

# Statement re Cnv Loan Stock

R.E.A.Hldgs PLC 23 May 2005 R.E.A. Holdings plc (the "company") Possible reconstruction of the 4 per cent convertible loan stock 2012 of the company (the "stock"). The company currently has outstanding £3,057,307 nominal of the stock with a present market value of some £15.3 million (based on the closing mid market price per £100 nominal of the stock on 20 May 2005 as obtained from the London Stock Exchange website). In view of the right of holders of the stock to convert their holdings of stock into new ordinary shares in the capital of the company during the month of June 2005, the company announces that the board is at an early stage in considering proposals for a possible reconstruction of the stock. The reconstruction, if implemented, would involve the conversion of the entire outstanding stock, following the passing of necessary enabling resolutions of the stockholders and ordinary shareholders, into a combination of new ordinary shares and new dollar denominated loan notes of the company on terms that have still to be determined. The proposals would be conditional, inter alia, on the new ordinary shares and the new loan notes being admitted to the Official List maintained by the UK Listing Authority and to trading on the London Stock Exchange's market for listed securities. It is currently proposed that the new ordinary shares and new loan notes to be issued pursuant to the reconstruction should have an aggregate value (the "conversion value") that would represent a small premium to the value of the ordinary shares that would arise on full conversion of the stock in accordance with its current conversion terms (values for this purpose being determined by reference to market prices at the time of the formal announcement of the terms of the reconstruction). It is envisaged that some 80 per cent of the conversion value would be represented by the new ordinary shares and the balance by the new loan notes. Whilst there can be no certainty that the board will decide to proceed with such proposals, nor that, if put to stockholders and shareholders, the appropriate resolutions would be passed or that the conditions of the proposals would be satisfied, the board believes that holders of stock should be aware of the possibility of the proposals when deciding whether or not to exercise the conversion rights attaching to their stock during June 2005. In order to facilitate such decision by holders of the stock, it is the company's intention, and the trustee of the stock has agreed in principle, that, in the event that either the contemplated proposals do not proceed or, if they do proceed, do not become unconditional, the terms of the stock will be amended so as to provide an extra conversion period during which holders may exercise the conversion rights attaching to their stock, such extra conversion period to be a one month period commencing as soon as reasonably practicable after determination of the position regarding the contemplated proposals. If the board does decide that it would be in the best interests of the company and its shareholders as a whole to proceed with the proposals, it is expected that a circular setting out the proposals would be sent to stockholders and shareholders in July or August of this year. This information is provided by RNS The company news service from the London Stock Exchange