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

If you have sold or otherwise transferred all your ordinary shares in R.E.A. Holdings plc, please send this document and the accompanying form of proxy to the purchaser or transferee, or the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee, 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.

The distribution of this document and any accompanying documents in or into jurisdictions other than the United Kingdom may be restricted by local law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions.

R.E.A. Holdings plc

Proposed sale by PT REA Kaltim Plantations of its 95 per cent interest in PT Putra Bongan Jaya

and

notice of general meeting

A notice convening a general meeting of R.E.A. Holdings plc to be held at 11.00 a.m. on 10 July 2018 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 with copies of this document sent to holders of ordinary shares. Whether or not they intend to attend the general meeting in person, all holders of ordinary shares are urged to complete such form of proxy and return the same to Link Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event so as to arrive by not later than 11.00 a.m. on 8 July 2018, or to appoint a proxy electronically as referred to in this document.

Your attention is drawn to the letter from the chairman which is set out on pages 6 to 14 of this document. Such letter includes a recommendation from the board to holders of ordinary shares that they vote in favour of the resolution to be proposed at the general meeting. However, holders of ordinary shares should read the whole of this document, including the risk factors set out on pages 15 and 16 of this document, when considering what action they wish to take in connection with the general meeting.

N M Rothschild & Sons Limited (**"Rothschild"**), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for R.E.A. Holdings plc and for no one else in connection with the matters described in this document. Save for the responsibilities and liabilities, if any, of Rothschild under the Financial Services and Markets Act 2000, as amended (**"FSMA"**) or the regulatory regime established under FSMA, Rothschild 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, 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 or the proposed sale. Rothschild 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.

CONTENTS

EXPECTED TIMETABLE

Latest time for receipt of forms of proxy and electronic appointments of proxy for the general meeting	11.00 a.m. on 8 July 2018
General meeting to approve the proposed sale	11.00 a.m. on 10 July 2018
Completion of the proposed sale	31 August 2018

If you have any questions about this document, the general meeting convened to approve the proposed sale or the appointment of a proxy to vote on your behalf at the meeting, please call the Link Asset Services shareholder helpline between 9.00 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on 0871 664 0300 or, if telephoning from outside the UK, on +44 371 664 0300. Calls to the 0871 664 0300 number are charged at 12p per minute (including VAT) plus any extra costs charged by the relevant service provider. Calls to the +44 371 664 0300 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones. Calls may be recorded and monitored randomly for security and training purposes. Link Asset Services will not provide advice on the merits of the proposed sale, nor give any financial, legal or tax advice in relation thereto.

DEFINITIONS

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

"Bank Mandiri"	PT Bank Mandiri (Persero), Tbk
"board"	the board of directors of the company
"CDM"	PT Cipta Davia Mandiri, a subsidiary of REA Kaltim (and thus of the company), incorporated in the Republic of Indonesia and engaged in the cultivation of oil palms
"company"	R.E.A. Holdings plc
"continuing group"	the company and its subsidiaries other than PBJ
"CPKO"	crude palm kernel oil
"CPO"	crude palm oil
"CREST"	the computerised settlement system operated by Euroclear UK & Ireland Limited to facilitate the transfer of title to securities held in uncertificated form
"DBS"	PT Bank DBS Indonesia
"DBS revolving credit facilities"	the revolving credit facilities provided by DBS to each of REA Kaltim and SYB pursuant to which an aggregate amount equivalent to some $18 million is outstanding and falls due for renewal on 27 July 2018
"directors"	the directors of the company
"DSN"	PT Dharma Satya Nusantara Tbk, an Indonesian company listed on the Indonesia Stock Exchange and engaged in the business of oil palm plantations, wood products and timber estates
"FCA" or the **"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 and in the exercise of its functions in respect of admission to the Official List of the FCA otherwise than in accordance with Part VI of FSMA
"FFB"	oil palm fresh fruit bunches
"FSMA"	the Financial Services and Markets Act 2000, as amended
"group"	the company and its subsidiaries
"Hansa"	PT Hansa Limanswakarya, the local Indonesian partner of REA Kaltim in relation to PBJ, being the owner of five per cent of the issued shares in the capital of PBJ

"IFRS"	International Financial Reporting Standards
"KCCRI"	PT KCC Resources Indonesia, a subsidiary of the company incorporated in the Republic of Indonesia and engaged in the business of selling off-take from mineral resource deposits in Indonesia
"KKS"	PT Kartanegara Kumala Sakti, a subsidiary of REA Kaltim (and thus of the company) incorporated in the Republic of Indonesia and engaged in the cultivation of oil palms
"KLK"	Kuala Lumpur Kepong Berhad
"KLK group"	KLK and its subsidiaries
"KMS"	PT Kutai Mitra Sejahtera, a subsidiary of REA Kaltim (and thus of the company) incorporated in the Republic of Indonesia and engaged in the cultivation of oil palms
"Link Asset Services "	a trading name of Link Market Services Limited
"Listing Rules"	the listing rules made by the FCA under Part VI of FSMA (as amended from time to time)
"London Stock Exchange"	London Stock Exchange plc
"Makassar"	Makassar Investments Limited, a subsidiary of the company incorporated in Jersey, being the holder of an 85 per cent interest in REA Kaltim
"new bank facilities"	the prospective new bank facilities that have been formally offered to SYB but which have not yet been taken up by SYB, which facilities would, if taken up, provide two medium term loans to SYB equivalent in total to some $34 million
"ordinary shares"	ordinary shares of 25p each in the capital of the company
"PBJ"	PT Putra Bongan Jaya, a subsidiary of REA Kaltim (and thus of the company) incorporated in the Republic of Indonesia and engaged in the cultivation of oil palms
"PBJ2"	PT Persada Bangun Jaya, a subsidiary of KKS (and thus of REA Kaltim and the company) incorporated in the Republic of Indonesia and engaged in the cultivation of oil palms
"plasma advances"	advances by PBJ to fund oil palm developments owned by local village co-operatives but managed by PBJ for such co-operatives
"preference shares"	9 per cent cumulative preference shares of £1 each in the capital of the company
"proposed sale"	the proposed sale by REA Kaltim of its 95 per cent interest in PBJ, details of which are set out in

	this document
"PU"	PT Prasetia Utama, a subsidiary of SYB (and thus of REA Kaltim and the company) incorporated in the Republic of Indonesia and engaged in the cultivation of oil palms
"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/or the processing of oil palm fruit, being the holding company for all of the agricultural operations of the group
"sale and purchase agreement"	the agreement dated 25 April 2018 made between (1) REA Kaltim and (2) KLK, for the sale and purchase of 95 per cent of the issued shares in the capital of PBJ
"shareholders"	holders of ordinary shares and/or preference shares
"SYB"	PT Sasana Yudha Bhakti, a subsidiary of REA Kaltim (and thus of the company) incorporated in the Republic of Indonesia and engaged in the cultivation of oil palms and/or 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

(*Registered in England and Wales no 671099*)

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

12 June 2018

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

Dear Sir or Madam

Proposed sale by PT REA Kaltim Plantations of its 95 per cent interest in PT Putra Bongan Jaya and notice of general meeting

Introduction

On 25 April 2018, the company announced that its subsidiary, PT REA Kaltim Plantations, had entered into a conditional agreement for the sale by REA Kaltim of its 95 per cent interest in PT Putra Bongan Jaya to Kuala Lumpur Kepong Berhad.

The proposed sale is expected to realise gross value for the continuing group of approximately $85 million, comprising some $59 million from the combined cash proceeds of the sale of the PBJ shares and the repayment of the net balance owed by PBJ to the continuing group and a further $26 million benefit from the repayment of the bank debt owed by PBJ and the consequential release of the continuing group's guarantee obligations in relation to such debt. The net cash proceeds, after deduction of estimated selling expenses, are projected to amount to approximately $57 million.

As such, the proposed sale constitutes a significant transaction by the company and is of a size to require shareholder approval under the Listing Rules. The proposed sale is therefore conditional upon, amongst other things, shareholder approval. A general meeting of the company has been convened for 11.00 a.m. on 10 July 2018 for the purpose of seeking such approval.

Subject to receipt of shareholder approval, and satisfaction of the other conditions of the proposed sale, it is expected that completion of the proposed sale will take place on 31 August 2018.

The purpose of this document is to provide you with further information regarding the proposed sale, to explain why the board believes that the proposed sale is 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 of the proposed sale. Shareholders should particularly note the provisions of the paragraph headed "Working capital and importance of the vote" on pages 11 to 14 of this document.

Background to and reasons for the proposed sale

The proposed sale will enable the company to release the intrinsic value that it has built up in developing the PBJ estate, which, as a recently planted property, has excellent potential but is not currently profitable.

