

# reach4entertainment enterprises plc

Registered in England and Wales with Company Number 02725009

## **NOTICE OF ANNUAL GENERAL MEETING 28 June 2019**



# reach4entertainment enterprises plc

*(incorporated and registered in England and Wales with registered number 2725009)*

## **Proposed Capital Reduction and Notice of Annual General Meeting**

*Directors:*

Lord Michael Ian Grade of Yarmouth *(Non-executive Chairman)*  
Marc Jason Boyan *(Chief Executive Officer)*  
Linzi Allen *(Group Finance Director)*  
Marcus Yeoman *(Senior Independent Non-executive Director)*  
Nicholas Richard Charles Geary Lycett *(Non-executive Director)*  
Sir David Michels *(Non-executive Director)*

*Registered Office:*

Wellington House  
125 Strand  
London  
WC2R 0AP

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## Letter from the Chairman of reach4entertainment enterprises plc

3 June 2019

Dear Shareholder

### 1. Introduction

I am pleased to give notice of the Annual General Meeting, the Notice of which is at the back of this document, which contains certain resolutions proposed to shareholders. I also write to set out the Board's proposals to enhance the Company's ability to pay dividends to shareholders in the future, the formal proposals for which are set out in the Capital Reduction Resolution in the Notice.

The Company currently has negative distributable reserves and is therefore prohibited under the Act from making distributions, including dividends, to its Shareholders. Accordingly, your approval is being sought to carry out a reduction of the Company's capital by way of:

- (a) the cancellation of the amount standing to the credit of the Company's share premium account and capital redemption reserve;
- (b) the cancellation of the 74,894,792 Deferred Shares with a nominal value of the £0.02 each; and
- (c) a reduction in the nominal value of the Ordinary Shares from £0.005 each to £0.001 each.

and the amount by which share capital is reduced to be credited to a reserve to be used to eliminate the deficit on the profit and loss account and, as to the balance, to create distributable reserves for the payment of dividends and other corporate purposes.

The Capital Reduction is conditional upon, amongst other things, the Company obtaining approval of the Shareholders at the Annual General Meeting. The purpose of this document is to provide you with information about the Capital Reduction and to explain why the Board considers the Capital Reduction to be in the best interests of the Company and its Shareholders as a whole and unanimously recommends that you vote in favour of the Capital Reduction Resolution to be proposed at the Annual General Meeting. Shareholders should note that, unless the Capital Reduction Resolution is approved at the Annual General Meeting (and the Court subsequently confirms the Capital Reduction), the Capital Reduction will not take place.

### 2. Background to, and reasons for, the Capital Reduction

Since the leadership changes in the Company at the end of 2017, the Group's operational and financial performance has seen significant improvement. The Group has become more profitable and management's initiatives have led to growth both organically and through acquisition. Current market expectation for the year ended December 2019 forecasts an improved performance on 2018, and the Directors believe that the Group is well positioned for future sustained growth and development.

The Company currently has negative distributable reserves and is, therefore, prohibited under the Act from making distributions to its Shareholders, including the payment of dividends. In light of the Group's prospects and current strong financial position, the Directors believe it is now an appropriate time to undertake the Capital Reduction and create distributable reserves which would enable the payment of dividends in the future, subject to the continuing satisfactory financial performance of the Group.

The completion of the Capital Reduction and reduction of nominal share value will not affect the rights attaching to the Ordinary Shares and will not result in any change to the number of Ordinary Shares in issue.

### 3. The Capital Reduction

#### *Proposal*

At 30 April 2019, the Company had retained losses of £(24,735,457.71) brought forward from 31 December 2018. At the same date, the amount standing to the credit of the:

- Company's share premium account amounted to a £22,067,174.18
- capital redemption reserve amounted to £14,992.69
- Deferred Share account amounted to £1,497,895.84

The Capital Reduction, if approved and made effective, will eliminate (assuming no change to the figures above) the retained losses resulting in the creation of distributable reserves of £3,950,326.54. The Deferred Shares are valueless and do not hold any rights to vote or any dividend rights. The Deferred Shares are not quoted on AIM or any other stock market.

### ***Approval and Consent of Shareholders***

In order to effect the Capital Reduction the Company requires the approval of its Shareholders in the manner described in this section. The Capital Reduction cannot be effected unless the Company receives the approval by the requisite majority of Shareholders and in the requisite manner as set out in this section of this document.

The Shareholders, being holders of Ordinary Shares, are entitled to receive notice of, attend, speak and vote at the Annual General Meeting. The votes of the Shareholders will be added together at the Annual General Meeting and the Capital Reduction Resolution, which will be proposed a special resolution, requires a majority in favour of at least 75 per cent. of those Shareholders attending and voting in person or by proxy in order to be passed.

