

RNS Number : 2511Q
Monreal PLC
04 June 2018

For immediate release

4 June 2018

Monreal plc
("Monreal" or the "Company")
Suspension
Proposed Admission to NEX
Proposed AIM Cancellation
Notice of General Meeting

Suspension

On 4 December 2017, as a consequence of completion of the disposal by the Company of its then operating subsidiary Cogenpower srl (the "**Disposal**"), the Company became a Rule 15 Cash Shell and as such, the Company is required to make an acquisition or acquisitions which constitutes a reverse takeover under AIM Rule 14 (including seeking re-admission as an investing company (as defined under the AIM Rules) on or before the date falling six months from completion of the Disposal or be re-admitted to trading on AIM as an investing company under the AIM Rules (which requires the raising of at least £6 million) failing which, the Company's Ordinary Shares would then be suspended from trading on AIM pursuant to AIM Rule 40).

Accordingly, trading in the Company's Ordinary Shares on AIM will be suspended with effect from 7.30am on 5 June 2018 pursuant to AIM Rule 15.

Proposed Admission to NEX, AIM Cancellation and Notice of General Meeting

Further to the announcement made earlier today, the Board of Monreal announces that the Company is intending to apply for admission of the Company's Ordinary Shares to trading on the NEX Exchange Growth Market ("**NEX Admission**"), and that it is seeking Shareholder approval for the adoption of the Investment Strategy, cancellation of the admission of its Ordinary Shares to trading on AIM ("**AIM Cancellation**") and the NEX Admission (together the "**Proposals**").

A document is being posted today to Shareholders setting out the background to and to explain why the Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole and why they recommend that Shareholders should vote in favour of the Resolutions to be proposed at the General Meeting being convened for 12.30 pm on 22 June 2018, at the offices of Peterhouse Capital Limited, New Liverpool House, 15 Eldon Street, London, EC2M 7LD. The notice of the General Meeting is set out at the end of this document.

Subject to the Resolutions being passed at the General Meeting, the Board anticipates that the AIM Cancellation will become effective at 7.00 a.m. on 3 July 2018 and the admission of the Ordinary Shares to trading on the NEX Exchange Growth Market will be effective at 7.00am on 4 July 2018.

A copy of the Chairman's letter, the expected timetable of principal events and definitions sections contained in the Circular are set out in full below in Appendices I, II and III, respectively, of this announcement without material amendment or adjustment.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014. The person who arranged the release of this announcement on behalf of the Company was John Treacy.

Further enquiries:

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Peterhouse Capital Limited (Broker)	Heena Karani Williams	Lucy +44 (0) 20 7469 0930

A copy of this announcement is available from the Company's website www.monrealplc.com.

IMPORTANT INFORMATION

Forward looking statements

Certain statements in this Document constitute "forward-looking statements". Forward-looking statements include statements concerning the plans, objectives, goals, strategies and future operations and performance of the Company and the assumptions underlying these forward-looking statements. The Company uses the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "may", "will", "should", and any similar expressions to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the Company's actual results, performances or achievements to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this Document. The Company is not obliged, and does not intend, to update or to revise any forward-looking statements, whether as a result of new information, future events or otherwise except to the extent required by any applicable law or regulation. All subsequent written or oral forward-looking statements attributable to the Company, or persons acting on behalf of the Company, are expressly qualified in their entirety by the cautionary statements contained throughout this Document. As a result of these risks, uncertainties and assumptions, a prospective investor should not place undue reliance on these forward-looking statements.

APPENDIX I

LETTER FROM THE CHAIRMAN OF MONREAL PLC

"Introduction

The Company today announced that it was intending to apply for admission of the Company's Ordinary Shares to trading on the NEX Exchange growth Market ("NEX Admission"), and that it was therefore seeking Shareholder approval for the NEX Admission, the adoption of the Investment Strategy and cancellation of the admission of its Ordinary Shares to trading on AIM ("AIM Cancellation") (together the "Proposals").

