred in connection with the proposed DSN subscription;
- (b) as to \$10.0 million, in repaying the pre-closing loan;
- (c) as to \$13.6 million, in reducing the balance owed by REA Kaltim to CDM to \$30.0 million, out of which CDM will apply approximately \$11 million in reducing the shareholder loans owed by CDM to REA Services and the DSN group to \$60.0 million;
- (d) as to up to \$9 million, in repaying drawings under working capital facilities; and
- (e) as to the balance, in eliminating, over time, pre-sale advances made to the continuing REA Kaltim sub-group.

As explained under "Principal terms" under "The potential sale of CDM" on pages 13 to 15 above, the estimated gross proceeds from the potential sale of CDM are \$1. However, if the sale is completed, the outstanding balance of the shareholder loan owed by CDM to REA Services of \$51.0 million will be repaid. Such loan repayment and will be applied:

- (a) as to \$19.5 million, in funding the additional loan of \$19.5 million to be made by the company to REA Kaltim (as described under "REA Kaltim shareholder loans" on pages 16 and 17 above); and
- (b) as to the balance, in funding the major part of the £32.1 million due on 31 August 2025 on repayment of the outstanding £30.9 million nominal of sterling notes.

If a sale of CDM has not occurred by the time that the final subscription price to be paid by AP for the new shares in REA Kaltim has been agreed or determined (in accordance with the procedure set out in the share subscription agreement), the \$12.0 million received by REA Services on the refinancing by AP of a proportion of the shareholder loan owed by CDM to REA Services (as described under "REA Kaltim shareholder loans" on pages 16 and 17 above) will be similarly earmarked to finance part of the £32.1 million due on 31 August 2025 on repayment of the outstanding £30.9 million nominal of sterling notes.

Effects of the proposals

Planted hectarage

The hectarage of the group's oil palm plantings at 31 December 2023 amounted to 35,308 hectares. The changes from the planted hectarage shown in the 2022 annual financial statements were as follows:

	<i>Hectares</i>
Planted hectarage at 31 December 2022	35,968
Hectarage released for coal mining	(280)
Hectarage divested in PBJ2 (see "Reorganisation" under "Current trading and trends" on page 23 below)	(77)
Net change due to replanting by REA Kaltim	(327)
Area of CDM written off due to loss of palms	(467)
Extension planting of PU	491
Planted hectarage at 31 December 2023	<u>35,308</u>

Of this hectarage, 3,726 hectares relate to CDM. If the potential sale of CDM is completed, the hectarage retained by the continuing group will amount to 31,582 hectares as follows:

	<i>Hectares</i>
Planted hectarage at 31 December 2023	35,308
Hectarage to be divested with CDM ⁽¹⁾	<u>(3,726)</u>
	<u>31,582</u>
Representing:	
Planted hectarage owned by the continuing REA Kaltim sub-group (65 per cent owned) ⁽²⁾	31,091
Planted hectarage owned by PU (100 per cent owned)	491
	<u>31,582</u>

⁽¹⁾ *Comprising 2,801 fully titled hectares and 925 hectares not yet fully titled*

⁽²⁾ *Comprising 30,991 fully titled hectares and 100 hectares not yet fully titled*

Cash and net debt

On the basis of amounts extracted (without material adjustment) from the consolidation schedules that underlie the unaudited consolidated balance sheet of the company as at 30 June 2023, as published in the 2023 half yearly report, the cumulative effect on the group's cash and net debt of the proposed DSN subscription (including the pre-closing loan) and completion of the potential sale of CDM may be projected to be as follows:

	<i>Note</i>	<i>Cash inflow \$'000</i>	<i>Net debt reduction \$'000</i>
<u>The proposed DSN subscription</u>			
Pre-closing loan		10,000	–
Partial repayment of shareholder loan owed by REA Kaltim to the DSN group	1	(1,394)	–
Share subscription	1	51,919	51,919
Repayment of the pre-closing loan		(10,000)	–
Rebalancing of shareholder loans owed by REA Kaltim	2	4,646	–
Partial repayment of shareholder loan owed by CDM to the DSN group	2	(1,641)	–
Rebalancing of shareholder loans owed by CDM	2	12,000	–
Estimated expenses	3	(1,000)	(1,000)
		<u>64,530</u>	<u>50,919</u>
<u>The potential sale of CDM</u>			
Reverse rebalancing of shareholder loans owed by CDM	2	(12,000)	–
Additional capital contribution to CDM	4	(1,430)	(1,430)
Additional DSN group loan to REA Kaltim	2	10,500	–
Repayment of balance owed by REA Kaltim to CDM	4	(30,000)	(30,000)
Repayment of shareholder loan owed by CDM to REA Services	4	51,000	51,000
Degrouping of shareholder loan owed by CDM to DSN group (after reflecting the partial repayment following the proposed DSN subscription)	4	–	9,000
		<u>18,070</u>	<u>28,570</u>
Total		<u>82,600</u>	<u>79,489</u>

Notes

1. See "The proposed DSN subscription" on pages 11 to 13 above
2. See "REA Kaltim shareholder loans" on pages 16 and 17 above
3. The expenses of the proposals have been attributed to the proposed DSN subscription as substantially all such expenses will be incurred whether or not the potential sale of CDM is completed
4. See "The potential sale of CDM" on pages 13 to 15 above

Profits

The proposed DSN subscription will provide additional equity to REA Kaltim in an amount of approximately \$52 million. Assuming an 8 per cent per annum return on this (achieved by way of debt reduction or other equally remunerative deployment), there should be a benefit to annual group profit of \$4.2 million (before tax). In addition, if the potential sale of CDM is completed, the group will no longer consolidate the results of CDM, which has historically contributed a loss to group profit before tax.

The proposed DSN subscription will dilute the interest of the company in REA Kaltim from 85 per cent to 65 per cent such that, going forward, a reduced proportion of the profits and losses of the continuing REA Kaltim sub-group will be attributable to the company.

If the potential sale of CDM is completed, it is estimated that the company will report a loss on the sale of approximately \$23 million.

Net assets

The pro-forma statement B set out in Part VII of this document (*Unaudited pro-forma financial information*) show total net assets attributable to the continuing group after deduction of the non-controlling interest attributable to the DSN group of \$206.2 million, assuming that both the proposed DSN subscription and the potential sale of CDM are completed.

Current trading and trends

Agricultural operations

Key agricultural statistics are set out below for the periods indicated:

	<i>6 months to 30 June 2023</i>	<i>6 months to 31 December 2023</i>	<i>Year to 31 December 2023</i>	<i>Year to 31 December 2022</i>
<u>FFB harvested (tonnes)</u>				
Group	346,216	416,044	762,260	765,681
Third party	98,413	133,410	231,823	248,971
Total	444,629	549,454	994,083	1,014,652
<u>Production (tonnes)</u>				
Total FFB processed	411,255	538,446	949,701	981,011
FFB sold	32,345	12,687	45,032	33,168
CPO	90,167	119,827	209,994	218,275
Palm kernels	20,300	27,024	47,324	46,799
CPKO	8,331	11,062	19,393	18,206
<u>Extraction rates (per cent)</u>				
CPO	21.9	22.3	22.1	22.3
Palm kernels	4.9	5.0	5.0	4.8
CPKO*	39.6	40.7	40.2	39.7
<u>Rainfall (mm)</u>				
Average across the estates	1,924	1,301	3,225	3,837

* *Based on kernels processed*

Group FFB production for 2023, at 762,260 tonnes, was in line with 2022, notwithstanding the reduction in the group's mature hectareage as a result of older mature areas being cleared for replanting. As is normal, crops were weighted to the second half although, unusually, there was no pronounced peak in the fourth quarter. This was likely a consequence of a period of lower rainfall that, while typically occurring each year, fell later than usual in 2023.

After some reduction in purchases of third party fruit during the initial months of 2023, the group adjusted the prices and terms that it was offering for such fruit and purchases then returned to satisfactory levels.

The CPO extraction rate for the second half of 2023, at 22.3 per cent, showed a welcome improvement over the rate of 21.9 per cent achieved in the first half. The improvement is attributed to tighter field disciplines, with focus on regularity of harvesting, recovery of loose fruit and prompt collection of harvested FFB producing better results. Oil losses in the group's mills have been at comfortably below industry standards for some time. It is hoped that 2024 will show a further improvement in the CPO extraction rate.

Replanting and extension planting of oil palms completed during 2023 totalled, respectively, 731 and 491 hectares with planting out of further areas of, respectively, 248 and 38 hectares cleared during 2023 carried over for completion during the early months of 2024. Subject to availability of funding, the group aims, during 2024, to replant a further 1,345 hectares of oil palms and to extend its planted areas by establishing 1,000 hectares of additional oil palm plantings at the PU estate.

Following substantial investment over the past few years in expansion of the group's newest oil mill and in renovation of its other two mills, all three mills are operating with good reliability. Processing capacity should remain ample for some time for the group's own FFB crops and for the volume of FFB expected to be purchased from third parties. Whilst the mills will continue to require regular replacement and upgrading of mill machinery, the annual investment entailed should now stabilise at a lower level than was needed for the expansion and renovation.

The group is continuing its efforts to improve the revenue that it can generate from sustainability. Those efforts are concentrated on two primary objectives: first, on increasing the proportion of its total CPO and CPKO that can be sold as sustainable and, secondly, on increasing the premia that the group receives for its sustainable production. Agreement reached with the Roundtable on Sustainable Palm Oil (RSPO) on remediation arrangements in respect of certain historic land clearing and development undertaken prior to changes in regulations, together with a drive to obtain sustainability certification for third party FFB suppliers, will assist with the first objective. Discussions initiated with key potential customers for sustainable oil should facilitate determination of a critical path towards achievement of the second objective.

Agricultural selling prices

Opening 2023 at \$1,090 per tonne, CIF Rotterdam, CPO prices weakened progressively through the first six months of the year to a low of \$855 per tonne in early June 2023. The price then rallied and has recovered to a level of \$980 per tonne as at 23 January 2024 (being the latest practicable date prior to the publication of this document).

The Indonesian government continues to apply levies and duties on exports of CPO and CPKO. These tariffs are calculated on a sliding scale by reference to prices that are set periodically by the Indonesian government on the basis of CIF Rotterdam and other recognised benchmark CPO prices.

The group sells its CPO into the local Indonesian market, which sales are 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 the prevailing international price 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 the group achieves on sales of its CPO.

The average selling price for the group's CPO for 2023, including premia for oil with certified sustainability credentials, net of export duty and levy, adjusted to FOB Samarinda, was \$718 per tonne (2022: \$821 per tonne). The average selling price for the group's CPKO, on the same basis, was \$749 per tonne (2022: \$1,185 per tonne).

There is an expectation that growth in global production of CPO in 2024 will be limited. With continuing solid demand for vegetable oils from food and biodiesel producers, the immediate outlook for international CPO prices appears positive. Whilst that should to an extent benefit the local Indonesian CPO price that the group receives, the benefit may be limited by the higher Indonesian export tariffs that, under the current sliding scale, are applicable at higher international prices.

Stone, coal and sand interests

Good progress has been made with plans for quarrying the stone concession held by PT Aragon Tambang Pratama ("ATP") which is located in East Kalimantan some 15 kilometres north-west of the continuing REA Kaltim sub-group's northern-most estate. The two stone crushers purchased by ATP are now in situ at the quarry site and have commenced production of crushed stone. The initial output is being utilised to surface the quarry ends of two roads leading from the quarry to the continuing REA Kaltim sub-group's estates. These roads (of which one leads east and then south and the other west and then south) pass through a number of mining and forestry concession areas. Easements have been agreed with the holders of the relevant concessions for use of the eastern road for trucking stone and it is expected that further

easements will be finalised in the near future for use of the western road for the same purpose. This will permit delivery of crushed stone to potential customers in the vicinity. Memoranda of understanding have been agreed with several potential customers regarding their prospective offtake of stone and it is expected that commercial sales of stone will begin early in 2024.

The position regarding ATP's subsidiary, PT Indo Pancadasa Agrotama ("**IPA**"), which holds a coal concession adjacent to the town of Kota Bangun in East Kalimantan, is less satisfactory. Prices for the semi-soft and high calorie thermal coal that IPA is able to mine fell substantially between April and June 2023 and have not recovered. As a result, IPA largely suspended mining operations from July 2023. It is continuing to sell stockpiled coal and should be well placed to resume mining should the markets for its coal products recover.

Meanwhile arrangements to permit exploitation of the quartz sand deposits in the overburden overlaying the IPA coal are evolving. Although this sand lies physically within the same area as the IPA coal, the rights to mine the sand are held by a separate company, PT Millenia Coalindo Utama ("**MCU**"). MCU is in the final stages of obtaining the substantive licences required to exercise the mining rights.

IPA's coal mining contractor has been appointed by MCU to mine the MCU sand on terms similar to those that applied to the contractor's mining of coal at IPA. Pursuant to such terms, the contractor will fund all further necessary expenditure on infrastructure, land compensation and mobilisation (such expenditure to be reimbursed on an agreed basis from the proceeds of future sand sales) and the profit contribution from MCU sand sales (representing the excess of the net proceeds of such sales over the direct costs) will be shared between MCU and the contractor in the approximate proportion 70:30. MCU is currently discussing volumes and prices for sand offtake with prospective customers. Concurrently, the contractor is arranging to install a sand washing plant. Once installation is complete, sand production should commence in the first half of 2024.

