



RNS Number : 5519S
Reach4Entertainment Enterprises PLC
22 December 2016

reach4entertainment enterprises plc
(‘r4e’, ‘the Company’ or ‘the Group’)

Banking update

r4e, the transatlantic media and entertainment company, announced in its full year results on 25 May 2016 and in its half yearly report on 12 September 2016 (the “**Interim Results**”), that the Company was expecting a potential breach of one of the covenants in its 3-year secured asset based debt facility (the “**Facility**”) with PNC Business Credit (“**PNC**”) in the second half of 2016. The Company announces that it did breach the fixed charge cover covenant for the months of August, September and October 2016. The reason for the breaches was because the fixed charge covenant with PNC is determined on a 3-month rolling basis and is therefore sensitive to seasonality fluctuations in EBITDA and, as announced in the Interim Results, the Company’s results have been H1 weighted in 2016.

The Company has received a letter from PNC, in which PNC has confirmed that the fixed charge covenant was breached in August, September and October 2016, but that in November 2016 the covenant was met and was expected to be met at the year end. PNC acknowledged that the breach of covenant was due to seasonal fluctuations in the Group’s revenues and is considering restating the covenant test period to a period that would not be sensitive to the seasonality of the Group’s business. PNC has informed the Company that, whilst reserving its rights, it does not intend at this time to exercise its rights in respect of the covenant breaches.

David Stoller, Executive Chairman, commented: “We very much appreciate the continuing support of PNC and their reasonable commercial position regarding the banking covenants, a reflection of the trading strength of r4e.”

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