



RNS Number : 7851E  
Reach4Entertainment Enterprises PLC  
06 November 2015

**reach4entertainment enterprises plc**  
**("r4e", the "Company" or the "Group")**

**Further update on restructuring agreement with AIB and trading update**

*Update on restructuring agreement with AIB*

Further to the update announcement by the Company on 30 October 2015, the Board of r4e is today pleased to provide an update on the status of its conditional agreement (the "**Agreement**") with AIB Group (UK) plc ("**AIB**") to restructure the Company's existing £14,785,000 loan facility with AIB (the "**Existing Facility**").

The Company has been progressing discussions with equity investors who have been approached to raise the equity funding to enable the Company to fulfil its repayment obligations under the Agreement ("**Equity Fundraising**"). The Company anticipates that it will be in a position to provide a further update shortly. Having received feedback from potential investors, the Company has been in discussions with AIB with regards to the variation of certain terms under the Agreement. The Company has proposed the following amendments to the terms of the Agreement:

- that AIB will no longer convert an amount equal to £5,155,000 of the outstanding principal debt due under the Existing Facility into new ordinary shares in the Company ("**Ordinary Shares**") or receive a European put option over the shares;
- that instead, AIB forgoes the £5,155,000 of the outstanding principal debt due under the Existing Facility in consideration for the grant of warrants over new Ordinary Shares (the "**Warrants**"), with the number of warrants to be equivalent to 5% of the issued share capital of the Company on completion of the Equity Fundraising and exercisable for five years at a price per share equal to that of the Equity Fundraising. The Warrants would become exercisable only once the closing mid-market price of an Ordinary Share in the Company reaches 5 pence;
- all other terms of the Agreement, as announced by the Company on 10 June 2015, to otherwise remain as previously announced

(together, the "**Proposals**").

The Company reports that the Proposals remain under consideration by AIB and that sanction of the credit committee of AIB will in any event be required before the Proposals can be formally agreed, if indeed that is to be the case.

Further updates on the Proposals and the Equity Fundraising will be provided in due course.

*Trading update*

Further to the update on trading provided in the Company's interim results on 9 September 2015, The Company is pleased to announce that it expects to report turnover for the year ending 31 December 2015 in line with market expectations. Results for the third quarter delivered EBITDA in line with budget due to strong revenues, 8.8% above budget, offsetting lower gross margins and increased personnel costs. Personnel costs have been impacted in pound sterling terms by the stronger US dollar and increased resources supporting the higher revenues. Full year results are subject to the Company's performance in Q4 which typically delivers 40-50% of the year's EBITDA. The current expectation is that the Company will deliver EBITDA for the year to 31 December 2015 in the region of £1.6 million to £1.8 million.

*David Stoller, Executive Chairman of the Company, commented "We are grateful for the continuing support shown to r4e by AIB and their commitment to working with the Company to achieve an acceptable settlement of our bank facilities with them. Whilst trading for the year has been slightly behind where we expected to be at this stage, we are confident that the successful completion of the refinancing of our bank debt will position the Company well for future growth."*

**Enquiries:**

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