

**REA Finance B.V.**  
**Amsterdam**

Annual report for the year  
ended December 31, 2015

De Boelelaan 7  
1083 HJ Amsterdam  
The Netherlands  
Chamber of Commerce: 34259527

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REA Finance B.V., Amsterdam

## Report of the management

Management herewith presents to the shareholder the audited accounts of REA Finance B.V. (hereinafter "the Company") for the year 2015.

### 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 and by-products from fruit harvested from its oil palms.

### Overview of activities

At 1 January 2015 the Company had outstanding £34.54 million nominal of 9.5 per cent guaranteed sterling notes 2015/17 (the "2017 sterling notes"). Pursuant to proposals made in August 2015 on behalf of the Company by REAH to holders of the 2017 sterling notes, £26.22 million of such notes were exchanged on 3 September 2015 for a like amount of 8.75 per cent guaranteed sterling notes 2020 (the "2020 sterling notes"), and at the same time £636,000 nominal of 2020 sterling notes were issued for cash at 100 per cent of their principal amount. On 22 December 2015, a further £5 million of 2020 sterling notes were issued for cash at a price of £0.97 per £1.00 nominal.

The proceeds of both placings were lent to REAH. The loan agreement between the Company and REAH has been amended to reflect the lower rate of interest on, and the single repayment date of 30 August 2020 of the 2017 sterling notes by dividing the outstanding loan of £43.11 million to REAH into a Tranche A loan of £11.26 million bearing interest at 9.6783 per cent and repayable on 20 December 2017, and a Tranche B loan of £31.85 million bearing interest at 8.9283 per cent and repayable on 20 August 2020.

### Results

The net asset value of the Company as at 31 December 2015 amounts to £764,074 (31 December 2014: £678,663). The result for 2015 is a profit of £85,411 (2014: profit of £89,991).

### Going concern

In the Directors' Report included in the 2015 Annual Report of REAH the directors have made the following statement regarding future viability:

"As respects funding risk, the group has material indebtedness, in the form of bank loans and listed notes. Some \$15.4 million of bank term indebtedness falls due for repayment during 2016 and a further \$35.5 million of revolving working capital lines fall due for renewal during the same period. Thereafter, in the period to 31 December 2017, a further \$22.6 million of bank term indebtedness and \$46.4 million of listed notes will be repayable. In view of the material proportion of the group's indebtedness falling due in the period to 31 December 2017, as described above, the directors have chosen this period for their assessment of the long-term viability of the group.

The group is at an advanced stage in negotiations with its bankers in Indonesia to extend the tenor and reduce nearer term repayments on bank term loans totalling \$62.1 million (being the bank loans in respect of which repayments are due in 2016 and 2017). In addition, the group has initiated discussions to refinance with longer term debt the listed notes falling due for repayment in 2017. The directors have no reason to believe that the revolving working capital facilities will not be rolled over when the existing facilities expire.

In addition the group has, in recent months, been actively exploring the possibility of raising additional permanent capital from a transaction with a strategic investor. Discussions with a short list of potential strategic investors are now at an advanced stage. If such discussions can be successfully concluded, the outcome would be likely to resolve or significantly reduce the group's requirement for additional liquidity. Should funding be required pending completion of these discussions, the group will seek to place for cash a limited number of ordinary shares and the necessary authorities to permit further issues are being sought at the forthcoming annual general meeting of the company. Flexibility also exists in making decisions on the rate of extension planting which may be accelerated or scaled back in the light of available finance.

The directors fully expect that the foregoing measures will refinance, or permit the group to repay, the group indebtedness falling due for repayment during 2016 and 2017. Moreover, as the benefits of recent improvements in operational efficiencies start to flow through and CPO prices gradually improve, the group's operations can be expected to generate increasing cash flows going forward.

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 2017. Moreover, the directors consider that, taking into consideration the maturity profile of the group's debt and given the operating resilience of the business, the group will remain viable thereafter at least until 2020, being a period of four years."

Having considered this statement by the directors of REAH the directors of the Company have a reasonable expectation that REAH will be able to repay its indebtedness.

## Report of the management (continued)

### 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 perform its obligations to the holders of £8.32 million nominal of 2017 sterling notes and its obligations to the holders of £31.85 million nominal of 2020 sterling notes. The extent of this risk 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 (together the "Parties") (the "LRA").

The LRA reflects the intention of the Parties 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 2015 complied with the minimum risk requirements of article 8c, paragraph 2, of the Dutch Corporate Income Tax Act.