### ***Court Approval***

In addition to the approval by the Shareholders of the Capital Reduction Resolution, the Capital Reduction requires the approval of the Court. Accordingly, following the Annual General Meeting, an application will be made to the Court in order to confirm and approve the Capital Reduction.

In providing its approval of the Capital Reduction, the Court may require protection for the creditors (including contingent creditors) of the Company whose debts remain outstanding on the relevant date, except in the case of creditors which have consented to the Capital Reduction. Any such creditor protection may include seeking the consent of the Company's creditors to the Capital Reduction or the provision by the Company to the Court of an undertaking to deposit a sum of money into a blocked account created for the purpose of discharging the non-consenting creditors of the Company.

It is anticipated that the initial directions hearing in relation to the Capital Reduction will take place within 3-5 weeks of the Annual General Meeting.

There will be no change in the number of Ordinary Shares in issue following the implementation of the Capital Reduction. The distributable reserves arising on the Capital Reduction will, subject to the discharge of any undertakings required by the Court as explained above, support the Company's ability to pay dividends, should circumstances in the future make it desirable and appropriate to do so.

The Board reserves the right to abandon or to discontinue (in whole or in part) the application to the Court in the event that the Board considers that the terms on which the Capital Reduction would be (or would be likely to be) confirmed by the Court would not be in the best interests of the Company and/or its Shareholders as a whole. The Board has undertaken a thorough and extensive review of the Company's liabilities (including contingent liabilities) and considers that the Company will be able to satisfy the Court that, as at the date (if any) on which the Court Order relating to the Capital Reduction and the statement of capital in respect of the Capital Reduction have both been registered by the Registrar of Companies at Companies House and the Capital Reduction will therefore become effective, the Company's creditors will be sufficiently protected.

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 0.1 pence. Following the Capital Reorganisation, if a Shareholder wishes to receive a replacement share certificate they should contact Link Asset Services and be aware that there may be a fee for the service. Shareholders should contact the Registrars at the address set out herein or contact the shareholder helpline of Link Asset Services on +44 (0) 371 664 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 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

#### **4. Recommendation**

The Directors consider that the Capital Reduction will be beneficial for the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the Capital Reduction Resolution to be proposed at the Annual General Meeting.

## Expected Timetable

Publication of this document	3 June 2019
Latest time and date for receipt of Forms of Proxy for the Annual General Meeting	10 a.m on 26 June 2019
Annual General Meeting	10 a.m on 28 June 2019
Expected date of initial Court Hearing	3-5 weeks following AGM above

## Definitions

<b>“Act”</b>	the Companies Act 2006 (as amended);
<b>“AIM”</b>	the market of that name operated by London Stock Exchange;
<b>“Annual General Meeting”</b> or <b>“AGM”</b>	the general meeting of the Company convened for 10.00 a.m. on 28 June 2019, notice of which is set out at the end of this document;
<b>“Board”</b> or <b>“Directors”</b>	the directors of the Company, whose names are set out on page 1 of this document;
<b>“Capital Reduction”</b>	the proposed cancellation of the Company’s share premium account, capital redemption reserve, Deferred Share account and reduction of the nominal value of the Ordinary Shares as set out in the Notice of Annual General Meeting;
<b>“Capital Reduction Resolution”</b>	the resolution to effect the Capital Reduction (resolution 9 in the Notice);
<b>“Company”</b> or <b>“r4e”</b>	reach4entertainment enterprises plc;
<b>“Court”</b>	the High Court of Justice in England and Wales;
<b>“Court Hearing”</b>	the hearing by the Court to confirm the Capital Reduction;
<b>“Deferred Shares”</b>	the deferred shares of 2 pence each in the capital of the Company;
<b>“Form of Proxy”</b>	the form of proxy for use by Shareholders in connection with the AGM which can be accessed at <a href="http://www.signalshares.com">www.signalshares.com</a> or in paper form from the Company’s Registrars;
<b>“Group”</b>	the company and its group of companies;
<b>“London Stock Exchange”</b>	London Stock Exchange Group plc;
<b>“Notice”</b>	the notice convening the AGM, 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>“Registrar”</b>	Link Asset Services;
<b>“Shareholders”</b>	holders of Existing Ordinary Shares at the date of this document;
<b>“United Kingdom”</b> or <b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland.

