



RNS Number : 5240N
reach4entertainment enterprises plc.
26 October 2016

The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

26 October 2016

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

Proposed placing to raise up to £2,000,000

r4e, the transatlantic media and entertainment company, announces its intention to undertake a placing (the “**Placing**”) of new ordinary shares in the Company (“**Ordinary Shares**”) at a price not less than 1.5p per Ordinary Share to raise up to £2,000,000 (before expenses).

The Placing, which will be undertaken within the Company’s existing share authorities, will be conducted by way of an accelerated book build (“**Bookbuild**”) and Allenby Capital Limited will be acting as sole bookrunner in relation to the Bookbuild. The Placing will result in the issue of not more than 133,333,334 new Ordinary Shares (the “**Placing Shares**”).

The number of Placing Shares, pricing and the aggregate proceeds to be raised through the Placing will be finally determined following completion of the Bookbuild process. A further announcement in respect of these details will be made following completion of the Bookbuild process. The timing of the closing of the book and allocations are at the discretion of Allenby Capital Limited (after discussion with the Company).

Certain of the Directors of the Company and current significant shareholders have indicated an intention to participate in the Placing. Further details of the Placing and confirmed participation by the Directors and significant shareholders (if relevant) will be set out in the announcement to be made on the closing of the Bookbuild which is expected to be made later today. Members of the public will not be entitled to participate in the Placing.

The Placing Shares will be issued credited as fully paid and will rank *pari passu* with the existing ordinary shares, including the right to receive all dividends and other distributions declared, made or paid on or in respect of the ordinary shares after the date of issue of the Placing Shares.

Reasons for the Placing and use of proceeds

The net proceeds of the Placing will be used to establish the foundations for the next stage of the Group’s development as follows:

1. leveraging the market leadership positions in London and New York to expand geographically, starting with Dewynters in Germany;
2. launching a new data-driven marketing and analytics division; and
3. re-organisation of key functions to support the above developments.

Dewynters in Germany

Dewynters in Germany (“**DG**”) was launched in October 2016 to provide a presence for the Group in the world’s third largest commercial theatre market. With Michael Hildebrandt at its helm (until recently Director of Strategy and Development at Stage Entertainment Germany), it is the Board’s view that DG will be the first agency of its kind in Central Europe to provide creative, consultancy, and experiential events with two key service models:

- strategic and commercial support for brands in the entertainment and leisure industry; and
- event creation for major brands looking for entertainment-driven solutions to marketing challenges

The Group is establishing an interactive strategy among its now three agencies, supporting the award and transfer of individual shows and combining projects (including the new data marketing and analytics initiative) across all three markets.

Data-Driven Marketing & Analytics Division (under the Jampot subsidiary)

The Group’s objective is to assist clients to sell more tickets, at a higher yield, with a lower cost. The Group has a strong background in data-driven marketing (significantly enhanced by the acquisition of Jampot) and improvements in application program interface (API) technology now enables r4e to analyse the effectiveness of its advertising campaigns. With natural access to a specific data set relating to ticketing and digital and offline media, the Group intends to capitalise on Jampot’s experience of data analysis to build its own marketing analytics service.

Re-organisation of key functions

In order to support the above initiatives, the Group is re-aligning key functions to accelerate adoption of a data-driven marketing approach and will seek to leverage specific current services and assets, including design and digital media buying, with analytics to support and enhance the economics of geographical expansion, starting with Germany.

Trading Update

In September 2016, the Company reported a strong set of figures for the six months to 30th June 2016 and while the second half is expected to be more challenging, with fewer shows being launched, the business remains on track to meet expectations for the current year. Looking further ahead into 2017 and beyond, the Company is well positioned to benefit from its core businesses in London and New York and to also benefit from the investment proposed today.

Proposed Board appointments

In line with the board’s strategy for growth, r4e also announces the proposed appointment of two non-executive directors to the board of the Company. Lord Michael Grade is proposed as a non-executive director. Lord Grade was formerly Chairman of the BBC, Executive Chairman of ITV plc and has held positions on the board of a number of public companies, including Pinewood Group plc. Mr Grade is currently a director of Gate Ventures plc, a significant shareholder in the Company. It is also proposed that a second non-executive director is appointed to the board. The Company is in advanced discussions with a preferred candidate with a great deal of experience of the entertainment industry and who currently holds a senior executive role at a global entertainment group. The appointments of the proposed directors are subject to the satisfactory completion of the usual regulatory due diligence process and further updates will be made at the appropriate time.

David Stoller, Chairman of r4e, said: "r4e is a different company today. Our balance sheet is healthy with an £11.0 million reduction in borrowings at 30 June 2016 compared to 30 June 2015. We have strengthened our management team across our core businesses, which continue to be market leaders, and our strategic plan is in place: to grow by leveraging our remarkable capacities and creativity and strategy to expand into new geographies and great new business opportunities, all supported and driven by a focussed commitment to data-driven marketing and analytics. I look forward to welcoming two extremely talented new individuals to our Board to help position us for our next stage of development. Our future is exciting, and we look forward to providing further updates."

Enquiries:

reach4entertainment enterprises plc

David Stoller, Executive Chairman

+44 (0) 20 7968 1655

Allenby Capital (Nominated Adviser and Broker)

Jeremy Porter/James Reeve (Corporate Finance)

Katrina Perez/Kelly Gardiner (Corporate Broking)

+44 (0) 20 3328 5656

Novella Communications (Financial PR)

Tim Robertson

Toby Andrews

+44 (0) 20 3151 7008