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reach4entertainment Enterprises PLC.
13 November 2015

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

**Proposed Placing, Capital Reorganisation, Bank Refinancing
and Notice of General Meeting**

r4e, the transatlantic media and entertainment company, is pleased to announce the proposals for a Placing, Capital Reorganisation and Bank Refinancing and notice of a General Meeting.

David Stoller, Chairman of r4e, said: "I would like to thank everyone in the Company for their hard work over what has been a long process, as today sees us nearing the culmination of that work to re-capitalise our Group. AIB has demonstrated its continued support for r4e in the settlement of our existing loan facility by agreeing to receive a settlement sum and the grant of certain Warrants. This, together with the new capital being raised, will provide the necessary change to secure our financial position and enable us to re-launch the Company.

As a substantial existing shareholder myself, I welcome the new shareholders and am glad that on completion of the proposals, r4e will be able to focus on growth and generating attractive returns for all shareholders."

Defined terms used in this announcement have the meaning as set out at the end of this announcement.

Highlights

Placing

- The Company has conditionally raised £4 million (before expenses) by way of a conditional placing of 400,000,000 New Ordinary Shares at a price of 1 penny per share.
- As part of the Placing, existing investor Nigel Wray, via his investment company, Euroblue Investments Limited, has agreed to subscribe for 118,900,000 shares, bringing his total interest in the Company to 124,900,000 shares, or 26.30% of the Enlarged Share Capital.
- Completion of the Placing is subject, *inter alia*, to shareholder approval, which will be sought at a General Meeting of the Company which will be held at 10.00 a.m. on 2 December 2015 at the office of Clintons, 55 Drury Lane, Covent Garden, London, WC2B 5RZ.
- It is expected that Admission will become effective and that dealings in the Placing Shares and the New Ordinary Shares on AIM will commence on 3 December 2015.

Bank Refinancing

- The Company is seeking to refinance its existing loan facility agreement of £14,785,000 ("Facility Agreement") with AIB Group (UK) P.L.C. ("AIB"), of which £14,155,000 is outstanding.

- Under the proposal, the Company and AIB have agreed in principle that the Company will:
 - pay to AIB the Cash Settlement, being £9 million plus certain expenses, against the termination of the Facility Agreement and release of the security granted in connection with the Facility Agreement; and
 - grant the Warrants to AIB Joint Ventures. The Warrants will, on issue, represent five per cent. of the Enlarged Share Capital as enlarged by the exercise of the Warrants and are exercisable for five years at the Placing Price, only when the closing mid-market price of a New Ordinary Share reaches 5p or more on any Trading Day during that five year period, subject to the right to exercise earlier upon the occurrence of certain specified Acceleration Events (as defined in the Warrant Instrument).
- The Company has received an offer letter for a new three year secured asset based debt facility of £9.5 million with PNC Business Credit Services Ltd 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. The facility is to be used to refinance the AIB loan and provide the Company with working capital and is subject to agreement of legal documentation and the satisfaction of certain conditions precedent.

Capital Reorganisation

- The Company is proposing to undertake the Capital Reorganisation so that the par value of the Ordinary Shares is reduced to below the Placing Price. This proposal would, if passed, involve splitting each issued Existing Ordinary Share into one New Ordinary Share of 0.5 pence nominal value and one Deferred Share of 2 pence nominal value.

Future Strategy

- Upon completion of the Placing and the Bank Refinancing, the Directors believe that the Proposals being recommended will strengthen the Company's financial base and enable it to pursue a strategy for growth incorporating the following key elements:
 - Leveraging the Company's leading brands to increase cross-over of shows between London and New York
 - Seeking to broaden the geographic coverage of existing West End and Broadway shows into new markets, such as Asia
 - Expanding the Company's services into adjacent markets and geographies and to new customer bases, leveraging the Company's existing brands and reputation;
 - Expanding the Company's digital and online offerings
 - Increasing investment in online advertising and marketing, including data and analytics
 - Launching mobile and location targeted advertising

Circular and General Meeting

A circular, which provides further details of the Placing and Bank Refinancing and includes a notice convening the General Meeting, is being sent to shareholders of the Company today (the "Circular"). At the General Meeting, resolutions will be put to shareholders to approve the Capital Reorganisation and consequential amendments to the Company's Articles of Association, as well as to seek authority to allot and issue New Ordinary Shares and the Placing Shares. Copies of the circular will be available from the Company's website, www.r4e.com. Extracts from the circular are set out below.

