REA Finance B.V.
Amsterdam

Annual Accounts for the year ended
December 31, 2017

Amstelveenseweg 760
1081 JK Amsterdam
The Netherlands
Chamber of Commerce: 34259527

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dated April 26, 2018

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Report of the management

Management herewith presents to the shareholder the audited accounts of REA Finance B.V. (hereinafter "the Company") for the year 2017.

General

The Company is a private company with limited liability incorporated under the laws of the Netherlands and acts as a finance company. The ultimate holding company is R.E.A. Holdings plc (hereinafter "REAH"), London, United Kingdom. The REAH group is principally engaged in the cultivation of oil palms in the province of East Kalimantan in Indonesia and in the production of crude palm oil (“CPO”) and by-products from fruit harvested from its oil palms.

Overview of activities

At 1 January 2017 the Company had outstanding £8,324,000 9.5 per cent guaranteed sterling notes 2017 (the “2017 sterling notes”) and £31,852,000 8.75 per cent guaranteed sterling notes 2020 (the "2020 sterling notes").

At 1 January 2017 the Company also had loans receivable from REAH totalling £43,111,000, a Tranche A loan of £11,259,000 bearing interest at 9.6783 per cent and repayable on 20 December 2017, and a Tranche B loan of £31,852,000 bearing interest at 8.9283 per cent and repayable on 20 August 2020. There was also a loan from REAH to the Company of £2,460,000 bearing interest at 8.5 per cent and repayable on 20 December 2017.

During the period under review the Company received interest on the loans from the Company to REAH and paid interest to the note holders of the sterling notes and to REAH.

On 16 October 2017 REAH purchased for cancellation £248,000 of the 2017 notes reducing the Tranche A loan by that amount. On 15 December 2017 REAH purchased for cancellation £50,000 of the 2017 notes reducing the Tranche A loan by that amount. On 20 December REAH repaid £10,486,000 of the Tranche A loan less the £2,460,000 loan owed by REAF (a total of £8,026,000) and REAF repaid the outstanding 2017 sterling notes totalling the same amount. On 31 December 2017 the remaining £475,000 Tranche A loan was transferred to the Tranche B loan (now the “Loan”).

At 31 December 2017 the Company had outstanding £31,852,000 2020 sterling notes and the Loan of £32,327,000 to REAH bearing interest at 8.9283 per cent. The 2020 sterling notes and the Loan are repayable on 20 August 2020.

Results

The net asset value of the Company as at 31 December 2017 amounts to £920,150 (31 December 2016: £863,620). The result for 2017 is a profit of £56,530 (2016: profit of £99,546).

Going concern

In the Directors’ Report included in the 2017 Annual Report of REAH the directors have made the following statement regarding future viability:

“As announced on 25 April 2018, the group has entered into a conditional agreement for the sale of PT Putra Bongan Jaya (“PBJ”). The sale is expected to realise gross proceeds of approximately $85 million and net proceeds of approximately $57 million after repayment of external borrowings and net of selling expenses. The proceeds of the sale of the PBJ shares and the repayment of monies owed by PBJ to other group companies will be applied in reduction of group indebtedness.

As at 31 December 2017, bank debt due within one year amounted to $28.1 million. Of this, $22.0 million represented drawings under the group’s revolving working capital facilities. The directors have no reason to believe that these facilities will not be rolled over at the end of July 2018 when the facilities fall due for renewal.

Since June 2015, the group’s financial position has been much improved by the subscription of some $39.5 million for new ordinary and preference shares, the issue of a total of $65 million of 2020 sterling notes and 2022 dollar notes in replacement of previous notes now redeemed and the loan and equity investment totalling $44 million by PT Dharma Satya Nusantara Tbk ("DSN"). The sale of PBJ should complete the financial restructuring.

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The sale of PBJ will serve the important financial purpose of reducing debt. It will also permit the group to consolidate its operational activities in a more compact area and to operate for longer without the need for an additional oil mill. This can be expected to result in a capital expenditure programme better aligned to the group's operational cash flows. The steady progress towards the resumption of mining on the group's principal coal concession should also lead to progressive recovery of amounts invested in coal. On the reasonable assumption that the divestment of PBJ will be completed as expected, the directors are confident that the group will have the cash resources that it needs for the foreseeable future.

