

# Placing of preference shares

RNS Number : 0195J  
R.E.A.Hldgs PLC  
23 June 2011

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

## Proposed issue

Further to its AGM statement on 14 June 2011, R.E.A. Holdings plc ("REA") announces that it proposes to issue, to the extent that markets permit, up to 15 million 9 per cent cumulative preference shares of £1 each ("new preference shares") by way of a placing at 103p per share. Guy Butler Limited has undertaken to use its reasonable endeavours to effect the placing on the company's behalf.

It is expected that the results of the placing will be announced on 18 July 2011 and that dealings in the new preference shares issued pursuant to the placing will commence on 19 July 2011.

The placing is conditional upon the new preference shares to be issued pursuant to the placing being admitted to the standard listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.

## Reasons for the proposed issue and use of proceeds

The capital of the group currently comprises the issued ordinary shares, the issued preference shares, the dollar notes, the sterling notes and other borrowings. The share capital represents permanent capital (the preference shares are not redeemable shares). The balance of the capital is debt, which is repayable. In particular, the dollar notes and the sterling notes, which represent the major part of the debt capital of the group, are repayable by six instalments over the period 31 December 2012 to 31 December 2017.

The company is of the opinion that it has sufficient working capital for its present requirements, that is for at least twelve months following the date of this document. Looking beyond twelve months, the directors believe that the group should be in a position to meet its debt repayments as these fall due without the need to raise any additional capital but the directors also believe that the group can comfortably support the current level of prior ranking capital (comprising the aggregate of the issued preference shares, the dollar notes, the sterling notes and other borrowings). Since the leverage that that capital provides will anyway reduce if, as the directors hope will be the case, shareholders' funds continue to grow, the directors believe that the interests of the holders of the ordinary shares will be better served by replacing maturing borrowings with new prior ranking capital (thus increasing the cash available to the group for future expansion and payment of dividends) than by paying off such borrowings with cash.

Accordingly, the directors consider that it is prudent, when market conditions permit, to retire existing debt and replace it with preference share capital or new debt of a longer tenor ahead of such retirement and replacement becoming necessary. The proposed issue of new preference shares is intended to be a further step in this direction.

Reflecting the above, the entire net proceeds of the proposed issue will be applied in reducing existing group indebtedness and related engagements (being cash flow hedges against dollars of the sterling component of the group's indebtedness) including in purchasing dollar notes and/or sterling notes.

#### Rights attaching to the new preference shares

The preference shares entitle the holders to be paid out of the profits of the company available for dividend and resolved to be distributed, in priority to the payment of any dividend to the holders of any other class of shares in the capital of the company, a fixed cumulative preferential dividend of 9 per cent per annum on the nominal amount paid up on such preference shares payable half-yearly in equal amounts on 30 June and 31 December. The preference shares are not redeemable.

The new preference shares will, upon issue, rank *pari passu* in all respects with the preference shares already in issue, including as regards payment of the preferential dividend due for payment in respect of the six month period to 31 December 2011.

#### Possible emigration to South East Asia

In the group's 2010 annual report, the directors noted that they were considering whether the current ownership of the group's Indonesian businesses through a UK listed company continued to be the appropriate long term structure for the group or whether the group would be better restructured with a parent company listed in South East Asia.

The directors are now investigating the technical feasibility of such a restructuring ("emigration"). No decision to proceed with an emigration has yet been taken but, if it is felt desirable to proceed, the directors believe that a decision to do so should be taken expeditiously. They therefore intend to reach a decision on this matter within 2011. If the decision is to proceed, the directors expect that emigration would become effective in or about either June 2012 or June 2013.

In the event of emigration, the directors expect that the company would maintain the London listing of the preference shares until at least 90 per cent of the preference shares in issue at the date of the emigration have been exchanged for listed preference shares in the new South East Asian parent company or, if earlier, all of the outstanding sterling notes have been redeemed. The company itself would, and would procure that the new South East Asian parent company would also, give undertakings to provide appropriate protection of the rights of preference shareholders.

#### Further information

A copy of the prospectus being issued in connection with the placing may be obtained free of charge from the company at its registered office: First Floor, 32-36 Great Portland Street, London W1W 8QX. A copy of the prospectus is also being placed on the company's website at [www.rea.co.uk](http://www.rea.co.uk) and will shortly be submitted to the National Storage Mechanism and will be available for inspection at [www.Hemscott.com/nsm.do](http://www.Hemscott.com/nsm.do)

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