AGM Statement

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

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The crop of oil palm fresh fruit bunches ("FFB") harvested during the five month period to the end of May 2013 amounted to 220,899 tonnes, compared with 232,663 tonnes for the corresponding period in 2012. External purchases of FFB totalled 34,386 tonnes, compared with 18,620 tonnes for the corresponding period in 2012. Rainfall to the end of May 2012 averaged 1,741 millimetres across the group's operations compared with 1,595 millimetres during the corresponding period in 2012.

For the same period, processing of the group's own FFB production and the externally purchased FFB, together totalling 255,285 tonnes (2012: 251,283 tonnes), produced 54,579 tonnes of crude palm oil ("CPO") (2012: 58,496 tonnes), 11,496 tonnes of palm kernels (2012: 11,674 tonnes) and 4,147 tonnes of crude palm kernel oil ("CPKO") (2012: 4,799 tonnes). These production figures reflect extraction rates of 21.4 per cent for CPO (2012: 23.3 per cent), 4.5 per cent for kernels (2012: 4.7 per cent) and 36.2 per cent for CPKO (2012: 38.1 per cent).

As previously reported, crops during January and early February were negatively affected by continuing village issues, and some limited harvesting blockages had a further (but less material) negative impact on crops in March and early April. The delays in harvesting caused by these disruptions adversely affected oil extraction rates and oil quality but the resumption of normal harvesting operations since mid-April has meant that harvesting intervals across the business are steadily returning to normal with both oil extraction and oil quality now much improved. Village settlements reached in January and February are being respected and outstanding issues are progressively being resolved.

Disruptions to harvesting, such as those experienced during 2012 and the first few weeks of 2013, also affect the fruiting cycle of the oil palm. This means that cropping levels are currently lower than would otherwise have been the case but it can be expected that this will be offset by higher cropping levels during the closing months of 2013 (an outlook that is consistent with local management's reports of the current level of crop formation).

The CPO price has remained steady during the first months of 2013 and currently stands at $865 per tonne, CIF Rotterdam. CPO production levels, particularly in Indonesia, have been below expectation and stock levels at origin are reported to have reduced. There remain market concerns that the combination of a recovery in CPO production over the coming months and a very large soya bean crop will result in some softening of CPO prices in the second half of 2013. Against this, it may reasonably be expected that the current lower CPO price will promote increased CPO consumption in the key markets of India and China and that this will help to underpin the price.

The average selling price for the group's CPO for the five months to the end of May 2013, on an FOB basis at the port of Samarinda and after payment of export duty, was $586 per tonne (2012: $825 per tonne). The average selling price for the group's CPKO on the same basis was $525 per tonne (2012: $1,046 per tonne). The selling prices achieved reflect not only the lower level of the CPO and CPKO markets as compared with 2012 but discounts of between $70 and $105 per tonne for the poorer quality oil produced during the period of, and in the immediate aftermath following, the village disruptions.

Planting out is continuing on the 5,000 hectare area held by the company's subsidiary, PT Kutai Mitra Sajahtera, that was cleared and prepared for planting in 2011 and partially planted during 2012. Planting operations have been affected by the heavy rains and flooding experienced in East Kalimantan in recent months but the directors remain confident of completing the full 5,000 hectares during 2013. As previously explained, a minor proportion of this area is likely to be transferred to village cooperatives.

The directors are also pleased to be able to report that development is about to start on a first 2,000 hectare portion of the land areas held by the company's subsidiary, PT Putra Bongan Jaya. It is expected that a second area of in excess of

2,000 hectares will also become available for development in the near future.

Following signature of an outline agreement for the supply of biogas generated electricity to the Indonesian state electricity company ("PLN"), the group has applied for licences to generate and sell electricity, such licences being a condition precedent to the conversion from outline to final agreement. The group is also in active negotiation for the acquisition of three additional gas turbines to provide the 3 MW of capacity that is initially to be provided to PLN.

The planned restructuring of the Indonesian plantation subsidiaries into a single sub-group headed by the principal operating subsidiary, PT REA Kaltim Plantations ("REA Kaltim"), is now complete. It remains the intention in due course to make a public offering of a minority shareholding in REA Kaltim (probably 20 per cent), combined with a listing of REA Kaltim's shares on the Indonesia Stock Exchange in Jakarta. As previously announced, such listing is now unlikely to take place until 2014 at the earliest.

The results for the first half of 2013 will reflect the below trend level of crops experienced in the year to-date and will also be impacted by the quality discounts on sales during the period. Provided that the current more stable situation on the group's estates is maintained, the directors are confident that, with oil quality now returning to normal, an upturn in cropping levels in the second half will mark the beginning of a sustained period of recovery.

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