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Reach4Entertainment Enterprises PLC  
04 December 2017

*Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement, this information is now considered to be in the public domain.*

04 December 2017

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

**Proposed placing to raise £5.5 million,  
posting of Circular and Notice of General Meeting**

r4e, the transatlantic media and entertainment company, announces a conditional placing of 366,666,668 new ordinary shares in the Company (“**Placing Shares**”) at a price of 1.5p per Placing Share (the “**Placing**”) to raise £5.5 million (before expenses). The Placing is subject, *inter alia*, to shareholder approval at a general meeting.

The Company is undertaking the Placing to assist the Company’s strategy for growth through the expansion of its existing activities and beyond into promoting non-theatre productions, both organically and through strategic acquisitions, as well as focusing on new geographic markets and providing working capital to support cost saving initiatives.

Further information on the Company, current trading and its strategy is set out below in the extracts from the shareholder circular which is today being posted to shareholders (the “**Circular**”).

**Placing Highlights:**

- The Company has conditionally raised £5.5 million (before expenses) through the issue of the Placing Shares at the Placing Price
- Marc Boyan, CEO, has subscribed for 113,333,336 Placing Shares, representing 31 per cent. of the Placing
- The Placing Price represents a discount of approximately 8 per cent. to the closing mid-market price of 1.625 pence per Ordinary Share on 01 December 2017
- The Placing is subject to shareholder approval at a General Meeting of the Company on 20 December 2017. If approved, the Placing Shares are expected to be admitted to AIM on 21 December 2017
- The Placing Shares will represent 37.35 per cent of the enlarged share capital of the Company

**Marc Boyan, Chief Executive Officer of r4e said:**

“Since recently joining, I have already seen enough to know why r4e has consistently represented many of the world’s most recognisable theatre productions both in London and New York and continues to do so. I am confident that r4e has significant future potential and that this capital raising will accelerate the Company’s ability to achieve it. Central to this, will be to expand the business both organically and by acquisition and putting innovation and leading marketing technology at the heart of all we do.”

**Notice of General Meeting and Shareholder Circular**

The Placing is conditional, *inter alia*, on the approval of shareholders of resolutions to be proposed at a general meeting of the Company to provide authority to the Directors to allot further new ordinary shares otherwise than on a pre-emptive basis.

A General Meeting of the Company will be held at the offices of r4e, Wellington House, 125 Strand, London WC2R 0AP at 10:00 a.m. on 20 December 2017, to seek this shareholder approval. A Circular containing a Notice of General Meeting is being posted to shareholders today and will be available on the Company's website later today at [www.r4e.com](http://www.r4e.com).

**Further information**

**The above summary should be read in conjunction with the full text of this announcement and the Circular, extracts from which are set out below.**

**Enquiries:**

**reach4entertainment enterprises plc**

Marc Boyan, Chief Executive Officer

+44 (0) 20 7968 1655

**Allenby Capital (Nominated Adviser and Broker)**

Jeremy Porter/James Reeve

+44 (0) 20 3328 5656

**Novella Communications (Financial PR)**

Tim Robertson/Toby Andrews

+44 (0) 20 3151 7008

**Extracts from the Circular**

(References to pages or paragraphs below refer to the relevant pages or paragraphs of the Circular. References to ‘this document’ refer to the Circular.)

**LETTER FROM THE CHAIRMAN OF REACH4ENTERTAINMENT ENTERPRISES PLC**

**1. Introduction**

On behalf of the Directors of r4e, I am pleased to be able to write to you to set out the proposals for the next phase of the Company’s growth and provide notice of a general meeting of the Company to be held on 20 December 2017, formal notice of which is set out at the end of this document.

