

Doc re. share buy back and long term incentive

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R.E.A.Hldgs PLC
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R.E.A. Holdings plc ("REA" or the "company")

Proposals for the buy-back by REA of ordinary shares and the subsequent re-sale of such shares, as markets permit and for the establishment of a long term incentive for an executive director, and notice of an extraordinary general meeting

Introduction

It was stated in the company's recently published annual report 2012, the directors were considering seeking shareholder approval for the company to buy back shares into treasury with the intention that, whenever a holding of reasonable size has been accumulated, such holding be placed with one or more new investors (the "**share buy-back proposal**").

It was further stated that, following the appointment of a second executive director, Mr Mark Parry, to the board with effect from 1 January 2013, the directors were giving consideration to some form of long term performance related incentive for Mr Parry (the "**long term incentive**").

Following such consideration, a circular is being sent to shareholders today setting out details of a share buy-back proposal and long term incentive proposal, together with a notice of extraordinary general meeting in connection with such proposals. The extraordinary general meeting is being convened for 10.30 am on 11 June 2013 (or so soon after 10.30 am as the annual general meeting of the company also convened for 11 June 2013 shall have been concluded or adjourned) to be held at the London offices of the company's solicitors, Ashurst LLP, at Broadwalk House, 5 Appold Street, London EC2A 2HA.

Share buy-back proposal

The directors are aware that the market in the company's ordinary shares is at times limited, that purchases and sales of small numbers of shares can have a disproportionate effect on the ordinary share price and that the spread between the bid and offer prices of the ordinary shares is often large. The directors believe that there is potential demand for the company's ordinary shares but that this demand comes mainly from investors who wish to have holdings of a certain size and are generally not prepared to spend time accumulating such holdings from the trickle of small offerings that are normally available

Accordingly, to address what they see as a mismatch between the demand for and the supply of ordinary shares, the directors propose that, as and when appropriate opportunities arise, the company should itself buy back ordinary shares into treasury with the intention that, once a holding of a reasonable size has been accumulated, that holding be placed with one or more substantial investors on a basis that, to the extent reasonably possible, broadens the spread of substantial shareholders in the company. Save to the extent of that intention, no agreement, arrangement or understanding exists whereby any ordinary shares acquired pursuant to the share buy-back proposal will be transferred to any person.

Long term incentive

Following Mr Parry's assumption of the position of president director of REA Kaltim, he is, and will continue to be, key to the future success of the group. Accordingly, the directors consider that he should be provided with a long term incentive similar to the long term incentives previously provided to key senior executives, such terms to reflect the extent to which three key performance targets, relating to annual total shareholder return per ordinary share, effective annual percentage reduction in cost per tonne of crude palm oil and equivalents produced by the group and average annual extension planting rate achieved by the group, are met over the four year period 1 January 2013 to 31 December 2016. However, in the event of a takeover or voluntary liquidation of the company or the sale or other disposal of the whole or substantially the whole of the agricultural operations of the group occurring before the expiry of the performance period, payment under the long term incentive would be determined by reference only to annual total shareholder return per ordinary share over the period from 1 January 2013 to the effective date of the relevant event.

Available information

The circular sent to shareholders today will be available to download from the company's website: www.rea.co.uk and will also shortly be submitted to the National Storage Mechanism, where it will be available for inspection at www.Hemscott.com/nsm.do.

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