The operational risks and uncertainties that impact the effectiveness and efficiency of operational activities of the company are low. The Company maintains insurance at levels that it considers reasonable against those risks that can be economically insured and mitigates uninsured risks to the extent reasonable feasible by management practices.

The rules and regulations risks and uncertainties with respect to laws and regulations and a direct impact on the organisation or process of the Company are low. In the recent past Indonesia has been stable and the Indonesian economy has continued to grow, but in the late 1990s Indonesia experienced severe economic turbulence and there have been subsequent occasional instances of civil unrest, often attributed to ethnic tensions, in certain parts of Indonesia. The group has never, since the inception of its East Kalimantan operations in 1989, been adversely affected by regional security problems. The directors are not aware of any circumstances that would lead them to believe that, under current political conditions any Indonesian government authority would impose exchange of controls or otherwise seek to restrict the group's freedom to manage its operations.

### REA Finance B.V., Amsterdam

#### 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 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 2015, the Company did not employ personnel nor in the previous years.

#### Research and development

The Company does not perform any research and development.



## Report of the management (continued)

### 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 ("SV"), under the IR (the regulation whereby the ED was implemented in the Netherlands) the Company is not considered to be a SV and therefore can not make use of the exemption to install an AC.

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 nor non-executive members of the board. Furthermore, 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 their 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 27, 2016  
Corfas B.V.

J.A.P. Temmerman

Financial Statements

REA Finance B.V., Amsterdam

Balance sheet as at 31 December 2015  
(After appropriation of results)

	Notes	2015 £	2014 £
<b>Fixed assets</b>			
Financial fixed assets			
Loans to parent company	1	43,111,000	24,983,333
<i>Total fixed assets</i>		<u>43,111,000</u>	<u>24,983,333</u>
<b>Current assets</b>			
Loans to parent company	1	-	12,491,667
Amounts due from parent company	2	284,872	150,239
Cash and cash equivalents	4	29,706	75,478
<i>Total current assets</i>		<u>314,578</u>	<u>12,717,384</u>
<b>Current liabilities (due within one year)</b>			
Creditors			
Due to third parties	5	20,924	14,253
Amounts due to parent company		-	820,000
Taxation	3	4,580	7,801
Sterling Notes	7	-	9,873,333
<i>Total current liabilities</i>		<u>25,504</u>	<u>10,715,387</u>
<b>Current assets less current liabilities</b>		<u>289,074</u>	<u>2,001,997</u>
<b>Total assets less current liabilities</b>		<u>43,400,074</u>	<u>26,985,330</u>
<b>Long term liabilities (due after one year)</b>			
Amounts due to parent company	6	2,460,000	1,640,000
Sterling Notes	7	40,176,000	24,666,667
<i>Total long term liabilities</i>		<u>42,636,000</u>	<u>26,306,667</u>
<b>Capital and reserves</b>	8		
Paid-up and called-up share capital		13,264	14,085
Translation reserve		(1,040)	(1,861)
Share premium account		475,000	475,000
Other reserves		276,850	191,439
<i>Total shareholder's equity</i>		<u>764,074</u>	<u>678,663</u>
<b>Total long term liabilities and shareholders' equity</b>		<u>43,400,074</u>	<u>26,985,330</u>

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

REA Finance B.V., Amsterdam

Profit and loss account for the year ended 31 December 2015

	Notes	2015 £	2014 £
<b>Finance activities</b>			
Interest income on loans to parent company	9	3,592,642	3,626,943
Interest expense on loans from parent company	10	(209,100)	(209,100)
Interest expense Sterling Notes	11	<u>(3,246,414)</u>	<u>(3,281,300)</u>
<i>Result finance activities</i>		137,128	136,543
<b>Other financial income and expenses</b>			
Currency exchange rate differences	12	<u>7,025</u>	<u>12,067</u>
<i>Total other financial income and expenses</i>		7,025	12,067
<b>Other income and expenses</b>			
General and administrative expenses	13	<u>(37,005)</u>	<u>(38,170)</u>
<i>Total other income and expenses</i>		(37,005)	(38,170)
<b>Result on ordinary activities before taxation</b>		<u>107,148</u>	<u>110,440</u>
Discount on early tax payment	14	387	185
Corporate income tax	14	<u>(22,124)</u>	<u>(20,634)</u>
<b>Result after taxation</b>		<u><u>85,411</u></u>	<u><u>89,991</u></u>

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



REA Finance B.V., Amsterdam

## Notes to the annual accounts for the year 2015

### 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 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 De Boelelaan 7, 1083 HJ Amsterdam.

