

R.E.A. Holdings plc: Further re proposals in respect of 8.75 per cent guaranteed sterling notes 2020

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

REA Finance B.V. ("REA Finance")

Amendment to the proposals to extend the date for repayment of the 8.75 per cent guaranteed sterling notes 2020 issued by REA Finance B.V. and irrevocably and unconditionally guaranteed by R.E.A. Holdings plc and R.E.A. Services Limited

Introduction

On 6 March 2020, REA Holdings and REA Finance announced proposals regarding the extension of the date for repayment of the 8.75 per cent guaranteed sterling notes 2020 issued by REA Finance (the "**sterling notes**") from 31 August 2020 to 31 August 2025 (the "**proposals**").

Amendment to the terms of the proposals: premium to be paid on redemption

In light of the current market circumstances arising as a result of the COVID-19 pandemic, REA Holdings and REA Finance have agreed that the terms of the proposals be enhanced. With the agreement of Apex Corporate Trustees (UK) Limited, as trustee for the holders of the sterling notes (the "**noteholders**"), REA Finance (as issuer), REA Holdings (as guarantor) and REA Services (as co-guarantor) agree that the terms of the sterling notes will be further amended to provide that a premium be paid on redemption of the sterling notes on 31 August 2025 (or earlier in the event of default) or on surrender of the sterling notes in satisfaction, in whole or in part, of the subscription price payable on exercise of the warrants to be issued by REA Holdings in consideration of (and subject to) noteholders sanctioning the proposals (the "**warrants**") on the final subscription date (namely 15 July 2025). The premium will not be payable on redemption of the sterling notes on surrender of the sterling notes in satisfaction, in whole or in part, of the subscription price payable on exercise of the warrants on any subscription date other than the final subscription date. The premium is 4p per £1 nominal of sterling notes.

The other terms of the proposals, and timetable for the proposals, remain as set out in the circular posted by REA Holdings to noteholders on 6 March 2020 (the "**circular**") and as set out in the press announcement issued by REA Holdings and REA Finance on 6 March 2020. It remains expected that the results of the meeting of noteholders will be announced on 31 March 2020 and

that, subject to the extraordinary resolution to be proposed at such meeting being duly passed, the proposals will become effective, and binding on all noteholders, the following day.

Reasons for the amendment

Since the announcement of the proposals on 6 March 2020, concerns about COVID-19 have escalated dramatically with significant adverse social and economic consequences in many countries. At this juncture, the group's estates are operating normally and the group has in place contingency plans to mitigate any adverse effects should any of its employees become infected with the virus, although there can be no guarantee that there will be no disruption.

Crude palm oil ("CPO") prices have weakened further in the last two weeks to a current level of approximately \$600 per tonne (CIF Rotterdam). There are some signs that Chinese commercial activity is being resumed and, if confirmed, this can be expected to stabilise the CPO market and to lead in due course to a recovery in prices given that demand for CPO is expected to exceed production in 2020.

Against this background, the group considers that it is appropriate to provide the limited improvement to the terms of the proposed extension to the repayment date of the sterling notes that is detailed above. By doing so, the group hopes to retain the continuing support of noteholders going forward in what may prove difficult financial markets.

Taxation

For United Kingdom corporation tax paying noteholders, the premium on redemption should be treated as a loan relationship credit, in the same way as interest on the sterling notes, and the tax treatment will follow the accounting treatment applied by the noteholder.

For individual noteholders resident and domiciled in the United Kingdom for tax purposes, the position is fact specific and determined by case law, but it is likely that the premium on redemption will be treated for tax purposes as interest and therefore a receipt of an income nature.

The above comments are of a general nature and are based upon REA Holdings' understanding of current United Kingdom tax laws and the practice of Her Majesty's Revenue and Customs ("HMRC") as of the date of this document. They do not purport to be a complete analysis of all tax considerations, relate only to the position of persons who hold sterling notes as an investment and are the absolute beneficial owners of sterling notes and may not apply to certain classes of persons such as dealers, persons who have acquired their sterling notes by reason of their employment or persons connected with REA Holdings for relevant tax purposes. Noteholders who are in any doubt as to their taxation position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their own professional adviser.

Meeting of noteholders

To the extent that a holder of sterling notes has not already appointed a proxy to attend the meeting of noteholders convened for 31 March 2020 (notice of such meeting being set out at the end of the circular), whether or not such noteholder proposes to attend such meeting, such noteholder is urged to complete the form of proxy enclosed with the circular in accordance with the instructions printed thereon and to return the same by post to Link Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom so as to arrive as soon as possible but in any event by no later than 11 a.m. (London time) on 29 March 2020 or, in the case of sterling notes held in uncertificated form, to appoint a proxy through the CREST electronic proxy appointment service in accordance with the procedures explained in the notes to the notice of meeting. The appointment of a proxy will not prevent a holder of sterling notes from attending the meeting and voting in person if such noteholder should so wish.

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