Earlier today the Company announced that it has conditionally raised £5.5 million (before expenses) by way of a placing of the Placing Shares at a price of 1.5p per Placing Share. The Placing Shares have been conditionally placed by Allenby Capital with institutional and other investors, subject to, *inter alia*, Admission and the passing of the Resolutions at the General Meeting to provide authority to the Directors to allot further new Ordinary Shares otherwise than on a pre-emptive basis. Further details of the Placing and the use of proceeds are set out below.

The Company announced on 13 October 2017 the appointment of Lord Grade as Chairman and Marc Boyan as CEO. Marc is a highly successful entrepreneur with a wealth of experience in the media sector. Having worked closely with brands and media owners over a number of years in the fields of media trading and creative and content solutions, Marc has a detailed understanding of how to navigate the media landscape and drive value-enhancing solutions to his clients. The Directors believe that his experience is a natural fit with the businesses of r4e, which provide integrated solutions to their entertainment client base. The Board is delighted Marc has joined the Company and is confident he is well placed to lead the business.

The Company is undertaking the Placing to assist the Company's strategy for growth through the expansion of its existing activities and beyond into non-theatre production, both organically and through strategic acquisitions, as well as focusing on new geographic markets and providing working capital to support cost saving initiatives. The Company has historically been constrained by the costs associated with the high level of debt the Company has compared to its market capitalisation. The Board has been working to address this issue for some time and the Company's debt reduction programme has yielded additional results in the current financial year.

r4e is a world leader in providing promotion, advertising and marketing services to the theatre and live entertainment industries. The Company is currently undergoing an operational review in order to capitalise on its leading position in its sector and to support its next phase of growth. The Board believes that the Placing will strengthen the Company's financial base and enable it to pursue its strategy for growth.

**The purpose of this document is to explain the background to and reasons for the Placing, to explain why the Board considers the Placing to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that, to enable the Placing to be completed, you vote in favour of the Resolutions to be proposed at the GM, notice of which is set out at the end of this document.**

## **2. Background to the Placing**

On 13 October 2017, the Company announced the appointment of Marc Boyan as Chief Executive Officer and Lord Michael Grade as Non-executive Chairman. Marc Boyan is the founder of Miroma International, a successful media trading business which works with brands, media agencies and media owners to enable brand owners to extract additional value from their marketing budgets. Marc founded Miroma International in 2003 and has extended the business under Miroma Ventures to focus on investing in, seeding and managing media and technology companies. With over 40 years' of experience in the entertainment industry, Lord Michael Grade was formerly Chairman of the BBC, Executive Chairman of ITV plc and Chief Executive of Channel 4 and benefits from a deep history in the theatrical production space.

Since their appointment, the senior management team has commenced an operational review to support the next phase of growth of the business which aims to build on: (i) the Company's industry leading creative capabilities; (ii) its deep relationships with the theatrical space; and (iii) a rich understanding of its clients' audiences. Furthermore, the Company has made significant steps in recent years to place the business on a strong footing as it looks to future growth. This has included:

- building the foundations of an integrated service offering with cross-sell solutions;
- progressing a debt reduction programme, yielding additional results in the 2017 year to date;
- implementing cost savings achieved over the last three years;
- testing new geographic markets, initially in Germany but with the potential for further expansion into new territories; and
- successfully broadening the offering to clients in the non-theatrical entertainment sector.

Though early in its operational review, the senior management team has identified a number of areas to focus its efforts on, which include:

- placing a greater focus on the commercial targets of the business;
- improving cost savings initiatives across the group through shared knowledge and skills, achieved by:
  - implementing more efficient staffing structures;
  - improving media buying activities;
  - implementing centralised capabilities to service all subsidiaries;
- placing innovation and data driven decision making at the heart of all client solutions;
- partnering with rather than buying into leading marketing-technology providers to ensure the business is always at the cutting edge of its field; and
- exporting capabilities built out through its integrated offering into new sectors outside of the entertainment space.