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:
- |                              | 31.12.15 | 31.12.14 |
|------------------------------|----------|----------|
| 1 GBP (pound sterling) = EUR | 1.36     | 1.28     |
- 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 recognised 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 recognised to the extent that it is probable that taxable profits will be available against which the deferred tax assets can be utilised. Current tax liabilities are computed taking into account all available tax credits.

### Going Concern

In the Directors' Report included in the 2015 Annual Report of REAH the directors have made the following statement regarding future viability:

"As respects funding risk, the group has material indebtedness, in the form of bank loans and listed notes. Some \$15.4 million of bank term indebtedness falls due for repayment during 2016 and a further \$35.5 million of revolving working capital lines fall due for renewal during the same period. Thereafter, in the period to 31 December 2017, a further \$22.6 million of bank term indebtedness and \$46.4 million of listed notes will be repayable. In view of the material proportion of the group's indebtedness falling due in the period to 31 December 2017, as described above, the directors have chosen this period for their assessment of the long-term viability of the group.

The group is at an advanced stage in negotiations with its bankers in Indonesia to extend the tenor and reduce nearer term repayments on bank term loans totalling \$62.1 million (being the bank loans in respect of which repayments are due in 2016 and 2017). In addition, the group has initiated discussions to refinance with longer term debt the listed notes falling due for repayment in 2017. The directors have no reason to believe that the revolving working capital facilities will not be rolled over when the existing facilities expire.

In addition the group has, in recent months, been actively exploring the possibility of raising additional permanent capital from a transaction with a strategic investor. Discussions with a short list of potential strategic investors are now at an advanced stage. If such discussions can be successfully concluded, the outcome would be likely to resolve or significantly reduce the group's requirement for additional liquidity. Should funding be required pending completion of these discussions, the group will seek to place for cash a limited number of ordinary shares and the necessary authorities to permit further issues are being sought at the forthcoming annual general meeting of the company. Flexibility also exists in making decisions on the rate of extension planting which may be accelerated or scaled back in the light of available finance.

The directors fully expect that the foregoing measures will refinance, or permit the group to repay, the group indebtedness falling due for repayment during 2016 and 2017. Moreover, as the benefits of recent improvements in operational efficiencies start to flow through and CPO prices gradually improve, the group's operations can be expected to generate increasing cash flows going forward.

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 2017. Moreover, the directors consider that, taking into consideration the maturity profile of the group's debt and given the operating resilience of the business, the group will remain viable thereafter at least until 2020, being a period of four years."

Having considered this statement by the directors of REAH the directors of the Company have a reasonable expectation that REAH will be able to repay its indebtedness.

### Cash flow statement

The annual accounts for 2015 of the Company's ultimate holding company (REAH) includes 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](http://www.rea.co.uk)

### Related party transactions

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

Notes to the specific items of the balance sheet

		2015 £	2014 £
<b>1 Loans to parent company</b>			
R.E.A. Holdings plc ("REAH")	(due within one year)	-	12,491,667
R.E.A. Holdings plc ("REAH")	(due after one year)	43,111,000	24,983,333
Balance of loans as at 1 January		37,475,000	37,475,000
Additions		5,636,000	-
Balance of loans as at 31 December		43,111,000	37,475,000

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

To reflect the reduced interest rate on the 9.5 per cent guaranteed sterling notes 2015/2017 (the "2017 sterling notes") the terms of the loan have been varied. The loan to REAH now comprises:

	2015 £	2014 £
Balance at 1 January	37,475,000	37,475,000
Exchange of 2017 sterling notes 3 September	(26,216,000)	-
Tranche A loan	11,259,000	-
Exchange of 2017 for 2020 sterling notes 3 September	26,216,000	-
New 2020 sterling notes 3 September	636,000	-
New 2020 sterling notes 22 December	5,000,000	-
Tranche B loan	31,852,000	-
Balance at 31 December	43,111,000	37,475,000

The Tranche A loan to REAH bears interest at 9.6783 per cent and is repayable on 20 December 2017. The Tranche B loan to REAH bears interest at 8.9283 per cent and is repayable on 20 August 2020. The loans to REAH represents the on-lending of proceeds from the issue of the 2017 sterling notes and the 8.75 per cent guaranteed sterling notes 2020 (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 14. In view of the similar provisions of this loan as to interest and maturity as those applicable to the sterling notes, management estimates a fair value of £42m (2014: £39.7m), using the same basis of valuation as the sterling notes (see note 7).