The company's current financial interest in ATP and IPA is represented by loans made by the company to ATP and IPA. Pursuant to arrangements stemming from agreements made in 2008, it was intended that the company, through its wholly owned UK subsidiary KCC Resources Limited ("**KCC**"), would acquire a 95 per cent equity interest in ATP but the group has not to-date done so because subsequent changes in Indonesian regulatory requirements relating to foreign ownership of mining assets prevented this. Following recent further changes in such regulatory requirements, the company has initiated discussions with the current owner of ATP with a view to achieving a formal right to participate in the equity of ATP. Meanwhile, where surplus cash accrues to ATP and IPA, all such cash will continue to be applied in servicing these companies' loans from the company. However, for 2023, with the suspension of coal production and the need to finance the start-up of the stone quarry, there was no such surplus cash and the company was obliged to increase its loans to ATP.

Once MCU has formally acquired all of the substantive licences required for the exercise the sand mining rights, pursuant to the terms of the joint venture agreement between KCC and the current shareholders in MCU, KCC will proceed to subscribe a 49 per cent interest in the enlarged share capital of MCU.

Environmental, social and governance

Each year the group participates in the Sustainable Palm Oil Transparency Toolkit assessment by the Zoological Society of London which assesses palm oil producers, processors and traders on their disclosures regarding their organisation, policies and practices with respect to environmental, social and governance matters. In the 2023 assessment, published in November 2023, the company's score increased from 87.0 per cent to 88.7 per cent, compared with an average score of 47.2 per cent, ranking the group 12th out of the 100 palm oil companies assessed.

Financing

During 2023, the group continued to make repayments of its loans from Bank Mandiri in accordance with the terms of the loans. The repayments were principally funded by running down the group's cash balances while the group used its operational cash flows to invest in its business.

Debt and cash were increased in November 2023 upon receipt by REA Kaltim of the pre-closing loan.

As a result, the composition of the group's net indebtedness at 31 December 2023 was as follows:

	\$'000
Dollar notes ⁽¹⁾	26,572
Sterling notes ⁽²⁾	40,501
Loans from the DSN group	24,125
Indonesian term bank loans ⁽³⁾	102,626
Drawings under short term (working capital) bank facilities	2,919
	<hr/> 196,743
Cash and cash equivalents	(8,123)
	<hr/> <hr/> 188,620

⁽¹⁾ There are \$27.0 million nominal of dollar notes in issue. \$26.6 million is such nominal amount less the amortised costs of issue of the dollar notes

⁽²⁾ There are £30.9 million (\$39.3 million) nominal of sterling notes in issue. \$40.5 million is such dollar amount less the amortised costs of issue of the sterling notes, plus \$1.4 million being the amount accrued as at 31 December 2023 in respect of the premium payable on redemption of the sterling notes

⁽³⁾ Net of the fees and expenses amortised over the expected life of the loans

As noted under "Effects of the proposals" on pages 18 to 20 above, the proposals would result in a substantial reduction in the group's net indebtedness. On the pro-forma basis detailed in Part VII (*Unaudited pro-forma financial information*), the group's debt / equity ratio would fall from 77 per cent to 42 per cent.

The sterling notes fall due for repayment at 104 per cent of par on 31 August 2025. As noted above, an object of the proposals is to provide the major part of the cash resources needed to meet this repayment.

Reorganisation

Until recently Indonesian regulations required that all foreign controlled Indonesian companies engaged in oil palm cultivation were owned as to not less than 5 per cent by local investors. These regulations were changed in 2021. Accordingly, in order to simplify the structure of the group (and thereby reduce administrative costs), during the fourth quarter of 2023 and January 2024, (i) REA Kaltim acquired the 5 per cent interests in SYB and KMS not already owned by REA Kaltim and (ii) SYB acquired the 5 per cent interest in PU not already owned by SYB. All subsidiaries of REA Kaltim are now wholly owned.

Both KKS and PBJ2 were originally acquired with a view to expanding the group's land bank. However, the group proved unable to complete the titling of the land allocations potentially available to these two companies. In the case of KKS, this was because KKS's land allocation was conditional on rezoning of land use and such rezoning (although originally expected) did not occur. In the case of PBJ2, mining rights, overlapping the prospective PBJ2 land, precluded completion of full titling of this land.

Some 77 hectares of land held by PBJ2 was planted before the extent of the land titling problem at PBJ2 became clear. Whilst it is unlikely that the rights to cultivate this area will be disputed if the area is locally owned, given the sensitivities of foreign land ownership in Indonesia, this may not be the case if PBJ2 remained under ultimate foreign ownership. Accordingly, DSN and the company agreed that PBJ2 was best sold and that, given the potential saving in administrative costs that could be achieved by divesting both KKS and PBJ2, it would be sensible to dispose of PBJ2 by selling its immediate parent company, KKS. The sale of KKS was completed during the fourth quarter of 2023.

The financial terms on which the reorganisation was effected are detailed in note 2 to pro-forma statement A in Part VII of this document (*Unaudited proforma financial information*) and the impact of the reorganisation on the group is illustrated in the column of pro-forma statement A headed "Effect of the reorganisation".

Preference dividends

The dividend falling due on the preference shares on 31 December 2023 was not paid, bringing the aggregate arrears of dividend on the preference shares to 11.5p per preference share. Subject to the

proposed DSN subscription being completed, the directors intend to resolve that such arrears of dividend be paid in full on 8 April 2024.

Working capital

The company is of the opinion that, taking account of available facilities, existing cash resources and the proceeds of the proposed DSN subscription, the working capital available to the continuing group is sufficient for its present requirements, that is for at least the twelve months following the date of this document.

Importance of the vote

Your attention is drawn to the fact that the proposals are conditional and dependent upon, amongst other things, the resolution to be proposed at the general meeting of the company convened for 12 February 2024 being passed.

Shareholders are asked to vote in favour of the resolution to enable the proposals to proceed. If the resolution is not passed by shareholders, the proposals cannot be completed. In particular neither the proposed DSN subscription nor the potential sale of CDM could proceed and the group would receive neither the proceeds from such subscription nor the value from such sale.

Current debt position

At 31 December 2023, the group had net indebtedness of \$188.6 million as detailed under "Financing" in "Current trading and trends" on pages 22 and 23 above. Of this indebtedness, Rp 37 billion (\$2.4 million) of Indonesian term bank loans has been repaid since 31 December 2023 and a further Rp 245 billion (\$15.9 million) of such loans, together with \$11.4 million of loans owed by REA Kaltim to the DSN group, is currently repayable during the twelve-month period from the date of publication of this document.

The proposed DSN subscription is expected to raise proceeds of approximately \$52 million (before estimated expenses of approximately \$1 million). If the potential sale of CDM is completed, the sale is expected to result in a return of value to the group (in a combination of cash and debt reduction) of approximately \$26 million. Such proceeds and return of value would provide the continuing group with additional liquidity to assist its continuance as a going concern, to strengthen its balance sheet, to fund the payment of the arrears of dividends on the preference shares and to fund the major part of the repayment of the sterling notes in 2025.

Consequences of the shareholders voting against the resolution and the proposals failing to complete

If the resolution is not passed, the proposals will not proceed and the group will not receive any proceeds or return of value.

The directors believe that even if the proposals do not proceed but the group's results continue to be in line with the base case scenario envisaged by the directors in connection with the proposals, taking account of available facilities and existing cash, the group would still nevertheless have sufficient liquidity headroom throughout at least the twelve-month period from the date of publication of this document.

However, if the proposed DSN subscription and the potential sale of CDM do not proceed and the reasonable worst-case scenario envisaged by the directors in connection with the proposals were to occur, without the DSN group agreeing to an extension of the due date for the repayment of the pre-closing loan or the successful execution of the wider mitigating actions as described below, the liquidity of the group would be insufficient, by some \$6 million, to meet the repayment of the pre-closing loan that would fall due by 14 July 2024. This is due in part to the fact that the group's crops and therefore the group's sales revenues are almost always weighted to the second half of each year but upkeep, overheads, financing and other fixed costs are spread evenly over the year. As a result, early July is normally a cash low point for the group.

The directors are confident that they would be able to anticipate the occurrence of the prospective liquidity shortfall modelled within the reasonable worst-case scenario, and that the group would be able to undertake sufficient mitigating actions to avoid such shortfall. Such mitigating actions would be likely

to comprise, in the first instance, entering into negotiations with DSN with the aim of seeking an extension to the repayment of the pre-closing loan, reductions in discretionary and capital expenditure and requests for additional pre-sale advances from customers. Such actions could be followed by capital raising transactions, such as the disposal of assets or interests in subsidiaries, and/or the group could also look to enter into negotiations with Bank Mandiri as lenders to the group and/or explore an equity capital raising.

Decisions to reduce discretionary and capital expenditure are within the control of the group. The group maintains good relations with its customers, Bank Mandiri and DSN and has previously successfully secured, as respects its customers, pre-sale advances on short notice and, as respects Bank Mandiri and DSN, amendments and/or waivers of loan terms and/or the extension of time periods. However, there can be no guarantee that any of the mitigating actions outlined above could be executed successfully or that the mitigating actions taken would achieve their desired effects. Moreover, the implementation of any of the mitigating actions described above would be likely to restrict, to greater and lesser degrees of materiality, the ability of the directors to implement their strategy for the group.

Were REA Kaltim to default on its obligation to repay the pre-closing loan, this would immediately entitle the DSN group to call the guarantee given by the company in respect of the pre-closing loan. Furthermore, a default by REA Kaltim on its obligation to repay the pre-closing loan would constitute an event of default in respect of REA Kaltim's borrowings from Bank Mandiri, thus entitling Bank Mandiri to declare such borrowings immediately due and payable (in the aggregate principal amount of \$59.5 million). Were REA Kaltim to default on its obligation to repay Bank Mandiri, this would immediately entitle Bank Mandiri to call the guarantee given by the company in respect of the borrowings. If the company were to default on either or both of such calls and the DSN group and/or Bank Mandiri were to take steps to enforce the guarantee(s), or the company were otherwise to be deemed unable to pay its debts, this would constitute an event of default in respect of both the dollar notes and the sterling notes, entitling the trustees of those notes to declare the notes immediately due and payable (in the respective aggregate principal amounts of \$27.0 million and £32.1 million). Whilst the directors cannot know whether, or within what timeframe, any such calls or declarations would be made, it must nevertheless be assumed that in such a scenario the company would likely become subject to insolvency proceedings and shareholders would be at risk of losing all or a substantial portion of their investment.

Further details as regards REA Kaltim's borrowings from Bank Mandiri, the company's guarantee in respect of the same, the dollar notes and the sterling notes are set out under "Material contracts" in paragraph 7.1 of Part IX of this document (*Additional information*).

Conclusion

In conclusion, if the proposals were not to proceed, there can be no assurance that the group would have sufficient working capital and thus avoid a shortfall in its liquidity, nor that the group would be successful in implementing any of the mitigating actions described above and, even where these are implemented successfully, there can be no guarantee that these mitigating actions would be sufficient to resolve the liquidity shortfall.

Accordingly, the directors believe that the successful completion of the proposals is in the best interests of its shareholders as a whole. Therefore, it is important that all shareholders vote in favour of the resolution so that, assuming the other conditions to the proposals are satisfied, the proposals may proceed.

Class 1 transaction and related party transaction

Due to the size of the proposals when compared with the company as determined by the class tests under the Listing Rules, the proposals are classified under the Listing Rules as a class 1 transaction and therefore require the approval of shareholders pursuant to Chapter 10 of the Listing Rules.

Furthermore, for the purposes of the Listing Rules, DSN is a related party of the company by virtue of DSN being entitled to exercise more than 10 per cent of the votes cast at a general meeting of REA Kaltim. Therefore, the proposals are also classified as a related party transaction under Chapter 11 of the Listing Rules. As such, the approval of shareholders is also required pursuant to Chapter 11 of the Listing Rules.

DSN has confirmed to the company that neither DSN nor any of its associates is a shareholder in the company. DSN has also undertaken to the company that if, prior to the date of the general meeting of the company convened for the purposes of seeking shareholder approval for the proposals, DSN or any of its associates should come to hold any shares in the company, DSN will not vote at the meeting and will take all reasonable steps to ensure that its associates do not vote at the meeting.

General meeting

A notice convening a general meeting of the company for 11.00 a.m. on 12 February 2024, to be held at the London offices of the company's solicitors, Ashurst LLP, at London Fruit and Wool Exchange, 1 Duval Square, London E1 6PW, is set out at the end of this document. The purpose of the general meeting is to seek shareholder approval, by way of an ordinary resolution, for the proposals.

As at the date of this document, and the date of the notice convening the general meeting of the company for 12 February 2024, dividends payable to holders of the preference shares have been in arrear for a period of more than six months. Accordingly, in addition to the holders of the ordinary shares, the holders of the preference shares are entitled to attend and vote at the general meeting. In accordance with Listing Rule 9.2.22G, the FCA has granted the company a waiver of the requirements of Listing Rule 9.2.21R(1) in connection with the holders of the preference shares attending and voting at the general meeting.