Coupled with the funding actions taken over the last two years, the divestment of REA Kaltim's interest in PBJ will leave the continuing group in a stronger financial position. It will benefit the continuing group's capital structure by reducing net indebtedness and by relieving the continuing group of the further investment that would be required to take the PBJ estate to full maturity. It will also defer for at least three years the need for a further oil mill.

The divestment will permit the continuing group to focus its efforts on its remaining plantings, which are concentrated within a single geographical area, and to proceed more rapidly with the development of suitable areas of its remaining land bank.

Information on PBJ

PBJ is an Indonesian subsidiary of REA Kaltim. It owns an oil palm plantation located in the Kutai Barat Province of East Kalimantan. The share capital of PBJ is owned as to 95 per cent by REA Kaltim and as to the balance of 5 per cent by a local partner, Hansa.

PBJ's estate comprises a fully titled area (held under an *Hak Guna Usaha*) of 11,602 hectares, an adjacent area of 371 hectares of which the title is to be transferred to PBJ and an additional land allocation subject to completion of titling (held under an *Izin Lokasi*) of 4,460 hectares. At completion of the proposed sale, it is projected that 7,482 hectares of land will have been planted by PBJ for its own use, of which 810 hectares will be mature and the balance immature. A further 635 hectares is projected to have been planted for smallholder schemes managed by PBJ for the benefit of local communities.

The gross assets of PBJ as included in the annual report and accounts of the group for the year ended 31 December 2017 were some $82.2 million and the net assets were some $56.4 million (after deduction of bank borrowings). The loss before tax so included was some $0.7 million.

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

Information on the KLK group

Kuala Lumpur Kepong Berhad is a Malaysian company listed on the Bursa Malaysia.

The core business of the KLK group is plantations (oil palm and rubber). The KLK group has plantations that cover more than 250,000 hectares in Malaysia (the Malay peninsula and Sabah) and Indonesia (Belitung, Sumatra and Kalimantan). Since the 1990s, the KLK group has diversified its business activities into areas including resource-based manufacturing (oleo chemicals, derivatives and speciality chemicals), property development and retailing (personal care products, toiletries and fine foods).

The proposed sale

Pursuant to the sale and purchase agreement, REA Kaltim has agreed to sell its 95 per cent interest in PBJ to KLK.

The purchase price payable for the 95 per cent interest in PBJ is an amount, to be paid in cash on completion of the proposed sale, equating to 95 per cent of the value attributed to PBJ's assets at completion less the outstanding amount of its liabilities at that date (other than in respect of deferred tax).

For the purpose of calculating the purchase price, PBJ's non-current assets (excluding deferred tax and plasma advances) will be valued at $80 million, provided that PBJ completes its planned extension planting programme of 520 hectares between 1 January 2018 and the earlier of completion and 30 September 2018. To the extent that the aggregate number of hectares planted by PBJ between 1

January 2018 and the close of business on the earlier of the completion date and 30 September 2018 falls short of 520, the purchase price will be reduced by $8,000 per hectare of the shortfall. It is expected that the full 520 hectares will be planted.

The other assets and liabilities of PBJ to be taken into account in determining the purchase price for the PBJ shares to be sold comprise PBJ's current assets (other than deferred tax), plasma advances and all of its liabilities (other than liabilities in respect of deferred tax). Such assets and liabilities will be valued at their respective book values at the completion date as agreed between REA Kaltim and KLK or, in default of agreement, as determined by an independent expert.

Pursuant to the sale and purchase agreement, KLK has undertaken to procure the repayment by PBJ, at completion of the proposed sale, of both the bank debt then owed by PBJ and all interest accrued thereon or otherwise payable in relation thereto (expected to amount in aggregate to some $26 million) and the net intra-group debt then owed by PBJ and all interest accrued thereon (expected to amount in aggregate to some $43 million).

The proposed sale is thus expected to realise gross value for the continuing group of approximately $85 million, comprising the cash consideration for the purchase of the 95 per cent shareholding in PBJ, estimated at $16 million, the cash proceeds from the repayment of the net balance owed by PBJ to the continuing group, estimated at $43 million, and the further benefit, estimated at $26 million, from the repayment of the bank debt owed by PBJ and the consequential release of the continuing group's guarantee obligations in relation to such debt. Net of selling expenses (estimated at some $2 million), the combined net cash proceeds from such purchase consideration and repayment are projected to amount to approximately $57 million.

KLK has advanced the sum of $8 million to REA Kaltim, by way of an advance of the purchase price. REA Kaltim may use such advance as it thinks fit, whether for the repayment of debt, advancing to subsidiaries, working capital or otherwise. If the conditions to the sale and purchase agreement are not satisfied and the proposed sale does not complete, the $8 million advance will be repaid by REA Kaltim, together with interest.

It is expected that completion of the proposed sale will take place on 31 August 2018.

Pursuant to the sale and purchase agreement, REA Kaltim gave warranties and indemnities (including a tax indemnity) to KLK, subject to agreed limitations on liability including an aggregate cap on liability of $15 million.

Further details of the sale and purchase agreement are set out in Part VI (*Principal terms of the sale and purchase agreement*) of this document.

Conditions

The proposed sale is conditional upon REA shareholder approval, the receipt of all necessary regulatory approvals and consents required under Indonesian law (including in particular the approval of the Indonesia Investment Coordinating Board (*Badan Koordinasi Penanaman Modal*)) and the formal approval of DBS as REA Kaltim's lending bank.

If the conditions are not satisfied by 31 January 2019 (or such later date as REA Kaltim and KLK may agree), the sale and purchase agreement will lapse and the $8 million advance in respect of the purchase price made by KLK to REA Kaltim will be repaid by REA Kaltim, together with interest on the amount of the advance at the rate of 3 per cent per annum, from (and including) the date of the sale and purchase agreement to (but excluding) the date of repayment.

Use of sale proceeds

The gross proceeds from the sale of the 95 per cent interest in PBJ and from the repayment of the net balance owed by PBJ to the continuing group will be applied in meeting the expenses of the proposed sale and in the reduction of the continuing group's net indebtedness.

Financial effects of the proposed sale

The proposed sale is not expected to have a material negative impact on the immediate outlook for the group's earnings or assets or liabilities.

Further information on the effect of the proposed sale on the assets and liabilities of the group is set out in the unaudited pro forma statement of net assets in Part V (*Unaudited pro forma financial information*) of this document.

Assignment of KLK's rights under the sale and purchase agreement.

Pursuant to a deed of assignment dated 8 June 2018, as permitted pursuant to the sale and purchase agreement, all of KLK's rights under the sale and purchase agreement have been assigned to Taiko Plantations Pte Ltd, a wholly owned subsidiary of KLK, incorporated in Singapore.

KLK remains responsible for the obligations assumed by KLK under the sale and purchase agreement.

Sale of five per cent interest in PBJ held by Hansa

Contemporaneously with completion of the proposed sale, Hansa will sell its five per cent interest in PBJ to a local Indonesian partner to be nominated by KLK for a purchase price per share equal to that to be paid by KLK to REA Kaltim. With the authority of Hansa, the purchase price for the PBJ shares to be sold by Hansa will be paid to the company, and the company will account to Hansa for the same after deduction of all amounts owing by Hansa to the group.

Current trading, trends and prospects

Crops, production statistics and rainfall for the period from 1 January 2018 to 31 May 2018 (with comparative figures for 2017) are set out below:

	Five months to 31 May 2018	Five months to 31 May 2017
FFB crops (tonnes)		
Group harvested	263,000	203,000
Third party harvested	64,000	44,000
	327,000	247,000
Production (tonnes)		
CPO	72,700	53,400
Palm kernels	15,200	10,700
CPKO	5,900	3,400
Extraction rates (%)		
CPO	22.9	22.0
Palm kernels	4.8	4.4
CPKO	40.3	38.2
Rainfall (mm)		
Average across the estates	1,542	1,726

As noted in the annual report of the group for the year ended 31 December 2017, which was published on 27 April 2018, the recovery in group operations that began in 2017 has continued into 2018, with production in March demonstrating a noticeable upturn, against a background of generally poorer cropping in East Kalimantan. The positive trend has continued into April (FFB crop of 59,000 tonnes against 32,000 tonnes in 2017) and May (FFB crop of 67,000 tonnes against 43,000 tonnes in 2017).

The average selling price for the group's CPO for the five months to the end of May 2018, on an FOB basis at the port of Samarinda, net of export levy and duty, was $554 per tonne (2017: $623 per tonne). The average selling price for the group's CPKO, on the same basis, was $979 per tonne (2017: $1,356 per tonne).

Bunch counts indicate that crop availability over the three months to 31 August 2018 should be at least at the level seen in May (although crop harvested in June may be adversely affected by the Idul Fitri ten day holiday period). If the normal annual cropping cycle applies in 2018, the group could expect higher average monthly crops over the final four months of the year, being the normal peak cropping period.

