

# R.E.A. Holdings plc: Sale of shareholding in PBJ

R.E.A. Holdings plc (RE.)

R.E.A. Holdings plc: Sale of shareholding in PBJ

25-Apr-2018 / 11:00 GMT/BST

Dissemination of a Regulatory Announcement that contains inside information according to REGULATION (EU) No 596/2014 (MAR), transmitted by EQS Group.

The issuer is solely responsible for the content of this announcement.

---

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF THAT JURISDICTION**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION  
FOR IMMEDIATE RELEASE**

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

**Sale of shareholding in PT Putra Bongon Jaya ("PBJ")**

REA is pleased to announce that its subsidiary, PT REA Kaltim Plantations ("**REA Kaltim**"), has entered into a conditional agreement for the sale of REA Kaltim's 95 per cent interest in PBJ to Kuala Lumpur Kepong Berhad ("**KLK**"). The agreement is conditional upon REA shareholder approval, necessary regulatory consents in Indonesia and the consent of REA Kaltim's lending bank.

## **Highlights**

- The disposal enables the group to release the intrinsic value that has built up in developing PBJ, which, as a recently planted property, has excellent potential but is not currently profitable.
- The sale is expected to realise gross proceeds of approximately \$85 million and net proceeds of approximately \$57 million after repayment of external borrowings and net of selling expenses.
- The divestment will benefit the group's capital structure by reducing indebtedness and by relieving the group of the further investment that would be required to take the PBJ estates to full maturity; it will also defer for at least three years the need for a further group oil mill.
- The divestment will permit the group to focus its efforts on its remaining plantings which are concentrated within a single geographical area.
- There will be no material negative impact on the immediate outlook for the REA group's financial performance.

## **Details**

PBJ is an Indonesian company which owns an oil palm plantation located in the Kutai Barat Province of East Kalimantan. The plantation is based on a fully titled area (held under an *Hak Guna Usaha*) of 11,602 hectares and an additional land allocation subject to completion of titling (held under an *Izin Lokasi*) of 4,460 hectares. At completion of the sale, it is projected that 7,482 hectares of land will have been planted by PBJ

for its own use, of which 810 hectares will be mature and the balance immature. A further 635 hectares is projected to have been planted for smallholder schemes managed by PBJ for the benefit of local communities.

The consideration, which is payable in cash, for the PBJ shares the subject of the sale will be 95 per cent of the value ascribed at completion to the underlying assets and liabilities of PBJ. For this purpose, the assets and liabilities of PBJ will be valued as follows:

- (a) land and plantings, plant and equipment and other non current assets (other than advances to cooperatives) at \$80 million;
- (b) borrowings by PBJ from its lending bank at the principal amount outstanding at completion (together with accrued interest and any early repayment penalty);
- (c) amounts owing by PBJ to the REA group at the principal amount outstanding at completion (together with accrued interest but net of certain balances due from other REA group companies): and
- (d) working capital (taken to comprise current assets and liabilities (other than as included in (b) or (c) and deferred tax), plasma advances and employee benefit obligations.

Had completion occurred at 31 December 2017, the aggregate of (a) to (d) above would have amounted to \$24.4 million and the cash consideration for the 95 per cent shareholding in PBJ to \$23.2 million. KLK is depositing with REA Kaltim, by way of an advance of the purchase price, the sum of \$8 million. Should the agreement for the sale of REA Kaltim's interest in PBJ not become unconditional, such amount will be repayable.

As a term of the transaction, KLK has agreed that on completion of the sale it will repay the amounts owing at (b) and (c) above. The amount owing at (b) is projected to amount to approximately \$26 million at completion. The net proceeds to the group will therefore comprise the consideration for the 95 per cent shareholding in PBJ and the amount repaid in respect of (c) which are together expected to amount, net of expenses, to approximately \$57 million.

Completion is not expected to occur before 31 August 2018 and the agreement will lapse if all conditions have not been satisfied prior to 31 January 2019. Should the area planted by PBJ for its own use by the later of completion and 30 September 2018 fall short of the projected 7,482 hectares, any shortfall will result in a reduction of the value at (a) above by \$8,000 per hectare. The area currently planted by PBJ for its own use is estimated at 7,062 hectares.

KLK has agreed that REA Kaltim may invite a small number of existing staff at PBJ to transfer to REA Kaltim's employment. KLK has also undertaken to procure that PBJ will offer continued employment to substantially all of PBJ's other employees.

KLK has also agreed to the continued use by a subsidiary of REA of a small area of PBJ used by the subsidiary for crushing stone from the limestone quarry adjacent to PBJ in respect of which the subsidiary has an exclusive supply arrangement. KLK will procure that PBJ offers the subsidiary first refusal on all future contracts for the supply of stone to PBJ.

The proceeds of the sale of the PBJ shares and the repayment of monies owed by PBJ to the REA group will be applied in reduction of REA group indebtedness.

The gross assets of PBJ to be included in the REA group accounts at 31 December 2017 will be \$77.3 million and the net assets (after deduction of the 5 per cent non controlling shareholder interest) will be \$51.2 million. Loss before tax so to be included will be \$0.2 million.

The sale of PBJ constitutes a class 1 transaction for REA under the Financial Conduct Authority's Listing Rules and, accordingly, a circular containing further information on the sale, together with a notice convening a general meeting, will be sent to REA shareholders in due course.

**Enquiries:**

David Blackett  
Chairman  
R.E.A. Holdings plc  
Tel: 020 7436 7877

---

ISIN: GB0002349065  
Category Code:DIS  
TIDM: RE.  
LEI Code: 213800YXL94R94RYG150  
Sequence No.: 5456

End of AnnouncementEQS News Service

---

678909 25-Apr-2018

UK Regulatory announcement transmitted by DGAP - a service of EQS Group AG. The issuer is solely responsible for the content of this announcement.