Shareholders will note that the general meeting is being called on less than 21 clear days' notice, the authority for which was granted to the company at its annual general meeting held on 8 June 2023. At the time, the directors stated that, whilst they believed that it was sensible to have the flexibility that the authority conferred, the flexibility would not be used as a matter of routine but only where use of the shorter notice period was merited by the business of the meeting and was thought to be to the advantage of shareholders as a whole. The directors believe that the use of the authority is merited by the business of the general meeting convened for the purposes of seeking shareholder approval, by way of an ordinary resolution, for the proposals and that calling the general meeting on 14 clear days' notice is to the advantage of shareholders as a whole.

Action to be taken

Please vote on the resolution to be proposed at the general meeting. If you cannot attend and vote at the meeting in person, please vote by proxy. A form of proxy for use in connection with the meeting is enclosed with this document.

Whether or not they intend to attend the general meeting in person, all shareholders are urged to complete the enclosed form of proxy and to return the same to Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS99 6ZY as soon as possible but in any event so as to arrive by not later than 11.00 a.m. on 8 February 2024, or to appoint a proxy electronically in accordance with the procedures explained in the notes to the notice of the general meeting. Neither the return of a form of proxy nor the electronic appointment of a proxy will prevent a shareholder from attending the meeting and voting in person if he or she should so wish.

Risk factors

Shareholders should consider the risk factors set out in Part II of this document (*Risk factors*).

Further information

The attention of shareholders is drawn to the further information contained in Part II (*Risk factors*), Part III (*Presentation of information*), Part IV (*Financial information relating to the continuing REA Kaltim sub-group*), Part V (*Financial information relating to CDM*), Part VI (*Financial information relating to PU*); Part VII (*Unaudited pro-forma financial information*), Part VIII (*Summary of the principal terms of the share subscription agreement*) and Part IX (*Additional information*) of this document. Shareholders are advised to read the whole of this document and not to rely solely on the information contained in this letter.

Recommendation

The board, who has been so advised by Rothschild & Co in its capacity as the company's sponsor, considers that the proposals are fair and reasonable as far as the shareholders of the company are

concerned. In providing advice to the board, Rothschild & Co has taken into account the board's commercial assessment of the proposals.

The board also considers that the proposals are in the best interests of the company and its shareholders as a whole.

Accordingly, the board recommends that all shareholders vote in favour of the resolution set out in the notice of the general meeting of the company convened for 12 February 2024 as the directors intend to do in respect of their own holdings comprising 705,140 ordinary shares and 344,665 preference shares (representing 0.91 per cent of the voting share capital of the company). Richard Robinow also intends to vote in favour of the resolution in respect of the 24,167 ordinary shares (representing 0.02 per cent of the voting share capital of the company) held by him as trustee.

Emba Holdings Limited has confirmed that it intends to vote in favour of the resolution in respect of its holding of 13,022,420 ordinary shares (representing 11.24 per cent of the voting share capital of the company). Unitbuckle Limited has also confirmed that it intends to vote in favour of the resolution in respect of its holding of 100,000 preference shares (representing 0.09 per cent of the voting share capital of the company).

Yours faithfully

David J Blakett
Chairman

PART II – RISK FACTORS

Prior to making any decision as to how to vote on the resolution, shareholders should carefully consider, together with all other information included in this document, the specific factors and risks described below. The board believes these to be the known material risk factors relating to the proposals. The information given is as of the date of this document and, except as required by the Financial Conduct Authority, the London Stock Exchange, the Listing Rules, or any other applicable law, will not be updated. Shareholders should consider carefully the risks and uncertainties described below, together with all other information contained in this document.

The factors and risks described below relate only to the proposals; they do not relate to the group's business generally.

There may be other risks of which the board is not aware or which it believes to be immaterial which may, in the future, be connected to the proposals (or any one of them) and have a material and adverse effect on the business, financial condition, results of operations or future prospects of the continuing group.

Any forward looking statements contained herein are made subject to the reservations specified under "Forward looking statements" in paragraph 2 of Part III of this document (Presentation of information).

Risks relating to the proposals not completing

Completion of the proposals is not guaranteed

Each of the proposals is conditional upon shareholder approval and the formal approval of Bank Mandiri. In addition:

- the proposed DSN subscription is also conditional upon the reclassification of the existing class A shares and class B shares in the capital of REA Kaltim (issued and unissued) into ordinary shares of one class, and such reclassification being duly approved by the Ministry of Law and Human Rights of the Republic of Indonesia;
- the potential sale of CDM is also, in practice, conditional upon (i) DSN completing its due diligence exercise as regards CDM to DSN's satisfaction and exercising the priority right and (ii) the company and DSN agreeing the definitive transaction documents necessary to effect the sale of CDM to the DSN group; and
- the proposed intra-group sale and purchase of PU is also conditional upon the receipt of all necessary regulatory approvals and consents required under Indonesian law.

If shareholder approval and the formal approval of Bank Mandiri are not received or if DSN does not exercise its priority right by 30 April 2024 or the company and DSN are unable to agree the definitive transaction documents, the potential sale of CDM will not proceed. Furthermore, if the potential sale of CDM has not completed by 31 May 2024 (or such later date as the company and DSN may agree), then the priority right and any sale and purchase agreement entered into pursuant thereto will lapse and the potential sale of CDM will not complete.

If shareholder approval and the formal approval of Bank Mandiri are not received by 30 June 2024 (or such later date as the company and DSN may agree) and/or if the reclassification of the existing class A shares and class B shares in the capital of REA Kaltim into ordinary shares of one class has not been effected by June 2024 (or such later date as aforesaid), then DSN (or the company) may terminate the share subscription agreement and the proposed DSN subscription will not complete.

If shareholder approval and the formal approval of Bank Mandiri are not received by 31 December 2024, the consent of AP and SWA to the proposed intra-group sale and purchase of PU (which is required under

the existing joint venture agreement relating to REA Kaltim and has been given under the share subscription agreement) will lapse and it may not be possible to complete such sale and purchase.

A liquidity and/or financing shortfall may occur

If the proposed DSN subscription and the potential sale of CDM do not proceed and the reasonable worst-case scenario envisaged by the directors in connection with the proposals were to occur, without the DSN group agreeing to an extension of the due date for the repayment of the pre-closing loan or the successful execution of the wider mitigating actions as described below, the liquidity of the group would be insufficient, by some \$6 million, to meet the repayment of the pre-closing loan that would fall due on 14 July 2024. This is due in part to the fact that the group's crops and therefore the group's sales revenues are almost always weighted to the second half of each year but upkeep, overheads, financing and other fixed costs are spread evenly over the year. As a result, early July is normally a cash low point for the group.

The directors are confident that they would be able to anticipate the occurrence of the prospective liquidity shortfall modelled within the reasonable worst-case scenario, and that the group would be able to undertake sufficient mitigating actions to avoid such shortfall. Such mitigating actions would be likely to comprise, in the first instance, entering into negotiations with DSN with the aim of seeking an extension to the repayment of the pre-closing loan, reductions in discretionary and capital expenditure and requests for additional pre-sale advances from customers. Such actions could be followed by capital raising transactions, such as the disposal of assets or interests in subsidiaries, and/or the group could also look to enter into negotiations with Bank Mandiri as lenders to the group and/or explore an equity capital raising.

Decisions to reduce discretionary and capital expenditure are within the control of the group. The group maintains good relations with its customers, Bank Mandiri and DSN and has previously successfully secured, as respects its customers, pre-sale advances on short notice and, as respects Bank Mandiri and DSN, amendments and/or waivers of loan terms and/or the extension of time periods. However, there can be no guarantee that any of the mitigating actions outlined above could be executed successfully or that the mitigating actions taken would achieve their desired effects. Moreover, the implementation of any of the mitigating actions described above would be likely to restrict, to greater and lesser degrees of materiality, the ability of the directors to implement their strategy for the group.

Were REA Kaltim to default on its obligation to repay the pre-closing loan, this would immediately entitle the DSN group to call the guarantee given by the company in respect of the pre-closing loan. Furthermore, a default by REA Kaltim on its obligation to repay the pre-closing loan would constitute an event of default in respect of REA Kaltim's borrowings from Bank Mandiri, thus entitling Bank Mandiri to declare such borrowings immediately due and payable (in the aggregate principal amount of \$59.5 million). Were REA Kaltim to default on its obligation to repay Bank Mandiri, this would immediately entitle Bank Mandiri to call the guarantee given by the company in respect of the borrowings. If the company were to default on either or both of such calls and the DSN group and/or Bank Mandiri were to take steps to enforce the guarantee(s), or the company were otherwise to be deemed unable to pay its debts, this would constitute an event of default in respect of both the dollar notes and the sterling notes, entitling the trustees of those notes to declare the notes immediately due and payable (in the respective aggregate principal amounts of \$27.0 million and £32.1 million). Whilst the directors cannot know whether, or within what timeframe, any such calls or declarations would be made, it must nevertheless be assumed that in such a scenario the company would likely become subject to insolvency proceedings and shareholders would be at risk of losing all or a substantial portion of their investment.

A partial completion of the proposals may not fully resolve the potential issues noted above

It is unlikely that the potential sale of CDM is completed and the proposed DSN subscription is not completed. Nevertheless, should this happen, the risk of a group liquidity shortfall in the twelve months following the date of this document would be much reduced from the shortfall were neither of these two proposals to complete. However, the value realised as a result of the sale of CDM would, on its own, be insufficient to assure the group's ability to meet the repayment due on the sterling notes in August 2025 without further actions to strengthen the group's finances.

There can be no guarantee that an alternative transaction for CDM can be agreed, nor that the terms of any alternative transaction will be equivalent or better than the current proposal

If the potential sale of CDM does not proceed, the company intends, for the reasons set out in "Reasons for the proposals" in Part I of this document (*Letter from the chairman of R.E.A. Holdings plc*), to pursue a sale of CDM to an unrelated third-party buyer. While the directors are of the view that they would be able to identify another buyer for CDM, there can be no guarantee that negotiations with such a buyer would successfully lead to an agreed transaction nor that any transaction agreed would be at better or equivalent terms to the current proposal. Furthermore, any such process would likely take up material management time and attention, which would reduce that available for other initiatives and the wider management of the group.

Risks if the proposed DSN subscription is completed

Liability may arise under the warranties and indemnities given by Makassar (and guaranteed by the company) under the share subscription agreement

Under the share subscription agreement, Makassar has given warranties and indemnities to AP relating to REA Kaltim and its subsidiaries.

The company has endeavoured to ensure that such warranties are true and accurate, but there can be no certainty that circumstances will not come to light that may give rise to a successful claim against REA Kaltim for breach of warranty.

The company believes that the potential liability accepted by Makassar under the indemnities given by it was reasonable in the circumstances of the transaction. However, again there can be no certainty that circumstances will not come to light, or events will not arise, which may give rise to a greater than anticipated liability on the part of Makassar under the indemnities.

If a successful claim for breach of warranty or under the indemnities were to be made against Makassar, this would result in financial loss to the continuing group albeit the aggregate liability of Makassar in respect of such claims is capped at the aggregate subscription price payable by AP for the new shares in REA Kaltim.

Increased minority protection rights in favour of AP and SWA

Under the share subscription agreement, it has been agreed that the parties will, at completion of the proposed DSN subscription, enter into an amended and restated joint venture agreement relating to REA Kaltim, amending in particular the "reserved matters" that require the prior approval of AP and SWA as non-controlling shareholders. Such amendments may adversely affect business decisions that can be taken by REA Kaltim, albeit that in exercising their rights AP and SWA will be obliged to act in good faith in the best interests of REA Kaltim and its subsidiaries as a whole.

Risks if the potential sale of CDM is completed

Liability may arise under warranties and indemnities to be given by REA Kaltim under the sale and purchase agreement

It should be expected that under the agreement for the sale and purchase of CDM to be agreed with DSN (the "SPA"), REA Kaltim will give warranties and indemnities relating to CDM.

REA Kaltim will endeavour to ensure that fair disclosure is made against all warranties, that any potential liability accepted by REA Kaltim under indemnities is reasonable in the circumstances of the proposed transaction and that the potential liability of REA Kaltim is subject to standard limitations on liability (including an aggregate cap on REA Kaltim's liability). However, there can be no certainty that circumstances will not come to light, or events will not arise, which may give rise to an unexpected successful warranty or indemnity claim against REA Kaltim

The continuing group may become exposed to concentration risk

Following completion of the potential sale of CDM, the continuing group's agricultural operations will be more concentrated within one area in East Kalimantan. Whilst this has certain benefits, it may also

increase the potential negative impact of the continuing group's normal risks of adverse climatic factors, pests and diseases, disruption to river transportation facilities and a breakdown in relations between the continuing group and local communities, all of which may have an adverse effect on the revenues of the continuing group.

Risks if all the proposals are completed

The continuing group may be unable to realise perceived benefits

The board believes that the proposals will benefit the continuing group by leaving the continuing group with plantation assets which are geographically more concentrated and the company with full ownership of PU. This should permit economies of operation and consequently cost savings and allow the company to enjoy the whole of any profit that can be realised from the development of PU's land bank. However, there can be no guarantee that the continuing group will derive these perceived benefits. The inability to realise the perceived benefits could have an adverse impact on the financial condition and results of the continuing group.