The purpose of this letter is to set out the background to and to explain why the Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole and why they recommend that Shareholders should vote in favour of the Resolutions to be proposed at the General Meeting being convened for 12.30 pm on 22 June 2018, at the offices of Peterhouse Capital Limited,

New Liverpool House, 15 Eldon Street, London, EC2M 7LD. The notice of the General Meeting is set out at the end of this document.

Shareholders should also note that trading in the Company's Ordinary Shares on AIM will be suspended with effect from 7.30am on 5 June 2018 pursuant to AIM Rule 15. Admission of the Ordinary Shares to trading on NEX cannot occur if the Resolutions are not approved and the AIM Cancellation does not occur.

Background to the Proposals

On 14 November 2017, the Company announced that it had entered into a conditional sale and purchase agreement to dispose of its then operating subsidiary Cogenpower srl (the "**Disposal**"). Shareholders approved the Disposal at a General Meeting on 1 December 2017 and the Disposal completed on 4 December 2017. As a consequence, the Company became a Rule 15 Cash Shell and as such the Company is required to make an acquisition or acquisitions which constitutes a reverse takeover under AIM Rule 14 (including seeking re-admission as an investing company (as defined under the AIM Rules) on or before the date falling six months from completion of the Disposal or be re-admitted to trading on AIM as an investing company under the AIM Rules (which requires the raising of at least £6 million) failing which, the Company's Ordinary Shares would then be suspended from trading on AIM pursuant to AIM Rule 40. Once suspended, Admission to trading on AIM would be cancelled six months from the date of suspension should the reason for the suspension not have been rectified.

On 25 January 2018, the Company announced my appointment to the Board together with the departure of some of the former board members and a placing of £675,000 before expenses by way of a placing of Ordinary Shares at a price of 0.25 pence per Ordinary Share. As at the date of this Circular, the Company has a cash position of approximately £810,000, with accrued current liabilities of approximately £70,000.

The Board of the Company continues to work to identify a suitable target for a reverse takeover and believes that in due course that the Board will identify and conclude a suitable acquisition for shareholders. However, the Company is operating under a relatively short timetable and unless it is able to comply with AIM Rule 15, the Company's Shares will be cancelled from trading on AIM on 5 December 2018. The Board is concerned that there is a risk that shareholders could be left without the ability to trade their shares in the circumstances that the Board has been unable to identify and conclude the acquisition of an attractive opportunity before the relevant AIM deadline.

Accordingly, the Board has considered the other options for developing the Company and providing sufficient time to identify suitable proposals and opportunities and while at the same time maintaining the ability for shareholders to trade their shares. Following completion of this evaluation, the Board believes that the Company should now seek to transfer the trading of its Shares by way of admission to trading on NEX as an investment company and adopt the Investment Strategy.

Proposed Investment Strategy

Conditional on the Resolution being approved at the General Meeting and Cancellation occurring, the Company will adopt the following Investment Strategy:

The Company's objective is to generate an attractive rate of return for shareholders, predominantly through capital appreciation, by taking advantage of opportunities to invest in the technology, media, and telecom (TMT) sector.

The Company aims to provide equity, debt, and equity-related investment capital, such as convertible loans, to growing companies which are seeking capital for growth and development, consolidation or acquisition, or as pre-IPO financing. The Company may undertake a reverse takeover or may make investments into companies that it considers good candidates for future reverse takeovers.

In addition, the Company may invest in publicly traded equities which have securities listed on a stock exchange or over-the-counter market. These investments may be in combination with additional debt or equity-related financing, and in appropriate circumstances in collaboration with other value added financial and/or strategic investors.

The Company is not geographically restricted in terms of where it will consider making investments but is anticipated that most of its attention will be focussed on the UK. It will consider any geographical area, to the extent that the investment fits within the Company's investment criteria. The Company will not be subject to any borrowing or leveraging limits.

The Company does not intend to be an active investor, but the Directors will reserve the right to seek representation on the board of the investee company where they feel that an investee company would benefit from their skill and expertise.

The Directors believe that their broad, collective experience, together with their extensive network of contacts, will assist them in identifying, evaluating and funding suitable investment opportunities. External advisers and investment professionals will be engaged as necessary to assist with sourcing and due diligence of prospective opportunities. The Directors will also consider appointing additional directors with relevant experience if the need arises.