Should the sale of PBJ for any reason not be completed (an eventuality that the directors consider unlikely), then the group would be left with a higher level of indebtedness than the directors believe is desirable. Depending upon the level of CPO prices and operational performance during the remainder of 2018, the group may then need to seek some additional equity funding to address this.

As respects funding risk, the group has material indebtedness, in the form of bank loans and listed notes. Some $5.1 million (excluding $1.1 million of bank loans to PBJ that will be discharged upon completion of the sale of PBJ) of bank term indebtedness falls due for repayment during 2018. A further $22.0 million of revolving working capital lines fall due for renewal during the same period. A further £31.9 million ($42.8 million) sterling notes will become repayable in August 2020. In view of the material proportion of the group's indebtedness falling due in the period to 31 December 2020, as described above, the directors have chosen this period for their assessment of the long-term viability of the group.

In the meanwhile, the group is continuing discussions to refinance with longer term debt indebtedness falling due in 2018 and 2019, although the directors have no reason to believe that the revolving working capital facilities falling due in 2018 and 2019 will not be rolled over when they fall due for renewal (all revolving working capital facilities having previously been substantially rolled over on past renewals).

In 2020 consideration will be given to the submission of proposals to the holders of the sterling notes to refinance these with securities of longer tenor.

With the improvements in crops now being seen and CPO prices projected to remain at remunerative levels, the group's plantation operations can be expected to generate increasing cash flows going forward. In addition, the group is currently finalising arrangements to recommence operations at the group's principal coal concession and this can be expected to result in increasing cash flow. The group's ongoing extension planting programme will continue to require material capital expenditure but the group has flexibility as to the rate of development. Moreover, successful completion of the planned divestment of PBJ referred to above will defer for some years the group's requirement for a fourth palm oil mill.

The directors fully expect that the divestment and financing initiatives currently being pursued, coupled with the improving outlook for the group's internally generated cash flows, will refinance, or permit the group to repay, the group indebtedness falling due for repayment during the period of assessment. However, should funding be required pending completion of these initiatives, the group will seek to issue for cash a limited number of new shares, authority for which will be sought as and when appropriate.

Based on the foregoing and after making enquiries, the directors therefore have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the period to 31 December 2020 and to remain viable during that period."

Having considered these statements by the director of REAH the director of the Company has a reasonable expectation that REAH will be able to repay its indebtedness.

Risks and uncertainties

The principal risks and uncertainties facing the Company relate to the due performance by REAH of its obligations under the loan agreement with the Company. Any shortfall in performance would impact negatively on the Company's ability to meet its obligations to the holders of the 2020 sterling notes. The exposure of the Company is limited by:

- the guarantee given by REAH and R.E.A. Services Limited ("REAS"), a subsidiary company of REAH incorporated in the United Kingdom, in favour of the Note Holders; and
- the Limited Recourse Agreement dated 29 November 2010 and made between the Company, REAH and REAS (the "LRA").

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The LRA reflects the intention of the parties thereto that the Company, in relation to its financing activities, should (i) meet the minimum risk requirements of article 8c, paragraph 2, of the Dutch Corporate Income Tax Act and (ii) not be exposed to risk in excess of the Minimum Risk Amount ("MRA"). For these purposes the MRA is 1 per cent of the aggregate amounts outstanding under the loan agreement between the Company and REAH. In relation to point (i) above, the Company's capital and reserves as at 31 December 2017 complied with the minimum risk requirements of article 8c, paragraph 2, of the Dutch Corporate Income Tax Act. In addition, pursuant to the LRA, REAH and REAS limited their rights of recourse against the Company in respect of any calls upon their guarantee of the 2020 sterling notes.

