

**REA Finance B.V.**

Amsterdam, the Netherlands

**ANNUAL REPORT 2022**

Van Heuven Goedhartlaan 935A

1181 LD Amstelveen

Registered with the Dutch trade register under file number 34259527

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## **1. MANAGEMENT BOARD REPORT**

## 1.1 Management board report

### Report of the management

Management presents herewith to the shareholder their annual report and accounts of REA Finance B.V. (the "Company") for the year ended 31 December 2022.

### General

The Company is a private company with limited liability incorporated under the laws of the Netherlands and acts solely as a finance company on behalf of its parent company. The immediate parent and ultimate holding company is R.E.A. Holdings plc ("REAH"), located in London, the United Kingdom.

The annual accounts have been prepared in pounds sterling ("£" or "GBP") instead of euros ("EUR") since the majority of the transactions within the Company occur in pounds sterling, which is the Company's functional currency.

Management of the Company resides with the management board, Apex Financial Services B.V., a corporate director. The Company has no employees. The Company relies on the policies and procedures of REAH as respects governance and risk. The audit committee of REAH supervises the Company pursuant to the terms of reference of the audit committee and reports to the management and board of REAH as respects risks and internal controls. Responsibility for environmental, social and corporate governance matters for REAH and its subsidiaries, including the Company, resides with the management and board of REAH.

### Overview of the activities

The Company has issued sterling notes in minimum denominations of £100,000 on the London Stock Exchange and used the proceeds to issue loans to its parent company, REAH, on the same terms as the sterling notes save for a margin on the rate of interest. The Company receives all of its income from REAH through intercompany financing of its foreign subsidiaries.

The REAH group is principally engaged in the cultivation of oil palms in the province of East Kalimantan in Indonesia and in the production and sale of crude palm oil ("CPO") and crude palm kernel oil ("CPKO").

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

At 31 December 2022 the Company had outstanding: 30,852,000 nominal of sterling notes, amortised cost £31,833,755 (2021: 30,852,000 nominal of sterling notes, amortised cost £31,753,177) bearing interest at 8.75 per cent and repayable on 31 August 2025 and the loan of £31,327,000 to REAH, amortised cost £32,302,319 (2021: loan of £31,327,000, amortised cost £32,220,069) bearing interest at 9.007 per cent and repayable to the Company on 20 August 2025.

### Financial information and performance

The net asset value of the Company as of 31 December 2022 was £1,204,036 (31 December 2021: £1,130,097). The result for 2022 is a profit of £73,939 (2021: profit of £83,013).

## 1.1 Management board report

### 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 sterling notes. The exposure of the Company towards the noteholders in the event of any shortfall in the collection of the loan to REAH 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 noteholders; and
- the Limited Recourse Agreement (the "LRA") dated 29 November 2010 and made between the Company, REAH and REAS.

Payment of the principal, premium and interest by the Company in respect of the sterling notes is irrevocably and unconditionally guaranteed by REAH (the "guarantor") and REAS (the "co-guarantor"). The full terms of the guarantee are set out in the trust deed constituting the sterling notes.

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. As respects (i) above, the Company's capital and reserves as of 31 December 2022 and 2021 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 to the Company in respect of any calls upon their guarantee of the sterling notes.

### *Credit risk*

All borrowings are lent to REAH, the parent company. Management makes an annual assessment regarding the valuation and recoverability of the loan receivable and interest receivable from REAH. Ten year projections are prepared at REAH group level. These demonstrate that the group has sufficient liquidity for its operations and borrowings can be repaid as they fall due. The group cash projections form the basis for the REAH and Company 12 month cashflow forecasts which demonstrate that REAH can finance its interest payments to the Company so that the Company can pay the sterling note interest and other expenses.

## **1.1 Management board report**

### *Going concern*

Management has made a considered assessment of going concern of the Company, including in-depth reviews of group projections and detailed cashflow forecasts.

The Company's income is all derived from the group plantation companies in Indonesia and is therefore materially dependent upon selling prices for CPO and CPKO over which it has no control.

An improvement in CPO prices in the closing months of 2020 continued into 2021 and 2022 and the early months of 2023 have seen prices remaining at satisfactory levels. As a result, the group has been generating, and continues to generate, strong cash flows from its oil palm operations.