The significant progress in cropping is being accompanied by improvements to palm appearance. Fronds are growing more vigorously and canopies are enlarging. This must be attributed, at least in part, to the enhanced fertiliser programmes introduced into the mature areas in 2016 and continuing. It augurs well for crops going forward beyond 2018.

Evacuating the rapidly increasing daily crops being harvested has proved challenging. Fortunately, the road improvement programme instituted in 2017, although still ongoing, has progressed sufficiently that poor road conditions have not seriously inhibited collection. In addition, the group has been able to source additional FFB collection trucks in volumes so as to manage the logistics associated with the increase in production. Nevertheless there have at times been delays in crop collection and, whilst this has not affected CPO quality significantly, it has made it more difficult to achieve the extraction rates for which the group is aiming. With an enlarged transport fleet now in place, it is hoped to see further improvements in crop collection and a consequential increase in extraction rates.

Three of the four boilers in the group's two older oil mills having been previously refurbished, work on refurbishing the fourth of these boilers is well in hand. Work also continues on maintaining and improving the efficiency of the group's oil mills. In particular, the group is now installing bunch presses in each of the mills to reduce oil losses in empty fruit bunches. With crops moving to higher levels, expansion of capacity of the group's newest mill to 80 tonnes per hour is now planned for 2019.

Following the agreement to sell PBJ, the first priority of the group's planting programme has been to complete the 520 hectares of 2018 planting that are required at PBJ if the proceeds of the sale of PBJ are to be maximised. To date 202 hectares have been planted, bunding is nearing completion to allow the planting of a further 160 hectares and land compensation discussions are at an advanced stage to release land sufficient to complete the planting of the balance of 158 hectares.

Elsewhere, over 200 hectares have been planted at CDM. For the balance of 2018, the group hopes at least to plant 600 hectares in PBJ2 (adjacent to REA Kaltim) and to replant 600 hectares in the SYB southern areas. Much larger extension planting is then planned for PU and the KKS area to the north of CDM, but plantings in these areas can only start once the necessary environmental compliance procedures have been completed. These are in progress but may not be finished in time for planting to commence in 2018. The group should, however, be well placed to plant a large area in 2019.

Following the previously reported purchase of coal loading facilities on an adjacent property, the group is pushing ahead with plans to resume mining at its Kota Bangun coal concession. The licence required for the export of coal from this concession has now been obtained and work is in hand to refurbish the acquired loading facilities.

The improvements to the continuing group's balance sheet that will follow from the proposed sale and a resumption of coal revenues should help the group accelerate development of its land bank. With CPO prices expected to remain around current levels, the prospects for the continuing group are more encouraging than they have been for some years.

Group financing

In recent years, the board has taken steps to improve the structure of the group's borrowings to reflect the maturity profile of the assets that the borrowings are financing, with shorter term bank debt used to finance working capital requirements and debt funding for the group's extension planting programme sourced from issues of listed debt securities and medium term bank debt. Such steps have included, since 1 January 2015, the issue of new ordinary and preference shares at an aggregate subscription price of some £29.0 million and the issue of a total of some £31.9 million nominal of 8.75 per cent guaranteed sterling notes 2020 and some $24.0 million nominal of 7.5 per cent dollar notes 2022 (in the case of such note issues largely in replacement of previous notes now redeemed).

In addition, in August 2016 the company entered into formal agreements with DSN pursuant to which subsidiaries of DSN have acquired a 15 per cent equity interest in REA Kaltim for an aggregate price of some $15.8 million. Pursuant to such agreements, a subsidiary of DSN has also made aggregate loans to REA Kaltim and its subsidiaries totalling some $19.4 million and £7.8 million. Further details of the relevant agreements with DSN and its subsidiaries are set out set out in paragraphs 7.1(l), 7.1(m), 7.1(o) and 7.1(q) of Part VII (*Additional information*) of this document.

As at 11 June 2018 (being the latest practicable date prior to the publication of this document), the aggregate principal amount borrowed by the group was some $224.4 million against which the group held cash and cash equivalents of some $5.1 million. Of the aggregate principal amount borrowed, bank debt represented some $121.5 million. Summaries of the material components of the group's debt are set out in paragraphs 7 and 10 of Part VII (*Additional information*) of this document. The breakdown of the aggregate principal amount borrowed was as follows :

	$'000
7.5 per cent dollar notes 2022 of the company	24,035
8.75 per cent guaranteed sterling notes 2020 of REA Finance B.V.	42,583
Loans from PT Swakarsa Sinar Sentosa (a subsidiary of DSN)	29,810
Loans from R.E.A. Trading Limited	6,399
Indonesian term bank loans	73,309
Drawings under Indonesian working capital lines	48,235
	224,371

The proposed sale would improve the group's capital structure. On the pro-forma basis detailed in Part V (*Unaudited pro forma financial information*) of this document, the group's debt equity ratio would be reduced from 77 per cent to 49 per cent.

The board believes that following completion of the proposed sale, no further divestment of assets or issues of securities will be required by the group until at least 2020 when the 8.75 per cent guaranteed sterling notes 2020 fall due for repayment. However, the group plans to continue discussion with its bankers with a view to improving the maturity profile of its bank debt and converting a substantial proportion of existing rupiah denominated borrowings into dollar denominated borrowings. The aim of such conversion would be to reduce interest costs since interest rates on dollar denominated Indonesian bank debt are currently approximately half those on rupiah denominated Indonesian bank debt.

As part of such continuing discussion, SYB has recently obtained a formal offer of two new medium term loans of an aggregate amount equivalent in total to some $34 million. If SYB takes up the offer, such loans would replace the existing facilities provided to SYB by DBS pursuant to the banking facility agreement summarised in paragraph 7.1(a) of Part VII (*Additional information*) of this document, which would be repaid. Such existing facilities comprise an amortising term loan and a revolving credit facility which together currently total some $11 million. If necessary to ensure the adequacy of the group's working capital, SYB will take up this offer but it is for the moment deferring doing so while the group pursues other options which may lead to an offer of alternative, and potentially more beneficial, bank facilities.

Working capital and importance of the vote

The company is of the opinion that, as at the date of this document, the continuing group does not have sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this document.

This is because the working capital adequacy assessment has to be made on the basis that the only facilities available to the group are those that have been formally agreed. Specifically, the assessment does not take into account:

- the prospective new bank facilities referred to above that have been formally offered to SYB but which have not yet been taken up by SYB, which facilities would, if taken up, provide two medium term loans to SYB equivalent in total to some $34 million (the **"new bank facilities"**); and

- renewal of the revolving credit facilities provided by DBS to each of REA Kaltim and SYB pursuant to which an aggregate amount equivalent to some $18 million is outstanding and falls due for renewal on 27 July 2018 (the **"DBS revolving credit facilities"**), being renewals that have been recommended to the credit committee of DBS but not yet confirmed by that committee.

The scenarios described below set out the implications for the working capital position of the group, depending on (i) whether or not the new bank facilities are taken up and the DBS revolving credit facilities are renewed (as expected) and (ii) whether or not the proceeds of the proposed sale are received.

New bank facilities taken up and the DBS revolving credit facilities renewed as expected

If the new bank facilities are put in place and the DBS revolving credit facilities are renewed for a further 12 months from 27 July 2018 as expected, then on the basis of the company's stress tested cash flow projections:

- if the proceeds of the proposed sale **are** received, the company is of the opinion that the continuing group would have sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this document;

- if the proceeds of the proposed sale **are not** received, the group would run out of cash in December 2018 with a working capital shortfall in that month of approximately $1.4 million, absent ameliorative action.

No new bank facilities and no renewal of the DBS revolving credit facilities

If the new bank facilities are not put in place and the DBS revolving credit facilities are not renewed, then on the basis of the company's stress tested cash flow projections, the working capital adequacy assessment shows a cash shortfall of approximately $24 million from 27 July 2018. As the cash shortfall would arise prior to the expected completion date of the proposed sale, it would arise whether or not the proceeds of the proposed sale are received.

Further considerations in relation to the group's bank debt

Whether or not the proposed sale proceeds, the board intends that the group should continue discussions with its bankers with a view to improving the maturity profile and terms of its bank debt. Should such discussions not result in a more beneficial proposal than the existing offer of the new bank facilities, the board intends that SYB should take up that offer. Although the offer could be withdrawn at any time prior to the execution of a formal agreement to implement the offer, the board believes that it is highly unlikely that the offer would be withdrawn within the time period needed for the board to decide whether to take up the new bank facilities or to proceed with a more beneficial proposal if available.

The board also believes that it is highly unlikely that DBS will not renew the DBS revolving credit facilities for a further 12 months from 27 July 2018, such facilities having never failed to be renewed on the several previous occasions on which they have fallen due for renewal.