Risks and uncertainties with respect to the group's operations are low. All of the group's operations are located in Indonesia and the group is therefore significantly dependent on economic and political conditions in Indonesia. In the recent past Indonesia has been stable and the Indonesian economy has continued to grow. In addition the group has never been adversely affected by political unrest. The introduction of exchange controls or other restrictions on foreign owned operations in Indonesia could lead to restrictions on the transfer of profits from Indonesia to the UK with potential negative implications for the servicing of the obligations in relation to the sterling notes but the group is not aware that there are any plans for this under current political conditions. Mandatory reduction of foreign ownership of Indonesian plantation operations could lead to forced divestment of interests in Indonesia. However, while the group accepts there is a significant possibility that foreign owners may be required over time to partially divest ownership of Indonesian oil palm operations, it has no reason to believe that such divestment would be at anything other than market value.

Risk management objectives
In carrying out its financing activities, it is the policy of the Company to minimize exposure to interest and exchange rate fluctuations by ensuring that loans are denominated in the same currency as the financing sources from which such loans are funded and that interest receivable on such loans is based on a formula from which the Company derives a fixed margin over the cost of funding. In addition, the Company relies on the arrangements described under "Risks and uncertainties" above to limit its exposure to loss.

The Company does not enter into or trade other financial instruments for any purpose.

The Company's overheads are denominated mostly in euros and sterling. The fixed margin referred to above, which is derived in sterling, is formulated to cover all the overheads and to leave a residual margin as compensation for assuming the limited risk under the LRA. The Company does not seek to hedge the minimal foreign currency risk implicit in these arrangements.

The principal credit risk is described in detail under "Risks and uncertainties" above. Deposits of surplus cash resources are only made with banks with high credit ratings.

Employees
During 2017, the Company did not employ personnel nor in the previous years.

Research and development
The Company does not perform any research and development.

Audit Committee
In August 2008 the Dutch Act on the Supervision of Accounting Firms (Wet Toezicht Accountantsorganisaties) ("ASAF") was amended. This resulted in a wider definition of a public interest entity (organisatie van openbaar belang) ("PIE"). All Dutch entities which have issued listed debt are now considered to be PIEs. In addition on August 8, 2008, an implementing regulation (algemene maatregel van bestuur) ("IR") came into force in the Netherlands, enacting Article 41 of European Directive no. 2006/43/EG (the "ED"), regarding legislative supervision of annual reports and consolidated financial statements. This IR obliges all PIEs to establish an audit committee ("AC").

The AC is formed by members of the Company's supervisory board ("SB") or by non-executive management board members. Because the Company falls within the definition of a PIE it is in principle obliged to establish an AC. Although the ED provides certain exemptions for establishing an AC for securitisation vehicles ("SVs"), under the IR the Company is not considered to be a SV and therefore can not make use of the exemption to install an AC.

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In the light of extensive research and discussions between, amongst others, the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten) and several legal advisors and audit firms, there are certain matters to be considered with respect to the requirement to establish an AC:

• The activities of the Company and those of a SV are very similar;
• Under the ED the Company qualifies as a SV and would thus be exempted from the obligation to establish an AC;
• The Company does not have a SB or non-executive members of the board. The establishment of a SB would require an amendment to the Company's Articles of Association;
• It remains unclear why the IR contains a more stringent definition of a SV than the ED.

The general view in the Netherlands is that it could not have been the legislators' intention for financing vehicles, such as the Company, not to fall within the description of a SV and thus not be exempted. In view of the above reasons, management currently does not consider it to be in the Company's best interest, nor has it taken steps, to implement an AC.

Future outlook
Management is of the opinion that the present level of activities will be maintained during the next financial year. Management expects that the average number of employees will not change during the next financial year.

Management representation statement
Management declares that, to the best of its knowledge, the annual accounts prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and that the Report of the management includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties it faces.

Amsterdam, April 26, 2018

Corfas B.V.