Whilst commodity prices can be volatile, the REAH group can reasonably hope that CPO and CPKO prices will remain at remunerative levels for the foreseeable future. Moreover, recent modest declines in the prices of fertiliser and diesel oil are moderating inflation in operating costs, so that the group can expect that its operations will continue to generate cash flows at good levels.

Having regard to the foregoing, the directors expect that, based on the group's forecasts and projections (taking into account reasonable possible changes in trading performance and other uncertainties) and having regard to the group's cash position and available borrowings, the group and therefore Company should be able to operate for at least 12 months from the date of approval of the financial statements.

For these reasons, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

### *Financial risk management objectives*

In carrying out its financing activities, it is the policy of the Company to minimise 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 pounds sterling. The fixed margin referred to above, which is derived in pounds 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.

Deposits of surplus cash resources are only made with banks with high credit ratings.

### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's financial results. The payment of interest income by REAH to the Company is always agreed and timed to be several days in advance of the date the interest on the sterling notes is due. The Company can also request additional funds from REAH if required.

Liquidity is monitored by the preparation of projections incorporating cash flow forecasts which cover the period in which the liabilities will fall due at group level and at Company level (see also Credit risk).

## 1.1 Management board report

### *Cashflow risk*

Cash flow risk relates to the risk that cash flows are unable to cover payments as they fall due. Month by month cash flow projections are prepared by the Company for a minimum period of 12 months and include interest receipts and payments.

### *Currency risk*

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency.

As the Company's financial instruments and significant transactions are in pounds sterling, the currency risk is low, exchange differences arise on the euro and US dollar balances which are significantly smaller than the pounds sterling balances. The exchange result for 2022 was a £7,556 gain (2021: £16,324 gain).

### *Interest rate risk*

The Company's interest rate risk is the risk which relates to the interest percentages used for the sterling notes and loan to the parent company. The interest receivable on the loan is based on a formula from which the Company derives a fixed margin over the cost of funding. This margin was determined by an independent adviser by applying the CAPM method to determine the remuneration for the Company's equity at risk.

Since the interest rate on the notes as well as the loan is fixed and the Company earns a margin on the loan, the interest rate risk is considered to be limited.

## **Governance and internal control**

### *Audit Committee*

The members of the REAH audit committee (the "AC") have oversight of the group as a whole and, unless required otherwise by regulation, carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole.

### *Fraud risk*

The AC supervises the internal audit function for the REAH group and its subsidiaries, which forms a key component of the control systems, and keeps the systems of financial, operational and compliance controls generally under review. Any deficiencies identified are drawn to the attention of the REAH board. The AC is satisfied that the group's systems are effective and sufficient for their purpose.

## **Management remuneration**

The total management remuneration for 2022 (included within administrative costs) was £2,500/EUR 3,025 (2021: £2,200/EUR 3,025).

## **Employees**

During 2022, the Company did not employ personnel nor in previous years.

## **Research and development**

The Company does not perform any research and development.

## **Environmental and other non-financial information**

Climatic factors and respect for the environment, though having limited impact on the Company, are integral to the operations of the REAH group. Detailed information about the group's commitment to sustainable practices may be found in the "Sustainability" section on the group's website at [www.rea.co.uk](http://www.rea.co.uk).

## 1.1 Management board report

### **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.

### *Subsequent events*

There have been no material post-balance sheet events that would require disclosure in, or adjustment to, these accounts.

### **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 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.

Amstelveen, 30 May 2023

The Management board:

Apex Financial Services B.V.





