

R.E.A. Holdings plc: Proposals re 7.5 per cent dollar notes 2026

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For immediate release

11 August 2025

R.E.A. Holdings plc (the "company")

Proposals (a) to extend the redemption date for the 7.5 per cent dollar notes 2026 issued by the company from 30 June 2026 to 31 December 2028 and (b) to seek the consent of the holders of the dollar notes to a possible reduction of the capital of the company by way of a reduction of up to \$20.0 million of the amount standing to the credit of the company's share premium account

Introduction

In its annual report published on 17 April 2025, the company announced a proposal to improve the maturity profile of its debt by inviting holders of the \$27.0 million nominal of 7.5 per cent dollar notes 2026 issued by the company (the "**dollar notes**") to roll over their dollar notes to 31 December 2028.

The company now announces that it is today despatching a circular (the "**circular**") to the holders of the dollar notes ("**noteholders**") giving details of, and seeking the approval of noteholders, to be given by way of an extraordinary resolution to be proposed at a general meeting of noteholders convened for 4 September 2025, as regards such proposal.

At the same time as seeking the approval of noteholders to the proposed extension of the redemption date for the dollar notes, the opportunity is being taken to seek the consent of noteholders to a possible reduction of the capital of the company by way of a reduction of the amount standing to the credit of the company's share premium account. The notice of general meeting included in the circular includes a further extraordinary resolution to this end.

Background to and reasons for the proposed extension of the redemption date for the dollar notes

As previously announced, 2024 saw a marked improvement in profitability of the group's operations, with higher selling prices more than offsetting the lower than expected production volumes that were reportedly widespread across the palm oil industry in Indonesia. A significant reduction in estate operating costs also made a meaningful contribution to the group's results. In addition, good progress was made throughout the year in bringing both the stone and sand operations to commercial production.

The 2024 improved trading performance was accompanied by a material reduction in group net indebtedness with the subscription by a subsidiary of PT Dharma Satya Nusantara Tbk of \$53.6 million for additional shares in PT REA Kaltim Plantations ("**REA Kaltim**"). To date during 2025, net indebtedness has further benefitted from completion of the sale by the group of PT Cipta Davia Mandiri in early June. Additionally, loan funding provided by PT Bank Mandiri (Persero) Tbk ("**Bank Mandiri**") to the Indonesian operating companies within the group has been repackaged and increased on a basis that improves the maturity profile of the group's debt.

Prepaid sales advances from customers were reduced during 2024 from \$17.1 million to \$8.0 million and the group aims to eliminate all remaining such advances by the end of 2025.

Whilst the group acknowledges the need to continue reducing its net indebtedness, it wishes to ensure an orderly reduction that does not place strain on the group's liquidity. The group has in hand the cash resources to meet the redemption of the outstanding balance of £21.4 million of the sterling notes which falls due on 31 August 2025, and will redeem such notes on that date. However, redemption of the outstanding \$27.0 million of dollar notes on the due date of 30 June 2026, when coupled with group bank debt repayments falling due in 2026 of \$20.0 million, would result in a further outflow of cash during 2026 that would be disproportionate to the group's internal cash generation. Accordingly, the group would prefer to phase the redemption of the dollar notes over a longer period. The proposed extension of the redemption date for the dollar notes and attendant sale facility have been formulated with that objective.

Roll-over fee

In consideration of, and subject to, noteholders sanctioning the proposed extension of the redemption date for the dollar notes, the company will pay to those noteholders on the register of noteholders at 6.00 p.m. on 3 September 2025 ("**qualifying noteholders**") who have not elected to take advantage of the sale facility (details of which are set out below) (whether or not such noteholder voted in favour of the extraordinary resolution sanctioning the extension but only if the extension becomes effective) a roll-over fee in an amount equal to:

$$(1\% + 2A) \times B$$

where:

A is the percentage amount (if any) by which the 180 day Average Secured Overnight Financing Rate published by the Federal Reserve Bank of New York on 23 June 2026 exceeds 4.5 per cent (and nil if such rate does not exceed 4.5 per cent); and

B is the nominal amount of dollar notes held by the qualifying noteholder at 6.00 pm on 3 September 2025.