In addition to the Circular, the Company will today post to shareholders a letter regarding the new Financial Reporting Standard FRS102 that will apply to r4e as the standalone parent company of the Group and the Company's intention to utilise certain disclosure exemptions available. A copy of this letter will be available on the Company's website, www.r4e.com.

David Stoller, Chairman of r4e, said:

“r4e is the market leader in theatre promotion in both the West End and Broadway. It is a unique business and one which has significant potential to develop. Historically the Company has been prevented from pursuing opportunities due to capital constraints. This recapitalisation will lift those constraints and therefore marks the start of a new phase in the development of the Group.”

Enquiries:

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Extracts from the Circular

(References to pages or paragraphs below refer to the relevant pages or paragraphs of the Circular)

LETTER FROM THE CHAIRMAN OF REACH4ENTERTAINMENT ENTERPRISES PLC

1. Introduction

I am pleased to be able to write to you and set out your Board’s proposals for re-launching the Company. As you will know, the Company has been severely constrained by the costs associated for paying for the high level of debt the Company currently has compared to its market capitalisation which has restricted our ability to invest. As a Board we have been working to address this issue for some time and so it is pleasing to now be able to set out below our proposals for re-launching the Company supported by new investment, a new capital structure and a refinancing of the current debt facilities.

Earlier today the Company announced that it has conditionally raised £4,000,000 (before expenses) by way of a placing of 400,000,000 New Ordinary Shares at a price of 1 penny per share. The Placing has been undertaken in connection with the Bank Refinancing, further details of which are set out in paragraph 2 below. In order to proceed with the Placing, the Capital Reorganisation will need to be undertaken by the Company, further details of which are set out in paragraph 5 below. In addition to the Placing, in order to complete the Bank Refinancing, it is proposed that the Company will enter into the New Facility with PNC, further details of which are set out in paragraph 3 below.

The Placing Shares have been conditionally placed with institutional and other investors, subject to the passing of the Resolutions at the GM, Allenby being satisfied with the contents of the Availability Confirmation Letter and Admission. The proceeds of the Placing will be used to finance the Cash Settlement due under the Settlement Agreement which, together with the New Facility, are expected to secure full and final settlement of the Company’s obligations under the Facility. On the Completion Date, it is proposed that the Company will enter into and complete the Settlement Agreement and the New Facility, both of which will be in agreed form prior to Admission. In the case of the New Facility, PNC is expected to deliver the Availability Confirmation Letter prior to Admission confirming, amongst other matters, the amount available for drawdown under the New Facility.

r4e is a world leader in providing promotion, advertising and marketing services to the theatre and live entertainment industries. The Board believes that the Proposals being recommended will strengthen the Company’s financial base and enable it to pursue a strategy for growth incorporating the following key elements:

- leveraging the Company's leading brands to increase cross-over of shows between London and New York;
- seeking to broaden the geographic coverage of existing West End and Broadway shows into new markets, such as Asia;
- expanding the Company's services into adjacent markets and geographies and to new customer bases, leveraging the Company's existing brands and reputation;
- expanding the Company's digital and online offerings;
- increasing investment in online advertising and marketing, including data and analytics; and
- launching mobile and location targeted advertising.

The purpose of this document is to explain the background to and reasons for the Proposals, to explain why the Board considers the Proposals to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that 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. Bank Refinancing and Settlement Agreement

The Company is undertaking the Bank Refinancing as the Directors believe that servicing the high level of debt being lent to the Company via the existing Facility, of which approximately £14,155,000 is outstanding, has restricted the Company in its ability to develop its operations. Furthermore, as announced by the Company on 10 June 2015, there is uncertainty over the Company's ability to meet a significant scheduled repayment of the Facility in April 2016. The Directors therefore believe that entering into the Settlement Agreement will place the Company in a more stable financial position and in a better position to pursue its expansion strategy, as noted above.

The Company has reached an agreement with AIB in principle pursuant to which upon completion of the Proposals and in accordance with the Settlement Agreement:

- the Company will pay to AIB the Cash Settlement in full and final settlement of its obligations under the Facility and for release of the security granted to AIB in connection with the Facility; and
- the Company will create and issue the Warrants to AIB Joint Ventures. The Warrants will, on issue, represent approximately five per cent. of the Enlarged Share Capital as enlarged by the exercise of the Warrants. The Warrants are exercisable at a price of one penny (1p) per share during the five year period commencing on the date of issue, subject to the closing mid-market price (as shown on AIM) of a New Ordinary Share being five pence (5p) or more on any Trading Day during that five year period, subject to the right to exercise earlier upon the occurrence of certain specified Acceleration Events (as defined in the Warrant Instrument).