Ameliorative actions to address a cash shortfall

If the new bank facilities are taken up and the DBS revolving working capital facilities are renewed but the proceeds of the proposed sale are not received (including as a result of the sale and purchase agreement not becoming unconditional due to a failure to obtain shareholder approval, the consent of DBS as REA Kaltim's lending bank or any necessary regulatory approval or consent under Indonesian law), the cash shortfall indicated by the company's stress tested working capital projections may still be avoided if the group's current discussions with its bankers result in a more beneficial proposal of bank facilities than the offer of the new bank facilities. Should that not be the case, the group would seek to raise additional equity funding to address the cash shortfall.

In these circumstances, the board believes that such additional equity funding is likely to be available and could be completed within a timeframe that would provide the group with cash resources that could reasonably be expected to be sufficient to carry the group at least through 2019. Failing such funding, the group might raise additional cash either by seeking an alternative purchaser of PBJ or through divestment of other assets (although these may be less saleable than PBJ), or would address the cash deficit by reducing operating and capital expenditure (for example by economising on the upkeep of planted areas and/or by curtailing the planned extension planting) and/or by deferring payment of the dividends payable in respect of the preference shares (the **"potential ameliorative actions"**).

In the event that (i) the offer of the new bank facilities is withdrawn, (ii) a more beneficial proposal is not agreed and (iii) the DBS revolving credit facilities are not renewed, the board would have less flexibility to implement the full range of potential ameliorative actions due to the more immediate nature of the cash shortfall. The company would therefore concentrate on raising additional equity funding to meet the cash shortfall that would arise from 27 July 2018, as described above. The board believes that such additional equity funding is more likely to be available in circumstances where the sale proceeds are expected to be received than where they are not. That is because the combined effect of the equity raise and the divestment would be to put the company in a stronger financial position than the equity raise without the divestment.

In this scenario, if it proved possible to fund the 27 July 2018 cash shortfall through an equity raise and:

- the proceeds of the proposed sale **are** received, the company's stress tested cash flow projections indicate that the continuing group would have sufficient cash until June 2019 when such projections show a cash shortfall of approximately $9.4 million; the board believes this shortfall may be avoided by taking the potential ameliorative actions described above, which could reasonably be expected to provide the cash resources needed to carry the continuing group at least through 2019;
- the proceeds of the proposed sale **are not** received, the company's stress tested cash flow projections indicate that, absent further ameliorative action, the group would have a cash shortfall of $3.5 million in October 2018 and increasing cash shortfalls from December 2018 onwards; the board believes that such cash shortfalls may be difficult to avoid unless the potential ameliorative actions taken by the company include the divestment of other assets combined with further fund raising to meet such cash shortfalls; given the short timeframe and that other assets may be less saleable than PBJ, the board believes that it would be challenging, albeit potentially feasible, to effect the divestment of other assets in the time available; if the potential ameliorative actions taken by the company prior to the cash shortfalls arising proved insufficient to cover the shortfalls, the group would run out of cash.

Alternative scenarios

In addition to the scenarios outlined in detail above, there are other possible scenarios. These include take up of the new bank facilities but the DBS revolving credit facilities not being renewed as expected and vice versa. In these two further cases, the overall liquidity of the group is improved compared to the scenarios where the new bank facilities are not put in place and the DBS revolving credit facilities are not renewed, but the liquidity is worse compared to the scenarios where the new bank facilities are put in place and the DBS revolving credit facilities are renewed as expected.

Consequence of failure to fund the cash requirements of the group

Where the scenarios described above indicate that the group would face a cash shortfall and the ameliorative actions proposed prove insufficient to cover that shortfall, the group would run out of cash. In this event (which the board considers a remote eventuality), it is probable that the company would cease to trade and that administration or other insolvency proceedings would be brought against the company and other members of the group.

Conclusion

As set out above, the board believes that the DBS revolving credit facilities will be renewed and that either the new bank facilities will be taken up or the group's current discussions with its bankers will result in a more beneficial proposal of bank facilities that will be accepted.

The scenarios outlined in detail above should be considered carefully. In view of the above considerations and the fact that the proposed sale if completed would result in a significant injection of cash into the group, the board believes that it is important that shareholders vote to approve the proposed sale.

Risk factors

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

General meeting

A notice convening a general meeting of the company for 11.00 a.m. on 10 July 2018, to be held at the offices of the company's solicitors, Ashurst LLP, at Broadwalk House, 5 Appold Street, London EC2A 2HA, 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 proposed sale.

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 copies of this document sent to holders of ordinary shares.

Whether or not they intend to attend the general meeting in person, all holders of ordinary shares are urged to complete the enclosed form of proxy and to return the same to Link Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event so as to arrive by not later than 11.00 a.m. on 8 July 2018, or alternatively 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 holder of ordinary shares from attending the meeting and voting in person if he or she should so wish.

Recommendation

The board considers that the proposed sale is in the best interests of the company and its shareholders as a whole.

Accordingly, the board recommends that all holders of ordinary shares vote in favour of the resolution set out in the notice of the general meeting of the company convened for 10 July 2018 as the directors intend to do in respect of their own holdings comprising 479,774 ordinary shares (representing 1.19 per cent of the voting share capital of the company).

Emba Holdings Limited has confirmed that it intends to vote in favour of the resolution in respect of its holding of 11,082,420 ordinary shares (representing 27.4 per cent of the voting share capital of the company).

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 PBJ*), Part V (*Unaudited pro forma financial information*), Part VI (*Principal terms of the sale and purchase agreement*) and Part VII (*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.

Yours faithfully

David J Blackett
Chairman

PART II – RISK FACTORS

Prior to making any decision as to how to vote on the resolution to be proposed at the general meeting, holders of ordinary shares 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 proposed sale.

The risks described below relate only to the proposed sale and are not set out in any particular order of priority.

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 proposed sale and have a material and adverse effect on the business, financial condition, results of operations or future prospects of the group.

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

Risks relating to the proposed sale not completing

Completion of the proposed sale is conditional upon, amongst other things:

- shareholder approval;
- the receipt of all necessary regulatory approvals and consents required under Indonesian law (including in particular the approval of the Indonesia Investment Coordinating Board (*Badan Koordinasi Penanaman Modal*)); and
- the formal approval of DBS as REA Kaltim's lending bank.

If such approvals are not received by mid-August 2018, completion of the proposed sale will initially be deferred but if the approvals are not received by 31 January 2019 (or such later date as REA Kaltim and KLK may agree), the sale and purchase agreement will lapse and the $8 million advance in respect of the purchase price made by KLK to REA Kaltim will need to be repaid by REA Kaltim, together with interest on the amount of the advance at the rate of 3 per cent per annum, from (and including) the date of the sale and purchase agreement to (but excluding) the date of repayment.

As explained under the paragraph headed "Working capital and the importance of vote" set out in Part I (*Letter from the chairman of R.E.A. Holdings plc*) of this document, if the proposed sale does not complete:

- If the new bank facilities **are** put in place and the DBS revolving credit facilities **are** extended for a further 12 months from 27 July 2018 as expected, then on the basis of the company's stress tested cash flow projections, the group would run out of cash in December 2018 with a working capital shortfall in that month of approximately $1.4 million, absent ameliorative action.
- If the new bank facilities **are not** put in place and the DBS revolving credit facilities **are not** renewed, then on the basis of the company's stress tested cash flow projections, the working capital adequacy assessment shows a cash shortfall of approximately $24 million from 27 July 2018. As the cash shortfall would arise prior to the expected completion date of the proposed sale, it would arise whether or not the proceeds of the proposed sale are received.

If the new bank facilities are taken up and the DBS revolving credit facilities are renewed but the proceeds of the proposed sale are not received (including as a result of the sale and purchase agreement not becoming unconditional due to a failure to obtain shareholder approval, the consent of DBS as REA Kaltim's lending bank or any necessary regulatory approval or consent under Indonesian law), the cash shortfall indicated by the company's stress tested working capital projections may still be avoided if the group's current discussions with its bankers result in a more beneficial proposal of bank facilities than the offer of the new bank facilities. Should that not be the case, the group would seek to raise additional equity funding to address the cash shortfall.

In these circumstances, the board believes that such additional equity funding is likely to be available and could be completed within a timeframe that would provide the group with cash resources that could reasonably be expected to be sufficient to carry the group at least through 2019. Failing such funding, the group might raise additional cash either by seeking an alternative purchaser of PBJ or through divestment of other assets (although these may be less saleable than PBJ), or would address the cash deficit by reducing operating and capital expenditure (for example by economising on the upkeep of planted areas and/or by curtailing the planned extension planting) and/or by deferring payment of the dividends payable in respect of the preference shares (the **"potential ameliorative actions"**).