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Financial Statements

Balance sheet as at 31 December 2017
(After appropriation of results)

	Notes	2017 £	2016 £
Fixed assets			
Financial fixed assets			
- Loans to parent company	1	32,327,000	31,852,000
Total fixed assets		32,327,000	31,852,000
Current assets			
Loans to parent company	1	-	11,259,000
Amounts due from parent company	2	448,836	372,107
Taxation receivable	3	7,014	-
Other debtors	4	-	375
Cash and cash equivalents	5	15,038	36,635
Total current assets		470,888	11,668,117
Current liabilities (due within one year)			
Amounts due to parent company	6	-	2,460,000
2017 sterling notes	7	-	8,324,000
Taxation payable	8	1,417	5,776
Due to third parties	9	24,321	14,721
Total current liabilities		25,738	10,804,497
Current assets less current liabilities		445,150	863,620
Total assets less current liabilities		**32,772,150**	**32,715,620**
Long term liabilities (due after one year)			
2020 sterling notes	7	31,852,000	31,852,000
Total long term liabilities		31,852,000	31,852,000
Capital and reserves	10		
Paid-up and called-up share capital		15,025	15,415
Translation reserve		(2,801)	(3,191)
Share premium account		475,000	475,000
Other reserves		432,926	376,396
Total shareholder's equity		920,150	863,620
Total long term liabilities and shareholder’s equity		**32,772,150**	**32,715,620**

The accompanying notes are an integral part of this balance sheet.

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Profit and loss account for the year ended 31 December 2017

	Notes	2017	2016
		£	£
Finance activities			
Interest income on loans to parent company	11	3,898,019	3,933,522
Interest expense on loan from parent company	12	(202,850)	(209,100)
Interest expense sterling notes 2017 & 2020	13	(3,572,745)	(3,577,830)
Result finance activities		122,424	146,592
Other financial income and expenses			
Currency exchange rate differences	14	(12,043)	22,568
Total other financial income and expenses		(12,043)	22,568
Other income and expenses			
Operational income	15	32,180	7,162
General and administrative expenses	16	(73,915)	(49,995)
Total other income and expenses		(41,735)	(42,833)
Result on ordinary activities before taxation		68,646	126,327
Taxation charge for the year	17	(12,116)	(26,781)
Result after taxation		56,530	99,546

The accompanying notes are an integral part of this profit and loss account.

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Notes to the annual accounts for the year 2017

General
The Company was incorporated as a private company with limited liability under the laws of the Netherlands on 7 November 2006 and has its statutory seat in Amsterdam, The Netherlands. The ultimate holding company is R.E.A. Holdings plc in London, United Kingdom. The principal activity of the Company is to act as a finance company, and its place of business is at Amstelveenseweg 760, 1081 JK Amsterdam, The Netherlands.
The functional currency of the Company is GBP, which is also the presentation currency of the accounts.

Basis of presentation
The accompanying accounts have been prepared in accordance with accounting principles generally accepted in The Netherlands and with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The most significant accounting principles are as follows:

a) Foreign currencies
Assets and liabilities in foreign currencies are converted into pounds sterling at the exchange rates prevailing on the balance sheet date. Transactions in foreign currencies are translated into pounds sterling at the exchange rates in effect at the time of the transactions. The resulting exchange rate differences are taken to the profit and loss account, with the exception of the share capital which is included in Capital and reserves under Translation reserve.

The exchange rates used in the annual accounts are:	31.12.17	31.12.16
1 GBP (pound sterling) = EUR	1.20	1.17

b) Loans and receivables
Loans and receivables are stated at their face value, less an allowance for any possible uncollectible amounts.

c) Other assets and liabilities
Other assets and liabilities are shown at face value, unless stated otherwise in the notes.

d) Recognition of income
Income and expenses, including taxation, are recognized and reported on the accruals basis.

e) Corporate income tax
Taxation on the result for the period comprises both current taxation payable and deferred taxation. No current taxation is provided if, and to the extent that, profits can be offset against losses brought forward from previous periods. Deferred tax assets on losses are recognized to the extent that it is probable that taxable profits will be available against which the deferred tax assets can be utilized. Current tax liabilities are computed taking into account all available tax credits.

