

RNS Number : 6209N  
Southern Bear PLC  
15 June 2010

Southern Bear plc ("Southern Bear" or the "Company")

#### Loan from Chairman

The Company is pleased to announce that on 14 June 2010 it entered into a loan agreement ("Loan Agreement") with Mr Nigel Wray, the Company's non-executive chairman, for the provision of a term loan of approximately £2.1 million (the "Loan"). This Loan, together with £200,000 deferred consideration which has been received in respect of the sale of Phoenix Dynamics Limited (announced on 23 February 2010), has been utilised to immediately repay the existing term loans to the Company and certain of its subsidiaries of approximately £2.3 million with Clydesdale Bank plc.

The principal terms of the Loan Agreement are as follows:

- (i) the Loan is interest free from the date of drawdown up to and including 31 August 2010. From 1 September 2010 interest will accrue at a rate of 6% p.a. above the base lending rate of Lloyds Bank plc and shall be payable on the last business day of each calendar month;
- (ii) default interest will accrue at a rate of 2% above the rate payable set out at (i) above in respect of any unpaid amounts;
- (iii) the Loan, together with any unpaid interest, is repayable on the first anniversary of the Loan Agreement;
- (iv) the Company may pre-pay the Loan by giving Mr Wray 5 business days prior notice;

(v) the Company will pay to Mr Wray an arrangement fee equal to 3 per cent. of the Loan on the Drawdown Date which will be added to the amount of the Loan;

(vi) the Company will pay to Mr Wray a quarterly monitoring fee of £5,000 payable in advance commencing on the Drawdown Date and the first such quarterly monitoring fee will be added to the amount of the Loan;

(vii) the Company will use all the proceeds of any issue of its share capital or convertible securities to repay the Loan; and

(viii) the Company, by entering into the Loan Agreement, will be bound by general undertakings, representations and warranties, and events of default, all of which are of a nature customary for a loan agreement of this type.

Within 30 days of drawdown, the Company and its subsidiaries will enter into security arrangements with Mr Wray on similar terms to those currently provided in favour of Clydesdale Bank plc including a debenture granting fixed and floating charges over the assets of the Company and its subsidiaries and a deed of indemnity and guarantee under which the Company and its subsidiaries would guarantee the obligations of the Company to Mr Wray.

Mr Wray has agreed that when the Company and its subsidiaries enter into new overdraft or other banking arrangements, that the Loan will rank second to any security requested by the relevant banks.

As Mr Wray is a director of the Company, the Loan Agreement described above is classified a related party transaction for the purposes of the AIM Rules for Companies. The members of the Board, excluding Mr Wray, have consulted with the Company's Nominated Adviser, Grant Thornton UK LLP, and consider the terms of the Loan Agreement and the granting in principle of the security described above to be fair and reasonable insofar as the shareholders are concerned.

For further information please contact:

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