Provided that the proposed extension of the redemption date for the dollar notes has become effective, the roll-over fee will be paid in cash on 30 June 2026.

The roll-over fee will be paid in dollars unless the relevant qualifying noteholder has already elected, in accordance with the terms and conditions attaching to the dollar notes, to receive interest in respect of the dollar notes in sterling, in which event the consent fee will be paid to that noteholder in sterling.

Sale facility

The directors are aware that the market in the dollar notes can be limited, and that not all noteholders may be willing to have the monies represented by their holdings of dollar notes tied up beyond 30 June 2026. Accordingly, in conjunction with the proposal to extend the redemption date for the dollar notes, the company is putting in place a sale facility whereunder, conditional upon the proposed extension of the redemption date for the dollar notes becoming effective, any qualifying noteholder who wishes to realise its holding of dollar notes on the current redemption date of 30 June 2026 will be able to do so.

Any qualifying noteholder who wishes to take advantage of the sale facility is invited to contact R.E.A. Services Limited ("**REA Services**") in writing at 5th Floor North, Tennyson House, 159-165 Great Portland Street, London W1W 5PA or by email to companysecretary@rea.co.uk at any time on or after 1 May 2026

but by no later than 5.00 p.m. on 29 May 2026. REA Services will then either purchase the relevant dollar notes or arrange the purchase thereof by a third party, in either case at par for settlement on 30 June 2026 (that is, the current due date for redemption of the dollar notes). Any such sale will be subject to the provisions as regards the transfer of dollar notes included at Condition 3 attaching to the dollar notes (that is: (i) any election to sell must be in respect of a minimum amount of \$120,000 nominal of dollar notes and (ii) where the election is in respect of part only of a holding of dollar notes, the transfer of the same must not result in the transferor retaining a minimum holding of less than \$120,000 nominal of dollar notes represented, in the case of dollar notes held in certificated form, by one certificate).

REA Services may seek to re-sell, over time, any dollar notes acquired by it pursuant to the sale facility. To the extent not so sold, REA Services intends to retain the dollar notes pending redemption of the same in accordance with their terms. There is no current intention that any dollar notes acquired by REA Services pursuant to the sale facility be surrendered for cancellation.

Contemplated reduction of capital

The company has built up a substantial capital reserve in its share premium account through the issue of shares at prices in excess of the nominal value of those shares. As at 31 December 2024, the amount standing to the credit of the share premium account was some \$47.4 million. As the share premium account is an undistributable reserve, it has only limited application and cannot be used to pay dividends.

As at 31 December 2024, the distributable reserves of the company amounted to approximately \$8.0 million. The company requires distributable reserves of some \$8.7 million to meet the annual preference dividend payable in respect of the preference shares before even considering any dividend to the holders of the ordinary shares.

The terms of the loans made by Bank Mandiri to REA Kaltim and its subsidiaries include provisions requiring that REA Kaltim obtain the consent of Bank Mandiri to any proposed dividends. Whilst the group has no reason to expect that Bank Mandiri would refuse consent for the payment by REA Kaltim of dividends that are proportionate to REA Kaltim's annual earnings, were Bank Mandiri to do so, this might result in a situation in which the company had the cash resources to meet a proposed dividend but was unable to pay such dividend because it would not be covered by the company's distributable reserves.

The directors are therefore currently considering the possibility of undertaking a reduction of capital by way of the reduction of the amount standing to the credit of the company's share premium account, up to a maximum amount of \$20.0 million. Any such reduction of capital would not of itself involve the distribution or repayment of monies by the company, and would not reduce the underlying net assets of the company, but it would result in an amount equal to the amount of the reduction being credited to the distributable reserves of the company.

Any reduction of capital would be subject to the approval of shareholders of the company, given by way of the passing of a special resolution in general meeting, and also to confirmation by the High Court of Justice in England and Wales (the "**Court**"). In considering an application by the company for an order confirming a reduction of capital, the Court would need to be satisfied that there is no real likelihood that the reduction would result in the company being unable to discharge all amounts due by it, at the time of the reduction, to creditors (including contingent creditors) of the company when such amounts fall due. The Court may require measures to be put in place for the protection of such creditors, except in the case of creditors who have consented to the reduction. Noteholders are, of course, creditors of the company.