## **2. FINANCIAL STATEMENTS**

**2.1 Balance sheet as of 31 December 2022**

(After result appropriation)

ASSETS	31 December 2022		31 December 2021	
	GBP	GBP	GBP	GBP
<b>Non-current assets</b>				
<i>Financial assets</i>	[1]			
Loan to parent company	<u>32,302,319</u>	32,302,319	<u>32,220,069</u>	32,220,069
<b>Current assets</b>				
<i>Receivables</i>	[2]			
Receivable from parent company	<u>645,447</u>	645,447	<u>587,163</u>	587,163
<i>Cash</i>	[3]	110,061		84,903
<b>Total assets</b>		<u><u>33,057,827</u></u>		<u><u>32,892,135</u></u>

**2.1 Balance sheet as of 31 December 2022**

(After result appropriation)

	31 December 2022		31 December 2021	
	GBP	GBP	GBP	GBP
<b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>				
<b>Shareholder's equity</b>	[4]			
Issued and paid-up share capital	15,965		15,125	
Share premium reserve	475,000		475,000	
Other reserves	<u>713,071</u>		<u>639,972</u>	
		1,204,036		1,130,097
<b>Long-term liabilities</b>	[5]			
Sterling notes	<u>31,833,755</u>		<u>31,753,177</u>	
		31,833,755		31,753,177
<b>Current liabilities</b>	[6]			
Accounts payable	326		471	
Taxes	5,033		5,448	
Accrued liabilities	<u>14,677</u>		<u>2,942</u>	
		20,036		8,861
<b>Total shareholder's equity and liabilities</b>		<u><u>33,057,827</u></u>		<u><u>32,892,135</u></u>

2.2 Profit and loss account for the year ended 31 December 2022

		2022		2021	
		GBP	GBP	GBP	GBP
Financial income	[7]		2,933,226		2,945,613
Financial expenses	[8]		2,780,128		2,773,514
<b>Gross margin</b>			<u>153,098</u>		<u>172,099</u>
Administrative costs	[9]	<u>66,144</u>		<u>74,370</u>	
<b>Total administrative costs</b>			66,144		74,370
<b>Result before taxation</b>			<u>86,954</u>		<u>97,729</u>
Taxation	[10]		(13,015)		(14,716)
<b>Result after taxation</b>			<u><u>73,939</u></u>		<u><u>83,013</u></u>

## 2.3 Notes to the financial statements

### General

REA Finance B.V. (the "Company") is a private company with limited liability, incorporated under Dutch law on 7 November 2006, having its corporate seat at Amsterdam, the Netherlands with offices at Van Heuven Goedhartlaan 935A, 1181 LD Amstelveen, the Netherlands. The Company has been registered at the Chamber of Commerce under file number 34259527. The principal activity of the Company is to act as a finance company. The Company receives all of its income from its parent company, R.E.A. Holdings plc ("REAH"). The Company has received proceeds from the issue of sterling notes which have been used to grant a loan to REAH.

100 per cent of the shares of the Company are held by REAH. REAH is a public listed company located in the United Kingdom and the ultimate parent company of a group (the "group") which is principally engaged in the cultivation of oil palms in the province of East Kalimantan in Indonesia and in the production and sale of crude palm oil ("CPO") and crude palm kernel oil ("CPKO").

The financial information of the Company is included in the consolidated financial statements of REAH.

### Financial reporting period

These financial statements cover the year 2022, which ended at the balance sheet date of 31 December 2022.

### Basis of preparation

The financial statements of the Company have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code.

### Functional and presentation currency

The annual accounts have been prepared in pounds sterling ("£" or "GBP") since the majority of the transactions within the Company occur in pounds sterling, which is therefore considered to be the Company's functional currency.

## 2.3 Notes to the financial statements

### Going concern

The financial statements of the Company have been prepared on the going concern basis.

Management has made a considered assessment of going concern of the Company, including in-depth reviews of group projections and detailed cashflow forecasts.

The Company's income is all derived from the group plantation companies in Indonesia and is therefore materially dependent upon selling prices for CPO and CPKO over which it has no control.

An improvement in CPO prices in the closing months of 2020 continued into 2021 and 2022 and the early months of 2023 have seen prices remaining at satisfactory levels. As a result, the group has been generating, and continues to generate, strong cash flows from its oil palm operations.

Whilst commodity prices can be volatile, the REAH group can reasonably hope that CPO and CPKO prices will remain at remunerative levels for the foreseeable future. Moreover, recent modest declines in the prices of fertiliser and diesel oil are moderating inflation in operating costs, so that the group can expect that its operations will continue to generate cash flows at good levels.