PART III – PRESENTATION OF INFORMATION

1. No profit forecast

No statement in this document is intended to constitute a profit forecast or profit estimate for any period, nor should any statement be interpreted to mean that earnings or earnings per share will necessarily be greater or less than those for preceding financial periods.

2. Forward looking statements

Certain statements contained in this document, including those set out in Part II (*Risk factors*), constitute "forward looking statements". In some cases, these forward looking statements can be identified by the use of forward looking terminology, including the terms "believes", "estimates", "plans", "prepares", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. Such forward looking statements are based on assumptions regarding the group's present and future business strategies and the environment in which the group will operate in the future. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such risks, uncertainties and other factors include those set out in Part II of this document (*Risk factors*) and, among others: general economic and business conditions, industry trends, competition, changes in government regulation, economic downturn and the group's ability to implement expansion plans. These forward looking statements speak only as at the date of this document. Except as required by the Listing Rules, the Prospectus Regulation Rules or the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, applicable law or relevant regulation, the company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this document to reflect any change in the company's expectations with regard thereto or any change in events, conditions or circumstances upon which any such statement is based.

This statement does not seek to qualify any of the provisions of the paragraphs headed "Working capital" and "Importance of the vote" on page 24 and pages 24 and 25 respectively of Part I of this document (*Letter from the chairman of R.E.A. Holdings plc*).

3. Exchange rates

References in this document to dollar amounts that have been converted from:

- (a) rupiah to dollars have been converted at the rate extrapolated from the Foreign Exchange Reference Rate – Jakarta Spot Dollar Middle Rate published by Bank Indonesia as being the rate for the relevant date; and
- (b) sterling to dollars have been converted at the rate extrapolated from the Daily Spot Rate published by the Bank of England as being the rate for dollars against sterling for the relevant date.

4. Dates and times

Certain dates and times referred to in this document (and, in particular, dates and times referred to as "expected") may be subject to change. In the event of a material change to a date or time, the company will announce the same by way of an announcement through a regulatory news service. Unless otherwise specifically stated, any reference to time is to Universal Coordinated Time.

PART IV – FINANCIAL INFORMATION RELATING TO THE CONTINUING REA KALTIM SUB-GROUP

This Part IV (*Financial information relating to the continuing REA Kaltim sub-group*) sets out summary financial information for the continuing REA Kaltim sub-group and has been extracted (without material adjustment) from the consolidation schedules that underlie the audited consolidated financial statements of the company as at and for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and the unaudited condensed consolidated financial statements for the six months ended 30 June 2023.

The financial information has been prepared in accordance with the IFRS accounting policies adopted in the 2022 annual financial statements. The information has not been audited and does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006.

The consolidated financial statements of the company as at and for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 were audited by MHA, a member firm registered with the Institute of Chartered Accountants of England and Wales and have been delivered to the registrar of Companies in England and Wales. The auditor's reports on those statements were unqualified and did not contain any statements under section 498(2) or (3) of the Companies Act 2006.

Shareholders should read the whole of this document and not rely solely on the information contained in this Part IV (*Financial information relating to the continuing REA Kaltim sub-group*).

Income statement for each of the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and the six months ended 30 June 2023

	Year to 31 December 2020 \$'000	Year to 31 December 2021 \$'000	Year to 31 December 2022 \$'000	6 months to 30 June 2023 \$'000
Revenue	136,791	187,553	204,008	69,781
Net gain / (loss) arising from changes in fair value of biological assets	181	1,071	(292)	(331)
Cost of sales	(106,167)	(124,598)	(141,727)	(56,496)
Gross profit	30,805	64,026	61,989	12,954
Distribution costs	(2,835)	(614)	(2,009)	(463)
Administrative expenses	(14,905)	(12,685)	(15,354)	(9,125)
Operating profit	13,065	50,727	44,626	3,366
Investment revenues	248	396	1,401	383
Impairments and similar charges	(663)	–	–	–
Other gains and losses	1,744	1,120	10,358	(5,231)
Finance costs	(19,777)	(19,413)	(16,564)	(7,254)
(Loss) / profit before tax	(5,383)	32,830	39,821	(8,736)
Tax	3,873	(13,829)	(6,850)	2,609
(Loss) / profit for the period	(1,510)	19,001	32,971	(6,127)

Balance sheets as at 31 December 2022 and 30 June 2023

	31 December 2022 \$'000	30 June 2023 \$'000
Non-current assets		
Goodwill	–	–
Intangible assets	1,836	1,666
Property, plant and equipment	305,040	295,864
Land	27,123	27,622
Financial assets	16,802	18,750
Investments in group companies (CDM and PU)	53,900	58,775
Deferred tax assets	2,061	1,943
Non-current receivables	22	22
Total non-current assets	406,784	404,642
Current assets		
Inventories	24,829	26,523
Biological assets	3,669	3,339
Trade and other receivables	29,034	32,080
Current tax asset	–	1,558
Cash and cash equivalents	19,949	11,561
Total current assets	77,481	75,061
Total assets	484,265	479,703
Current liabilities		
Trade and other payables	(37,657)	(29,089)
Current tax liabilities	(1,462)	(1,394)
Bank loans	(16,390)	(23,635)
Other loans and payables	(4,015)	(14,185)
Total current liabilities	(59,524)	(68,303)
Non-current liabilities		
Trade and other payables	(9,758)	(9,293)
Bank loans	(100,730)	(98,139)
Loan from the DSN group	(4,878)	(4,878)
Loan from the company	(27,643)	(27,641)
Loan from CDM	(42,732)	(43,604)
Deferred tax liabilities	(38,762)	(34,546)
Other loans and payables	(14,014)	(13,202)
Total non-current liabilities	(238,517)	(231,303)
Total liabilities	(298,041)	(299,606)
Net assets	186,224	180,097
Equity		
Share capital	27,530	27,530
Share premium account	71,978	71,978
Translation reserve	(7,008)	(7,008)
Retained earnings	93,991	88,017
	186,491	180,517
Non-controlling interests	(267)	(420)
Total equity	186,224	180,097

* Investments are shown at cost as per REA Kaltim local accounts

PART V – FINANCIAL INFORMATION RELATING TO CDM

This Part V (*Financial information relating to CDM*) sets out summary financial information for CDM and has been extracted (without material adjustment) from the consolidation schedules that underlie the audited consolidated financial statements of the company as at and for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and the unaudited condensed consolidated financial statements as at and for the six months ended 30 June 2023.

The financial information has been prepared in accordance with the IFRS accounting policies adopted in the 2022 annual financial statements. The information has not been audited and does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006.

The consolidated financial statements of the company as at and for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 were audited by MHA, a member firm registered with the Institute of Chartered Accountants of England and Wales and have been delivered to the registrar of Companies in England and Wales. The auditor's reports on those statements were unqualified and did not contain any statements under section 498(2) or (3) of the Companies Act 2006.

Shareholders should read the whole of this document and not rely solely on the information contained in this Part V (*Financial information relating to CDM*)

Income statement for each of the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and the six months ended 30 June 2023

	Year to 31 December 2020	Year to 31 December 2021	Year to 31 December 2022	6 months to 30 June 2023
	\$'000	\$'000	\$'000	\$'000
Revenue	2,298	4,361	4,124	3,721
Net gain / (loss) arising from changes in fair value of biological assets	7	123	47	(107)
Cost of sales	(4,531)	(4,872)	(5,718)	(4,568)
Gross loss	(2,226)	(388)	(1,547)	(954)
Distribution costs	–	(1)	(2)	(7)
Administrative expenses	(361)	(479)	(1,067)	(679)
Operating loss	(2,587)	(868)	(2,616)	(1,640)
Investment revenues	2	5	6	9
Impairments and similar charges	(6,203)	–	–	–
Other losses and gains	(372)	(558)	(241)	199
Finance costs	(871)	(616)	(2,356)	(2,468)
Loss before tax	(10,031)	(2,037)	(5,207)	(3,900)
Tax	2,107	(1,934)	(364)	685
Loss for the period	(7,924)	(3,971)	(5,571)	(3,215)

Balance sheets as at 31 December 2022 and 30 June 2023

	31 December 2022	30 June 2023
	\$'000	\$'000
Non-current assets		
Property, plant and equipment	47,571	46,606
Land	4,045	4,045
Financial assets	1,294	1,350
Deferred tax assets	52	792
Total non-current assets	52,962	52,793
Current assets		
Inventories	2,591	1,405
Biological assets	239	132
Loan to REA Kaltim	43,615	43,604
Trade and other receivables	1,549	1,247
Current tax asset	188	305
Cash and cash equivalents	986	179
Total current assets	49,168	46,872
Total assets	102,130	99,665
Current liabilities		
Trade and other payables	(647)	(1,267)
Other loans and payables	(153)	(160)
Total current liabilities	(800)	(1,427)
Non-current liabilities		
Loan from the DSN group	(10,641)	(10,641)
Loan from REA Services	(60,297)	(60,297)
Unamortised loan expenses	215	185
Deferred tax liabilities	(5,690)	(5,744)
Other loans and payables	(296)	(335)
Total non-current liabilities	(76,709)	(76,832)
Total liabilities	(77,509)	(78,259)
Net assets	24,621	21,406
Equity		
Share capital	42,936	42,936
Retained earnings	(18,315)	(21,530)
	24,621	21,406
Non-controlling interests	–	–
Total equity	24,621	21,406

PART VI – FINANCIAL INFORMATION RELATING TO PU

This Part VI (*Financial information relating to PU*) sets out summary financial information for PU and has been extracted (without material adjustment) from the consolidation schedules that underlie the audited consolidated financial statements of the company as at and for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and the unaudited condensed consolidated financial statements as at and for the six months ended 30 June 2023.

The financial information has been prepared in accordance with the IFRS accounting policies adopted in the 2022 annual financial statements. The information has not been audited and does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006.

The consolidated financial statements of the company as at and for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 were audited by MHA, a member firm registered with the Institute of Chartered Accountants of England and Wales and have been delivered to the registrar of Companies in England and Wales. The auditor's reports on those statements were unqualified and did not contain any statements under section 498(2) or (3) of the Companies Act 2006.

Shareholders should read the whole of this document and not rely solely on the information contained in this Part VI (*Financial information relating to PU*).

Income statement for each of the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and the six months ended 30 June 2023

	Year to 31 December 2020 \$'000	Year to 31 December 2021 \$'000	Year to 31 December 2022 \$'000	6 months to 30 June 2023 \$'000
Revenue	–	–	–	–
Gross profit	–	–	–	–
Administrative expenses	(4)	2	14	54
Operating (loss) / profit	(4)	2	14	54
Other gains	12	16	34	10
Profit before tax	8	18	48	64
Tax	–	(16)	–	(12)
Profit for the period	8	2	48	52

Balance sheets as at 31 December 2022 and 30 June 2023

	31 December 2022	30 June 2023
	\$'000	\$'000
Non-current assets		
Property, plant and equipment	389	1,623
Land	10,247	10,610
Total non-current assets	10,636	12,233
Current assets		
Inventories	8	114
Trade and other receivables	2	177
Total current assets	10	291
Total assets	10,646	12,524
Current liabilities		
Trade and other payables	(151)	(468)
Total current liabilities	(151)	(468)
Non-current liabilities		
Loans from group companies	(1,504)	–
Total non-current liabilities	(1,504)	–
Total liabilities	(1,655)	(468)
Net assets	8,991	12,056
Equity		
Share capital	560	3,573
Translation reserve	(215)	(215)
Retained earnings	8,646	8,698
	8,991	12,056
Non-controlling interests	–	–
Total equity	8,991	12,056

PART VII – UNAUDITED PRO-FORMA FINANCIAL INFORMATION

A. PRO-FORMA FINANCIAL INFORMATION

The unaudited pro-forma financial information set out below has been prepared to illustrate, and to provide commentary on, the effects of the proposals. The pro-forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not represent the group's actual financial position or results.

Shareholders should read the whole of this document and not rely solely on the information contained in this Part VII (*Unaudited pro-forma financial information*).

Basis of preparation

The unaudited pro-forma balance sheets of the group included within the pro-forma financial information have been prepared on the notional basis that the reorganisation and the proposals had completed on 30 June 2023, on the further bases set out in the notes below and in a manner consistent with the accounting policies of the group used in the 2022 annual financial statements in accordance with Annex 20 to the Prospectus Regulation.

Pro-forma statements A and B

Pro-forma statement A illustrates the group's financial position as if the reorganisation, the proposed intra-group sale of PU and proposed DSN subscription are completed but the potential sale of CDM is not completed.

Pro-forma statement B illustrates the group's financial position as if the reorganisation and all of proposed intra-group sale of PU, the proposed DSN subscription and the potential sale of CDM are all completed.

The unaudited pro-forma balance sheets of the group included within the pro-forma financial information do not reflect any trading or other transactions undertaken by the group since 30 June 2023 other than, in the case of pro-forma statement A, the reorganisation, the proposed intra-group sale of PU and the proposed DSN subscription and, in the case of pro-forma statement B, the reorganisation, the proposed intra-group sale of PU, the proposed DSN subscription and the potential sale of CDM.