#### *Use of Placing proceeds*

The Company has conditionally raised £5.5 million pursuant to the Placing, further details of which are set out below. The net proceeds of the Placing will be used to support the new management team in its endeavours set out above and with a focus on:

- the expansion of the Company's activities and beyond into non-theatrical production, both organically and via strategic acquisitions;
- entering into new geographic markets; and
- providing working capital support for the Board's cost saving initiatives.

### **3. Details of the Placing**

The Company has conditionally raised £5.5 million (before expenses) pursuant to the conditional placing of the Placing Shares at the Placing Price subject to the terms of the Placing Agreement. The Placing Price represents a discount of approximately 8 per cent. to the closing mid-market price of 1.625 pence per Ordinary Share on 01 December 2017, being the last Trading Day prior to the announcement of the Placing. Having considered the price at which the Ordinary Shares are currently traded, feedback from investor marketing and other factors, the Directors have resolved that the Placing Price is appropriate. The Placing Shares will represent 37.35 per cent. of the Enlarged Share Capital.

The Placing is conditional, *inter alia*, upon:

- a) the passing of the Resolutions;
- b) the Placing Agreement (as described in more detail below) becoming unconditional in all respects and not having been terminated in accordance with its terms; and
- c) admission of the Placing Shares to trading on AIM becoming effective by not later than 8.00 a.m. on 21 December 2017 (or such later time and/or date (not being later than 08 January 2018) as Allenby Capital and the Company may agree).

Accordingly, if such conditions are not satisfied, or, if applicable, waived, the Placing will not proceed.

The Placing is being undertaken on a non pre-emptive basis. The making of a pre-emptive offer would require the production of a prospectus which would have to comply with the Prospectus Rules of the FCA and be pre-vetted and approved by the FCA. Having given the matter careful consideration, the Directors do not believe that the time and costs involved in producing a prospectus would be justified in the context of a fundraising of this size and nature.

The Placing Shares will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares following Admission.

## **Placing Agreement**

Pursuant to the terms of the Placing Agreement, Allenby Capital, as agent for the Company, has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing Agreement is conditional upon, *inter alia*, the Resolutions being duly passed at the General Meeting and Admission becoming effective on or before 8.00 a.m. on 21 December 2017 (or such later date as may be agreed, but not later than 08 January 2018). The Placing Agreement contains certain warranties and indemnities given by the Company in favour of Allenby Capital as to certain matters relating to the Company and its business and contains provisions entitling Allenby Capital to terminate the Placing Agreement at any time prior to Admission in certain circumstances. If this right is exercised the Placing will not proceed. The Placing has not been underwritten by Allenby Capital or any other person. The Company has agreed to pay a fee and commission to Allenby Capital in respect of the Placing.

## **Admission**

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. Conditional on, *inter alia*, the passing of the Resolutions, it is expected that Admission will become effective and that dealings in the Placing Shares on AIM will commence on 21 December 2017.

## **Directors' and PDMRs' participation in the Placing**

Certain Directors and PDMRs have agreed to subscribe for Placing Shares as follows:

	<i>At the date of this document</i>		<i>On Admission</i>	
	<i>No. of Existing Ordinary Shares held</i>	<i>No. of Placing Shares subscribed</i>	<i>No. of Ordinary Shares held</i>	<i>Percentage of Enlarged Share Capital</i>
<i>Director/PDMR</i>				
Marc Boyan (CEO) <sup>1</sup>	-	113,333,336	113,333,336	11.55
Paul Summers (PDMR)	-	8,000,000	8,000,000	0.81
James Charrington (PDMR)	3,666,666	666,668	4,333,334	0.44
Simon Shimell (PDMR)	460,000	533,334	993,334	0.10

<sup>1</sup>Marc Boyan's placing participation is being undertaken through Miroma r4e Holdings Limited, a company wholly owned by Miroma Holdings Limited, a company of which Marc Boyan is a director and controlling shareholder.