In the event that (i) the offer of the new bank facilities is withdrawn, (ii) a more beneficial proposal is not agreed and (iii) the DBS revolving credit facilities are not renewed, the board would have less flexibility to implement the full range of potential ameliorative actions due to the more immediate nature of the cash shortfall. The company would therefore concentrate on raising additional equity funding to meet the cash shortfall that would arise from 27 July 2018, as described above. The board believes that such additional equity funding is more likely to be available in circumstances where the sale proceeds are expected to be received than where they are not. That is because the combined effect of the equity raise and the divestment would be to put the company in a stronger financial position than the equity raise without the divestment.

In this scenario, if it proved possible to fund the 27 July 2018 cash shortfall through an equity raise and the proceeds of the proposed sale are not received, the company's stress tested cash flow projections indicate that, absent further ameliorative action, the group would have a cash shortfall of $3.5 million in October 2018 and increasing cash shortfalls from December 2018 onwards. The board believes that such cash shortfalls may be difficult to avoid unless the potential ameliorative actions taken by the company include the divestment of other assets combined with further fund raising to meet such cash shortfalls. Given the short timeframe and that other assets may be less saleable than PBJ, the board believes that it would be challenging, albeit potentially feasible, to effect the divestment of other assets in the time available. If the potential ameliorative actions taken by the company prior to the cash shortfalls arising proved insufficient to cover the shortfalls, the group would run out of cash.

Where the scenarios described above indicate that the group would face a cash shortfall and the ameliorative actions proposed prove insufficient to cover that shortfall, the group would run out of cash. In this event (which the board considers a remote eventuality), it is probable that the company would cease to trade and that administration or other insolvency proceedings would be brought against the company and other members of the group.

As set out above, the board believes that the DBS revolving credit facilities will be renewed and that either the new bank facilities will be taken up or the group's current discussions with its bankers will result in a more beneficial proposal of bank facilities that will be accepted.

Risks relating to the proposed sale completing

The purchase price will be reduced if projected plantings are not completed at the PBJ estate

The purchase price payable to REA Kaltim will be reduced by $8,000 for every hectare by which the aggregate number of hectares planted by PBJ between 1 January 2018 and the close of business on the earlier of the completion date and 30 September 2018 falls short of 520.

The company is confident that the projected planting programme can be completed, but normal operating risks such as excessive rain or difficulties in reaching agreements with local communities could prevent this from occurring and thus reduce the sale proceeds received by the continuing group.

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

Under the sale and purchase agreement, REA Kaltim has given warranties and indemnities (including a tax indemnity).

Whilst REA Kaltim endeavoured to ensure that fair disclosure was made of all exceptions to the warranties, there can be no guarantee that circumstances will not come to light which may give rise to a successful claim against REA Kaltim for breach of warranty.

The board believes that the potential liability accepted by REA Kaltim under the indemnities given by it was reasonable in the circumstances of the transaction. However, again there can be no guarantee 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 REA Kaltim under the indemnities.

If a successful claim for breach of warranty or under the indemnities were to be made against REA Kaltim, this would result in financial loss to REA Kaltim albeit the aggregate liability of REA Kaltim in respect of such claims is capped at $15 million.

The continuing group may become exposed to concentration risk

Following completion of the proposed sale, the continuing group's agricultural operations will all be 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.

The continuing group may be unable to realise perceived benefits

The board believes that the proposed sale will benefit the continuing group by leaving the continuing group with plantation assets which are geographically much more concentrated. This should permit economies of operation and consequently cost savings. However, there can be no guarantee that 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 (*Risk factors*) of this document 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 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 paragraph headed "Working capital and importance of the vote" on pages 11 to 14 of this document.

3. **Exchange rates**

Save as otherwise indicated or as the context may otherwise require, references in this document to dollar amounts that have been converted from:

(a) rupiah to dollars have been converted at the prevailing spot rate of exchange of Rp 13,902 = $1 on 11 June 2018; and

(b) sterling to dollars have been converted at the prevailing spot rate of exchange of £1 = $1.3369 on 11 June 2018

(11 June 2018 being the latest practicable date prior to the publication of this document).

PART IV – FINANCIAL INFORMATION RELATING TO PBJ

This Part IV (*Financial information relating to PBJ*) sets out summary financial information for PBJ and has been extracted without material adjustment from the consolidation schedules that underlie the audited consolidated financial statements of the group for the years ended 31 December 2015, 31 December 2016 and 31 December 2017.

The financial information has been prepared in accordance with the IFRS accounting policies adopted in the audited consolidated financial statements of the group for the year ended 31 December 2017. 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 group for the years ended 31 December 2015, 31 December 2016 and 31 December 2017 were audited by Deloitte LLP, a member firm registered with the Institute of Chartered Accountants of England & 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.

Income statement for each of the years ended 31 December 2015, 31 December 2016 and 31 December 2017

	Year ended 31 December 2015* (restated)	**Year ended 31 December 2016**	**Year ended 31 December 2017**
	$'000	**$'000**	**$'000**
Revenue	243	284	681
Cost of sales:			
Depreciation	(231)	(248)	(329)
Other costs	(514)	(660)	(902)
Gross loss	**(502)**	**(624)**	**(550)**
Administrative expenses	(36)	(85)	(202)
Operating loss	**(538)**	**(709)**	**(752)**
Investment revenues	14	6	4
Exchange gains / (losses)	1,525	(579)	500
Finance costs	(853)	(851)	(408)
Profit/(loss) before tax	**148**	**(2,133)**	**(656)**
Tax	(421)	99	(69)
Loss for the year	**(273)**	**(2,034)**	**(725)**

* In 2016, the group applied amendments to IAS 41 Agriculture and IAS 16 Property plant and equipment. The year ended 31 December 2015 was restated accordingly, and the results shown above for 2015 are after that restatement.

Net asset statement as at 31 December 2017

	As at 31 December 2017
	$'000
Non-current assets	
Property, plant and equipment	68,888
Land titles	2,347
Deferred tax assets	532
Non-current receivables	1,256
	73,023
Current assets	
Inventories	636
Balances due from group	1,287
Trade and other receivables	7,200
Cash and cash equivalents	1,441
	10,564
Total assets	**83,587**
Current liabilities	
Trade and other payables	(3,989)
Bank loans	(1,082)
Balances due to group	(41,295)
	(46,366)
Non-current liabilities	
Bank loans	(20,567)
Other loans and payables (employee benefit obligations)	(286)
	(20,853)
Total liabilities	**(67,219)**
Net assets	**16,368**

PART V – UNAUDITED PRO FORMA FINANCIAL INFORMATION

A. PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma financial information set out below has been prepared on the basis discussed below, to illustrate the effect of the proposed sale as if the proposed sale had completed on 31 December 2017. The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, the pro forma financial information 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 V (*Unaudited pro forma financial information*).

Basis of preparation

The pro forma financial information has been prepared on the basis set out in the notes below and in a manner consistent with the accounting policies of the group used in the preparation of the annual report and accounts of the group for the year ended 31 December 2017 in accordance with Annex II to the Prospectus Directive Regulation (2004/809/EC).

Pro forma statement of net assets of the continuing group (and related items)

		Adjustments		
Description	**Group as at 31 December 2017 (Note 1)**	**PBJ as at 31 December 2017 (Note 2)**	**Estimated sale proceeds (Note 3)**	**Pro forma as at 31 December 2017 (Note 4)**
	\$'000	**\$'000**	**\$'000**	**\$'000**
Non-current assets				
Goodwill	12,578	-		12,578
Intangible assets	3,477	-		3,477
Property, plant and equipment	482,341	(68,888)		413,453
Land titles	35,178	(2,347)		32,831
Stone and coal interests	37,877	-		37,877
Deferred tax assets	9,867	(532)		9,335
Non-current receivables	4,996	(1,256)		3,740
Total non-current assets	586,314	(73,023)		513,291
Current assets				
Inventories	11,497	(636)		10,861
Biological assets	1,927	-		1,927
Investments(i)	2,730	-		2,730
Trade and other receivables	39,280	(7,200)		32,080
Cash and cash equivalents(i)	5,543	(1,441)	56,234	60,336
Total current assets	60,977	(9,277)	56,234	107,934
Total assets	**647,291**	**(82,300)**	**56,234**	**621,225**
Current liabilities				
Trade and other payables	(62,212)	3,989		(58,223)
Current tax liabilities	(11)	-		(11)
Bank loans(i)	(28,140)	1,082		(27,058)
Other loans and payables(i)	(10,469)	-		(10,469)
Total current liabilities	(100,832)	5,071		(95,761)
Non-current liabilities				
Bank loans(i)	(96,991)	20,567		(76,424)
Sterling notes(i)	(41,364)	-		(41,364)
US dollar notes(i)	(23,649)	-		(23,649)
Deferred tax liabilities	(79,600)	-		(79,600)
Other loans and payables(i)	(28,120)	286		(27,834)
Total non-current liabilities	(269,724)	20,853		(248,871)
Total liabilities	**(370,556)**	**25,924**		**(344,632)**
NET ASSETS(ii)	**276,735**	**(56,376)**	**56,234**	**276,593**
Net debt(ii)	**(211,733)**	**20,208**	**56,234**	**(135,291)**
Net debt / net assets (net debt / equity ratio)	**77%**			**49%**

(i) and (ii) See note 5 below

Notes to the unaudited pro forma statement of net assets (and related items)

1. The consolidated net assets of the group and net debt have been extracted, without material adjustment, from the audited consolidated balance sheet of the group as at 31 December 2017 and note 23 to that balance sheet.