Pro-forma statement A – Balance sheet of the group assuming the reorganisation, the proposed intra-group sale of PU and the proposed DSN subscription are completed but the potential sale of CDM is not completed

Description	Adjustments					Proforma A as at 30 June 2023
	Group as at 30 June 2023 (Note 1) \$'000	Effect of the reorganisation (Note 2) \$'000	Proposed intra-group sale of PU (Note 3) \$'000	Proposed DSN subscription (Note 4) \$'000	Rebalancing of loans (Note 5) \$'000	
Non-current assets						
Goodwill	12,578					12,578
Intangible assets	1,666					1,666
Property, plant and equipment	345,058	(488)				344,570
Land	45,826					45,826
Financial assets	58,059					58,059
Deferred tax assets	3,614					3,614
Non-current receivables	5,008	(4,986)				22
Total non-current assets	471,809	(5,474)	–	–	–	466,335
Current assets						
Inventories	28,042					28,042
Biological assets	3,471					3,471
Trade and other receivables	34,995	(871)				34,124
Current tax asset	1,558					1,558
Cash and cash equivalents ⁽ⁱ⁾	17,528	(671)		51,919	13,611	82,387
Total current assets	85,594	(1,542)	–	51,919	13,611	149,582
Total assets	557,403	(7,016)	–	51,919	13,611	615,917
Current liabilities						
Trade and other payables	(39,865)	11				(39,854)
Current tax liabilities	(1,803)					(1,803)
Bank loans ⁽ⁱ⁾	(23,635)					(23,635)
Other loans and payables	(6,328)	(500)				(6,828)
Total current liabilities	(71,631)	(489)	–	–	–	(72,120)
Non-current liabilities						
Trade and other payables	(9,292)					(9,292)
Bank loans ⁽ⁱ⁾	(98,139)					(98,139)
Sterling notes ⁽ⁱ⁾	(40,443)					(40,443)
Dollar notes ⁽ⁱ⁾	(26,491)					(26,491)
Loans from the DSN group ⁽ⁱ⁾	(15,519)				(13,611)	(29,130)
Deferred tax liabilities	(40,290)					(40,290)
Other loans and payables	(13,940)					(13,940)
Total non-current liabilities	(244,114)	–	–	–	(13,611)	(257,725)
Total liabilities	(315,745)	(489)	–	–	(13,611)	(329,845)
Net assets ⁽ⁱⁱ⁾	241,658	(7,505)	–	51,919	–	286,072
Equity						
Share capital	133,590					133,590
Share premium account	47,374					47,374
Translation reserve	(24,428)	12				(24,416)
Retained earnings	63,270	(4,803)	1,322	4,439		64,228
	219,806	(4,791)	1,322	4,439	–	220,776
Non-controlling interests	21,852	(2,714)	(1,322)	47,480		65,296
Total equity	241,658	(7,505)	–	51,919	–	286,072
Net debt	(186,699)					(135,451)
Net debt/net assets ratio (net debt/equity ratio)	77%					47%

(i) and (ii) See note 6 below

Pro-forma statement A – Earnings of the group assuming the reorganisation, the proposed intra-group sale of PU and the proposed DSN subscription are completed but the potential sale of CDM is not completed

The reorganisation, the proposed intra-group sale and purchase of PU and the rebalancing of loans should not have any material effect on the future reported profits of the group. The proposed DSN subscription will provide additional equity to REA Kaltim in an amount of approximately \$51.9 million. Assuming an 8 per cent per annum return on this (achieved by way of debt reduction or other equally remunerative deployment), there would be a benefit to annual group profit of \$4.2 million (before tax).

The proposed DSN subscription will dilute the interest of the company in REA Kaltim from 85 per cent to 65 per cent such that, going forward, a reduced proportion of the profits and losses of the continuing REA Kaltim sub-group will be attributable to the company.

Notes relating to pro-forma statement A

1. The balance sheet of the group has been extracted (without material adjustment) from the unaudited consolidated balance sheet of the company as at 30 June 2023 as published in the 2023 half yearly report and note 17 to that balance sheet.
2. The reorganisation adjustments relate to transactions after 30 June 2023 that occurred in the fourth quarter of 2023 and January 2024. The reorganisation comprised (i) the acquisition of the non-controlling interests in KMS, SYB and PU for a total of \$4.5 million, out of which \$3.2 million participation advances to the former non-controlling shareholders were repaid to the group and (ii) the sale of KKS to a third party for \$0.6 million resulting in (A) the removal of the value of the assets and liabilities of KKS and PBJ2 from the group consolidation (such the assets and liabilities having a net value of \$0.6 million) and (B) a provision of \$0.5 million in respect of indemnities given in connection with the sale. The amounts of the participation advances to the former non-controlling shareholders and the value of the assets and liabilities of KKS and PBJ2 have been extracted (without material adjustment) from the consolidation schedules that underlie the unaudited consolidated balance sheet of the company as at 30 June 2023.
3. Completion of the proposed intra-group sale and purchase of PU will generate a loss in REA Kaltim, a portion of which loss will be attributable to DSN.
4. The "proposed DSN subscription" represents the subscription price (estimated at \$51.9 million) payable by the DSN group for the further shares in REA Kaltim. The manner in which such estimated subscription price has been calculated is set out in "The proposed DSN subscription" in Part I of this document (*Letter from the chairman of R.E.A. Holdings plc*). The "book value of the balance of the assets and liabilities of the continuing REA Kaltim sub-group" used in that calculation may be reconciled to the net assets of the continuing REA Kaltim sub-group shown in Part IV of this document (*Financial information relating to the continuing REA Kaltim sub-group*) as follows:

	S'000	S'000
Net assets of the continuing REA Kaltim sub-group (see Part IV)		180,097
Exclude plantation assets and investments		
Intangible assets	(1,666)	
Property, plant and equipment	(295,864)	
Land	(27,622)	
Financial assets	(18,750)	
Investments in group companies (CDM and PU)	<u>(58,775)</u>	
		(402,677)
Group consolidation adjustments eliminated		38,760
Add back plasma advances included within Financial assets		13,190
Book value of the balance of the assets and liabilities of the continuing REA Kaltim sub-group as at 30 June 2023		<u><u>(170,630)</u></u>

5. The "rebalancing of loans" debit to net assets of \$13.6 million is the total of the following items in "The proposed DSN subscription" component of the table in "Cash and net debt" under "Effects of the proposals" in Part I of this document (*Letter from the chairman of R.E.A. Holdings plc*): the partial repayment of shareholder loans owed by REA Kaltim of \$1.4 million; the rebalancing of shareholder loans owed by REA Kaltim of \$4.6 million; the reduction in shareholder loan owed by CDM to the DSN group of \$1.6 million; and the rebalancing of shareholder loans owed by CDM of \$12.0 million.
6. The net debt balances have been calculated as the total of all balances marked as ⁽ⁱ⁾. The net debt/net assets (net debt/equity) ratios have been calculated as net debt divided by net assets (marked as ⁽ⁱⁱ⁾ above).

Pro-forma statement B – Balance sheet of the group assuming that the reorganisation and all of the proposed intra-group sale of PU, the proposed DSN subscription and the potential sale of CDM are all completed

Description	Adjustments				Proforma B as at 30 June 2023 \$'000
	Proforma A as at 30 June 2023 \$'000	Reversal of rebalancing of loans re CDM (Note 1) \$'000	CDM as at 30 June 2023 (Note 2) \$'000	Settlements on completion of the potential sale of CDM (Note 3) \$'000	
Non-current assets					
Goodwill	12,578				12,578
Intangible assets	1,666				1,666
Property, plant and equipment	344,570		(46,606)		297,964
Land	45,826		(4,045)		41,781
Financial assets	58,059		(1,350)		56,709
Deferred tax assets	3,614		(792)		2,822
Non-current receivables	22				22
Total non-current assets	466,335	–	(52,793)	–	413,542
Current assets					
Inventories	28,042		(1,405)		26,637
Biological assets	3,471		(132)		3,339
Trade and other receivables	34,124		(1,247)		32,877
Current tax asset	1,558		(305)		1,253
Loan to the REA group	-		(43,604)	43,604	-
Cash and cash equivalents ⁽ⁱ⁾	82,387	(10,359)	(179)	25,763	97,612
Total current assets	149,582	(10,359)	(46,872)	69,367	161,718
Total assets	615,917	(10,359)	(99,665)	69,367	575,260
Current liabilities					
Trade and other payables	(39,854)		1,267		(38,587)
Current tax liabilities	(1,803)				(1,803)
Bank loans ⁽ⁱ⁾	(23,635)				(23,635)
Other loans and payables	(6,828)		160		(6,668)
Total current liabilities	(72,120)	–	1,427	–	(70,693)
Non-current liabilities					
Trade and other payables	(9,292)				(9,292)
Bank loans ⁽ⁱ⁾	(98,139)				(98,139)
Sterling notes ⁽ⁱ⁾	(40,443)		(185)		(40,628)
Dollar notes ⁽ⁱ⁾	(26,491)				(26,491)
Loans from the DSN group ⁽ⁱ⁾	(29,130)	10,359	10,641	(10,500)	(18,630)
Loans from the REA group	-		60,297	(60,297)	-
Deferred tax liabilities	(40,290)		5,744		(34,546)
Other loans and payables	(13,940)		335		(13,605)
Total non-current liabilities	(257,725)	10,359	76,832	(70,797)	(241,331)
Total liabilities	(329,845)	10,359	78,259	(70,797)	(312,024)
Net assets ⁽ⁱⁱ⁾	286,072	–	(21,406)	(1,430)	263,236
Equity					
Share capital	133,590				133,590
Share premium account	47,374				47,374
Translation reserve	(24,416)				(24,416)
Retained earnings	64,228		(13,627)	(1,216)	49,385
	220,776		(13,627)	(1,216)	205,933
Non-controlling interests	65,296		(7,779)	(214)	57,303
Total equity	286,072	–	(21,406)	(1,430)	263,236
Net debt	(135,451)				(109,911)
Net debt/net assets (net debt/equity) ratio	47%				42%

(i) and (ii) See note 4 below

Pro-forma statement B – Earnings of the group of the group assuming that the reorganisation and all of the proposed intra-group sale of PU, the proposed DSN subscription and the potential sale of CDM are all completed

If, in addition to completion of the transactions assumed for the purposes of pro-forma statement A above, the potential sale of CDM is completed, then, in addition to the consequences described under "Pro-forma statement A – Earnings of the group assuming the proposed intra-group sale of PU and the proposed DSN subscription are completed but the potential sale of CDM is not completed", the group will no longer consolidate the results of CDM, which has historically contributed a loss to group profit before tax.

Notes relating to pro-forma statement B

1. The "reversal of rebalancing of loans re CDM" reverses the rebalancing of shareholder loans owed by CDM of \$12.0 million less the reduction of \$1.6 million referred to in note 5 of pro-forma statement A above. The rebalancing will not occur if the potential sale of CDM is completed and the reduction would not have occurred if, as is assumed for the purposes of pro-forma statement B, the potential sale of CDM had been completed as at 30 June 2023.
2. The value of the assets and liabilities of CDM have been extracted (without material adjustment) from the consolidation schedules that underlie the unaudited consolidated balance sheet of the company as at 30 June 2023 as published in the 2023 half yearly report. The value of the net assets of CDM as shown may be reconciled to the book value of the "balance of the assets and the liabilities of CDM, excluding shareholders loans owed by CDM to REA Services and DSN group and the balance owed by CDM to REA Kaltim", referred to in the table deriving, among other things, the valuation of CDM's business that is included under "The potential sale of CDM" in Part I of this document (*Letter from the chairman of R.E.A. Holdings plc*) as follows:

	\$'000	\$'000
Net assets of CDM as at 30 June 2023 (see Part V above)		21,406
Exclude plantation assets		
Property, plant and equipment	(46,606)	
Land	(4,045)	
Loan to REA Kaltim	(43,604)	
Loan from REA Services	60,297	
Loan from DSN group	<u>10,641</u>	
		(23,317)
Group consolidation adjustments eliminated		5,407
Book value of the balance of the assets and the liabilities of CDM, excluding shareholders loans owed by CDM to REA Services and DSN group and the balance owed by CDM to REA Kaltim		<u><u>3,496</u></u>

3. The "settlements on completion of the potential sale of CDM" comprise the repayment of the loans between REA Kaltim and CDM (\$43.6 million), between CDM and the DSN group (\$10.6 million) and between CDM and REA Services (\$60.3 million) and the estimated additional capital contribution to CDM by REA Kaltim prior to the sale of CDM as derived in the table that is included under "The potential sale of CDM" in Part I of this document (*Letter from the chairman of R.E.A. Holdings plc*), all to be repaid or made as terms of the sale of CDM.
4. The net debt balances have been calculated as the total of all balances marked as ⁽ⁱ⁾. The net debt/net assets (net debt/equity) ratios have been calculated as net debt divided by net assets (marked as ⁽ⁱⁱ⁾ above).

B. REPORT ON UNAUDITED PRO-FORMA FINANCIAL INFORMATION

R.E.A. Holdings plc
5th Floor North
Tennyson House
159-165 Great Portland Street
London W1W 5PA

N. M. Rothschild & Sons Limited
New Court
St Swithin's Lane
London EC4N 8AL

25 January 2024

Dear Sirs,

R.E.A. Holdings plc (the "Company")

We report on the unaudited pro-forma financial information (the "**Pro-forma financial information**") set out in Part VII of the circular to be dated 25 January 2024 (the "**Circular**") which has been prepared on the basis described in the notes thereto for illustrative purposes only, to provide information about how the proposed DSN subscription, the potential sale of CDM and the proposed intra-group sale and purchase of PU (all as defined in the Circular) might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 December 2022. This report is required by the UK version of Regulation number 2019/980 of the European Commission, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the "**Prospectus Regulation**") as applied by Listing Rules 13.3.3 and 13.6.4 and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the "**Directors**") to prepare the Pro-forma financial information in accordance with Annex 20 items 1 and 2 of the Prospectus Regulation as applied by Listing Rule 13.3.3.

