

R.E.A. Holdings plc (RE.)

R.E.A. Holdings plc: Update re financing and certain other matters

25-Nov-2021 / 07:00 GMT/BST

Dissemination of a Regulatory Announcement that contains inside information according to REGULATION (EU) No 596/2014 (MAR), transmitted by EQS Group.

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

REA is pleased to announce successful conclusion of the group's previously reported discussions with its Indonesian bankers, PT Bank Mandiri (Persero) Tbk ("Mandiri"), regarding facilities provided by Mandiri to REA's subsidiaries, PT Sasana Yudha Bhakti ("SYB") and PT Kutai Mitra Sejahtera ("KMS"). This has resulted in an agreement that the existing Indonesian rupiah denominated loans made by Mandiri to SYB and KMS will be repaid and will be replaced by new Indonesian rupiah denominated loans. In addition, Mandiri will provide an Indonesian rupiah denominated working capital facility to SYB. Completion of this agreement remains subject to satisfaction of certain technical conditions but is expected to occur within weeks.

The outstanding principal amounts of the existing Mandiri loans to SYB and KMS are, respectively, Rp 331 billion (\$23.2 million) repayable over 5 years and Rp 123 billion (\$8.6 million) repayable over 1 year, while the replacement loans will amount to Rp 555 billion (\$38.9 million) and Rp 365 billion (\$25.6 million), both repayable over eight years. The new SYB working capital facility will amount to Rp 15 billion (\$1.1 million) and will be renewable annually. Security for the new loans and working capital facility will be similar to that for the existing loans (and will include continuing guarantees from REA). The interest rate on the new loans and working capital borrowings will be 8.75 percent (against the rate of 9.75 percent payable on the existing Mandiri loans to SYB and KMS, such rate having been reduced from, respectively, 11.25 and 11.5 percent from 1 October).

Following completion of the above arrangements with Mandiri, REA intends to initiate discussions with holders of its 7.5 per cent dollar notes 2022 with a view to seeking the holders' agreement to extend the maturity date of the notes by four years, but on terms that the group will be willing to repurchase, on the existing maturity date of 30 June 2022, notes held by those holders who do not wish to retain their notes for the extended period. It would then be the group's intention, over time, to sell back to investors any notes so repurchased.

The recent recommencement of coal mining operations at PT Indo Pancadasa Agrotama ("IPA") encourages an expectation of significant near term recovery of loans made by the group to IPA, but the validity of that expectation can be better evaluated when IPA completes the first sale of coal from the recommenced operations. This is expected to occur before the end of the current year.

As already announced, REA will pay a dividend of 5½p per share on the company's preference shares on 31 December 2021. The 5½p will comprise 1p per share of arrears of dividend plus the 4½p of dividend accruing on 31 December 2021. REA intends that, in addition to the normal dividends (totalling 9p per share) accruing in respect of the preference shares during 2022, the company will pay not less than 10p per share of dividend arrears on the shares (amounting to 17p per share after payment of 1p of arrears on 31 December 2021) by no later than 31 December 2022. REA plans to increase this amount if expectations regarding recovery of the loans to IPA are confirmed, the group's oil palm operations continue to perform satisfactorily, and the group retains a substantial proportion of the existing dollar note funding for the proposed extension period.

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ISIN: GB0002349065
Category Code:MSCH
TIDM: RE.
LEI Code: 213800YXL94R94RYG150
Sequence No.: 127620
EQS News ID: 1251797

End of AnnouncementEQS News Service

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