2 The net assets and net debt of PBJ have been extracted without material adjustment from the consolidation schedules that underlie the audited consolidated balance sheet of the group as at 31 December 2017, except for the elimination of intercompany balances due to and from the group, being non-current liabilities of $41,295,000 and current assets of $1,287,000, which are presented within the net asset statement for PBJ set out in Part IV (*Financial information relating to PBJ*) of this document.

3. The estimated sale proceeds reflect the cash that would have been received by the group had completion of the proposed sale taken place on 31 December 2017, being (x) the repayment of the net balance of $40,008,000 owed by PBJ to the group calculated on the basis of balances due by PBJ to the group of $41,295,000 and balances due by the group to PBJ of $1,287,000 and (y) the net purchase price payable for the 95 per cent of the issued share capital of PBJ estimated at $16,226,000 calculated as follows:

	$'000
Value attributed to non-current assets (excluding deferred tax and plasma advances)	80,000
Exclude 520 hectares at $8,000 per hectare to be planted in 2018*	(4,160)
Current assets of PBJ (including plasma advances but excluding deferred tax and group balances)**	9,139
Current liabilities (including provision for employee benefits but excluding bank loans and group balances)**	(3,724)
Bank loans**	(22,062)
Group balances (net)**	(40,008)
	19,185
5 per cent non-controlling interest	(959)
Estimated expenses of the proposed sale	(2,000)
	16,226

* For the purposes of the pro forma statement, the purchase price has been adjusted to deduct the amount that is, in accordance with the terms of the sale and purchase agreement, to be deducted if none of the additional 520 hectares which are projected to be planted between 1 January 2018 and the earlier of completion and 30 September 2018 are planted.

** Extracted from the statement of PBJ net assets at 31 December 2017 (itself extracted as stated in note 2 above), amended only to reclassify accrued bank interest of $413,000 from current liabilities to bank loans.

4. The unaudited pro forma statement of net assets of the group does not reflect any trading or other transactions undertaken by the group since 31 December 2017, other than the proposed sale. No adjustments have been included in the statement in respect of the sale of the five per cent non-controlling shareholding in PBJ held by Hansa as this sale would not affect the net assets attributable to the continuing group.

5. The net debt balance at 31 December 2017 has been calculated as the total of all balances marked as (i) in the net assets statement, less Indonesian retirement benefit obligations of $8.7 million. The net debt / net assets ratio (net debt / equity ratio) has been calculated as net debt divided by net assets (marked as (ii) above).

B. REPORT ON PRO FORMA FINANCIAL INFORMATION

Deloitte LLP
Athene Place
66 Shoe Lane
EC4A 3BQ

The Board of Directors
on behalf of R.E.A. Holdings plc
32 – 36 Great Portland Street
London
W1W 8QX

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

12 June 2018

Dear Sirs,

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

We report on the pro forma financial information (the "Pro forma financial information") set out in Part V of the class 1 circular to be dated 12 June 2018 (the "Class 1 Circular"), which has been prepared on the basis described in the notes 1 – 5 for illustrative purposes only, to provide information about how the proposed sale 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 2017. This report is required by the Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") as applied by Listing Rule 13.3.3R 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 II items 1 to 6 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

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 II item 7 of the Prospectus Directive Regulation applied by Listing Rule 13.3.3R.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Ordinary shareholders as a result of the inclusion of this report in the Class 1 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 13.4.1R (6), consenting to its inclusion in the Class 1 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. 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

Deloitte LLP

PART VI – TERMS OF THE SALE AND PURCHASE AGREEMENT

The sale and purchase agreement is dated 25 April 2018 and made between (1) REA Kaltim and (2) KLK.

Sale and purchase

Pursuant to the sale and purchase agreement, REA Kaltim has agreed to sell its 95 per cent interest in PBJ to KLK.

Purchase price

The purchase price payable for the 95 per cent interest in PBJ is an amount equal to:

$$95\% \times [(\$80,000,000 - (\$8,000 \times A)) + E - (F + G)]$$

where:

"A" is equal to the amount by which the aggregate number of hectares planted by PBJ between 1 January 2018 and the close of business on the earlier of the completion date and 30 September 2018 falls short of 520;

"E" is equal to (a) the aggregate book value of the current assets of PBJ plus the plasma advances made by PBJ in each case as at immediately prior to completion of the proposed sale; less (b) the aggregate book value of (i) the current liabilities of PBJ (excluding, to the extent that they would otherwise be included, (x) any borrowings and interest referred to at "F" and "G" below (to avoid double counting) and (y) deferred tax) and (ii) the employee benefits obligation of PBJ in each case as at immediately prior to completion of the proposed sale;

"F" is equal to the aggregate outstanding principal amount borrowed by PBJ from the group and all unpaid interest accrued thereon in each case as at immediately prior to completion of the proposed sale; and

"G" is equal to the aggregate outstanding principal amount of bank debt borrowed by PBJ and all unpaid interest accrued thereon in each case as at immediately prior to completion of the proposed sale plus the amount, if any, payable by PBJ as a penalty for prepayment of such bank debt.

The above amounts are to be determined by agreement between the parties or, failing agreement, by an independent firm of chartered surveyors (in the case of "A") or independent firm of chartered accountants (in the case of "E", "F" and "G").

The purchase price is payable in cash on completion of the proposed sale.

Advance in respect of the purchase price

KLK has advanced to REA Kaltim the sum of $8 million by way of an advance of the purchase price.

REA Kaltim may use such advance as it thinks fit, whether for the repayment of debt, advancing to subsidiaries, working capital or otherwise. However, if the conditions to the sale and purchase agreement are not satisfied and the proposed sale does not complete, the $8 million advance shall be repaid by REA Kaltim, together with interest at the rate of 3 per cent per annum from (and including) the date of the sale and purchase agreement to (but excluding) the date of repayment.

Repayment of debt

KLK has undertaken to procure the repayment by PBJ, at completion of the proposed sale, of the debt and interest referred to at "F" and "G" above.

Period between signing and completion

REA Kaltim has undertaken to procure that, pending completion of the proposed sale, the business and activities of PBJ are conducted in the ordinary course.

Warranties and indemnities

REA Kaltim has given warranties and indemnities (including a tax indemnity) to KLK, subject to agreed limitations on liability including:

(a) as regards time periods for claims, provision that the liability of REA Kaltim will lapse unless notice of the claim is received by REA Kaltim:

  (i) in the case of a claim in relation to the general commercial warranties or under indemnities relating to certain employee matters and to the completion statement prepared for the purposes of ascertaining the purchase price, by the first anniversary of completion;

  (ii) in the case of a claim under an indemnity as regards land compensation payments, by the third anniversary of completion;

  (iii) in the case of a claim in relation to the fundamental warranties as to REA Kaltim's title to the PBJ shares to be sold by it, by the fifth anniversary of completion;

  (iv) in the case of a claim in relation to the warranties as to tax or under the tax indemnity, by 31 March 2025; and

  (v) in the case of a claim under an indemnity relating to the perfection of title to certain land, by 30 June 2025; and

(b) an aggregate cap on liability of $15 million.

Additional provisions

KLK agreed that REA Kaltim may invite a small number of existing staff at PBJ to transfer to REA Kaltim's employment, and undertook to procure that PBJ will offer continued employment to substantially all of the balance of PBJ's other employees.

KLK also agreed:

(a) to the continued use by KCCRI of a small area of the PBJ estate for crushing stone; and

(b) to procure that PBJ offers KCCRI a first right to supply PBJ with PBJ's future needs for crushed stone.

Conditions

The proposed sale is conditional upon, amongst other things, REA shareholder approval, the receipt of all necessary regulatory approvals and consents required under Indonesian law (including in particular the approval of the Indonesia Investment Coordinating Board (*Badan Koordinasi Penanaman Modal*)) and the formal approval of REA Kaltim's lending bank.

If the conditions are not satisfied by 31 January 2019 (or such later date as REA Kaltim and KLK may agree), the sale and purchase agreement will lapse.