It is our responsibility to form an opinion, as to the proper compilation of the Pro-forma financial information and to report that opinion to you in accordance with Annex 20 item 3 of the Prospectus Regulation applied by Listing Rule 13.3.3.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1(6), consenting to its inclusion in the Circular.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro-forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. We are independent in accordance with the FRC's Ethical Standard as applies to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro-forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro-forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Opinion

In our opinion:

- (a) the Pro-forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

MHA

PART VIII – SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE SUBSCRIPTION AGREEMENT

The share subscription agreement is dated 2 November 2023 and made between (1) Makassar (as a shareholder and the warrantor), (2) the company (as a guarantor), (3) AP (as a shareholder and the subscriber), (4) SWA (as a shareholder and a lender), (5) DSN (as a guarantor) and (6) REA Kaltim (as the company).

1. Subscription

AP has agreed to subscribe a further 8,470 shares in the capital of REA Kaltim (the "**subscription shares**") to bring the total shareholding of AP and SWA in REA Kaltim to 12,600 shares (representing 35 per cent of the enlarged issued share capital of REA Kaltim).

2. Subscription price

2.1 The price per share payable by AP for the subscription shares is an amount equal to:

$$\frac{(\$10,500 \times A) + B + C - D + E + F - G - H + \$150,000}{27,530}$$

where:

"A" is equal to the aggregate number of hectares planted by REA Kaltim and its subsidiaries as at the close of business on 31 December 2023, counted on a basis consistent with the basis adopted for the figures included in the audited consolidated financial statements of REA Kaltim as at and for the year ended 31 December 2022 but excluding (to the extent that the same would otherwise be included):

- (a) any planted area in respect of which the relevant company does not hold an *Hak Guna Usaha*;
- (b) any planted area that, as at 31 December 2023, has been designated, validly claimed or classified as plasma plantings or is agreed to be designated or classified as plasma plantings (which for the avoidance of doubt includes areas designated, validly claimed or classified as plasma plantings but not yet transferred to a plasma cooperative);
- (c) any planted area to the extent that it overlaps with land under concession, permit or licence of another party (including plantation or mining areas), other than:
 - (i) 1,176 hectares within the 1,711.5 hectares the subject of the Shared Land Use Agreement - Mine & Land Access Plans, dated 19 February 2020 made between PT Sasana Yudha Bhakti and PT Tiwa Abadi (Bayan group);
 - (ii) any area in respect of which the relevant company has, by 31 December 2023, entered into a settlement agreement which allows continued use by the relevant company of the overlapping area, as evidenced by a legally binding agreement between the relevant company and the relevant party owning the overlapping area;
- (d) any unproductive area, being any planted area in which the majority of the oil palms originally planted thereon have died; and
- (e) all planted areas of CDM and PU

"B" is \$12,500,000, being the agreed value of the two biogas plants owned by REA Kaltim;

"C" is equal to the amount by which the aggregate book value of the balance of the consolidated assets of REA Kaltim (that is, all assets other than the planted areas and related property, plant and equipment (and for this purpose, REA Kaltim's transshipment terminal in Samarinda is

deemed to be "related property, plant and equipment")), at the close of business on 31 December 2023 exceeds the aggregate book value of the consolidated liabilities of REA Kaltim at the close of business on 31 December 2023, calculated as a dollar amount on a basis consistent with the accounting principles used in the preparation of the audited consolidated financial statements of REA Kaltim as at and for the year ended 31 December 2022 but excluding (to the extent that the same would otherwise be included) all assets and liabilities of CDM and PU (with "C" to be included as a negative number should such be the case);

"D" is zero by virtue of the fact that actual amounts payable by REA Kaltim and SYB for the remaining five per cent non-controlling interests in those of their subsidiaries that were not already wholly owned by them had either been paid by 31 December 2023 or were provided for as at 31 December 2023 and will therefore be reflected within "C";

"E" is the valuation attributed to CDM (the "CDM Valuation") calculated as provided at paragraph 2.2 below (with "E" to be included as a negative number should such be the case);

"F" is \$3.2 million, being the dollar equivalent of the price of Rp 50 billion to be paid by the newly incorporated UK subsidiary of the company for PU;

"G" is zero by virtue of the fact that a proposed payment of Rp 7,120,750,000 (\$462,000) by SYB to PT Ade Putra Tanrajeng (Bakrie group) as part of certain settlement arrangements was paid by 31 December 2023 and will therefore be reflected within "C"; and

"H" is \$3,090,000, being the agreed amount of compensation for the release of 515.3 hectares of land by SYB to PT Tiwa Abadi (Bayan group) pursuant to the Shared Land Use Agreement referred to at paragraph (c)(i) of the definition of "A" above

provided that if prior to the agreement or determination of the subscription price REA Kaltim sells CDM and the terms of such sale are such that the implied valuation by the buyer of the net assets of CDM as at 31 December 2023 is other than the CDM Valuation, then the subscription price will be adjusted accordingly.

2.2 The CDM Valuation is an amount equal to:

$(\$8,000 \times M) + N$

where:

"M" is equal to the aggregate number of hectares planted by CDM as at the close of business on 31 December 2023, counted on a basis consistent with the basis adopted for the figures included in the audited consolidated financial statements of REA Kaltim as at and for the year ended 31 December 2022 but excluding (to the extent that the same would otherwise be included):

- (a) any planted area in respect of which CDM does not hold an *Hak Guna Usaha*;
- (b) any planted area that, as at 31 December 2023, has been designated, validly claimed or classified as plasma plantings or is agreed to be designated or classified as plasma plantings (which for the avoidance of doubt includes areas designated, validly claimed or classified as plasma plantings but not yet transferred to a plasma cooperative);
- (c) any planted area to the extent that it overlaps with land under concession, permit or licence of another party (including plantation or mining areas), other than any area in respect of which CDM has, by 31 December 2023, entered into a settlement agreement which allows continued use by CDM of the overlapping area, as evidenced by a legally binding agreement between CDM and the relevant party owning the overlapping area; and
- (d) any unproductive area, being any planted area in which the majority of the oil palms originally planted thereon have died; and

"N" is equal to the amount by which the aggregate book value of the balance of the assets of CDM (that is, all assets other than the planted areas and related property, plant and equipment) at the close of business on 31 December 2023 exceeds the aggregate book value of the liabilities of CDM at the close of business on 31 December 2023, calculated as a dollar amount on a basis consistent with the accounting principles used in the preparation of the audited consolidated financial statements of REA Kaltim as at and for the year ended 31 December 2022 (with "N" to be included as a negative number should such be the case).

2.3 For the above purposes, land which has been cleared to an extent sufficient for re-planting and which is in the process of being re-planted, whether or not yet actually re-planted, will be deemed to be "planted".

2.4 Failing agreement between the parties as to the subscription price, the subscription price will be determined by an independent firm of chartered surveyors (in the case of disagreement as regards the number of hectares planted) or by an independent firm of chartered accountants (in any other case).

3. **Payment of the subscription price**

3.1 At completion of the proposed DSN subscription, AP will pay to REA Kaltim an amount equal to 90 per cent of an estimate of the subscription price on account of the final subscription price, calculated by reference to the unaudited combined management accounts of REA Kaltim and its subsidiaries as at and for the year ended 31 December 2023.

3.2 Following the agreement or determination of the final subscription price, AP will pay the excess of the final subscription price over the estimated amount paid by AP (or, should there be a shortfall, REA Kaltim will reimburse that shortfall).

4. **Conditions**

4.1 The proposed DSN subscription is conditional upon, amongst other things:

- (a) the receipt by the company of shareholder consent to the proposals as required by the listing rules made by the Financial Conduct Authority;
- (b) the receipt by REA Kaltim of formal approval from Bank Mandiri to:
 - (i) the proposed change in the shareholding structure of REA Kaltim resulting from the proposed DSN subscription;
 - (ii) the proposed intra-group sale and purchase of PU; and
 - (iii) the proposed changes to the shareholder loans to REA Kaltim and CDM as detailed at paragraph 6 below (to the extent required); and
- (c) the reclassification of the existing class A shares and class B shares in the capital of REA Kaltim (issued and unissued) into ordinary shares of one class, and such reclassification being duly approved by the Ministry of Law and Human Rights of the Republic of Indonesia.

4.2 Each of the parties to the share subscription agreement has agreed to use its reasonable endeavours to procure that all conditions to the proposed DSN subscription are satisfied as soon as practicable after the date of the agreement and in any event on or before 30 June 2024 (or such later date as the company and DSN may agree) (the "**Long Stop Date**"). If the conditions are not satisfied by the Long Stop Date, each of DSN and the company may terminate the share subscription agreement.

4.3 DSN may also terminate the share subscription agreement in certain limited circumstances, including a material adverse change in the financial, operational or trading position of the continuing REA Kaltim sub-group.

5. **Pre-closing loan**

Pursuant to the share subscription agreement, AP has lent \$10.0 million to REA Kaltim. Such loan:

- (a) bears interest at the rate of 5.75 per cent per annum, to be paid on repayment; and
- (b) is repayable:
 - (i) if the share subscription agreement is validly terminated, no later than the fourteenth day following the termination date;
 - (ii) on completion of the proposed DSN subscription; or
 - (iii) if the conditions to the proposed DSN subscription have not been satisfied by the Long Stop Date, no later than the fourteenth day following the Long Stop Date.

6. **Adjustments to REA Kaltim shareholder loans**

6.1 As soon as practicable following completion of the proposed DSN subscription, AP will refinance a proportion of the shareholder loan owed by REA Kaltim to the company, such that, following such refinancing, the aggregate balance of the shareholder loans owed by REA Kaltim to the company and the DSN group will be owed as to 65 per cent to the company and as to 35 per cent to the DSN group. The loan to be made by AP to effect such refinancing will be made on the same terms, *mutatis mutandis*, as the then existing shareholder loan made by SWA to REA Kaltim.

6.2 In order to assist with the funding of the repayment by REA Kaltim of all debt owed by it to CDM at the time of a sale of CDM (should such occur, whether pursuant to the potential sale of CDM or a sale of CDM to a third party), the company and AP will advance a further \$30.0 million to REA Kaltim, as to \$19.5 million by the company and as to \$10.5 million by AP. Such additional shareholder loans will be made on the same terms and conditions as the then existing shareholder loans from the company and AP to REA Kaltim save that, subject to (i) the receipt of the consent of Bank Mandiri and (ii) agreement between the company and DSN as to what constitutes "the then prevailing market rate", the interest rate as regards the additional shareholder loans shall be at the then prevailing market rate.

6.3 If a sale of CDM has not occurred by the time that the final subscription price to be paid by AP for the new shares in REA Kaltim has been agreed or determined, AP will refinance a proportion of the shareholder loan owed by CDM to REA Services, such that, following such refinancing, the aggregate balance of the shareholder loans owed by CDM will be owed as to 65 per cent to the company and as to 35 per cent to the DSN group. The loan to be made by AP to effect such refinancing will be made on the same terms, *mutatis mutandis*, as the then existing shareholder loan made by SWA to CDM.

7. **Warranties and indemnities**

Makassar has given commercial warranties and indemnities to AP with regard to REA Kaltim and its subsidiaries, subject to agreed limitations on liability including *de minimus* provisions, an aggregate cap on liability (equal to the aggregate subscription price) and time limitations for claims (six years from completion of the proposed DSN subscription in relation to indemnities concerning certain property and litigation issues, five years from completion of the proposed DSN subscription in relation to the tax warranties and two years from completion of the proposed DSN subscription in relation to other claims).

8. **Additional capital contribution**

If REA Kaltim sells CDM before 31 December 2025 and the terms of such sale are such that the implied valuation of the net assets of CDM as at 31 December 2023 exceeds the CDM Valuation then, unless the excess has been taken into account in the calculation of the

subscription price, AP will pay to REA Kaltim, by way of an additional capital contribution (but without the issue of any further shares), an amount equal to 20 per cent of such excess.

9. Proposed intra-group sale and purchase of PU

AP and SWA (as the minority shareholders in REA Kaltim) have consented, amongst other things, to the sale by REA Kaltim of PU to such subsidiary of the company as the company may nominate, for a cash consideration of Rp 50 billion provided that: (x) such sale shall effectively occur by 31 December 2024, and (y) such sale shall include a provision that on completion of the sale: (m) the buyer shall procure the repayment by PU of any loans owed by it to REA Kaltim or any of its subsidiaries, and (n) REA Kaltim and its subsidiaries shall repay all loans owed by them to PU.

10. Potential sale of CDM

10.1 REA Kaltim has granted to DSN a priority right to purchase CDM at a price of \$1. The priority right is exercisable by notice in writing given by DSN to the company at any time prior to 30 April 2024 (and if not so exercised by such date, the priority right will lapse).