Going Concern
In the Directors' Report included in the 2017 Annual Report of REAH the directors have made the following statement regarding future viability:

"As announced on 25 April 2018, the group has entered into a conditional agreement for the sale of PT Putra Bongan Jaya ("PBJ"). The sale is expected to realise gross proceeds of approximately $85 million and net proceeds of approximately $57 million after repayment of external borrowings and net of selling expenses. The proceeds of the sale of the PBJ shares and the repayment of monies owed by PBJ to other group companies will be applied in reduction of group indebtedness.

As at 31 December 2017, bank debt due within one year amounted to $28.1 million. Of this, $22.0 million represented drawings under the group's revolving working capital facilities. The directors have no reason to believe that these facilities will not be rolled over at the end of July 2018 when the facilities fall due for renewal.

Since June 2015, the group's financial position has been much improved by the subscription of some $39.5 million for new ordinary and preference shares, the issue of a total of $65 million of 2020 sterling notes and 2022 dollar notes in replacement of previous notes now redeemed and the loan and equity investment totalling $44 million by PT Dharma Satya Nusantara Tbk ("DSN"). The sale of PBJ should complete the financial restructuring.

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The sale of PBJ will serve the important financial purpose of reducing debt. It will also permit the group to consolidate its operational activities in a more compact area and to operate for longer without the need for an additional oil mill. This can be expected to result in a capital expenditure programme better aligned to the group's operational cash flows. The steady progress towards the resumption of mining on the group's principal coal concession should also lead to progressive recovery of amounts invested in coal. On the reasonable assumption that the divestment of PBJ will be completed as expected, the directors are confident that the group will have the cash resources that it needs for the foreseeable future.

Should the sale of PBJ for any reason not be completed (an eventuality that the directors consider unlikely), then the group would be left with a higher level of indebtedness than the directors believe is desirable. Depending upon the level of CPO prices and operational performance during the remainder of 2018, the group may then need to seek some additional equity funding to address this.

As respects funding risk, the group has material indebtedness in the form of bank loans and listed notes. Some $5.1 million (excluding $1.1 million of bank loans to PBJ that will be discharged upon completion of the sale of PBJ) of bank term indebtedness falls due for repayment during 2018. A further $22.0 million of revolving working capital lines fall due for renewal during the same period. A further £31.9 million ($42.8 million) sterling notes will become repayable in August 2020. In view of the material proportion of the group's indebtedness falling due in the period to 31 December 2020, as described above, the directors have chosen this period for their assessment of the long-term viability of the group.

In the meanwhile, the group is continuing discussions to refinance with longer term debt indebtedness falling due in 2018 and 2019 although the directors have no reason to believe that the revolving working capital facilities falling due in 2018 and 2019 will not be rolled over when they fall due for renewal (all revolving working capital facilities having previously been substantially rolled over on past renewals).

In 2020 consideration will be given to the submission of proposals to the holders of the sterling notes to refinance these with securities of longer tenor.

With the improvements in crops now being seen and CPO prices projected to remain at remunerative levels, the group's plantation operations can be expected to generate increasing cash flows going forward. In addition, the group is currently finalising arrangements to recommence operations at the group's principal coal concession and this can be expected to result in increasing cash flow. The group's ongoing extension planting programme will continue to require material capital expenditure but the group has flexibility as to the rate of development. Moreover, successful completion of the planned divestment of PBJ referred to above will defer for some years the group's requirement for a fourth palm oil mill.

The directors fully expect that the divestment and financing initiatives currently being pursued, coupled with the improving outlook for the group's internally generated cash flows, will refinance, or permit the group to repay, the group indebtedness falling due for repayment during the period of assessment. However, should funding be required pending completion of these initiatives, the group will seek to issue for cash a limited number of new shares, authority for which will be sought as and when appropriate.

Based on the foregoing and after making enquiries, the directors therefore have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the period to 31 December 2020 and to remain viable during that period."

Having considered these statements by the director of REAH the director of the Company has a reasonable expectation that REAH will be able to repay its indebtedness.

Cash flow statement
The annual accounts for 2017 of the Company's ultimate holding company (REAH) include a consolidated cash flow statement for the group as a whole. Accordingly, the Company has elected to use the exemption provided under RJ 360.104 and does not present its own cash flow statement. The annual report of REAH can be obtained from the website www.rea.co.uk

Related party transactions
All transactions with the shareholder (REAH) are related party transactions and are performed at arm's length.