The additional distributable reserves that would be created in the books of the company were the company to proceed with the contemplated reduction of capital would be available for the future payment by the company of dividends to its shareholders and for any other general corporate purposes, subject always to the financial performance of the company and to compliance by the company with any restrictions imposed by the Court. This would have the effect of reducing the likelihood of the company being prevented by legal, rather than commercial, constraints, from paying dividends (and in particular from paying the dividends payable in respect of the preference shares). Any such dividends would result in a diminution in the cash reserves of the company.

It is likely that the decision as regards whether or not to proceed with the contemplated reduction of capital will be made in September 2025, when the half yearly results of the group become available. If the decision is to proceed, it is currently intended that a circular regarding the proposed reduction would be posted to

shareholders concurrently with, or shortly after, the publication of the half yearly results (due to be published in the second half of September).

To minimise the possibility of any need for a further meeting of noteholders at any such time, the directors are proposing to take the opportunity now to seek the consent of noteholders to the contemplated reduction of capital, subject only to the necessary confirmation of the Court and provided always that such reduction would not result in the company being in breach of the borrowing restriction set out in condition 9 attaching to the dollar notes.

Conditions

The proposed extension of the redemption date for the dollar notes is conditional upon:

- i. the passing of the first and third extraordinary resolutions set out in the notice of meeting of the holders of the dollar notes included at the end of the circular; and
 - ii. the execution of the applicable supplemental trust deed referred to in the third extraordinary resolution
- in each case by 31 October 2025.

The sale facility is conditional upon the proposed extension of the redemption date for the dollar notes becoming effective.

The consent of noteholders to the contemplated reduction of capital and the sanction of noteholders to amendments to the trust deed to incorporate express provisions as regards such consent is conditional upon:

- i. the passing of the second and third extraordinary resolutions set out in the notice of meeting of the holders of the dollar notes included at the end of the circular; and
 - ii. the execution of the applicable supplemental trust deed referred to in the third extraordinary resolution
- in each case by 31 October 2025.

Recommendation

Each of the directors of the company is of the opinion that both:

- i. the proposed extension of the redemption date for the dollar notes, with the attendant sale facility; and
- ii. the proposal to seek, at this stage, the consent of noteholders to the contemplated reduction of capital

are in the best interests of the company, its shareholders and the holders of the group's debt securities (including the dollar notes) as a whole.

However, none of the directors considers it appropriate to make a recommendation to noteholders as to whether or not noteholders should vote in favour of all or any of the resolutions set out in the notice of meeting of the holders of the dollar notes convened for 4 September 2025 and/or as to whether or not noteholders should elect to sell dollar notes pursuant to the sale facility. A decision as to whether or not to vote in favour of a resolution and/or as to whether or not to elect to sell pursuant to the sale facility will depend on the personal circumstances of each noteholder. Holders of dollar notes who are in any doubt as to what action they should take are recommended to consult their appropriate independent financial adviser duly authorised, if the holder is resident in the United Kingdom, under the Financial Services and Markets Act 2000 or, if the holder is not so resident, under the relevant applicable local law.

Undertakings as regards voting

Kuala Lumpur Kepong Berhad, holding in aggregate, through two subsidiaries, \$17,570,000 nominal of the \$27,035,218 nominal of the outstanding dollar notes, has undertaken to the company that it will procure that its subsidiaries vote in favour of the extraordinary resolutions to be proposed at the meeting of noteholders convened for 4 September 2025, and will not elect to take advantage of the sale facility.

Expected timetable

A meeting of the holders of dollar notes has been convened for 4 September 2025 to consider the three extraordinary resolutions as noted above, and to authorise and request the trustee for the noteholders to enter into a supplemental trust deed for the purposes of effecting the necessary amendments to the trust deed, and re-stating the same as amended.

It is expected that the results of the meeting will be announced on 4 September 2025 and that the extension of the redemption date for the dollar notes will become effective the same day.

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