Having regard to the foregoing, the directors expect that, based on the group's forecasts and projections (taking into account reasonable possible changes in trading performance and other uncertainties) and having regard to the group's cash position and available borrowings, the group and therefore Company should be able to operate for at least 12 months from the date of approval of the financial statements.

For these reasons, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

### Staff members

During 2022 there were an average of nil employees in full time employment or its equivalent (2021: nil).

### Judgements, estimates and assumptions

In the application of the Company's accounting policies the directors are required to make judgements, estimates and assumptions. Such judgements, estimates and assumptions are based upon historical experience and other factors that are considered to be relevant. Actual values of assets and amounts of liabilities may differ from estimates. The judgements, estimates and assumptions are reviewed on a regular basis. Revisions to estimates are recognised in the period in which the estimates are revised.

## 2.3 Notes to the financial statements

### ACCOUNTING POLICIES FOR THE MEASUREMENT OF ASSETS AND LIABILITIES AND THE DETERMINATION OF THE RESULT

#### Recognition and derecognition of financial instruments

Financial assets and liabilities are recognised in the Company's financial statements when the Company becomes a party to the contractual provisions of the relative constituent instruments. Financial assets are derecognised only when the contractual rights to the cash flows from the assets expire or if the Company transfers substantially all the risks and rewards of ownership to another party. Financial liabilities are derecognised when the Company's obligations are discharged, cancelled or have expired.

#### Financial assets

The Company's financial assets comprise a loan and a receivable from its parent company and cash and cash equivalents. The Company's receivable and loan are initially recognised at fair value plus transaction costs and subsequently at amortised cost under the effective interest method. The Company's sole objective for holding the loan is to collect payments of principal and interest.

At each reporting date the company reviews the carrying amount of each asset carried at amortised cost. The company accounts for expected credit losses and changes in those expected credit losses to reflect changes in credit risk since initial recognition of the financial asset.

For the loan the Company measures expected credit losses applying the general (3 stages of expected credit loss assessment) expected credit losses model.

Cash and cash equivalents comprise cash in hand and demand deposits.

#### Financial liabilities

The Company's financial liabilities comprise redeemable instruments and accounts payable.

##### *Redeemable instruments*

Redeemable instruments, being sterling note issues, are classified in accordance with the substance of the relative contractual arrangements. Finance costs are charged to income on an accruals basis, using the effective interest method, and comprise the coupon payable together with the amortisation of issuance costs (which include any premiums payable or expected by the directors to be payable on settlement or redemption). Redeemable instruments are recorded in the accounts at their expected redemption value net of the relative unamortised balances of issuance costs and premiums.

##### *Accounts payable*

All accounts payable owed by the Company are non-interest bearing and are stated at amortised cost.

#### Equity instruments

Instruments are classified as equity instruments if the substance of the relative contractual arrangements evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs not charged to income.

## 2.3 Notes to the financial statements

### Financial income and expense

Interest income is recognised in the profit and loss account on an accrual basis, using the effective interest rate method. Interest expenses and similar charges are recognised in the period to which they belong.

The redemption premium, being the present value of the total possible premium payable on redemption of the sterling notes discounted at the coupon rate, is charged over the remaining term of the sterling notes and is recognised within financial expenses in the profit and loss account using the effective interest rate method. Such amount is aggregated with the nominal value of the sterling notes in the balance sheet.

An amount equivalent to the redemption premium, being the present value of the total possible premium payable on redemption of the sterling notes discounted at the coupon rate on the loan to REAH, is added to the loan and recognised over the remaining term of the loan within financial income in the profit and loss account using the effective interest rate method. Such amount is aggregated with the nominal value of the loan to REAH in the balance sheet. Interest income and expense is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable (which is the rate that exactly discounts estimated future cash receipts, through the expected life of the financial asset or liability, to that asset's or liability's net carrying amount).

### Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange ruling at the date of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange prevailing at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date that the fair value was determined.

Exchange differences are recognised in the profit or loss in the period in which they arise.

### Taxation

The tax expense represents the sum of tax currently payable and deferred tax. Tax currently payable represents amounts expected to be paid (or recovered) based on the taxable profit for the period using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on specialist independent tax advice supported by previous experience in respect of such matters.

