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Water Intelligence PLC
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Water Intelligence plc
("Water Intelligence", the "Group" or the "Company")

Bank Financing

The board of Water Intelligence, a leading provider of non-invasive leak detection and remediation solutions, is pleased to confirm a bank financing agreement ("Agreement") with People's United Bank, N.A. ("People's"). Under the terms of the Agreement, People's will refinance the Company's existing \$1.6 million term debt with Liberty Bank of Connecticut. People's will also make available both a \$1.5 million acquisition line of credit and a \$500,000 line of credit so that the Company can accelerate its growth strategy that includes strategic reacquisition of profitable franchisees. Combined with the recent equity issuance which raised approximately \$1 million of capital from US and UK investors, the Agreement enables the Company to push its growth strategy with up to approximately \$3 million of new capital (combined debt and equity) while minimizing dilution to shareholders.

The Agreement's three banking facilities have the following terms. First, the refinanced \$1.6 million term loan will carry an interest rate of 4.78% that is fixed for four years. As a result, the yearly amortization of the Company's term loan obligation is reduced from approximately \$636,000 of principal and interest currently to approximately \$440,000 thus freeing up approximately \$200,000 annually for expansion capital. Second, the \$1.5 million acquisition line of credit shall be interest-only at 3.65% and variable during a draw period but, subject to certain thresholds over the next two years, will convert into a fully amortizing four year term loan whose interest rate would be fixed at the time of conversion. The fixed rate would be in line with the pricing of the four year refinanced term loan referenced above. Finally, the \$500,000 line of credit shall be for two years and interest-only at 3.65% but variable. \$250,000 shall be used to replace an existing draw on a Liberty line of credit that currently carries an interest rate of 6.25%. The three banking facilities are subject to various standard conditions and reporting requirements. They are also subject to a Debt Service Coverage Ratio of 1.25 and a Minimum Net Worth Test. People's additionally requires certain assurances on the continuity of the business strategy and execution thereto.

The favourable terms above are made possible by the continued guaranties of the Executive Chairman and Plain Sight respectively. Plain Sight's charge for its guaranty will continue as currently structured under the Liberty loan. The Chairman, meanwhile, shall receive 600,000 Partly Paid Shares for his guaranty instead of options as granted under the Liberty loan. These Partly Paid Shares carry full voting rights and shall rank pari passu in all respects with the ordinary shares but like options shall carry no economic rights until they are fully paid at 85p per share, having been issued nil paid. The Partly Paid Shares may not be sold, transferred or otherwise disposed while they remain partly paid.

Following issue of the Partly Paid Shares, Patrick DeSouza's interest in the voting rights of the Company will be 3,442,110, equivalent to approximately 28.5% of the issued share capital of the Company.

As Patrick DeSouza is a director of the Company, the issue of the Partly Paid Shares to him is a related party transaction pursuant to the AIM Rules. The independent Directors consider, having consulted with the Company's nominated adviser, finnCap, that the terms of the issue of the Partly Paid Shares are fair and reasonable insofar as the Company's shareholders are concerned.

Including the issue of the Partly Paid Shares, the issued share capital of the Company consists of 12,073,833 shares and is divided into 11,473,833 ordinary shares of 1 penny each which are admitted to trading on AIM, and 600,000 Partly Paid Shares of 1 penny each which are not admitted to trading on AIM. All shares have equal voting rights. The Company's total issued share capital figure is therefore 12,073,833 shares. This number may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in the Company under the FSA's Disclosure and Transparency Rules.

Dr. Patrick J. DeSouza, Executive Chairman, commented: "We appreciate the confidence that People's United has in our growth strategy. Given People's scope in the US, with approximately \$40 billion in assets, and its range of product offerings for our company and for our franchisees, we seek to grow with People's on a long-term basis."

Brandon J. McFarlane, Commercial Relationship Manager and AVP, commented: "We are pleased to partner with Water Intelligence and look forward to being an advocate for the Company's growth in the future. Given Water Intelligence's broad footprint throughout the US and UK and People's wide range of product offerings, People's is enthusiastic about the opportunities for this partnership and we look forward to a longstanding and mutually beneficial relationship with Water Intelligence."

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014

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