The participation of Marc Boyan and James Charrington in the Placing constitutes a related party transaction pursuant to Rule 13 of the AIM Rules. Accordingly, the Independent Directors, having consulted with the Company's nominated adviser, Allenby Capital, consider that the terms of subscription of the Placing Shares by Marc Boyan and James Charrington to be fair and reasonable insofar as Shareholders are concerned.

## **Substantial shareholders' participation in the Placing**

As part of the Placing, Herald Investment Management, Nigel Wray, via his investment company, Euroblue Investments Limited and Gate Ventures plc (of which Lord Michael Grade is the Chairman) (together, the "**Substantial Shareholders**") have agreed to subscribe for 51,296,668, 33,333,334 and 88,256,668 Placing Shares respectively at the Placing Price. As the Substantial Shareholders each hold more than 10 per cent. of the Existing Ordinary Shares, the subscriptions by them for Placing Shares are deemed to be related party transactions pursuant to Rule 13 of the AIM Rules. Accordingly, the Independent Directors, having consulted with the Company's nominated adviser, Allenby Capital, consider that the terms of subscription of the Placing Shares by the Substantial Shareholders are fair and reasonable insofar as Shareholders are concerned.

Following Admission, Herald Investment Management will be interested in 137,340,158 Ordinary Shares, representing approximately 13.99 per cent. of the Enlarged Share Capital, Mr Wray will be

interested in 192,959,504 Ordinary Shares, representing approximately 19.66 per cent. of the Enlarged Share Capital and Gate Ventures plc will have an interest in 236,306,668 Ordinary Shares, representing approximately 24.07 per cent. of the Enlarged Share Capital.

#### **4. Share incentive scheme**

The Directors are aware of the importance of retaining and incentivising its key employees and the Company has in place a share incentive scheme for employees and Directors which allows grants to be made under this scheme of, in aggregate, up to 20 per cent. of the Company's issued share capital

Immediately following Admission, it is the Board's intention to grant to Marc Boyan options over new Ordinary Shares representing approximately 12.9 per cent. of the Enlarged Share Capital (the "**CEO Options**"). The CEO Options would be exercisable at the Placing Price and become exercisable provided the following conditions are met within three years of the date of grant:

1. one third of the CEO Options shall become exercisable if either:
  - (i) the Company's mid-market closing share price is no less than £0.025 per Ordinary Share for five Trading Days (which may be non-consecutive) within a period of 30 consecutive calendar days; or
  - (ii) there is an increase in Adjusted EBITDA (as defined in the Company's report and financial statements for the year ended 31 December 2016) of £1,000,000 over the Company's Adjusted EBITDA for the year ending 31 December 2017.
2. a further one third of the CEO Options shall become exercisable if either:
  - (iii) the Company's mid-market closing share price is no less than £0.035 per Ordinary Share for five Trading Days (which may be non-consecutive) within a period of 30 consecutive calendar days; or
  - (iv) there is an increase in Adjusted EBITDA (as defined in the Company's report and financial statements for the year ended 31 December 2016) of £2,000,000 over the Company's Adjusted EBITDA for the year ending 31 December 2017.
3. the remaining one third of the CEO Options shall become exercisable if either:
  - (v) the Company's mid-market closing share price is no less than £0.045 per Ordinary Share for five Trading Days (which may be non-consecutive) within a period of 30 consecutive calendar days; or
  - (vi) there is an increase in Adjusted EBITDA (as defined in the Company's report and financial statements for the year ended 31 December 2016) of £3,000,000 over the Company's Adjusted EBITDA for the year ending 31 December 2017.

The CEO Options will become exercisable on the third anniversary from the date of grant, to the extent they may not already have become exercisable under the performance conditions set out above. After grant of the CEO Options, the total options over new Ordinary Shares outstanding would represent approximately 20 per cent. of the Enlarged Share Capital, and therefore be at the maximum limit of the Company's share option scheme for the time being.