The Company and AIB propose to enter into and complete the Settlement Agreement on the Completion Date and at the same time that the New Facility is completed. In addition to the above, the Settlement Agreement provides for, *inter alia*, the termination of the Facility and the settlement by AIB of any and all claims against the Company under the Facility Agreement.

In order to finance the Cash Settlement due under the Settlement Agreement, the Company is proposing to enter into the New Facility and has conditionally raised £4,000,000 pursuant to the Placing, both of which are described below.

3. New Facility

On 25 September 2015 the Company announced that it had received an offer letter from PNC for a three year secured asset based debt facility of £9,500,000, made up of a cash flow term facility of £1,000,000 and a revolving credit facility of up to £8,500,000 based on qualifying accounts receivable. In accordance with this, the Company proposes to enter into the New Facility Agreement providing a facility on similar terms which, along with the Placing proceeds, will be used to repay the Facility in accordance with the terms of the Settlement Agreement. Drawdown under the New Facility will likely take place on the basis of solicitors' undertakings to apply the drawdown sums (or part of them) to complete the Settlement Agreement.

The Board of r4e expects that initial funds available for drawdown under the revolving credit facility will be approximately £6,000,000, depending on accounts receivable at the time. PNC's provision of the New Facility will be subject to agreement of legal documentation and the satisfaction of certain conditions precedent.

4. Details of the Placing

The Company proposes to raise £4,000,000 (before expenses) through the issue of the Placing Shares at the Placing Price. The Placing Price represents a discount of approximately 56 per cent. to the closing mid-market price of 2.25 pence per Ordinary Share on 12 November 2015, 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 84.2 per cent. of the Enlarged Share Capital.

Pursuant to the terms of the Placing Agreement, Allenby, 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 GM, Allenby being satisfied with the contents of the Availability Confirmation Letter and Admission becoming effective on or before 8.00 a.m. on 3 December 2015 (or such later date as may be agreed, but not later than 18 December 2015). The Placing Agreement contains provisions entitling Allenby 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 or any other person. The Company has agreed to pay a fee and commission to Allenby in respect of the Placing.

As part of the Placing, Nigel Wray, via his investment company, Euroblue Investments Limited, has agreed to subscribe for 118,900,000 Placing Shares at the Placing Price. Following Admission, Mr Wray will be interested in 124,900,000 New Ordinary Shares, representing approximately 26.30 per cent. of the Enlarged Share Capital. Nigel Wray has expressed a desire to make a further investment in the Company and it is anticipated that the Company will consider further fundraising after Admission, if the Board believes it is in the best interests of the Company and its growth strategy. If, in connection with any further investment by Mr Wray, New Ordinary Shares are proposed to be issued to Mr Wray which would cause Mr Wray and his concert party to be interested in shares carrying 30 per cent. or more of the Company's voting rights, such issue of New Ordinary Shares would be subject to the approval by independent shareholders of a waiver by the Takeover Panel of rule 9 of the Takeover Code (a "whitewash").

In addition, certain Directors have agreed to subscribe for Placing Shares as follows:

Director	At the date of this document	No. of Placing Shares subscribed	On Admission	
	No. of Existing Ordinary Shares held		No. of New Ordinary Shares held	Percentage of Enlarged Share Capital
David Stoller	19,828,973 ¹	5,000,000	24,828,973 ¹	5.23%
Marcus Yeoman	200,943	1,000,000	1,200,943	0.25%

¹901,615 of these Existing Ordinary Shares are due to be transferred to Stoller Family Partners LLP, a company in which David Stoller is a general partner, pursuant to an agreement announced by the Company on 10 July 2015.

The Placing is being made 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 New Ordinary Shares, including the right to receive all dividends and other distributions declared following Admission.

5. Capital Reorganisation

The par value of each Existing Ordinary Share is 2.5 pence, which is the minimum price at which additional Ordinary Shares can be issued. As the Existing Ordinary Shares are now trading at below this price, in order to proceed with the Placing, the Company is proposing to undertake the Capital Reorganisation so that the par value of the Ordinary Shares is reduced to below the Placing Price. This proposal would, if passed, involve splitting each issued Existing Ordinary Share into one New Ordinary Share of 0.5 pence nominal value and one Deferred Share of 2 pence nominal value. For the avoidance of doubt, the nominal value of the shares is unrelated to the AIM market price of an Ordinary Share.