Deferred tax is calculated on the balance sheet liability method on a non-discounted basis on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding fiscal balances used in the computation of taxable profits (temporary differences). Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. A deferred tax asset or liability is not recognised in respect of a temporary difference that arises from goodwill or from the initial recognition of other assets or liabilities in a transaction which affects neither the profit for tax purposes nor the accounting profit.

Deferred tax is calculated using the tax rates and laws that are expected to apply in the periods when deferred tax liabilities are settled or deferred tax assets are realised. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income, or equity respectively.



**2.4 Notes to the balance sheet**

**ASSETS**

**NON-CURRENT ASSETS**

**Financial assets [1]**

	<u>31-12-2022</u>	<u>31-12-2021</u>
	GBP	GBP
<b>Loan to parent company</b>		
Loan to REAH	<u>32,302,319</u>	<u>32,220,069</u>
	<u>2022</u>	<u>2021</u>
	GBP	GBP
<i>Loan to REAH</i>		
Balance as of 1 January	32,220,069	32,144,755
Premium	<u>82,250</u>	<u>75,314</u>
Balance as of 31 December	<u>32,302,319</u>	<u>32,220,069</u>

The loan to REAH bears interest at 9.007 per cent (2021: 9.007 per cent). The effective rate for 2022 was 9.007 per cent (2021: 9.007 per cent).

The loan is repayable on 20 August 2025. A premium of 4p per £1 nominal of sterling notes is payable on redemption of the notes on 31 August 2025 (or earlier in the event of default) or on surrender of the notes in satisfaction, in whole or in part, of the subscription price payable on exercise of warrants issued by REAH on the final subscription date. As a consequence, the Company has agreed with REAH that an amount equivalent to the premium, if any, payable on redemption of the sterling notes shall be aggregated with the loan which is now repayable on 20 August 2025.

**2.4 Notes to the balance sheet**

**CURRENT ASSETS**

**Receivables [2]**

	<u>31-12-2022</u>	<u>31-12-2021</u>
	GBP	GBP
<b>Receivable from parent company</b>		
Current account receivable from REAH	<u>645,447</u>	<u>587,163</u>

The current account receivable from REAH is due within one year and bears no interest.

	<u>31-12-2022</u>	<u>31-12-2021</u>
	GBP	GBP
<b>Cash [3]</b>		
Current account banks GBP	110,057	80,371
Current account banks EUR	<u>4</u>	<u>4,532</u>
	<u>110,061</u>	<u>84,903</u>

The balance of the cash is available to the Company without any restrictions.

## 2.4 Notes to the balance sheet

### SHAREHOLDER'S EQUITY AND LIABILITIES

#### SHAREHOLDER'S EQUITY [4]

	<u>2022</u>	<u>2021</u>
	GBP	GBP
<b>Issued and paid-up share capital</b>		
Balance as of 1 January	15,125	16,183
Revaluation	840	(1,058)
Balance as of 31 December	<u>15,965</u>	<u>15,125</u>

The authorised share capital of the Company amounts to €90,000 divided into 90,000 shares of €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 2022 the rate was £1 = €1.13 (2021: £1 = €1.19).

	<u>2022</u>	<u>2021</u>
	GBP	GBP
<b>Share premium reserve</b>		
Balance as of 31 December	<u>475,000</u>	<u>475,000</u>

The share premium reserve represents additional paid in capital.

	<u>2022</u>	<u>2021</u>
	GBP	GBP
<b>Other reserves</b>		
Balance as of 1 January	639,972	555,901
From proposed profit appropriation	73,939	83,013
Revaluation	(840)	1,058
Balance as of 31 December	<u>713,071</u>	<u>639,972</u>

#### Appropriation of result for the financial year 2021

The annual accounts for 2021 were adopted at the general meeting held on 14 July 2022. The general meeting determined the appropriation of the result in accordance with the motion tabled for that purpose.

#### Proposed appropriation of result for the financial year 2022

The board of directors proposes to the general meeting concerning the result for the financial year 2022 the next result appropriation:

	<u>2022</u>	<u>2021</u>
	GBP	GBP
Result after taxation	73,939	83,013
Appropriated to other reserves	<u>73,939</u>	<u>83,013</u>

This proposal has been already incorporated in the financial statements.