The grant of the CEO Options constitutes a related party transaction pursuant to Rule 13 of the AIM Rules. Accordingly, the Independent Directors, having consulted with the Company's nominated adviser, Allenby Capital, consider that the terms of the grant of the CEO Options are fair and reasonable insofar as Shareholders are concerned.

#### **5. Current trading and prospects**

The interim accounts of the Company for the six-month period ended 30 June 2017 were announced on 20 September 2017 and are available on the Company's website, [www.r4e.com](http://www.r4e.com). Since then, trading has remained in line with managements' expectations.

As part of the operational review of the business as discussed above, the Board is currently reviewing the Company's media suppliers and partners and is discussing with Miroma International, a company owned by Miroma Holdings Limited, which Marc Boyan has an 86.2 per cent. interest in, for Miroma International to enter into an agency referral and media barter agreement with one of r4e's subsidiaries. The Independent Directors believe that if an agreement is reached, based on the terms being currently discussed and given Miroma International's expertise and track record, it could represent a significant strategic advantage for the Company, as well as benefits for its clients. Further announcements will be made if these discussions are concluded.

## **6. General Meeting**

Set out at the end of this document is the notice convening the GM to be held on 20 December 2017 at the offices of the Company, Wellington House, 125 Strand, London WC2R 0AP at 10.00 a.m. at which the Resolutions will be proposed. The Resolutions to be proposed at the GM are as follows:

### *Resolution 1*

An ordinary resolution to grant the Directors authority pursuant to section 551 of the Act to allot new Ordinary Shares up to a nominal value of £4,118,591.58 representing the Placing Shares and the new Ordinary Shares that may be the subject of the share incentive scheme referred to in paragraph 4 above, plus an amount equivalent to approximately 33.3 per cent. of the Enlarged Share Capital. Such authority will expire at the earlier of the conclusion of the next annual general meeting of the Company or the date 15 months from the date the resolution is passed. The Board is proposing this level of authority in order to provide flexibility in future to finance and grow the Company as required and believe it is important that such headroom is available to it.

### *Resolution 2*

A special resolution to disapply pre-emption rights pursuant to section 570 of the Act. This resolution allows the Directors to allot shares for cash on a non pre-emptive basis pursuant to the authority conferred by Resolution 1, limited to:

- (a) the issue and allotment of the Placing Shares;
- (b) allotments pursuant to offers of shares to existing Shareholders in proportion to their existing holdings subject only to exclusions to deal with fractional entitlements and legal or practical problems in connection with overseas territories;
- (c) the new Ordinary Shares that may be the subject of the share incentive scheme referred to in paragraph 4 above; and
- (d) a nominal value of £490,829.67, representing approximately 10 per cent. of the Enlarged Share Capital.

Such authority will expire at the earlier of the conclusion of the next annual general meeting of the Company or the date 15 months from the date the resolution is passed.

The Board is proposing this level of authority in order to provide flexibility in future to finance and grow the Company as required, without the inherent cost and delays associated with a pre-emptive offer, and believe it is important that such headroom is available to it.

Resolution 1 will be proposed as an ordinary resolution and requires a majority of more than 50 per cent. of the Shareholders voting in person or by proxy to vote in favour to be passed. Resolution 2 will be proposed as a special resolution and requires not less than 75 per cent. of the Shareholders voting in person or by proxy to vote in favour to be passed. All authorities in respect of the issue and allotment of new Ordinary Shares contained in the Notice of GM are in substitution for any unexercised authorities previously granted to the Directors.

## 7. Irrevocable undertakings

The Company has received irrevocable undertakings from certain Shareholders to vote in favour of the Resolutions at the GM in respect of aggregate of 307,676,170 Ordinary Shares, being 50.03 per cent. of the Existing Ordinary Shares.