The New Ordinary Shares will have the same rights (including as to voting, dividends and return of capital) as the Existing Ordinary Shares. The number of New Ordinary Shares held by Shareholders will be the same as the number of Existing Ordinary Shares held by them immediately prior to the Capital Reorganisation, but the Capital Reorganisation will allow the Placing to take place.

The rights attaching to the Deferred Shares are set out in the Notice of GM. The Deferred Shares will be effectively valueless as they will not carry any rights to vote or any dividend rights. In addition, holders of Deferred Shares will only, in extremely remote and limited circumstances, be entitled to a payment on a return of capital or on a winding up of the Company. The Deferred Shares will not be quoted on AIM or any other stock market and will not be transferable unless with the prior written consent of the Company. No share certificates will be issued in respect of any of the Deferred Shares. The Board may further appoint any person to act on behalf of all holders of the Deferred Shares to transfer all such shares to the Company (or its nominee) for an aggregate consideration of 1 penny.

It is not intended that new share certificate(s) will be issued to the holders of the New Ordinary Shares following the Capital Reorganisation. Pending the issue of a new share certificate, Shareholders' existing share certificate(s) will remain valid for the same number of shares but with a different par value of 0.5 pence. Following the Capital Reorganisation, should Shareholders wish to receive an updated share certificate, they should contact the Registrars at the address set out herein or by contacting the shareholder helpline of Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

6. Admission

Application will be made to the London Stock Exchange for the Placing Shares and the New Ordinary 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 and the New Ordinary Shares on AIM will commence on 3 December 2015.

7. Share incentive scheme

The Directors are aware of the importance of retaining and incentivising its key employees. Therefore, the Board has agreed to put in place a share incentive scheme for employees and directors under which it makes grants of, in aggregate, up to 20 per cent. of the Company's issued share capital at (subject to tax and other considerations) the Placing Price.

8. Recommendation

The Directors consider that the Proposals are 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 aggregate interests of 19,354,716 Ordinary Shares (representing approximately 25.84 per cent. of the Existing Ordinary Shares).

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of Circular	13 November 2015
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 30 November 2015
General Meeting	10.00 a.m. on 2 December 2015
Completion Date*	4 December 2015
Admission and dealings in the New Ordinary Shares and the Placing Shares expected to commence on AIM*	8.00 a.m. on 3 December 2015

PLACING STATISTICS

Number of Existing Ordinary Shares in issue	74,894,792
Number of New Ordinary Shares in issue immediately following the Capital Reorganisation*	74,894,792
Number of Deferred Shares in issue immediately following the Capital Reorganisation*	74,894,792
Placing Price per Placing Share	1 penny
Number of Placing Shares being placed on behalf of the Company	400,000,000
Number of New Ordinary Shares in issue following Admission*	474,894,792
Number of Placing Shares as a percentage of the Enlarged Share Capital	84.2%
Number of Warrants in issue on the Completion Date	24,994,462
Estimated net proceeds of the Placing receivable by the Company	£3.75 million

**Conditional on the passing of the Resolutions at the General Meeting*

DEFINITIONS

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

“Act”	the Companies Act 2006 (as amended);
“Admission”	the admission of the Placing Shares and the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules;
“agreed form”	a document in the form agreed by the parties and initialled by them or on their behalf for identification;
“AIB”	AIB Group (UK) P.L.C.;
“AIB Joint Ventures”	AIB Joint Ventures Limited a private limited company registered in England and Wales whose registered number is 02094213 and whose registered office is at AIB, St. Helen’s, 1 Undershaft, London EC3A 8AB;
“AIM”	the market of that name operated by London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies and the AIM Rules for Nominated Advisers published by London Stock Exchange;
“Allenby”	Allenby Capital Limited, the Company’s nominated adviser and broker;
“Availability Confirmation Letter”	the letter from PNC to the Company and Allenby confirming, <i>inter alia</i> , (i) that PNC’s client intake procedures have been carried out to PNC’s satisfaction, (ii) whether any amendments are required to the terms of the New Facility as a result of any matter which has been identified by PNC during its audit of the accounts receivable of the Company, together with details of such amendments, and (iii) the amount available to be drawn down under the New Facility;
“Bank Refinancing”	the refinancing being undertaken by the Company and r4e Inc, as further described in paragraph 2 of the Letter from the Chairman contained in this document;
“Board” or “Directors”	the directors of the Company, whose names are set out on page 6 of this document;
“Capita Asset Services”	the trading name of Capita Registrars Limited;
“Capital Reorganisation”	the reorganisation of the share capital of the Company, further described in paragraph 5 of the Letter from the Chairman of the Company contained in this document;
“Cash Settlement”	the £9,000,000 (nine million pounds sterling) plus applicable accrued interest, credit card expenses, costs and fees due to be paid to AIB or its professional advisers on the Completion Date, pursuant to the Settlement Agreement;
“Company” or “r4e”	reach4entertainment enterprises plc;
“Completion Date”	4 December 2015;
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form;
“CREST Regulations”	The Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended;
“Deferred Shares”	the 74,894,792 deferred shares of 2 pence each to be created pursuant to the Capital Reorganisation;

