

Announcement re land swap

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R.E.A.Hldgs PLC
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R.E.A. Holdings plc ("REA")

Agreement in respect of certain land areas

REA announces that the discussions referred to in the group's 2011 half yearly report regarding third party claims to mineral rights in respect of certain of the group's land areas were successfully concluded on 30 December 2011 by the execution of a conditional settlement agreement (the "settlement agreement") between REA's subsidiary, PT Sasana Yudha Bhakti ("SYB"), and PT Ade Putra Tanrajeng and associates (the "APT group").

Under the settlement agreement, SYB will transfer, to persons to be nominated by the APT group, Hak Guna Usaha ("HGU") titles over 3,557 hectares held by SYB and will relinquish a further 2,212 hectares in respect of which it holds a land allocation but over which full title has not been obtained. Such relinquishment will be subject to the retention of the road running through the 2,212 hectare area that links the northern SYB estate areas with the estates of PT REA Kaltim Plantations ("REA Kaltim"), another subsidiary of REA.

The aggregate 5,769 hectares to be transferred and relinquished comprises the SYB land within which the APT group holds certain coal mining rights.

As consideration for the transfer and relinquishment, the APT group will procure the transfer to SYB of the whole of the issued share capital of PT Prasetia Utama ("PU"). At completion of the settlement agreement, the assets of PU will comprise HGU title and oil palm development licences over an aggregate of 9,097 hectares of land of which it is estimated that some 7,000 hectares will be plantable. The ATP group

has warranted that PU will have no material liabilities at completion.

Of the 3,557 hectares of fully titled land to be transferred, 272 hectares was planted with oil palms in 2008, 1,892 hectares is under oil palm development and the balance is considered unsuitable for planting. No part of the land allocation of 2,212 hectares has been planted or is under development. The areas to be transferred and relinquished had an aggregate estimated group book value at 31 December 2011 of some \$14 million (with the relative biological assets included at fair value). The areas made a negligible contribution to REA group profits during 2011.

The PU land is located on the southern side of the Belayan river opposite the retained SYB northern estates and is linked by a government road to the southern REA Kaltim estates. The PU land is therefore highly suitable for development as an extension of the existing REA Kaltim and SYB oil palm areas and in the opinion of the directors of REA has a current value substantially equivalent to the current value of the areas to be transferred or relinquished.

The settlement agreement is conditional upon satisfactory completion of due diligence enquiries by all parties and upon necessary approvals including, as respects the group, such lender consents as are required.

This transaction successfully resolves a significant area of uncertainty affecting the group's land utilisation rights.

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