10.2 Pending exercise of the priority right, REA Kaltim has agreed to make available to DSN such information as DSN may reasonably require for the purpose of conducting a due diligence exercise as regards CDM.

10.3 The company and DSN have agreed to negotiate in good faith with a view to agreeing the definitive transaction documents necessary to effect the potential sale of CDM, such negotiations to commence when so required by DSN, including a sale and purchase agreement ("SPA").

10.4 The SPA will include provisions to the effect that on completion of the sale:

(a) REA Kaltim will pay to CDM, by way of a capital contribution (without the issue of further shares), an amount equal to the amount by which the CDM Valuation is negative (and for this purpose the parties will discuss in good faith to arrive at the figure for the CDM Valuation);

(b) DSN will procure the repayment by CDM of all loans then owed by it to REA Services; and

(c) REA Kaltim will repay all loans then owed by it to CDM.

10.5 The potential sale of CDM is conditional upon:

(a) the receipt by the company of shareholder consent as required by the listing rules made by the Financial Conduct Authority;

(b) the receipt by DSN (or any of its subsidiaries) of all relevant approvals required by its articles of association or applicable law; and

(c) the receipt by REA Kaltim of formal approval from Bank Mandiri (if required).

10.6 If the potential sale of CDM has not completed by 31 May 2024 (or such later date as the company and DSN may agree), then the priority right (and any sale and purchase agreement entered into pursuant thereto) will lapse and be of no further force or effect.

10.7 AP and SWA (as the minority shareholders in REA Kaltim) have agreed that if the potential sale of CDM has not completed by 31 May 2024, REA Kaltim may proceed to sell CDM to such *bona fide* third party on such terms as the company may reasonably approve (having used all reasonable endeavours to procure the best terms that could reasonably be expected under prevailing economic conditions) provided that any such sale shall include a provision that on completion of the sale (x) the buyer shall procure the repayment by CDM of all loans owed by it to REA Services, AP and SWA and (y) REA Kaltim shall repay all loans owed by it to CDM.

11. **Guarantees**

All obligations and liabilities of Makassar and REA Kaltim pursuant to the share subscription agreement, including the liability of REA Kaltim to repay the pre-closing loan, have been guaranteed by the company. All obligations and liabilities of AP and SWA pursuant to the share subscription agreement have been guaranteed by DSN.

12. **General**

The share subscription agreement contains provisions which would be considered as fairly standard "boiler plate" provisions in a share subscription agreement governed by English law (albeit, as noted at paragraph 13 below, the agreement is governed by Indonesian law).

13. **Governing law and arbitration**

The share subscription agreement is governed by and to be construed in accordance with Indonesian law. The parties have agreed to refer any dispute arising in relation to the agreement to arbitration in Singapore in accordance with the Arbitration Rules of Singapore International Arbitration Centre.

14. **Amended and restated joint venture agreement**

At completion of the proposed DSN subscription, the parties to the share subscription agreement will execute an amended and restated joint venture agreement relating to REA Kaltim in the form of the draft agreement attached to the share subscription agreement. The amendments thereby to be effected to the existing joint venture agreement between the parties (summarised at paragraph 7.1(a) of Part IX of this document (*Additional information*)) are principally:

- (a) to update various of the provisions to reflect changes since the date of the existing joint venture agreement (16 August 2016);
- (b) to amend/enhance the level of information to be provided to DSN, commensurate with the increased aggregate interest of the DSN group in REA Kaltim;
- (c) to amend/enhance the "reserved matters" that require either the prior approval of the board of commissioners of REA Kaltim or of AP and SWA as minority shareholders in REA Kaltim, again commensurate with the increased aggregate interest of the DSN group in REA Kaltim but qualified by an undertaking on the part of DSN that, in exercising its direct or indirect rights, it (and AP and SWA, and any commissioner appointed by any of them) will at all times act in good faith in the best interests of REA Kaltim and its subsidiaries as a whole; and
- (d) to provide an acknowledgement by the company that the DSN group may gradually over an expected period to 30 June 2028 increase its percentage ownership of REA Kaltim up to an eventual level of 49 per cent, subject to agreement at the time of the price to be paid for the additional shares and subject to due compliance with all applicable laws and regulations (in effect extending the equivalent provision included in the existing joint venture agreement from 30 June 2021 to 30 June 2028).

PART IX – ADDITIONAL INFORMATION

1. Responsibility statement

The company and the directors, whose names are set out in paragraph 3 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the company and the directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Information relating to the company

The company is a public limited company incorporated in England and Wales with registered number 671099. The company was incorporated under the Companies Act 1948 and operates under the Companies Act 2006. The registered office and head office of the company is located at 5th Floor North, Tennyson House, 159-165 Great Portland Street, London W1W 5PA (telephone number: +44 (0)20 7436 7877).

3. Directors

The directors and their principal functions are as follows:

David Blackett	Chairman (non-executive)
Carol Gysin	Managing director
Mieke Djalil	Non-executive director
John Oakley	Non-executive director
Richard Robinow	Non-executive director
Rizal Satar	Non-executive director
Michael St Clair-George	Non-executive director and senior independent director

4. Directors' interests

The aggregate interests of each of the directors in the share capital of the company (including the interests of persons closely associated with the relevant director, the existence of which interests is known to, or could with reasonable diligence be ascertained by, that director) which have been notified by the relevant director to the company pursuant to article 19 of the Market Abuse Regulation (2014/596/EU), as it forms part of the laws of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, (as amended from time to time) and its predecessor legislation are as follows:

Name	Number of ordinary shares	Number of preference shares ⁽¹⁾	Percentage of voting share capital ⁽²⁾
David Blackett	131,144	250,600	0.33
Carol Gysin	2,132	91,957	0.08
Mieke Djalil	–	–	–
John Oakley	442,493	–	0.38
Richard Robinow ⁽³⁾	13,046,587	100,000	11.35
Rizal Satar	–	–	–
Michael St Clair-George	129,371	2,108	0.11

⁽¹⁾ For so long as the dividend on the preference shares is more than six months in arrear, the holders of the preference shares have the same voting rights as the holders of the ordinary shares.

⁽²⁾ The voting share capital of the company currently comprises the issued ordinary shares, exclusive of the 132,500 ordinary shares held in treasury, and the issued preference shares.

⁽³⁾ Richard Robinow's interest comprises the 13,022,420 ordinary shares owned by Emba Holdings Limited as shown in paragraph 6 below together with a further 24,167 ordinary shares owned by a trust of which he is a trustee and 100,000 preference shares owned by Unitbuckle Limited, the issued ordinary share capital of which is owned by Richard Robinow and his brother.

Save as respects 1,734,330 warrants to subscribe ordinary shares held by Emba Holdings Limited, in which Richard Robinow is interested, no director holds options over shares in the capital of the company.

5. Directors' service arrangements

- 5.1 Each of the non-executive directors has entered into a contract for services with the company relating to his or her appointment to the board which is terminable at the will of either party.
- 5.2 Carol Gysin has a service agreement with the company, effective from 1 February 2017. Ms Gysin's service agreement continues until 31 January 2025 unless previously terminated by either party giving to the other not less than twelve months' notice in writing. There are no benefits payable to Ms Gysin on termination of her service agreement with the company.

6. Major interests in shares

As at the date of this document, except as set out below, in so far as is known to the company (based on notifications received by the company in accordance with the Disclosure Guidance and Transparency Rules of the FCA), no person is directly or indirectly interested in 3 per cent or more of the company's issued share capital.

Name	Number of shares	Percentage of voting share capital (1)(2)
Emba Holdings Limited ⁽³⁾	13,022,420	11.24
M&G Investment Management Limited	6,418,693	5.54
Odey Asset Management LLP	5,224,075	4.51
James Bartholomew	3,508,993	3.03

⁽¹⁾ For so long as the dividend on the preference shares is more than six months in arrear, the holders of the preference shares have the same voting rights as the holders of the ordinary shares.

⁽²⁾ The voting share capital of the company currently comprises the issued ordinary shares, exclusive of the 132,500 ordinary shares held in treasury, and the issued preference shares.

⁽³⁾ All of the issued ordinary share capital of Emba Holdings Limited is owned by Richard Robinow and certain members of his family. The ordinary shares in which Emba Holdings Limited is interested are included in Richard Robinow's interest in ordinary shares shown in paragraph 4 above.

7. Material contracts

7.1 The continuing group

The following contracts, not being contracts entered into in the ordinary course of business, (x) have been entered into by a member of the continuing group during the two years preceding the date of this document and are or may be material or (y) have been entered into by a member of the continuing group at any time and may contain a provision under which any member of the continuing group has an obligation or entitlement which is or may be material to the continuing group as at the date of this document:

- (a) the joint venture agreement dated 16 August 2016 made between (1) Makassar, (2) the company, (3) AP, (4) SWA, (5) DSN and (6) REA Kaltim, pursuant to which Makassar, the company, AP, SWA and DSN agreed the basis of their cooperation in relation to their direct and indirect interests in REA Kaltim including:

- (i) SWA agreed to make further loans to REA Kaltim and its subsidiaries, to match (on a proportionate basis) future loans made by the company or any of its subsidiaries (other than REA Kaltim and its subsidiaries) to REA Kaltim and its subsidiaries;
 - (ii) the parties agreed various matters in relation to future issues and transfers of shares in REA Kaltim, including pre-emption rights and drag along and tag along rights;
 - (iii) the parties agreed that SWA has the right to appoint one person as a commissioner of REA Kaltim, and certain matters as regards meetings of the board of commissioners of REA Kaltim;
 - (iv) the parties agreed certain reserved matters, requiring the consent of AP and SWA as minority shareholders in REA Kaltim; and
 - (v) the company acknowledged that the DSN group may gradually over an expected period to 30 June 2021 increase its percentage ownership of REA Kaltim up to an eventual level of 49 per cent, subject to agreement at the time of the price to be paid for the additional shares and subject to due compliance with all applicable laws and regulations;
- (b) the trust deed dated 21 November 2016 made between (1) the company (as issuer) and (2) The Law Debenture Trust Corporation P.L.C. (as trustee), as amended pursuant to a first supplemental trust deed dated 3 March 2022 made between the parties, constituting \$37.5 million nominal of dollar notes (of which \$27.0 million nominal is currently outstanding); the dollar notes are unsecured obligations of the company, bear interest at the fixed rate of 7.5 per cent per annum payable semi-annually and are redeemable in one instalment on 30 June 2026;
- (c) the loan agreement dated 20 August 2018 made between (1) REA Services (as lender), (2) CDM (as borrower) and (3) the company as amended, pursuant to which REA Services has provided loans to CDM; the aggregate loan currently outstanding amounts to \$60.3 million, bears interest at 2.75 per cent per annum above the Secured Overnight Financing Rate (SOFR) payable semi-annually, is repayable on 15 August 2025 (or earlier in the event of default) and is unsecured;
- (d) the loan agreement dated 28 June 2019 made between (1) REA Kaltim (as borrower) and (2) SWA (as lender) as amended, pursuant to which SWA has provided shareholder loans to REA Kaltim; the aggregate loan currently outstanding amounts to \$3.5 million, bears interest at 5 per cent per annum payable semi-annually, is repayable in instalments of \$696,892 on 15 December and 15 June in each year up to 15 June 2026 (or earlier in the event of default) and is unsecured; SWA has agreed that if the company or any of its subsidiaries (other than a subsidiary of REA Kaltim) should make any further loans to REA Kaltim (any such further loan being the "**relevant additional loan**"), then SWA will lend to REA Kaltim an amount equal to 15/85ths of the relevant additional loan provided that, unless SWA otherwise agrees, SWA will be under no obligation to make, in any twelve month period, any further loan(s) in an aggregate amount in excess of the aggregate net amount distributed by REA Kaltim to SWA and its affiliates by way of dividend in the twelve months prior to the date on which the relevant additional loan is to be made;
- (e) the amended and restated trust deed dated 1 April 2020 made between (1) REA Finance (as issuer), (2) the company (as guarantor), (3) REA Services (as co-guarantor) and (4) Apex Corporate Trustee (UK) Limited (as trustee) constituting £40 million nominal of sterling notes (of which £30.9 million nominal is currently outstanding); the sterling notes are obligations of REA Finance, bear interest at the fixed rate of 8.75 per cent per annum payable semi-annually and are redeemable in one instalment on 31 August 2025 at 104 per cent of par; the sterling notes are unconditionally and irrevocably guaranteed by each of the company and REA Services; the obligations of REA Services as co-

guarantor are secured principally by charges granted by REA Services over certain intercompany loans;