The Company intends to deliver shareholder returns principally through capital growth rather than capital distribution via dividends.

Reasons for the AIM Cancellation and NEX Admission

As an NEX Investment Vehicle, should the NEX Admission proceed, the Company would be permitted under the NEX Rules to adopt a broader investment strategy which is not permitted as a continuing AIM Rule 15 Cash Shell - the AIM Rules require that the Company makes an acquisition or acquisitions which constitute a reverse takeover under AIM Rule 14 on or before 4 December 2018 or, in order to implement the proposed Investment Strategy, the Company would otherwise be required to raise at least £6 million and be re-admitted as an Investment Company under the AIM Rules.

The Directors believe that there is no certainty that a reverse takeover can be completed within the next six months. In addition, they do not believe that it is a realistic option to raise at least £6 million and be re-admitted as an Investment Company under the AIM Rules. Accordingly, the Board believes that it is in Shareholders' best interests to broaden the potential range of investments and opportunities that the Company could consider under the proposed Investment Strategy and alleviate the impending AIM Rule 15 deadline (which would otherwise result in a reverse transaction not yet identified or a delisting of the Company's shares).

The Directors believe that NEX could offer a similar level of liquidity to AIM with the benefit of incurring lower ongoing costs and the ability to adopt and implement a broader and more flexible investment strategy.

For these reasons the Board has concluded that it would be in the best interests of the Company and Shareholders as a whole if the admission of the Company's Ordinary Shares to trading on AIM were to be cancelled and the Company was admitted to NEX as an Investment Vehicle with the new Investment Strategy.

Resolutions are to be proposed at the General Meeting to approve each of the AIM Cancellation and the NEX Admission.

Effect of the AIM Cancellation on Shareholders

The Board intends, as described above, to seek admission of the Company's issued share capital to trading on NEX as soon as possible. However, unless and until the NEX Admission proceeds, and once the AIM Cancellation has taken place, the effects of the AIM Cancellation would be as follows:

- there will no longer be a formal market mechanism for Shareholders to trade in the Ordinary Shares and no price will be publicly quoted for the Ordinary Shares;
- there will be no liquidity and marketability of the Ordinary Shares and the value of such Ordinary Shares may be consequently adversely affected. It will therefore be very difficult for Shareholders to realise value from their Ordinary Shares;
- while there may be an opportunity for Shareholders to sell their Ordinary Shares upon a sale of the entire issued share capital of the Company to a third party, it will be difficult to place a fair value on any such sale;
- the AIM Rules will no longer apply to the Company and levels of corporate governance and transparency will no longer be dictated by those rules. Shareholders will no longer be afforded the protections given by the AIM Rules, such as the requirement to be notified of certain events, including substantial transactions, financing transactions, related party transactions and fundamental changes in the Company's business, including certain acquisitions and disposals;
- the Company will cease to have an independent financial and nominated adviser, and broker; and
- as an unlisted company, the Company will be subject to less stringent accounting disclosure requirements.

However, the principal effects of the NEX Admission would be that:

- Shareholders will be able to trade their Ordinary Shares on NEX;
- the Company would be required to comply with the additional specific corporate governance requirements for companies admitted to trading on NEX;
- the Company will be subject to the NEX Rules and Shareholders will be required to vote on certain matters as provided in the NEX Rules;
- the Company will have a NEX Corporate Adviser, who performs a comparable role to that currently performed by the nominated adviser, and shareholders would benefit from the protection afforded by them instead.

Conditional on NEX Admission, Peterhouse Capital Limited is to be appointed as the Company's NEX Corporate Adviser and Beaumont Cornish Limited will continue as the Company's Financial Adviser and prospective Nominated Adviser in respect of any subsequent re-admission to AIM on completion of a reverse takeover.

There may be personal tax consequences for Shareholders. If you are in any doubt about your tax position, and/or are subject to tax in a jurisdiction other than the UK, you should consult an appropriate independent professional adviser.