## Notice of Annual General Meeting

NOTICE is hereby given that an Annual General Meeting of reach4entertainment enterprises plc (the “**Company**”) will be held at 10.00a.m. on 28 June 2019 at the offices of reach4entertainment enterprises plc, Wellington House, 125 Strand, London WC2R 0AP for the purposes of considering and, if thought fit, passing the following resolutions, of which resolutions 1 – 6 (inclusive) will be proposed as ordinary resolutions, and resolutions 7 to 9 (inclusive) will be proposed as special resolutions:

### Ordinary Resolutions

1. To receive the audited accounts of the Company for the year ended 31 December 2018, together with the Directors’ Report and the Auditors’ report therein.
2. To receive and approve the Directors’ Remuneration Report for the year ended 31 December 2018, as set out on pages 23 to 24 of the annual report and audited accounts of the Company.
3. To re-appoint Marcus Yeoman as Senior Independent Non-Executive Director of the Company, who is retiring by rotation in accordance with the Company’s articles of association.
4. To re-appoint Lord Michael Ian Grade of Yarmouth as a Non-Executive Director of the Company, who is retiring by rotation in accordance with the Company’s articles of association.
5. To re-appoint RSM UK Audit LLP as the auditors of the Company, to hold office until the conclusion of the next annual general meeting at which accounts are laid before the Company’s members, and to authorise the Directors to fix their remuneration.
6. That the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise the powers of the Company to allot additional shares in the capital of the Company, and grant rights to subscribe for or to convert any security into additional shares in the capital of the Company, provided that such additional number of shares to be limited to either:
  - 6.1 subject to resolution 9.2 below being duly passed and the Capital Reduction taking effect in accordance with the terms set out in the accompanying circular to this notice dated 3 June 2019 (“**Circular**”), a maximum aggregate nominal value of £425,476.79; or
  - 6.2 where resolution 9.2 is not passed, a maximum aggregate nominal value of £2,127,383.97.

This authority shall, unless renewed, varied or revoked by the Company, expire at the earlier of the conclusion of the next annual general meeting of the Company or the date 15 months from the date this resolution comes into effect save that the Company may, before such expiry, make any offers or agreements which would or might require such shares or rights to be allotted or granted and the Directors may allot such shares or grant such rights in pursuance of such offers or agreements, notwithstanding that the authority conferred by this resolution has expired.

This resolution shall revoke and replace all unexercised authorities previously granted to the Directors in accordance with section 551 of the Companies Act 2006 but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to made pursuant to such authorities.

### Special Resolutions

7. That, subject to the passing of resolution 6 above, the Directors be and are hereby empowered to allot or make offers or agreements to allot additional equity securities (as defined in section 560 of the Companies Act 2006) for cash on behalf of the Company, pursuant to the authority conferred by resolution 6 above, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment, provided that this power shall be limited to:
  - 7.1 the allotment of additional equity securities in connection with an offer by way of a rights issue, open offer or otherwise:

- (a) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
- (b) to holders of other equity securities as required by the rights of those securities or as the Directors may otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors consider necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems arising in connection with the laws of any territory, or the requirements of any generally recognised regulatory body or stock exchange in any territory; and

7.2 the allotment (otherwise than pursuant to resolution 7.1 above) of additional equity securities up to either:

- (a) subject to resolution 9.2 below being duly passed and the Capital Reduction taking effect in accordance with the terms set out in the Circular (as defined in resolution 6 above), a maximum aggregate nominal value of £127,643.03; or
- (b) where resolution 9.2 is not passed, a maximum aggregate nominal value of £638,215.19.

This authority shall, unless renewed, varied or revoked by the Company, expire at the earlier of the conclusion of the next annual general meeting of the Company or the date 15 months from the date this resolution comes into effect, save that the Company may, before such expiry, make any offers or agreements which would or might require equity securities to be allotted and the Directors may allot equity securities in pursuant of such offers or agreements, notwithstanding that the authority conferred by this resolution has expired.

This resolution shall revoke and replace all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the Companies Act 2006 did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

8. That, pursuant to the Company's articles of association, the Company be and is hereby generally and unconditionally authorised to make one or more market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares in the capital of the Company, subject to the following conditions:

- (a) the maximum number of ordinary shares which may be hereby purchased is 191,336,914, being 14.99 per cent. of the issued share capital in the Company;
- (b) the minimum price, exclusive of expenses, which may be paid for each ordinary share is its nominal value; and
- (c) the maximum price, exclusive of expenses, which may be paid for each ordinary share is not more than 5 per cent. above the average of the middle market quotation for the ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days preceding any such purchase.

This authority shall, unless renewed, varied or revoked by the Company, expire at the earlier of the conclusion of the next annual general meeting of the Company or the date 15 months from the date this resolution comes into effect, except in relation to a purchase of such shares the contract for which was concluded before such time and which will or may be executed wholly or partly after such expiry, when the Company may purchase ordinary shares in pursuance of such contract as if the authority conferred hereby had not expired.