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Notes to the specific items of the balance sheet

1. Loans to parent company

REAH, the Company's parent company, is a company incorporated in the United Kingdom whose share capital is listed on the London Stock Exchange.

The loans to REAH comprise:

	2017	2016
	£	£
Balance Tranche A at 1 January	11,259,000	11,259,000
On 16 October REAH purchased for cancellation 2017 sterling notes reducing the Tranche A loan	(248,000)	-
On 15 December REAH purchased for cancellation 2017 sterling notes reducing the Tranche A loan	(50,000)	-
Repayment of Tranche A loan on 20 December	(10,486,000)	
Transfer of Tranche A to Tranche B on 31 December	(475,000)	-
Balance Tranche A at 31 December	-	11,259,000
Balance Tranche B at 1 January	31,852,000	31,852,000
Transfer of Tranche A to Tranche B	475,000	-
Balance Tranche B at 31 December	32,327,000	31,852,000
Balance at 31 December	32,327,000	43,111,000

The Tranche A loan to REAH bore interest at 9.6783 per cent and was repaid on 20 December 2017. The Tranche B loan (the "Loan") to REAH bears interest at 8.9283 per cent and is repayable on 20 August 2020. The Loan to REAH represents the on-lending of proceeds from the issue of the 2020 sterling notes on such terms that permit the Company to earn such interest margin as is specified by the Advance Pricing Agreement referred to in note 17. In view of the similar provisions of these loans as to interest and maturity as those applicable to the sterling notes, management estimates a fair value of £32.4m (2016: £42.7m), using the same basis of valuation as the sterling notes (see note 7).

2. Amounts due from parent company	2017	2016
	£	£
R.E.A. Holdings plc: current account	448,836	372,107
	448,836	372,107

All amounts are due within one year.

3. Taxation receivable	2017	2016
	£	£
Corporate income tax 2017	7,014	-
	7,014	-

	01.01	paid/(received)	p/l account	31.12
Corporate income tax summary	£	£	£	£
2016	(4,248)	2,761	1,487	-
2017	-	20,968	(13,954)	7,014
	(4,248)	23,729	(12,467)	7,014

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4. Other debtors	**2017**	**2016**
	£	**£**
ADNL credit invoice	-	375
	-	375

5. Cash and cash equivalents	**2017**	**2016**
	£	**£**
Current account with bank GBP	14,368	36,482
Current account with bank EUR	670	153
	15,038	36,635

6. Amounts due to parent company	**2017**	**2016**
	£	**£**
Balance loan as per 1 January	2,460,000	2,460,000
Repayment 20 December 2017	(2,460,000)	-
Balance loan as per 31 December	-	2,460,000

The sterling loan from REAH to the Company incurred interest at 8.5% and was repaid on 20 December 2017. The loan was provided during 2011 in order to finance the re-purchase of £2,460,000 nominal of sterling notes. At 31 December 2016 management estimated the fair value of this loan on the same basis as the loan from the Company to REAH (see note 1) resulting in a fair value of £2.4m.

7. Sterling Notes

The sterling notes are listed on the London Stock Exchange and are irrevocably and jointly guaranteed by REAH and by REAS.

	2017	**2016**
	£	**£**
Balance 2017 sterling notes at 1 January	8,324,000	8,324,000
Purchased for cancellation on 16 October by REAH	(248,000)	-
Purchased for cancellation on 15 December by REAH	(50,000)	-
Repaid 21 December 2017	(8,026,000)	-
Balance 2017 sterling notes at 31 December	-	8,324,000
Balance 2020 sterling notes at 1 January	31,852,000	31,852,000
Balance 2020 sterling notes at 31 December	31,852,000	31,852,000
Balance at 31 December	31,852,000	40,176,000

The 2017 sterling notes were repaid on 21 December 2017. The 8.75 per cent guaranteed sterling notes 2020 (the “2020 sterling notes”) are repayable on 31 August 2020. The fair value of the sterling notes has been estimated by management at £31.9m (2016: £39.8m) based on the latest price at which the sterling notes were traded prior to the balance sheet date.