“Enlarged Share Capital”	the issued share capital of the Company immediately following Admission;
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST;
“Form of Proxy”	the form of proxy enclosed with this document for use in connection with the GM;
“Facility”	the secured sterling term loan facilities in the aggregate principal amount of fourteen million seven hundred and eighty five thousand pounds sterling (£14,785,000) made available to the Company and other members of its group under the Facility Agreement;
“Facility Agreement”	the loan facility agreement entered into between r4e and AIB dated 29 August 2008 as amended by way of an amendment letter dated 17 December 2009, an amendment and restatement agreement dated 2 September 2010, an amendment agreement dated 9 February 2011, an amendment agreement dated 26 April 2011, an amendment and restatement agreement dated 14 November 2012 and an amendment and restatement agreement dated 7 April 2014;
“General Meeting” or “GM”	the general meeting of the Company convened for 10.00 a.m. on 2 December 2015, notice of which is set out at the end of this document;
“London Stock Exchange”	London Stock Exchange Group plc;
“New Facility”	the conditional cash flow term facility of £1 million and a revolving credit facility of up to £8.5 million, to be entered into between the Company and PNC on the Completion Date, as further described in paragraph 3 of the Letter from the Chairman of the Company contained in this document;
“New Facility Agreement”	the agreement to be entered into between the Company and PNC setting out the terms and conditions of the New Facility;
“New Ordinary Shares”	the ordinary shares of 0.5 pence each in the capital of the Company to be created pursuant to the Capital Reorganisation;
“Notice of GM”	the notice convening the GM, which is set out at the end of this document;
“Ordinary Shares” or “Existing Ordinary Shares”	the 74,894,792 Ordinary Shares of 2.5 pence each in the capital of the Company in issue at the date of this document;
“Placees”	subscribers for Placing Shares;
“Placing”	the conditional placing by Allenby of the Placing Shares with the Placees pursuant to the Placing Agreement;
“Placing Agreement”	the conditional agreement dated 13 November 2015 between the Company and Allenby relating to the Placing;
“Placing Price”	1 penny per Placing Share;
“Placing Shares”	the 400,000,000 New Ordinary Shares to be issued pursuant to the Placing;
“PNC”	PNC Business Credit, a trading style of PNC Financial Services UK Ltd;
“Proposals”	the Capital Reorganisation, the Placing and the Bank Refinancing;
“r4e Inc.”	reach4entertainment, Inc., a company incorporated and registered in Delaware whose registered office is at 160 Greentree Dr Ste 101, Dover, Delaware, 19904, United States of America;
“Registrar”	Capita Asset Services;

“Resolutions”	the resolutions set out in the Notice of GM at the end of this document;
“Settlement Agreement”	the conditional settlement agreement to be entered into between the Company and AIB on the Completion Date, as further described in paragraph 2 of the Letter from the Chairman of the Company contained in this document;
“Shareholders”	holders of Existing Ordinary Shares at the date of this document and, following the Capital Reorganisation and Placing, the holders of New Ordinary Shares;
“Takeover Code”	The City Code on Takeovers and Mergers;
“Trading Day”	any day during which AIM is open for business;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“Warrant Instrument”	the equity warrant instrument to be issued by the Company in favour of AIB Joint Ventures and which is set out in the schedule to the Settlement Agreement; and
“Warrant”	the warrants to subscribe for 24,994,462 new ordinary shares of 0.5 pence each in the Company at a purchase price of one penny per share as more fully described in paragraph 2 of the Letter from the Chairman of the Company contained in this document.