	2015 £	2014 £
<b>2 Amounts due from parent company</b>		
R.E.A. Holdings plc: current account	284,872	150,239
	284,872	150,239

All amounts are due within one year.

	2015 £	2014 £
<b>3 Taxation</b>		
Corporate income tax 2014	-	6,767
Corporate income tax 2015	4,472	-
Value added tax	108	1,034
	4,580	7,801
Corporate income tax summary		
2014	01.01	paid/(received)
2015	(6,767)	7,294
	-	16,738
	(6,767)	24,032
		p/l account
		(527)
		(21,210)
		(21,737)
		31.12
		-
		(4,472)
		(4,472)

	2015 £	2014 £
<b>4 Cash and cash equivalents</b>		
Current account with bank	28,544	69,843
Current account with bank	1,162	5,635
	29,706	75,478

All balances are freely available

	2015 £	2014 £
<b>5 Due to third parties</b>		
Trade creditors	-	1,253
Administration fees	4,236	-
Audit fees	14,188	11,000
Tax advisory fees	2,000	2,000
Legal fees	500	-
	20,924	14,253



Notes to the specific items of the balance sheet (continued)

		2015 £	2014 £
<b>6 Amounts due to parent company</b>			
R.E.A. Holdings plc: loan account	(due within one year)	-	820,000
R.E.A. Holdings plc: loan account	(due after one year)	2,460,000	1,640,000
		<u>2,460,000</u>	<u>2,460,000</u>
Balance loan as per 1 January		2,460,000	2,460,000
New loan received		-	-
Balance loan as per 31 December		<u>2,460,000</u>	<u>2,460,000</u>

The sterling loan from REAH incurs interest at 8.5% and is repayable on 20 December 2017. The loan from REAH to the Company was provided during 2011 in order to finance the re-purchase of £2,460,000 nominal of sterling notes. Management has 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 £2,6m at 31 December 2015 (2014: £2,6m).

		2015 £	2014 £
<b>7 Sterling Notes</b>			
Notes issued - 9.5 per cent guaranteed sterling notes 2015/2017	(due within one year)	-	9,873,333
Notes issued - 9.5 per cent guaranteed sterling notes 2015/2017	(due after one year)	8,324,000	24,666,667
Notes issued - 8.75 per cent guaranteed sterling notes 2020		31,852,000	-
		<u>40,176,000</u>	<u>34,540,000</u>

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

	2015 £	2014 £
Balance at 1 January	34,540,000	34,540,000
Exchange of 2017 sterling notes 3 September	(26,216,000)	-
2017 sterling notes	<u>8,324,000</u>	-
Exchange of 2017 for 2020 sterling notes 3 September	26,216,000	-
New 2020 sterling notes 3 September - cash placing	636,000	-
New 2020 sterling notes 22 December - cash placing	5,000,000	-
2020 sterling notes	<u>31,852,000</u>	-
Balance at 31 December	<u>40,176,000</u>	<u>34,540,000</u>

Unless previously redeemed or purchased and cancelled the 2017 sterling notes are repayable on 20 December 2017. The 2020 sterling notes are repayable on 20 August 2020. The fair value of the sterling notes has been estimated by management at £39,2m (2014: £36,6m) based on the latest price at which the sterling notes were traded prior to the balance sheet date.

**8 Capital and reserves**

The authorised 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 2015 the rate was 1 GBP = 1.36 EUR.

	Share capital	Translation reserve	Share premium	Other reserves	Total
Balance as at 31.12.13	15,026	(2,802)	475,000	101,448	588,672
Transfer					
Dividend					
Revaluation	(941)	941			-
Result for the year				89,991	89,991
Balance as at 31.12.14	<u>14,085</u>	<u>(1,861)</u>	<u>475,000</u>	<u>191,439</u>	<u>678,663</u>
Transfer					
Dividend					
Revaluation	(821)	821			-
Result for the year				85,411	85,411
Balance as at 31.12.15	<u>13,264</u>	<u>(1,040)</u>	<u>475,000</u>	<u>276,850</u>	<u>764,074</u>