8. Taxation payable	**2017**	**2016**
	£	**£**
Value added tax	1,417	1,528
Corporate income tax 2016	-	4,248
	1,417	5,776

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9. Due to third parties	2017	2016
	£	£
Administration fees	1,700	-
Audit fees	14,000	11,000
Tax advisory fees	2,000	2,000
Legal fees	6,621	1,721
	24,321	14,721

10. Capital and reserves

The authorized share capital of the Company amounts to EUR 90,000 divided into 90,000 shares of EUR 1 each, of which 18,000 shares have been issued and fully paid-up. The share capital is recorded at the rate of exchange at the balance sheet date. At 31 December 2017 the rate was 1 GBP = 1.20 EUR (2016: 1 GBP = 1.17 EUR).

	Share capital (£)	Translation reserve (£)	Share premium (£)	Other reserves (£)	Total (£)
Balance as at 31.12.15	13,264	(1,040)	475,000	276,850	764,074
Transfer	-	-	-	-	-
Dividend	-	-	-	-	-
Revaluation	2,151	(2,151)	-	-	-
Result for the year	-	-	-	99,546	99,546
Balance as at 31.12.16	15,415	(3,191)	475,000	376,396	863,620
Transfer	-	-	-	-	-
Dividend	-	-	-	-	-
Revaluation	(390)	390	-	-	-
Result for the year	-	-	-	56,530	56,530
Balance as at 31.12.17	15,025	(2,801)	475,000	432,926	920,150

Appropriation of the result for the year
The management proposes to add the profit for the year to the other reserves. This proposal has already been reflected in the annual accounts.

11. Interest income on loans to parent company	2017	2016
	£	£
R.E.A. Holdings plc	3,898,019	3,933,522
	3,898,019	3,933,522

12. Interest expense on loans from parent company	2017	2016
	£	£
R.E.A. Holdings plc	202,850	209,100
	202,850	209,100

13. Interest expense sterling notes 2017 & 2020	2017	2016
	£	£
Interest payable sterling notes	3,572,745	3,577,830
	3,572,745	3,577,830

14. Currency exchange rate differences	2017	2016
	£	£
On finance activities	(12,043)	22,568
	(12,043)	22,568

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15. Operational income	**2017**	**2016**
	£	**£**
Operational income	32,180	7,162
	32,180	7,162

16. General and administrative expenses	**2017**	**2016**
	£	**£**
Administration fees	26,210	17,376
Tax advisory fees	10,910	5,694
Notary fees	14,166	10,154
Bank charges	2,661	2,073
Audit fees (Deloitte Accountants B.V.)	18,551	12,087
VAT 2015	-	1,083
VAT 2016	-	1,528
VAT 2017	1,417	-
	73,915	49,995

Audit fees

With reference to Section 2:302a of the Dutch Civil Code, the following fees for the financial year have been charged by Deloitte Accountants B.V. to the Company:

2017	Deloitte Accountants B.V. (£)	Other Deloitte Network (£)	Total (£)
Audit of the financial statements	14,000	-	14,000
Under provision in respect of 2016	4,551	-	4,551
Other audit engagements	-	-	-
Tax advisory services	-	-	-
Other non-audit services	-	-	-
Total	18,551	-	18,551

2016	Deloitte Accountants B.V. (£)	Other Deloitte Network (£)	Total audit fee (£)
Audit of the financial statements	11,000	-	11,000
Under provision in respect of 2015	1,087	-	1,087
Other audit engagements	-	-	-
Tax advisory services	-	-	-
Other non-audit services	-	-	-
Total	12,087	-	12,087

17. Taxation on the result on ordinary activities before taxation	**2017**	**2016**
	£	**£**
Discount on early tax payment	351	466
Corporate income tax - previous year	1,487	(989)
Corporate income tax - current year	(13,954)	(26,258)
	(12,116)	(26,781)

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The Company has concluded an Advance Pricing Agreement and an Advance Tax Ruling with the Dutch fiscal authorities dated 21 February 2007, as amended by Addenda dated 11 March 2009 and 29 July 2010. The Company's financing activities are based on a transfer pricing report and are confirmed to be conducted at arm's length in the Advance Pricing Agreement. The profit on such financing activities comprises interest received on loans to group entities, less interest payable on loans from group and external entities and operating expenses relating to such activities. Dutch corporate income tax is assessable on such profit.