Process for Cancellation

Rule 41 of the AIM Rules requires an AIM company that wishes to cancel admission of its securities to trading on AIM to notify such intended cancellation to Shareholders and separately to inform the

London Stock Exchange of its preferred cancellation date. Rule 41 also requires that, unless the London Stock Exchange otherwise agrees, the Cancellation must be conditional upon the consent of not less than 75% of votes cast by the Shareholders, given in a general meeting.

Subject to the Resolution being passed by the requisite majority at the General Meeting, it is anticipated that trading in the Ordinary Shares on AIM will cease at close of business on 2 July 2018, with Cancellation taking effect at 7.00 a.m. on 3 July 2018.

Upon the Cancellation becoming effective Beaumont Cornish Limited will cease to be Nominated Adviser to the Company and the Company will no longer be required to comply with the AIM Rules.

Shareholders should note that trading in the Company's Ordinary Shares on AIM will in any event be suspended with effect from 7.30am on Tuesday, 5 June 2018, pursuant to AIM Rule 15.

Admission of the Ordinary Shares to trading on NEX cannot occur if the Resolution is not approved and the Cancellation does not occur.

Proposed NEX Admission

The Directors will apply for admission to trading of the Company's entire issued share capital consisting of 540,166,760 fully paid Ordinary Shares, to the NEX Exchange Growth Market, with trading expected to commence at 8.00 a.m. on 4 July 2018 ("**Admission**"), subject to Cancellation having occurred.

NEX Exchange is a Recognised Investment Exchange aimed at small to medium enterprises. NEX is the second largest UK junior stock market (after AIM) for smaller companies. The market provides an important and cost-effective destination for smaller growing companies that require capital to support their growth potential. NEX, like AIM, is a market maker-driven platform.

The Company would like to take advantage of the fast-track admission process on NEX. The NEX trading platform will provide liquidity in the Company's shares while allowing the Board to implement its new Investment Strategy as detailed above.

Following admission to NEX and subject to the approval of the new Investment Strategy, the Company will be categorised as an Investment Vehicle under the NEX Rules.

An Investment Vehicle is defined in the NEX Exchange Rules as:

"An issuer whose actual or intended principal activity is to invest in the securities of other businesses (whether publicly traded or not), or to acquire a particular business, in accordance with specific investment criteria."

As an Investment Vehicle, any substantial acquisition or investment by the Company in accordance with its investment strategy is likely to be treated as a Reverse Takeover under Rule 57 of the NEX Exchange Rules and will therefore be subject, *inter alia*, to approval by Shareholders.

In compliance with Rule 51 of the NEX Exchange Rules, if the Company (as an Investment Vehicle) has not substantially implemented its investing policy after the period of one year following Admission, it will seek Shareholder approval in respect of the subsequent year for the further pursuit of its investment strategy.

In accordance with Rule 52 of the NEX Exchange Rules, the Company (as an Investment Vehicle), is required to substantially implement its investment strategy within a period of two years following Admission. In the event that the Company has not undertaken a transaction constituting a Reverse Takeover under Rule 57 of the NEX Exchange Rules, or if it has otherwise failed to substantially

implement its investment strategy within such two-year period, NEX Exchange will suspend trading of the Company's Issued Share Capital in accordance with Rule 78 of the NEX Exchange Rules. If suspension occurs, the Directors will consider returning the Company's cash to Shareholders after deducting all related expenses. However, in the specific case of the Company, NEX considers the two year period to have commenced on 4 December 2017, the date on which the Company became AIM Rule 15 cash shell.

General Meeting

The Notice convening the General Meeting, to be held at the offices of Peterhouse Capital Limited, New Liverpool House, 15 Eldon Street, London, EC2M 7LD, at 12.30 pm on 22 June 2018 at which the Resolutions are proposed is set out at the back of this Circular.

The first resolution is proposed as a special resolution: to approve the Investment Strategy.

The second resolution is also proposed as a special resolution: to approve Cancellation of admission of the Ordinary Shares from trading on AIM.

The third resolution is also proposed as a special resolution: to approve admission of the Ordinary Shares to trading on NEX.

For Resolutions proposed as special resolutions, these will be passed at the General Meeting if approved by a majority of not less than 75% of the votes of the Ordinary Shares voting at the General Meeting in person or by proxy.

