

R.E.A. Trading plc (13QC)

R.E.A. Trading plc: Further re proposals to extend the redemption date for the 9.5 per cent loan notes 2024

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

Proposal to extend the redemption date for the 9.5 per cent notes 2024 issued by the company from 30 June 2024 to 30 September 2027

Introduction

The company announced on 14 August 2023 proposals to extend the redemption date for the 9.5 per cent loan notes 2024 issued by the company (the "**notes**") from 30 June 2024 to 30 September 2027, with a right on the part of the company to pre-pay the notes, in whole, on either 30 September 2025 or 30 September 2026 without penalty. The interest rate payable on the notes would be increased from 9.5 per cent per annum to 13.5 per cent per annum with effect from 1 October 2023.

The company now announces that it is today despatching a circular (the "**circular**") to the holders of the 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 28 September 2023, as regards, such proposals.

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

The group is developing a new abaca plantation on the island of Seram in Indonesia. Implementation of the project has been slower than originally planned as a result of delays in finalising land compensation agreements (principally due to COVID-19), and initial difficulties in achieving the desired pace of land clearing. These challenges have now been largely overcome, but it is likely that the project will require at least another two years of investment before becoming cash positive.

The group has a strong balance sheet and the group's established businesses are trading satisfactorily and generating good cash flows. Accordingly, the group is well placed to fund the further development expenditure needed on the abaca project. However, the group is conscious that its established operations are dependent on certain commodity prices which the group does not control and which can be volatile. The group wishes to ensure that in the event of a downturn in such prices, it will still have the funding required to complete the abaca project. The proposals aim to do that.

Sale facility

The directors are aware that the market in the notes can be limited, and that not all noteholders may be willing to have the monies represented by their holdings of notes tied up beyond 30 June 2024. Accordingly, in conjunction with the proposals to extend the redemption date for the notes, the company has put in place arrangements whereunder, conditional upon the proposed extension of the redemption date for the notes becoming effective, any noteholder who wishes to realise its holding of notes by 31 October 2023 is offered the opportunity so to do at least in part (the "**sale facility**").

Any noteholder who wishes to take advantage of the sale facility (or any such noteholder's duly authorised representative) must contact Guy Butler Limited in writing (at 6th Floor, 21 Great Winchester Street, London EC2N 2JA or by email to enquiries@guybutler.co.uk) or by telephone (on +44 20 8828 2200) by no later than 5.00 p.m. on 26 September 2023 to register their wish to sell.

To the extent that all relevant notes are not privately sold by the close of business on 24 October 2023, the company will procure that its subsidiary, REAT Services Limited ("REAT Services") offers to purchase the unsold balance of the relevant notes for cash on 31 October 2023 at a price equal to £1.035 per £1 nominal of the notes purchased (being par plus an amount equal to the interest accrued but unpaid on £1 nominal of notes), subject to a maximum of £500,000 nominal of relevant notes. In the event that holders of more than £500,000 nominal of the unsold balance of the relevant notes wish to accept the offer by REAT Services, purchases by REAT Services will be made pro rata to holdings within such unsold balance, rounded down to the nearest integral multiple of £25,000.

All purchases by REAT Services would be subject to the provisions as regards the transfer of notes included at Condition 3 attaching to the notes (that is, (i) any election to sell must be in respect of a minimum amount of £25,000 and integral multiple of £25,000 nominal of notes and (ii) where the election is in respect of part only of a holding of notes, the transfer of the same must not result in the transferor retaining a minimum holding of less than £25,000 nominal of notes). In the case of notes held in uncertificated form, REAT Services will credit the CREST accounts of the selling noteholders with the consideration due on 31 October 2023; in the case of notes held in certificated form, cheques in respect of the consideration due will be posted by first class post on that date.

Intentions of REAT Services

REAT Services intends to seek to re-sell, over time, any notes acquired by it pursuant to the sale facility provided that no notes would be sold to persons who do not qualify as "professional" investors for the purposes of the International Securities Market of the

London Stock Exchange. To the extent not so sold, REAT Services may retain the notes pending redemption of the same in accordance with their terms or, may elect to sell the same (or any balance) to the company for cancellation.

Proposed updates to the loan note instrument

In addition to sanctioning the proposed extension of the redemption date for the notes, the extraordinary resolution to be proposed at the meeting of the noteholders convened for 28 September 2023 includes provisions sanctioning amendments being made to the loan note instrument constituting the notes (the "**loan note instrument**") as follows:

- to bring the record date for the payment of interest in respect of the notes forward from thirty days prior to the relevant interest payment date to ten business days prior to the relevant interest payment date (it being felt that the current gap between the record date for the payment of interest and the interest payment date is unnecessarily long); and
- to permit the company, from time to time and without the consent of noteholders, to make such provisions regarding the requisitioning and/or the holding of "virtual" and/or "hybrid" meetings of noteholders, and attendance and voting thereat, as the company may reasonably think fit.

Conditions

The proposals are conditional upon the passing of the extraordinary resolution sanctioning such proposal set out in the notice of meeting of the holders of the notes included at the end of the circular by 5 October 2023.

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In consideration of its services in relation to the proposed extension of the redemption date for the notes and the sale facility, conditional upon the proposed extension of the redemption date for the notes becoming effective, the company would pay to Guy Butler Limited a fee equal to £60,000 (that is, 1.5 per cent of the nominal amount of notes in issue).

Recommendation

Both of the directors of the company are of the opinion that the proposals for the extension of the redemption date for the notes, with the attendant sale facility, and the proposed updates to the loan note instrument are all in the best interests of the company, its shareholders and the noteholders as a whole.

However, neither of the directors considers it appropriate to make a recommendation to noteholders as to whether or not noteholders should vote in favour of the resolution set out in the notice of meeting of the holders of the notes convened for 28 September 2023 and/or as to whether or not noteholders should elect to sell notes pursuant to the sale facility. A decision as to whether or not to vote in favour of the 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 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.

The notes are specialist securities for the purposes of the International Securities Market of the London Stock Exchange and are not a suitable investment for everyone. Each noteholder must determine the suitability of its continuing investment in the notes in light of its own circumstances. Continuing to invest in the notes involves risk.

Expected timetable

A meeting of the holders of the notes has been convened for 28 September 2023 to consider a resolution to sanction the proposals. It is expected that the results of the meeting will be announced on 28 September 2023 and that the proposals will become effective on 1 October 2023.

Enquiries:

R.E.A Trading plc
Tel: 020 7436 7877

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