- (f) the corporate guarantee dated 22 June 2021 made between (1) the company (as guarantor) and (2) Bank Mandiri (as the bank) pursuant to which the company guaranteed the obligations of REA Kaltim under the credit facility agreement summarised in paragraph (g) below;
- (g) the facility agreement dated 25 June 2021 made between (1) Bank Mandiri (as lender) and (2) REA Kaltim (as borrower) as amended, pursuant to which Bank Mandiri provided to REA Kaltim:
 - (i) a first investment credit facility in the amount of Rp 990 billion (of which Rp 719.4 billion is currently outstanding), repayable in instalments up to 24 December 2028 (or earlier in the event of default), including instalments totalling Rp 133 billion payable within the twelve months following the date of this document;
 - (ii) a second investment credit facility in the amount of Rp 180 billion (of which Rp 130.6 billion is currently outstanding), repayable in instalments up to 24 December 2028 (or earlier in the event of default), including instalments totalling Rp 25 billion payable within the twelve months following the date of this document; and
 - (iii) a revolving working capital facility in the amount of Rp 30 billion (of which Rp 30 billion was outstanding on 23 January 2024 (being the latest practicable date prior to the publication of this document)), subject to annual renewal and currently repayable on 24 June 2024 (or earlier in the event of default) unless rolled over;

the facilities all bear interest at 8 per cent per annum payable monthly; in addition, an annual maintenance fee of 0.25 per cent is payable in respect of the investment credit facilities; REA Kaltim has agreed certain financial covenants under the agreement relating to debt service coverage, debt equity ratio, gross margin and the maintenance of positive net income and positive equity; such covenants (the terms of which are due to be reviewed on or before 30 June 2024) are tested annually upon delivery to Bank Mandiri of the audited financial statements in respect of each year by reference to REA Kaltim's results for, and closing financial position as at the end of, that year (provided that, as respects 2023, Bank Mandiri has waived the testing requirements as regards the maintenance of positive net income); REA Kaltim's obligations under the agreement are secured by charges over substantially the whole of its assets and undertaking;

- (h) the corporate guarantee dated 22 November 2021 made between (1) the company (as guarantor) and (2) Bank Mandiri (as the bank) pursuant to which the company guaranteed the obligations of SYB under the credit facility agreement summarised in paragraph (i) below;
- (i) the facility agreement dated 24 November 2021 made between (1) Bank Mandiri (as lender) and (2) SYB (as borrower) as amended, pursuant to which Bank Mandiri provided to SYB:
 - (i) a first investment credit facility in the amount of Rp 375 billion (of which Rp 316.9 billion is currently outstanding), repayable in instalments up to 23 November 2029 (or earlier in the event of default), including instalments totalling Rp 31.9 billion payable within the twelve months following the date of this document;
 - (ii) a second investment credit facility in the amount of Rp 90 billion (of which Rp 76.0 billion is currently outstanding), repayable in instalments up to 23 November 2029 (or earlier in the event of default), including instalments

totalling Rp 7.7 billion payable within the twelve months following the date of this document;

- (iii) a third investment credit facility in the amount of Rp 90 billion (of which Rp 76.0 billion is currently outstanding), repayable in instalments up to 23 March 2030 (or earlier in the event of default), including instalments totalling Rp 7.5 billion payable within the twelve months following the date of this document; and
- (iv) a revolving working capital facility in the amount of Rp 15 billion (of which Rp 15 billion was outstanding on 23 January 2024 (being the latest practicable date prior to the publication of this document)), subject to annual renewal and currently repayable on 24 June 2024 (or earlier in the event of default) unless rolled over;

the facilities all bear interest at 8 per cent per annum payable monthly; in addition, an annual maintenance fee of 0.25 per cent is payable in respect of the investment credit facilities; SYB has agreed certain financial covenants under the agreement relating to debt service coverage, debt equity ratio, gross margin and the maintenance of positive net income and positive equity; such covenants (the terms of which are due to be reviewed on or before 30 June 2024) are tested annually upon delivery to Bank Mandiri of the audited financial statements in respect of each year by reference to SYB's results for, and closing financial position as at the end of, that year (provided that, as respects 2023, Bank Mandiri has waived the testing requirements as regards debt service coverage, gross margin and the maintenance of positive net income); SYB's obligations under the agreement are secured by charges over substantially the whole of its assets and undertaking;

- (j) the corporate guarantee dated 22 November 2021 made between (1) the company (as guarantor) and (2) Bank Mandiri (as the bank) pursuant to which the company guaranteed the obligations of KMS under the credit facility agreement summarised in paragraph (k) below;
- (k) the facility agreement dated 24 November 2021 made between (1) Bank Mandiri (as lender) and (2) KMS (as borrower) as amended, pursuant to which Bank Mandiri provided to KMS an investment credit facility in the amount of Rp 365 billion (of which Rp 285 billion is currently outstanding), repayable in instalments up to 23 November 2029 (or earlier in the event of default), including instalments totalling Rp 40 billion payable within the twelve months following the date of this document; the facility bears interest at 8 per cent per annum payable monthly; in addition, an annual maintenance fee of 0.25 per cent is payable; KMS has agreed certain financial covenants under the agreement relating to debt service coverage, debt equity ratio, gross margin and the maintenance of positive net income and positive equity; such covenants (the terms of which are due to be reviewed on or before 30 June 2024) are tested annually upon delivery to Bank Mandiri of the audited financial statements in respect of each year by reference to KMS's results for, and closing financial position as at the end of, that year; KMS's obligations under the agreement are secured by charges over substantially the whole of its assets and undertaking;
- (l) the agreement dated 1 January 2021 made between CDM (as lender) and REA Kaltim (as borrower) as amended, pursuant to which CDM has made advances to REA Kaltim; the advances (of which the outstanding amount was, on 23 January 2024 (being the latest practicable date prior to the publication of this document), \$42.9 million) bear interest at 3 per cent per annum and are repayable on demand; the advances are unsecured; and
- (m) the share subscription agreement.

7.2 *CDM*

The following contracts, not being contracts entered into in the ordinary course of business, (x) have been entered into by CDM during the two years preceding the date of this document and are or may be material or (y) have been entered into by CDM at any time and may contain a provision under which CDM has an obligation or entitlement which is or may be material to CDM as at the date of this document:

- (a) the agreement summarised in paragraph 7.1(l) above;
- (b) the loan agreement summarised in paragraph 7.1(c) above; and
- (c) the loan agreement dated 14 September 2018 made between (1) SWA (as lender) and (2) CDM (as borrower) as amended, pursuant to which SWA has provided loans to CDM; the aggregate loan currently outstanding amounts to \$10.64 million, bears interest at 2.75 per cent per annum above the Secured Overnight Financing Rate (SOFR) payable semi-annually, is repayable on 15 August 2025 (or earlier in the event of default) and is unsecured.

7.3 *PU*

The following contracts, not being contracts entered into in the ordinary course of business, (x) have been entered into by PU during the two years preceding the date of this document and are or may be material or (y) have been entered into by PU at any time and may contain a provision under which PU has an obligation or entitlement which is or may be material to PU as at the date of this document:

- (a) the agreement dated 1 January 2022 made between REA Kaltim (as lender) and PU (as borrower), pursuant to which REA Kaltim has made advances to PU; the advances (of which the outstanding amount was, on 23 January 2024 (being the latest practicable date prior to the publication of this document), \$0.3 million) do not bear interest and are repayable on demand; the advances are unsecured.

8. **Litigation**

8.1 *The continuing group*

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the company is aware) which may have, or have had during the twelve months preceding the date of this document, a significant effect on the company and / or the continuing group's financial position or profitability.

8.2 *CDM*

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the company is aware) which may have, or have had during the twelve months preceding the date of this document, a significant effect on CDM and/or CDM's financial position or profitability.

8.3 *PU*

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the company is aware) which may have, or have had during the twelve months preceding the date of this document, a significant effect on PU and/or PU's financial position or profitability.

9. Significant change

9.1 *The continuing group*

There has been no significant change in the financial position or performance of the continuing group since 30 June 2023, being the end of the last financial period for which financial information has been published.

9.2 *CDM*

There has been no significant change in the financial position or performance of CDM since 30 June 2023, being the end of the last financial period for which financial information has been published.

9.3 *PU*

There has been no significant change in the financial position or performance of PU since 30 June 2023, being the end of the last financial period for which financial information has been published.

10. Related party transactions

Save as respects (i) transactions in respect of which details have been previously published, (ii) the remuneration of management personnel details of which have been previously published up to 31 December 2022 and the nature of which has not changed since that date, and (iii) the share subscription agreement, the company has not, during the period covered by the historical financial information that appears in this document and up to the date of this document, entered into any related party transaction. For this purpose, "related party transaction" has the meaning set out in the Applicable Accounting Standards, being (i) for financial years beginning before 1 January 2021, the accounting standards adopted according to Regulation (EC) No. 1606/2002 and (ii) for financial years beginning on or after 1 January 2021, the accounting standards adopted according to UK IAS Regulation.

11. Consents

11.1 MHA is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales. MHA has given and has not withdrawn its written consent to the inclusion in this document of its report which is set out in Part VII of this document (*Unaudited pro-forma financial information*) and the references made to its report in in the form and context in which they are included.

11.2 Rothschild & Co has given and not withdrawn its written consent to the inclusion in this document of its name and the references made to its name in the form and context in which they are included.

12. Documents available for inspection

Copies of the following documents will be available for inspection on the company's website at www.rea.co.uk (other than the share subscription agreement), and at the offices of Ashurst LLP at London Fruit and Wool Exchange, 1 Duval Square, London E1 6PW and at the registered office of the company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the conclusion of the general meeting:

- (a) the articles of association of the company;
- (b) the consents referred to at paragraph 11 above;
- (c) the audited accounts of CDM for the three years ended 31 December 2022;
- (d) the audited annual report and accounts of the group for the three years ended 31 December 2022;
- (e) the half yearly report of the group for the six months ended 30 June 2023;

- (f) the share subscription agreement (inspection in person only); and
- (g) this document.

NOTICE OF GENERAL MEETING

R.E.A. Holdings plc

(Incorporated in England and Wales with registered number 671099)

Notice is hereby given that a general meeting of the company will be held at the London offices of Ashurst LLP at London Fruit and Wool Exchange, 1 Duval Square, London E1 6PW on 12 February 2024 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution.

An announcement of the results of the voting at the general meeting will be made through a Regulatory Information Service and will appear on the company's website (www.rea.co.uk).

Ordinary resolution

THAT the proposed further investment by PT Dharma Satya Nusantara Tbk in PT REA Kaltim Plantations, the potential sale of PT Cipta Davia Mandiri and the proposed intra-group sale and purchase of PT Prasetia Utama (the "**proposals**") all as described in the circular to shareholders of the company dated 25 January 2024 of which this notice forms part (the "**circular**") be and are hereby approved for the purposes of Chapters 10 and 11 of the Listing Rules of the Financial Conduct Authority, and any and all of the directors of the company (the "**directors**") (or a duly constituted committee thereof) be and are hereby authorised:

- (a) to take all such steps, execute all such agreements, and make all such arrangements as they may consider necessary, expedient, desirable or appropriate to complete, implement and to give effect to, or otherwise in connection with, this resolution, the proposals and any associated and ancillary matters and documents relating thereto; and
- (b) to agree and make any such modifications, variations, revisions, waivers, amendments or extensions in relation to any of the foregoing as they may consider necessary, expedient, desirable or appropriate, provided such modifications, variations, revisions, waivers, amendments or extensions do not materially change the terms of the proposals for the purposes of the Financial Conduct Authority's Listing Rule 10.5.2.

By order of the board

R.E.A. Services Limited
Secretaries

Registered office:
5th Floor North
Tennyson House
159-165 Great Portland Street
London W1W 5PA

25 January 2024

Notes:

1. 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 p.m. on 8 February 2024 or, in the event of any adjournment, at 6.00 p.m. 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.

2. As at the date of the above notice of general meeting, dividends payable to holders of the preference shares have been in arrear for a period of more than six months. Accordingly, in accordance with article 3.2(e)(i) of the company's articles of association, in addition to the holders of the ordinary shares, the holders of the preference shares are entitled to attend and vote at the above convened general meeting.

3. A shareholder 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 shareholder 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, Computershare Investor Services PLC, by no later than 11.00 a.m. on 8 February 2024. Alternatively, appointment of a proxy may be submitted electronically by visiting www.investorcentre.co.uk/eproxy. You will be asked to enter the Control Number, Shareholder Reference Number (SRN) and PIN shown on the form or proxy, so that appointment is received by the service by no later than 11.00 a.m. on 8 February 2024 or the CREST electronic proxy appointment service as described below. Completion of a form of proxy or other written instrument appointing a proxy, or any appointment of a proxy submitted electronically, will not preclude a shareholder from attending and voting in person at the meeting if such holder wishes to do so.

4. 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) subject to the company's articles of association. 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.

5. 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 & 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: 3RA50) by 11.00 a.m. on 8 February 2024. 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.

6. 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.

7. If you are an institutional investor you may be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the company and approved by the company's registrar, Computershare Investor Services PLC. For further information regarding Proximity, please go to www.proximity.io. Your proxy must be lodged by 11.00 am on 8 February 2024 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proximity's associated terms and conditions. It is important that you read these carefully as you will be bound by them, and they will govern the electronic appointment of your proxy.

8. 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.

9. A corporation which is a member of the company may authorise one or more person to act as the corporation's representative(s) at the general meeting who may exercise, on behalf of the corporation, the same powers as the corporation could exercise if it were an individual member provided that, where a corporation authorises two or more persons and more than one of them purports to exercise a power in a different way to the other(s), the power is treated as not exercised.

10. 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.

11. 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.

12. As at the date of this notice, the issued share capital of the company comprises 43,963,529 ordinary shares of 25p each (of which 132,500 are held as treasury shares) and 72,000,000 9 per cent cumulative preference shares of £1 each. As stated above, all shareholders (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 the resolution to be proposed at the meeting total 115,831,029 as at the date of this notice.

13. 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.