

# Debt Issue & Trading Update

R.E.A.Hldgs PLC 05 January 2007 FOR IMMEDIATE RELEASE 5 January 2007 Further issue of sterling notes by REA Finance B.V. (the "issuer") a wholly owned subsidiary of R.E.A. Holdings plc (the "company") and update regarding trading by the company and its subsidiaries (the "group")

Further issue of sterling notes The issuer and the company announce that they have today concluded arrangements with Guy Butler Limited for the placing of £7,000,000 nominal of 9.5 per cent guaranteed sterling notes 2015/17 of the issuer ("sterling notes") at an issue price of 99.6754 per cent of par, payable in full on subscription. The redemption yield at the issue price on the date of issue will be 9.75 per cent. The sterling notes now being issued (the "further sterling notes") form a second and final tranche of an issue of £22,000,000 nominal of sterling notes that have been constituted pursuant to a trust deed dated 1 December 2006 and made between the issuer, the company and Capita Trust Company Limited. £15,000,000 nominal of sterling notes are already in issue, having been issued for cash at 98.33 per cent of par on 4 December 2006. The further sterling notes will rank pari passu in all respects with the sterling notes previously issued. As such, they will be direct and secured obligations of the issuer, will be unconditionally and irrevocably guaranteed by the company, will bear interest at 9.5 per cent per annum payable half yearly on 30 June and 31 December (but as respects interest payable on 30 June 2007 calculated as if it accrued from 4 December 2006) and will be redeemable by three equal annual instalments commencing 31 December 2015 (subject to reduction where sterling notes have been previously purchased by the issuer and cancelled, in which event the amount of sterling notes to be redeemed on any given redemption date will be reduced by the nominal amount of sterling notes purchased and cancelled prior to that redemption date save in so far as such notes were purchased and cancelled prior to a previous redemption date and taken into account in reducing the note redemption requirement in relation to that previous redemption date). The proceeds of issue of the further sterling notes are estimated to amount to £6.82 million, net of estimated expenses of £155,000 (including a placing commission payable to Guy Butler Limited). It is intended that the proceeds of the issue will be on-lent by the issuer to PT REA Kaltim Plantations and principally applied by that company in repayment of, or in substitution for, bank borrowings in Indonesia. Application has been made for the further sterling notes to be admitted to the Official List of the Financial Services Authority and to trading on the EEA Regulated Market of the London Stock Exchange plc. It is expected that such admissions will become effective and that dealings in the further sterling notes will commence on 24 January 2007. The issue price of the further sterling notes of 99.6754 per cent of par is equivalent to the price of 98.33 per cent of par at which the initial tranche of £15,000,000 nominal of sterling notes was issued on 4 December 2006 plus 51 days of interest treated as accruing from 4 December 2006 to 24 January 2007. The further sterling notes will be issued on the basis of the base prospectus published by the issuer on 4 December 2006 and a document setting out the final terms of issue of the further sterling notes that the issuer is now publishing. Copies of these documents have been or are being submitted to the UK Listing Authority, and will be available for inspection at the UK Listing Authority's Document Viewing Facility, which is situated at: Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS Telephone: 020 7676 1000 Copies may also be inspected at the offices of R.E.A Holdings plc at 3rd Floor, 40-42 Osnauburgh Street, London NW1 3ND, in electronic form on the website maintained by the company at [www.rea.co.uk](http://www.rea.co.uk) and the London Stock Exchange plc's website under Paste the following link into your web browser to download the PDF document related to this announcement: [http://www.rns-pdf.londonstockexchange.com/rns/0441p\\_-2007-1-5.pdf](http://www.rns-pdf.londonstockexchange.com/rns/0441p_-2007-1-5.pdf) Trading update FFB production for 2006 amounted to 333,000 tonnes. This represented an increase of some 6 per cent on the FFB crop of 2005 of 313,000 tonnes but a shortfall of 9 per cent on the 2006 budgeted crop of 353,000 tonnes.

The failure to achieve the budgeted crop can be attributed to reduced rainfall in the second half of the year, coupled with a normal cyclic depression in the cropping cycle, resulting in lower cropping levels in the second half. Rainfall for 2006 as a whole amounted to 2,967 mm. Whilst this was considerably lower than the rainfall of the preceding year, which was closer to 5,000 mm, it was still well above the minimum level of rainfall generally regarded as necessary for oil palm cultivation. However, the pattern of rainfall during the year was characteristic of an El Nino weather event. The usual onset of heavier rains in September was delayed until November while December rainfall was unevenly distributed. The directors do not believe that the unusual pattern of 2006 rainfall will have resulted in anything more than minor water deficits in some estate areas. Accordingly, the FFB crop for 2007 has been budgeted at 380,000 tonnes with the expected increase over 2006 reflecting a budgetary assumption of average rainfall (both as to quantum and distribution) and the maturing of the 3,000 hectares of oil palms planted by the group in 2004 (being the first extension planting by the group under the new extension planting programme initiated in 2003). The directors anticipate that crops for 2007 will be weighted towards the second half of the year. The group exceeded its development target for 2006 of 6,000 hectares by some 500 hectares, taking the total developed area of the group's estates at 31 December 2006 to slightly under 25,000 hectares. The 500 hectare excess over the 2006 target will be set against the 2007 development target of 7,000 hectares. The current CPO price level of approaching \$600 per tonne CIF Rotterdam compares favourably with the corresponding price level at the start of 2006 of \$420 per tonne. The directors believe that the higher prices at which CPO is now trading reflect market perceptions that the balance between CPO supply and demand is tightening. Enquiries R.E.A Holdings plc 020 7419 0100 Richard Robinow This information is provided by RNS The company news service from the London Stock Exchange