The Dutch corporate income tax rate below an amount of EUR 200,000 is 20%.
The Dutch corporate income tax rate above an amount of EUR 200,000 is 25%.
The effective tax rate of the Company is 20%.

18. Staff numbers and employment costs
The Company has no employees and hence incurred no wages, salaries or related social security charges during the reporting period, nor during the previous year.

19. Directors
The Company has one managing director (2016: one).
The Company has no supervisory directors (2016: none).

20. Subsequent events
No events have occurred since the balance sheet date, which would change the financial position of the Company and which would require adjustment to or disclosure in the annual accounts now presented.

21. Ultimate Holding Company
The immediate and ultimate holding company and the controlling party is REAH, incorporated in the United Kingdom and registered in England and Wales. The annual accounts of the Company are consolidated into the group headed by REAH which is the only group into which the results of the Company are consolidated. Copies of the annual report, including the audited financial statements, of REAH are available at the registered office of REAH.

Amsterdam, April 26, 2018

Corfas B.V.

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Other information

Independent auditor's report

The independent auditor's report is set out on the next page.

Statutory rules relating to the appropriation of results

In accordance with article 18 of the Company's articles of association, and Book 2 of the Dutch Civil Code, the allocation of profits accrued in a financial year shall be determined by the general meeting. If the general meeting does not adopt a resolution regarding the allocation of the profits prior to or at latest immediately after the adoption of the annual accounts, the profits will be reserved.

The general meeting has the authority to make distributions. If the Company is required by law to maintain reserves, this authority only applies to the extent that the equity exceeds these reserves. No resolution of the general meeting to distribute shall have effect without the consent of the management board. The management board may withhold such consent only if it knows or reasonably should expect that after the distribution, the Company will be unable to continue the payment of its debts as they fall due.

Deloitte Accountants B.V.
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Related to auditor's report
dated April 26, 2018

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Independent auditor's report

To the shareholders of REA Finance B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2017 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the accompanying financial statements 2017 of REA Finance B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of REA Finance B.V. as at December 31, 2017, and of its result for 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The balance sheet as at December 31, 2017.

2. The profit and loss account for 2017.

3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of REA Finance B.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the “Wet toezicht accountantsorganisaties” (Wta, Audit firms supervision act), the “Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten” (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the “Verordening gedrags- en beroepsregels accountants” (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 325,000. The materiality is based on 1% of total assets. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Deloitte Accountants B.V. is registered with the Trade Register of the Chamber of Commerce and Industry in Rotterdam number 24362853. Deloitte Accountants B.V. is a Netherlands affiliate of Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited.

We agreed with Management Board that misstatements in excess of EUR 16,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to Management Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of receivables
A key audit risk is the risk associated with the possible impairment of the receivables from the (ultimate) parent company which are measured against amortized cost, and the disclosure of the fair value of these receivables. Reference is made to note 1 of the financial statements of REA Finance B.V. as per December 31, 2017.

Response
We obtained the audited financial statements of the ultimate shareholder and based on the information received we evaluated the impairment analysis of management. For the fair value disclosures we challenged management assumptions used when determinating the fair value.

Based on the work performed, as mentioned above, we observed that the impairment analysis for these receivables is appropriate. We also determined that the disclosure of the fair value in relation to these receivables is appropriate.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report thereon, the annual accounts contain other information that consists of:

- Management Board's Report.
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Deloitte.

Management is responsible for the preparation of the other information, including the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by Management Board as auditor of REA Finance B.V. as of the audit for the year 2008 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the management in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide Management Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Management Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, April 26, 2018

Deloitte Accountants B.V.

Initials for identification purposes:

A.J. Kernkamp