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FOR IMMEDIATE RELEASE

12 June 2018

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

Publication of circular and update on current trading

Further to the announcement by the company on 25 April 2018 regarding the proposed sale by its subsidiary, PT REA Kaltim Plantations ("**REA Kaltim**") of REA Kaltim's 95 per cent interest in PT Putra Bongan Jaya ("**PBJ**") to Kuala Lumpur Kepong Berhad (the "**proposed sale**"), REA announces that a circular regarding the sale (the "**circular**") dated 12 June 2018 is being posted to shareholders today[1] . The circular also contains an update on current trading, trends and prospects, which is reproduced in full below.

As set out in the circular, the proposed sale constitutes a class 1 transaction for REA under the Financial Conduct Authority's Listing Rules and therefore requires, and is conditional upon, approval by REA shareholders. Accordingly, the circular contains a notice convening a general meeting of the company to be held at Ashurst LLP at Broadwalk House, 5 Appold Street, London EC2A 2HA on 10 July 2018 at 11.00 a.m., for the purpose of considering and, if thought fit, approving the proposed sale.

In addition to approval by REA shareholders, the proposed sale is conditional upon, amongst other things, the receipt of all necessary regulatory approvals and consents required under Indonesian law (including in particular the approval of the Indonesia Investment Coordinating Board (*Badan Koordinasi Penanaman Modal*)) and the formal approval of REA Kaltim's lending bank.

A copy of the circular and notice of general meeting will be available for inspection at the company's registered office and on the company's website at www.rea.co.uk and will also be submitted to the National Storage Mechanism, where it will be available for inspection at www.morningstar.co.uk/uk/NSM.

Words and phrases used, but not defined, in this announcement shall have the same meaning as in the circular.

Current trading, trends and prospects

Crops, production statistics and rainfall for the period from 1 January 2018 to 31 May 2018 (with comparative figures for 2017) are set out below:

	Five months to 31 May 2018	Five months to 31 May 2017
FFB crops (tonnes)		
Group harvested	263,000	203,000
Third party harvested	64,000	44,000
	327,000	247,000
Production (tonnes)		
CPO	72,700	53,400
Palm kernels	15,200	10,700
CPKO	5,900	3,400
Extraction rates (%)		
CPO	22.9	22.0
Palm kernels	4.8	4.4
CPKO	40.3	38.2
Rainfall (mm)		
Average across the estates	1,542	1,726

As noted in the annual report of the group for the year ended 31 December 2017, which was published on 27 April 2018, the recovery in group operations that began in 2017 has continued into 2018, with production in March demonstrating a noticeable upturn, against a background of generally poorer cropping in East Kalimantan. The positive trend has continued into April (FFB crop of 59,000 tonnes against 32,000 tonnes in 2017) and May (FFB crop of 67,000 tonnes against 43,000 tonnes in 2017).

The average selling price for the group's CPO for the five months to the end of May 2018, on an FOB basis at the port of Samarinda, net of export levy and duty, was $554 per tonne (2017: $623 per tonne). The average selling price for the group's CPKO, on the same basis, was $979 per tonne (2017: $1,356 per tonne).

Bunch counts indicate that crop availability over the three months to 31 August 2018 should be at least at the level seen in May (although crop harvested in June may be adversely affected by the Idul Fitri ten day holiday period). If the normal annual cropping cycle applies in 2018, the group could expect higher average monthly crops over the final four months of the year, being the normal peak cropping period.

The significant progress in cropping is being accompanied by improvements to palm appearance. Fronds are growing more vigorously and canopies are enlarging. This must be attributed, at least in part, to the enhanced fertiliser programmes introduced into the mature areas in 2016 and continuing. It augurs well for crops going forward beyond 2018.

Evacuating the rapidly increasing daily crops being harvested has proved challenging. Fortunately, the road improvement programme instituted in 2017, although still ongoing, has progressed sufficiently that poor road conditions have not seriously inhibited collection. In addition, the group has been able to source additional FFB collection trucks in volumes so as to manage the logistics associated with the increase in production. Nevertheless there have at times been delays in crop collection and, whilst this has not affected CPO quality significantly, it has made it more difficult to achieve the extraction rates for which the group is aiming. With an enlarged transport fleet now in place, it is hoped to see further improvements in crop collection and a consequential increase in extraction rates.

Three of the four boilers in the group's two older oil mills having been previously refurbished, work on refurbishing the fourth of these boilers is well in hand. Work also continues on maintaining and improving the efficiency of the group's oil mills. In particular, the group is now installing bunch presses in each of the mills to reduce oil losses in empty fruit bunches. With crops moving to higher levels, expansion of capacity of the group's newest mill to 80 tonnes per hour is now planned for 2019.

Following the agreement to sell PBJ, the first priority of the group's planting programme has been to complete the 520 hectares of 2018 planting that are required at PBJ if the proceeds of the sale of PBJ are to be maximised. To date 202 hectares have been planted, bunding is nearing completion to allow the planting of a further 160 hectares and land compensation discussions are at an advanced stage to release land sufficient to complete the planting of the balance of 158 hectares.

Elsewhere, over 200 hectares have been planted at CDM. For the balance of 2018, the group hopes at least to plant 600 hectares in PBJ2 (adjacent to REA Kaltim) and to replant 600 hectares in the SYB southern areas. Much larger extension planting is then planned for PU and the KKS area to the north of CDM, but plantings in these areas can only start once the necessary environmental compliance procedures have been completed. These are in progress but may not be finished in time for planting to commence in 2018. The group should, however, be well placed to plant a large area in 2019.

Following the previously reported purchase of coal loading facilities on an adjacent property, the group is pushing ahead with plans to resume mining at its Kota Bangun coal concession. The licence required for the export of coal from this concession has now been obtained and work is in hand to refurbish the acquired loading facilities.

The improvements to the continuing group's balance sheet that will follow from the proposed sale and a resumption of coal revenues should help the group accelerate development of its land bank. With CPO prices expected to remain around current levels, the prospects for the continuing group are more encouraging than they have been for some years.

Enquiries

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

1. Shareholders who have requested to receive all communications by email will also receive an email including a website link to the circular and details regarding voting. The full circular will be available on REA's website at www.rea.co.uk.

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