Assignment of KLK's rights

Pursuant to a deed of assignment dated 8 June 2018, as permitted pursuant to the sale and purchase agreement, all of KLK's rights under the sale and purchase agreement have been assigned to Taiko Plantations Pte Ltd, a wholly owned subsidiary of KLK, incorporated in Singapore. Accordingly, Taiko Plantations Pte Ltd is now the proposed purchaser of the 95 per cent interest in REA Kaltim and the beneficiary of the rights in respect of the warranties and indemnities given by REA Kaltim.

PART VII – ADDITIONAL INFORMATION

1. **Responsibility**

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 under the Companies Act 2006, with registered number 6710099. The registered office and head office of the company is located at 1st floor, 32-36 Great Portland Street, London W1W 8QX (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
Irene Chia	Non-executive director
John Oakley	Non-executive director
Richard Robinow	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 which have been notified by each director to the company pursuant to article 19 of the Market Abuse Regulation (2014/596/EU) and its predecessor legislation or the interests of persons closely associated with them which have been disclosed under article 19 of the Market Abuse Regulation (2014/596/EU) and its predecessor legislation (and the existence of which is known to, or could with reasonable diligence be ascertained by, that director) were as follows:

Name	**Number of ordinary shares**	**Number of preference shares**	**Percentage of voting share capital** [(1)]
David Blackett	25,000	250,600	0.062
Carol Gysin	1,132	91,957	0.003
Irene Chia	1,000	-	0.002
John Oakley	442,493	-	1.096
Richard Robinow	11,082,420	-	27.447
Michael St Clair-George	10,149	2,108	0.025

(1) Excluding the 132,500 ordinary shares held in treasury.

No director holds any 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 2021 unless previously terminated by either party giving to the other not less than 12 months' notice in writing. There are no benefits payable to Ms Gysin payable 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 no person is directly or indirectly interested in 3 per cent or more of the company's issued ordinary share capital or voting rights.

Name	**Number of ordinary shares**	**Percentage of voting share capital**[(1)]
Emba Holdings Limited[(2)]	11,082,420	27.4
Prudential plc and certain subsidiaries[(3)]	6,043,129	16.4
Alcatel Bell Pensioenfonds VZW	4,167,049	11.3
Artemis UK Smaller Companies	3,563,620	9.6
Aberforth LLP	2,946,902	7.3
The Capital Group Trading Companies Inc	2,162,000	5.4

(1) Excluding the 132,500 ordinary shares held in treasury.

(2 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.

(3) The company has been notified that the interest of the Prudential group of companies includes 6,021,116 ordinary shares (14.9 per cent) in which M&G Investment Funds 3 is also interested.

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 group as at the date of this document:

(a) the banking facility agreement dated 27 July 2010, as amended on 7 August 2012, 11 November 2013, 28 October 2014, 3 August 2015, 17 September 2015, 26 July 2016 and 21 July 2017, made between (1) DBS (as lender) and (2) SYB (as borrower), pursuant to which DBS has provided facilities to SYB currently comprising an amortising term loan facility in the amount of Rp 140 billion ($10.1 million) (of which Rp 118.3 billion ($8.5 million) is outstanding) and an uncommitted revolving credit facility in the amount of Rp 29.8 billion ($2.1 million); the amortising term loan facility bears interest at a floating rate equal to 2.5 per cent per annum over the Jakarta Interbank Offered Rate (plus a liquidity premium) and is repayable in quarterly instalments, with the last repayment due on 8 August 2021; the revolving credit facility bears interest at a floating rate equal to 1.3 per cent per annum over the Jakarta Interbank Offered Rate (plus a liquidity premium) and is currently repayable on 27 July 2018; SYB has agreed certain financial covenants under the agreement; SYB's obligations under the agreement are secured by charges over substantially the whole of the assets and undertaking of SYB;

(b) the corporate guarantee dated 27 July 2010 made between (1) DBS (as the bank) and (2) REA Kaltim (as guarantor), pursuant to which REA Kaltim guaranteed SYB's obligations under the banking facility agreement summarised in paragraph (a) above;

(c) the corporate guarantee dated 30 July 2010 made between (1) DBS (as the bank) and (2) the company (as guarantor), pursuant to which the company guaranteed SYB's obligations under the banking facility agreement summarised in paragraph (a) above;

(d) the banking facility agreement dated 12 April 2012 as amended on 8 April 2013, 11 October 2013, 24 October 2014, 17 September 2015, 26 July 2016 and 21 July 2017, made between (1) DBS (as lender) and (2) REA Kaltim (as borrower), pursuant to which DBS has provided facilities to REA Kaltim currently comprising an amortising term loan facility of Rp 350 billion ($25.2 million) (of which Rp 293.3 billion ($21.1 million) is outstanding), an uncommitted revolving credit facility of Rp 220.7 billion ($15.9 million) and a committed revolving credit facility of Rp 420 billion ($30.2 million); the amortising term loan facility bears interest at a floating rate equal to 2.5 per cent per annum over the Jakarta Interbank Offered Rate (plus a liquidity premium) and is repayable in quarterly instalments, with the last repayment due on 8 August 2021; the revolving credit facilities bear interest at a floating rate equal to 1.3 per cent per annum over the Jakarta Interbank Offered Rate (plus a liquidity premium) and are currently repayable, as respects the uncommitted revolving credit facility, on 27 July 2018 and, as respects the committed revolving credit facility, on 27 July 2019; REA Kaltim has agreed certain financial covenants under the agreement; REA Kaltim's obligations under the agreement are secured by charges over some 17,000 hectares of land held by REA Kaltim (including plantings and two oil mills thereon) together with receivables and inventory;

(e) the corporate guarantee dated 15 May 2012 made between (1) DBS (as the bank) and (2) the company (as guarantor) pursuant to which the company guaranteed REA Kaltim's obligations under the banking facility agreement summarised in paragraph (d) above;

(f) the corporate guarantee dated 23 April 2014 made between (1) the company (as guarantor) and (2) PT Bank UOB Indonesia (as the bank), pursuant to which the company guaranteed PBJ's obligations under the credit agreement summarised in paragraph 7.2(a) below;

(g) the corporate guarantee dated 3 June 2014 made between (1) REA Kaltim (as guarantor) and (2) PT Bank UOB Indonesia (as the bank), pursuant to which REA Kaltim guaranteed PBJ's obligations under the credit agreement summarised in paragraph 7.2(a) below;

(h) the amended and restated trust deed dated 2 September 2015 made between (1) REA Finance B.V. (as issuer), (2) the company (as guarantor), (3) R.E.A. Services Limited (as co-guarantor) and (4) Capita Trust Company Limited (as trustee) constituting £40,000,000 nominal 8.75 per cent guaranteed sterling notes 2020 of REA Finance B.V. (the **"sterling notes"**); the sterling notes are obligations of REA Finance B.V., bear interest at the fixed rate of 8.75 per cent per annum and are redeemable in one instalment on 31 August 2020; the sterling notes are unconditionally and irrevocably guaranteed by each of the company and REA Services Limited; the obligations of REA Services Limited as co-guarantor are secured principally by charges granted by REA Services Limited over certain intercompany loans; £31,852,000 nominal of the sterling notes is outstanding;

(i) the investment credit agreement dated 11 December 2015 made between (1) Bank Mandiri (as lender) and (2) KMS (as borrower), pursuant to which Bank Mandiri has provided to KMS an investment credit facility of Rp 247 billion ($17.8 million) (of which Rp 246 billion ($17.7 million) is outstanding); the investment credit facility bears interest at a fixed rate of 11.5 per cent per annum and is repayable by quarterly instalments commencing on 11 March 2018 and ending on 11 December 2022; KMS has agreed certain financial covenants under the agreement; KMS's obligations under the agreement are secured by a charge over all of KMS's land (including plantings thereon);

(j) the corporate guarantee dated 11 December 2015 made between (1) the company (as guarantor) and (2) Bank Mandiri (as the bank), pursuant to which the company guaranteed KMS's obligations under the investment credit agreement summarised in paragraph (i) above;

(k) the cash flow deficit guarantee dated 11 December 2015 made between (1) REA Kaltim (as the guarantor) and (2) Bank Mandiri (as the bank), pursuant to which REA Kaltim agreed that in the event of KMS suffering a cash flow deficit resulting in disruption to KMS's payment obligations owed to Bank Mandiri pursuant to the investment credit agreement summarised in paragraph (i) above, REA Kaltim would meet the deficit from its own cash flow;

(l) the share purchase and subscription agreement dated 16 August 2016 made between (1) PT Kebun Kutai Permai (**"KKP"**), (2) Makassar, (3) the company, (4) PT Agro Pratama (**"AP"**), (5) PT Swakarsa Sinar Sentosa (**"SWA"**), (6) DSN and (7) REA Kaltim, pursuant to which:

  (i) AP and SWA (subsidiaries of DSN) agreed to purchase the five per cent interest in REA Kaltim then registered in the name of KKP and to subscribe further shares in REA Kaltim in such numbers as to give AP and SWA an aggregate holding representing 15 per cent of the enlarged issued share capital of REA Kaltim;