## 8. Action to be taken

Shareholders will find enclosed with this document a reply-paid Form of Proxy for use at the GM. Whether or not you intend to be present at the GM, you are requested to complete and sign the Form of Proxy and return it to the Company's Registrars, Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to arrive no later than 10.00 a.m. on 18 December 2017. Unless the Form of Proxy is received by this date and time, it will be invalid. The completion and return of a Form of Proxy will not preclude you from attending the GM and voting in person if you so wish.

## 9. Recommendation

**The Directors consider that the Placing is in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the GM, as they intend to do in respect of their own beneficial holdings amounting in aggregate to 1,200,943 Ordinary Shares (representing approximately 0.20 per cent. of the Existing Ordinary Shares).**

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Circular	04 December 2017
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 18 December 2017
General Meeting	10.00 a.m. on 20 December 2017
Admission and dealings in the Placing Shares expected to commence on AIM	08:00 a.m. on 21 December 2017
Despatch of definitive share certificates in respect of Placing Shares (where applicable)	by 4 January 2018

### DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

<b>“Act”</b>	the Companies Act 2006 (as amended);
<b>“Admission”</b>	the admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules;
<b>“AIM”</b>	the market of that name operated by London Stock Exchange;
<b>“AIM Rules”</b>	the AIM Rules for Companies and the AIM Rules for Nominated Advisers published by London Stock Exchange;
<b>“Allenby Capital”</b>	Allenby Capital Limited, the Company's nominated adviser and broker;



<b>“Board” or “Directors”</b>	the Directors of the Company, whose names are set out on page 5 of this document;
<b>“Company” or “r4e”</b>	reach4entertainment enterprises plc;
<b>“CREST”</b>	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form;
<b>“CREST Regulations”</b>	The Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended;
<b>“Enlarged Share Capital”</b>	the issued share capital of the Company immediately following Admission;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST;
<b>“Existing Ordinary Shares”</b>	The 614,992,671 Ordinary Shares in issue as at the date of this document;
<b>“Form of Proxy”</b>	the form of proxy enclosed with this document for use in connection with the GM;
<b>“General Meeting” or “GM”</b>	the general meeting of the Company convened for 10.00 a.m. on 20 December 2017, notice of which is set out at the end of this document;
<b>“Independent Directors”</b>	the Directors other than Lord Michael Grade, who is a director of Gate Ventures plc and Marc Boyan who is participating in the Placing;
<b>“Link Asset Services” or “Registrars”</b>	the trading name of Link Asset Services, the Company’s registrars;
<b>“London Stock Exchange”</b>	London Stock Exchange Group plc;
<b>“Miroma International”</b>	Miroma International Limited;
<b>“Miroma Ventures”</b>	Miroma Ventures Limited;
<b>“Notice of GM”</b>	the notice convening the GM, which is set out at the end of this document;
<b>“Ordinary Shares”</b>	the ordinary shares of 0.5 pence each in the capital of the Company;
<b>“PDMR”</b>	a person discharging managerial responsibilities, as defined in Article 3(1)(25) of the Market Abuse Regulation;
<b>“Placees”</b>	subscribers for Placing Shares pursuant to the Placing;
<b>“Placing”</b>	the conditional placing by Allenby Capital of the Placing Shares with the Placees pursuant to the Placing Agreement;
<b>“Placing Agreement”</b>	the conditional agreement dated 04 December 2017 between the Company and Allenby relating to the Placing;

<b>“Placing Price”</b>	1.5p per Placing Share;
<b>“Placing Shares”</b>	the 366,666,668 new Ordinary Shares to be issued pursuant to the Placing;
<b>“Prospectus Rules”</b>	The prospectus rules of the FCA made under Part VI of FSMA
<b>“Resolutions”</b>	the resolutions set out in the Notice of GM at the end of this document;
<b>“Shareholders”</b>	holders of Existing Ordinary Shares at the date of this document;
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers which is administered by the Panel on Takeovers and Mergers;
<b>“Trading Day”</b>	any day during which AIM is open for business; and
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland.