



RNS Number : 4069B
Reach4Entertainment Enterprises PLC
03 April 2017

Prior to publication, certain information contained within this announcement was deemed to constitute inside information for the purposes of Article 7 of EU Regulation 596/2014 (MAR). Upon publication of this announcement, this information is now considered to be in the public domain.

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

Banking update

r4e, the transatlantic media and entertainment marketing company, provided an update on its banking facilities with PNC Business Credit, a trading style of PNC Financial Services UK Ltd (“PNC”), on 22 December 2016. Further to that announcement, r4e has now entered into a variation agreement (the “**Variation Agreement**”) to the master facilities agreement with PNC entered into on 4 December 2015 (the “**Facility Agreement**”). The Facility Agreement provides for an asset based debt facility of £9.5 million being made up of a £1 million term loan and a revolving credit facility of up to £8.5 million based on qualifying accounts receivable.

Under the terms of the Variation Agreement, PNC and the Company have agreed to the variation of certain covenants contained within the Facility Agreement. In addition, PNC has agreed to waive any rights it may have over the breach of covenants by the Company between August and October 2016, details of which were announced by the Company on 22 December 2016. At the time, PNC acknowledged that the breach of covenant was due to seasonal fluctuations in the Group's revenues and therefore agreed to restating the covenant test period with the aim that it is not sensitive to the seasonality of the Group's business. However, notwithstanding the variation to the covenants in the Variation Agreement, trading in 2016 was unusually weighted towards the first half of the year and 2017 is expected to return to the typical trading pattern of a stronger second half of the year, the aggregation of which on a rolling 12-month basis may result in the new covenant tests being breached this year. The Company and PNC are monitoring the position carefully and remain in close correspondence, but the directors of the Company understand that PNC remains supportive of r4e. The directors of the Company believe that trading will be in line with market expectations for the current financial year.

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