

Proposed equity issues

R.E.A.Hldgs PLC 31 January 2006 R.E.A. Holdings plc ("REA") Proposed equity issues As previously announced, on 23 January 2006, REA and certain of its subsidiaries and directors entered into an agreement (the "settlement agreement") with Mr M E Zukerman and connected parties for the settlement of the outstanding actual and threatened litigation claims between them and for the acquisition by REA of all of the issued shares of its subsidiary, Makassar Investments Limited, not already owned by it. REA has concluded that it should seek additional equity capital. To this end, two transactions are in contemplation: first, a limited placing of new ordinary shares and, second, an open offer of new ordinary shares combined with a further placing of such shares. Pursuant to the first of these transactions, it is proposed to place with a limited number of institutional investors, subject to certain conditions, up to 1,372,000 new ordinary shares (the "first transaction shares") at a placing price of 260p per share so as to raise some £3.6 million (before expenses). The placing of the first transaction shares would be conditional upon completion of the settlement agreement and upon admission of the first transaction shares to the Official List of the Financial Services Authority and to trading on the London Stock Exchange's market for listed securities. The first transaction shares would be allotted under authorities granted to the directors of REA by resolution of REA shareholders passed at the annual general meeting of REA held on 15 June 2005. The first transaction shares would rank pari passu with, and form a single issue with, the ordinary shares of REA that are already in issue. The principal purpose of this first transaction would be to raise a sterling amount approximately equivalent to \$6 million so as to replace the group cash resources expended in funding the \$6 million cash payment to be made by a subsidiary of REA pursuant to the settlement agreement. Pursuant to the second of the transactions referred to above, it is proposed that between 2.1 million and 2.6 million further new ordinary shares (the "second transaction shares") should be issued for cash at a price of 260p per share so as to raise between £5.5 million and £6.8 million before expenses. It is envisaged that the issue of the second transaction shares would be effected by an open offer of new ordinary shares to holders of existing ordinary shares and warrants combined with a further placing of new ordinary shares with institutional investors. A proportion of the second transaction shares comprised in the placing component of the issue would be subject to clawback if applications for second transaction shares pursuant to the open offer exceeded a certain minimum level to be agreed. The second transaction shares would, if and when issued, rank pari passu with, and form a single issue with, the ordinary shares of REA that are then in issue. The issue of the second transaction shares would be conditional upon completion of the settlement agreement, obtaining necessary ordinary shareholder approvals and admission of the second transaction shares to the Official List of the Financial Services Authority and to trading on the London Stock Exchange's market for listed securities. It would be intended that the net proceeds of the issue of the second transaction shares be applied in financing the continuing development of the group's oil palm operations which, if other circumstances (including operational logistics and the level of future CPO prices) permit, may to some extent be accelerated. The issue of the first and second transaction shares would also increase REA's equity base and thus counterbalance the increased debt burden that will result from the issue of a further \$19 million nominal of 7.5 per cent dollar notes 2012/14 of REA pursuant to the settlement agreement. The proposed issues of both the first transaction shares and the second transaction shares are dependent upon procurement of placees willing to subscribe all of the first transaction shares and a substantial proportion of the second transaction shares. Discussions with institutional investors arranged through Mirabaud Securities Limited have resulted in indications of interest at the required levels but no binding commitments have as yet been signed. Implementation of the proposed issue of the second transaction shares will require preparation and despatch of the necessary formal documentation

including the issue of a prospectus incorporating a circular to shareholders. This information is provided by RNS The company news service from the London Stock Exchange