REA Finance B.V., Amsterdam

Notes to the specific items of the profit and loss account

	2015 £	2014 £
<b>9 Interest income on loans to parent company</b>		
R.E.A. Holdings plc	3,592,642	3,626,943
	<u>3,592,642</u>	<u>3,626,943</u>
<b>10 Interest expense on loans from parent company</b>		
Interest payable on loans from group entities	209,100	209,100
	<u>209,100</u>	<u>209,100</u>
<b>11 Interest expense on Sterling Notes</b>		
Interest payable Sterling Notes	3,246,414	3,281,300
	<u>3,246,414</u>	<u>3,281,300</u>
<b>12 Currency exchange rate differences</b>		
On finance activities	7,025	12,067
	<u>7,025</u>	<u>12,067</u>
<b>13 General and administrative expenses</b>		
Administration fees	14,248	15,576
Tax advisory fees	3,448	3,555
Notary fees	8,621	7,750
Bank charges	1,421	886
Audit fees (Deloitte Accountants B.V.)	9,267	10,403
	<u>37,005</u>	<u>38,170</u>

**Audit fees**

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

**2015**

	Deloitte Accountants B.V.	Other Deloitte network	Total audit fee
Audit of the financial statements	9,267	-	9,267
Other audit engagements	6,655	-	6,655
Tax advisory services	-	-	-
Other non-audit services	-	-	-
Total	<u>15,922</u>	<u>-</u>	<u>15,922</u>

**2014**

	Deloitte Accountants B.V.	Other Deloitte network	Total audit fee
Audit of the financial statements	10,403	-	10,403
Other audit engagements	-	-	-
Tax advisory services	-	-	-
Other non-audit services	-	-	-
Total	<u>10,403</u>	<u>-</u>	<u>10,403</u>

Notes to the specific items of the profit and loss account (continued)

	2015 £	2014 £
<b>14 Taxation on the result on ordinary activities before taxation</b>		
Discount on early tax payment	387	185
Corporate income tax - previous year	(527)	843
Corporate income tax - current year	(21,597)	(21,477)
	<u>(21,737)</u>	<u>(20,449)</u>

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%.

**15 Staff numbers and employment costs**

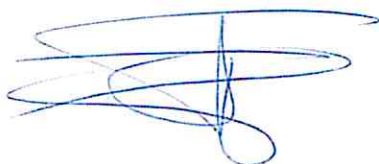
The Company has no employees and hence incurred no wages, salaries or related social security charges during the reporting period, nor during the previous year.

**16 Directors**

The Company has one (2014: one) managing director  
The Company has no (2014: none) supervisory directors.

**17 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 21, 2016  
Corfas B.V.

J.A.P. Temmerman



**REA Finance B.V., Amsterdam**

**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 due debts.

**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 financial statements.

**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 of or disclosure in the annual accounts now presented.

## **Independent auditor's report**

To the shareholders REA Finance B.V.

### **Report on the audit of the financial statements 2015**

#### **Our Opinion**

We have audited the financial statements 2015 of REA Finance B.V. (the Company), based in Amsterdam.

In our opinion the financial statements give a true and fair view of the financial position of REA Finance B.V. as at December 31, 2015, and of its result for 2015 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, 2015.
2. The profit and loss account for the year ended December 31, 2015.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

#### **Material uncertainty related to going concern**

We draw attention to the going concern paragraph in the notes on page 9 of the financial statements which indicates that there is a material uncertainty relating to the parent company's ability to continue as a going concern. This implies that collectability of the loans to the parent company might be at risk. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **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 Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

## **Materiality**

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.

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 430,000. 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.

We agreed with the management that misstatements in excess of EUR 21,500 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. 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, 2015.



## *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 determining the fair value.

Certain going concern conditions are raised in the financial statements of R.E.A. Holdings PLC and Auditor's Report on these financial statements. These conditions indicate the existence of a material uncertainty which may give rise to significant doubt over the group's ability to continue as a going concern, nevertheless this uncertainty did not lead to a modified opinion in respect of this matter. This uncertainty is properly disclosed in the notes on page 9 of the financial statements of REA Finance B.V. Based on this statement and the work performed, we observed that the impairment analysis for these receivables is appropriate and that no impairment should be recorded. We also determined that the disclosure of the fair value in relation to these receivables is appropriate.

## **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the report of the management, both 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.

Management is responsible for overseeing the company's financial reporting process

## **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 have detected all errors and fraud.

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 identify during our audit.

We provide management 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, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. 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.

## **Report on other legal and regulatory requirements**

### *Report on the report of management and the other information*

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the report of management and other information):

We have no deficiencies to report as a result of our examination whether the report of management, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.

We report that the report of management, to the extent we can assess, is consistent with the financial statements.

### *Engagement*

We were engaged by management as auditor of REA Finance B.V. on 1 January 2008, as of the audit for year 2008 and have operated as statutory auditor ever since that date.

Amsterdam, April 28, 2016

Deloitte Accountants B.V.

Signed on the original: A.J. Kernkamp