  (ii) the aggregate price paid by AP and SWA for the 15 per cent interest in REA Kaltim has been subsequently determined at some $15.8 million;

  (iii) SWA agreed to provide sterling and dollar loans to REA Kaltim, matching (on a proportionate basis) the sterling and dollar loans made by the company to REA Kaltim;

  (iv) Makassar gave warranties and indemnities (including a tax indemnity), subject to agreed limitations on liability;

  (v) REA guaranteed the obligations of each of KKP, Makassar and REA Kaltim under the agreement; and

  (vi) DSN guaranteed the obligations of each of AP and SWA under the agreement;

(m) 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, REA, AP, SWA and DSN agreed the basis of their future 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) REA acknowledged that DSN and its subsidiaries may, gradually in stages of not less than twelve months apart over an expected period to 30 June 2021, increase their percentage ownership of REA Kaltim up to an eventual level of 49 per cent, subject to agreement, at each stage, of the price payable for the shares to be purchased or subscribed at that stage and subject to due compliance with all applicable laws and regulations;

(n) 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) constituting $37.5 million nominal 7.5 per cent dollar notes 2022 of the company (the **"dollar notes"**); the dollar notes are unsecured obligations of the company, bear interest at the fixed rate of 7.5 per cent per annum and are redeemable in one instalment on 30 June 2022; $24,035,218 nominal of the dollar notes is outstanding;

(o) the loan agreement dated 10 December 2016 made between (1) SWA (as lender) and (2) REA Kaltim (as borrower), pursuant to which, in fulfilment of its obligations incurred as referred to at paragraph (l)(iii) above, SWA made loans to REA Kaltim of $9,965,294 and £3,882,353, such loans being unsecured, repayable by three equal annual instalments commencing on 15 December 2018 and bearing interest, in the case of the dollar loan, at 5.046 per cent per annum over London Inter-bank Offered Rate and, in the case of the sterling loan, at 10.55 per cent per annum;

(p) the placing agreement dated 15 December 2016 made by way of a letter from the company to Mirabaud Securities Limited, pursuant to which the company issued for cash, by way of a placing organised by Mirabaud Securities Limited, 3,670,000 new ordinary shares at a subscription price of £2.95 per share;

(q) three loan agreements dated 10 April 2017 made between (1) SWA (as lender) and (2) each of SYB, KMS and CDM, pursuant to which SWA made loans to SYB of $10,835,294 and £1,882,059, to KMS of £2,005,447 and to CDM of $887,294, all such loans being unsecured, repayable between 2017 and 2023 and bearing interest, in the case of the dollar loan to SYB, at a rate of 2.75 per cent per annum above Singapore Inter-bank Offered Rate, in the case of the dollar loan to CDM at a rate of 5.046 per cent per annum above London Inter-bank Offered Rate and in the case of the sterling loans at a rate of 9.5 per cent per annum;

(r) the contract dated 9 October 2017 made between (1) the company and (2) Guy Butler Limited, pursuant to which the company issued for cash, by way of a placing organised by Guy Butler Limited, 8,358,768 new preference shares at a subscription price of £1.02663 per share; and

(s) the sale and purchase agreement.

7.2 *PBJ*

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

(a) the credit agreement dated 4 April 2014 made between (1) PBJ (as borrower) and PT Bank UOB Indonesia (as lender) pursuant to which PT Bank UOB Indonesia has provided to PBJ an amortising term loan facility of Rp 400 billion ($28.8 million) (of which Rp 361.5 ($26.0 million) is outstanding); the amortising term loan bears interest at a floating rate equal to 4.75 per cent per annum over the Jakarta Interbank Offered Rate and is repayable by quarterly instalments commencing on 4 July 2018 and ending on 4 April 2022 or, in full, upon a change of control of PBJ; PBJ has agreed certain financial covenants under the agreement; PBJ's obligations under the agreement are secured by charges over substantially the whole of the assets and undertaking of PBJ and are guaranteed by the company as noted at paragraph 7.1(f) above and by REA Kaltim as noted at paragraph 7.1(g) above.

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 12 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 *PBJ*

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 12 months preceding the date of this document, a significant effect on PBJ and/or PBJ's financial position or profitability.

9. **Significant change**

9.1 *The continuing group*

There has been no significant change in the financial or trading position of the continuing group since 31 December 2017, being the date to which the most recent audited financial statements of the group have been prepared.

9.2 *PBJ*

There has been no significant change in the financial or trading position of PBJ since 31 December 2017, being the date to which the most recent audited financial statements of PBJ have been prepared.

10. **Related party transactions**

During 2016 and 2017, R.E.A. Trading Limited (**"REAT"**) made unsecured loans to the company amounting, in aggregate, to the equivalent of $4.0 million in 2016 and $7.4 million in 2017. Further unsecured loans have been made by REAT to the company during 2018 amounting in aggregate to the equivalent of $7.0 million. The loans were all made on commercial terms, and all amounts borrowed by the company from REAT during 2016 and 2017 were repaid by 31 December in the year in which the loans were made. Of the loans made during 2018, an amount equivalent to $6.4 million remains outstanding. REAT is a private company the share capital of which is owned by Richard Robinow, a director of the company, and his brother Jeremy Robinow as to one half each.

Save as provided above or otherwise in respect of the remuneration of management personnel details of which have been previously published up to 31 December 2017 (the nature of which has not changed since such date), in respect of the periods for which historical financial information appears in this document and in respect of the period from 1 January 2018 to the date of this document, the company has not entered into any related party transaction (within the meaning of the Standards adopted according to the Regulation (EC) No 1606/2002).

11. **Consents**

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

11.2 N M Rothschild & Sons Limited 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 at the offices of Ashurst LLP at Broadwalk House, 5 Appold Street, London EC2A 2HA 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 memorandum and articles of association of the company;

(b) the consents referred to at paragraph 11 above;

(c) the audited accounts of PBJ for the three years ended 31 December 2017;

(d) the audited annual report and accounts of the group for the three years ended 31 December 2017;

(e) the sale and purchase agreement; and

(f) this document.

R.E.A. Holdings plc

(*Registered in England and Wales number 671099*)

Notice is hereby given that a general meeting of the company will be held at the offices of Ashurst LLP at Broadwalk House, 5 Appold Street, London EC2A 2HA on 10 July 2018 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:

(a) the proposed sale by PT REA Kaltim Plantations of its 95 per cent interest in PT Putra Bongan Jaya (the "**proposed sale**") as described in the circular to shareholders of the company dated 12 June 2018 of which this notice forms part (the "**circular**") be and is hereby approved; and

(b) the directors of the company (the "**directors**") (or any duly constituted committee thereof) be authorised to take all such steps as may be necessary or desirable in connection with, and to implement and complete, the proposed sale and associated matters with such modifications, variations, revisions, waivers or amendments (not being modifications, variations, revisions, waivers or amendments which are material in nature) as the directors (or any duly authorised committee thereof) may deem necessary, expedient or appropriate.

By order of the board

R.E.A. Services Limited
Secretaries

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

12 June 2018

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 the close of business on 8 July 2018 or, in the event of any adjournment, at the close of business 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. Only holders of ordinary shares are entitled to attend and vote at the above convened general meeting.

3. A holder of ordinary shares may appoint another person as that holder's proxy to exercise all or any of the holder's rights to attend, speak and vote at the meeting. A holder of ordinary shares may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to (a) different share(s) held by the holder. A proxy need not be a member of the company. A form of proxy for the meeting is enclosed. To be valid, forms of proxy and other written instruments appointing a proxy must be received by post or by hand (during normal business hours only) by the company's registrars, Link Asset Services, by no later than 11.00 a.m. on 8 July 2018. Alternatively, appointment of a proxy may be submitted electronically by using either Link Asset Services' share portal service at www.signalshares.com (and so that the appointment is received by the service by no later than 11.00 a.m. on 8 July 2018) or the CREST electronic proxy appointment service as described below. Shareholders who have not already registered for Link Asset Services' share portal service may do so by registering as a new user at www.signalshares.com and giving the investor code shown on

the enclosed form of proxy (as also shown on their share certificate). 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 holder of ordinary shares 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: RA10) by 11.00 a.m. on 8 July 2018. 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. 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.

8. 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.

9. 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.

10. 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.

11. As at the date of this notice, the issued share capital of the company comprises 40,509,529 ordinary shares of which 132,500 are held as treasury shares and 72,000,000 9 per cent cumulative preference shares. As stated above, only holders of ordinary shares (and their proxies) are entitled to attend and vote at the above convened general meeting. Accordingly, the voting rights attaching to shares of the company exercisable in respect of each of the resolutions to be proposed at the meeting total 40,377,029 as at the date of this notice.

12. 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.