Action to be taken

Shareholders will find a Form of Proxy enclosed for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible.

To be valid, completed Forms of Proxy must be received by the Company's registrars, SLC Registrars of 42-50 Hersham Road, Walton-on-Thames, Surrey KT12 1RZ, not later than 12.30 pm on 20 June 2018, being 48 hours before the time appointed for holding the General Meeting.

You are entitled to appoint a proxy to attend and to exercise all or any of your rights to vote instead of you. Completion of the Form of Proxy will not preclude you from attending and voting at the General Meeting in person if you so wish. Your attention is drawn to the notes to the Form of Proxy.

Recommendation

For the reasons set out above, the Board of Directors recommends Shareholders to vote in favour of the Resolutions, as they intend to do.

Yours faithfully,

John Treacy
Non-Executive Chairman
For and on behalf of the Board
Monreal PLC"

APPENDIX II **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Notice provided to the London Stock Exchange to notify it of the proposed Cancellation	4 June 2018
Publication of this Document	4 June 2018
Latest time and date for receipt of Forms of Proxy in respect of the General Meeting	12.30 pm. on 20 June 2018
General Meeting	12.30 pm. on 22 June 2018 <i>(Note 2)</i>
Cancellation of admission of the Ordinary Shares to trading on AIM	7.00 a.m. on 3 July 2018 <i>(Note 3)</i>
Admission of the Ordinary Shares to trading on the NEX Exchange Growth Market	7.00 a.m. on 4 July 2018 <i>(Note 3)</i>

Notes

1. References to times in this Document are to London time unless otherwise stated.
2. If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on an RNS (and posted on the Company's website at www.monrealplc.com) in accordance with the Company's articles of association.
3. Assumes the Resolutions are passed by the appropriate majority at the General Meeting.

APPENDIX III

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

"AIM Rules"	the AIM Rules For Companies, whose securities are admitted to trading on AIM, as published by the London Stock Exchange from time to time
"AIM"	the market of that name operated by the London Stock Exchange
"AIM Cancellation" or "Cancellation"	the proposed cancellation of admission of the Ordinary Shares from trading on AIM
"Board" or "Directors"	John Treacy and Martin Groak
"Circular" or "Document"	this document, containing details of the Proposals
"Company" or "Monreal"	Monreal PLC, a company registered in England and Wales with registered number 09301329

"FCA"	the Financial Conduct Authority
"Form of Proxy"	the form of proxy accompanying the Circular for use at the General Meeting
"General Meeting"	the General Meeting of Shareholders convened for 22 June 2018
"Issued Share Capital"	The 540,166,760 Ordinary Shares in issue as at the date of this Document
"London Stock Exchange"	London Stock Exchange PLC
"NEX"	The NEX Exchange Growth Market, the primary market for unlisted securities operated by NEX Exchange
"NEX Admission"	the proposed admission of the Ordinary Shares to trading on NEX
"NEX Exchange Rules"	the NEX Exchange Growth Market Rules for Issuers, which set out the admission requirements and continuing obligations of companies seeking admission to and whose shares are admitted to trading on the NEX Exchange Growth Market
"Nominated Adviser"	Beaumont Cornish Limited, the Company's Nominated Adviser in accordance with the AIM Rules
"Ordinary Shares" or "Shares"	ordinary shares of 0.25p par value in the capital of the Company
"Peterhouse Capital Limited"	Peterhouse Capital Limited, a company incorporated in England and Wales with company number 02075091 (authorised by the FCA with firm reference number 184761) and having its registered office at 15 Eldon Street, London, EC2M 7LD
"Proposals"	the proposals set out in this Circular, whereby Shareholders are being asked to consider, and if thought fit approve, (i) the proposed admission of the Company's shares to trade trading on NEX; (ii) the adoption of a new investment strategy; and (iii) the cancellation of the admission of the Company's shares to AIM
"Resolutions"	the Resolutions set out in the Notice of General Meeting contained within this Circular
"Shareholders"	holders of Ordinary Shares

All references to legislation in this Document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof. Words imparting the singular shall include the plural and vice versa, and words imparting the masculine gender shall include the feminine or neutral gender.

ENDS

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