9. That:

9.1 subject to the confirmation of the court, the issued share capital of the Company be reduced by cancelling and extinguishing all of the issued and fully paid Deferred Shares of £0.02 each in the Company.

9.2 subject to the confirmation of the court, the issued share capital of the Company be reduced by cancelling and extinguishing capital to the extent of £0.004 on each issued fully paid up Ordinary Share of £0.005 each in the Company and reducing the nominal value of each issued fully paid up Ordinary Share from £0.005 to £0.001.

9.3 subject to the confirmation of the court, the capital redemption reserve of the Company be cancelled.

9.4 subject to the confirmation of the court, the share premium account of the Company be cancelled.

## **BY ORDER OF THE BOARD**

Lord Michael Ian Grade of Yarmouth

*Non-Executive Chairman*

Dated: 3 June 2019

### *Registered Office:*

Wellington House  
125 Strand  
London  
WC2R 0AP

### Notes:

1. Voting at the Annual General Meeting will take place by means of a show of hands, unless a poll is demanded in accordance with the Company's articles of association.
2. Pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001 (as amended), the Company has specified that only those members registered on the register of members of the Company at close of business on 26 June 2019 (the "**Specified Time**") (or, if the meeting is adjourned to a time more than 48 hours after the Specified Time, at close of business on the business day which is two days' prior to the time of the adjourned meeting) shall be entitled to attend and vote or to appoint one or more proxies to vote on their behalf at the Annual General Meeting in respect of the number of shares registered in their name at that time. If the Annual General Meeting is adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned meeting. Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.
3. A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the Annual General Meeting, and any adjournment thereof. A proxy need not be a member of the Company but must attend the Annual General Meeting for the member's vote to be counted. A proxy shall, unless directed otherwise by the appointing member, vote or abstain from voting as the proxy sees fit at the Annual General Meeting.
4. A proxy may only be appointed by a member using the procedures set out in these notes and the notes to the Form of Proxy. To be effective, a Form of Proxy must be submitted at [www.signalshares.com](http://www.signalshares.com) so as to have been received by the Company's Registrars, Link Asset Services, not less than 48 hours before the time appointed for the Annual General Meeting or any adjournment thereof (excluding weekends and public holidays). To register, members will need their Investor Code. Alternatively, a member may request a Form of Proxy in paper form from the Company's Registrars, Link Asset Services, at [enquiries@linkgroup.co.uk](mailto:enquiries@linkgroup.co.uk) or by phone on 0871 664 0300 (calls cost 12p per minute plus your operator's network access charge). If you are outside the United Kingdom, please call +44 371 664 0300 (calls will be charged at the applicable international rate). Lines are open between 9.00 a.m. to 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales.
5. If a member appoints more than one proxy to attend the Annual General Meeting, each proxy must be appointed to exercise the rights attached to a different share(s) held by the member. If a member wishes to appoint more than one proxy they may do so at [www.signalshares.com](http://www.signalshares.com) and if paper Forms of Proxy are required, the member should contact the Company's Registrars, Link Asset Services, as set out in Note 4 above. The appointment of a proxy shall not preclude a member from attending and voting in person at the Annual General Meeting, or at any adjournment thereof. If a member has appointed a proxy but decides to attend the Annual General Meeting, such proxy will not be able to attend, speak or vote at the Annual General Meeting on the member's behalf.
6. Any power of attorney (duly certified) or other authority under which a Form of Proxy is submitted, and any Form of Proxy completed in paper form, must be returned to the Company's Registrars, Link Asset Services, by post to PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF so as to arrive not less than 48 hours before the time appointed for the Annual General Meeting or any adjournment thereof (excluding weekends and public holidays).
7. Subject to Note 5, if more than one valid proxy appointment is submitted by a member, the appointment received last before the latest time for receipt of proxies will take precedence,
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to an instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's agent (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in Note 4 above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)).
11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).
12. A member wishing to revoke his or her proxy appointment should do so by sending a notice to that effect to the Company's Registrars, Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF or electronically by means of the facilities described in Notes 4 and 9 above. The revocation notice must be received by the Company's Registrars, Link Asset Services, by the time limit set out in Note 4. Any revocation notice received after this time will not have effect.
13. Any corporation which is a member of the Company can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
14. Any electronic address provided either in this Notice of Annual General Meeting or in any related documents may not be used to communicate with the Company for any purposes other than those expressly stated.
15. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the register of members of the Company in respect of the joint holders (the first named being the most senior).