**2.4 Notes to the balance sheet**

**LONG-TERM LIABILITIES [5]**

	<u>31-12-2022</u>	<u>31-12-2021</u>
	GBP	GBP
<b>Sterling notes</b>		
Sterling notes	<u>31,833,755</u>	<u>31,753,177</u>
	<u>2022</u>	<u>2021</u>
	GBP	GBP
Balance as of 1 January	31,753,177	31,679,213
Premium	80,578	73,964
Balance as of 31 December	<u>31,833,755</u>	<u>31,753,177</u>

The sterling notes bear interest at 8.75 per cent (2021: 8.75 per cent) which is the effective rate. The interest rate was determined by the Company and its advisers after comparing similar listed instruments and is considered to be a market rate. They are repayable on 31 August 2025.

A premium of 4p per £1 nominal of notes is payable on redemption of the notes on 31 August 2025 (or earlier in the event of default) or on surrender of the sterling notes in satisfaction, in whole or in part, of the subscription price payable on exercise of warrants issued by REAH on the final subscription date. The premium is applied to the sterling notes over their remaining term and calculated at the rate of 8.75 per cent. Up to 31 December 2022 and the date of signing these accounts, no sterling notes have been surrendered in satisfaction of the subscription price on exercise of the warrants.

The fair value of the sterling notes has been estimated by management to be £29.3 million based on the latest price at which the sterling notes were traded prior to the balance date. This price was 95 percent of the current value of the notes of £30.9 million. The value of the sterling notes was therefore determined by prevailing market conditions at the time of such trades.

**CURRENT LIABILITIES [6]**

	<u>31-12-2022</u>	<u>31-12-2021</u>
	GBP	GBP
<b>Accounts payable</b>		
Accounts payable	<u>326</u>	<u>471</u>
	<u>31-12-2022</u>	<u>31-12-2021</u>
	GBP	GBP
<b>Taxes</b>		
Corporate income tax	4,824	5,153
Value added tax	209	295
	<u>5,033</u>	<u>5,448</u>

**2.4 Notes to the balance sheet**

	<u>31-12-2022</u>	<u>31-12-2021</u>
	GBP	GBP
<b>Accrued liabilities</b>		
Accrued admin expenses	640	-
Accrued tax advisory fees	<u>14,037</u>	<u>2,942</u>
	<u><u>14,677</u></u>	<u><u>2,942</u></u>

**2.5 Notes to the profit and loss account**

	<u>2022</u>	<u>2021</u>
	GBP	GBP
<b>Financial income [7]</b>		
Interest income from loan to REAH	2,821,623	2,821,623
Present value of premium on loan	82,250	75,314
Exchange differences	7,556	16,324
Operational income - recharge of expenses to REAH	21,797	32,352
	<u>2,933,226</u>	<u>2,945,613</u>
<b>Financial expenses [8]</b>		
Interest expense sterling notes	2,699,550	2,699,550
Present value of premium on notes	80,578	73,964
	<u>2,780,128</u>	<u>2,773,514</u>
<b>Administrative costs [9]</b>		
General costs	<u>66,144</u>	<u>74,370</u>
<b>General costs</b>		
Auditor's costs	-	25,409
Administrative costs	45,873	36,519
Tax advisory costs	16,274	8,546
Bank costs	2,775	2,591
VAT costs	1,126	1,305
Other general costs	96	-
	<u>66,144</u>	<u>74,370</u>
<b>Taxation [10]</b>		
Corporate income tax	13,015	14,659
Corporate income tax previous years	-	57
	<u>13,015</u>	<u>14,716</u>

The tax charge for the year is the profit before tax at the statutory rate of 15.0 per cent (2021: statutory rate of 15.0 per cent). The effective tax rate is the same as the statutory rate.

The Company is a resident of the Netherlands for tax purposes.

**Related parties [11]**

Related parties of the Company are REAH, its parent company, and its management board director.

## 2.5 Notes to the profit and loss account

### Subsequent events [12]

There have been no material post balance sheet events which would require disclosure in, or adjustment to, these financial statements.

Amstelveen, 30 May 2023  
REA Finance B.V.

Apex Financial Services B.V.

