

ANNOUNCEMENT FOR RELEASE TO THE MARKET

REELTIME MEDIA LIMITED

ASX: RMA

26 February 2015

STRATEGY UPDATE & CAPITAL RAISING

Reeltime Media Limited (**Reeltime** or the **Company**) provides the following update in relation to the execution of its business strategy, including its capital raising initiatives.

REELTIME MEDIA STRATEGY UPDATE

Group Mandate

Reeltime Media is a digital media company that invests in profitable services-based businesses in the Digital Media space that will benefit from customer acquisition and retention programs provided within the Group.

Acquisition Strategy

Reeltime has recently refined its acquisition criteria by focusing on those aspects of the digital industry that are highest growth and align with the Group's mandate. The Company also requires the management teams of the brands it acquires to continue running the brand in line with key performance indicators set by Reeltime.

Reeltime continues to acquire profitable businesses in the Digital Media space and since November 2014 has entered into agreements to acquire:

- **Fitlink Australia, New Zealand & India (Training & Education Division)** - Fitlink is a Registered Training Organisation (RTO) providing accredited fitness training courses online. The business provides Reeltime with a platform and framework for delivery of its other training courses online.
- **Alkemi (Digital Marketing Division)** - Alkemi is a digital agency specialising in conversion rate optimisation. The business provides Reeltime with expertise in a niche field of online marketing and access to a portfolio of some of Australia's leading brands.
- **Scorch Marketing & Communications** – a marketing and communications agency based in Melbourne (since renamed 'Walk the Talk Marketing').

Reeltime is currently in discussions with other profitable future acquisition targets which it intends on advising the market of upon execution of a binding Terms Sheet.

The proposed acquisitions outlined above collectively add approximately \$6.6m revenue and \$2.5m EBITDA based on draft 2014 financial year results.

The share capital to be issued in consideration of these transactions is to be determined by a formula included in the formal documentation, and is expected to account for no more than 7% of the Company's current shares on issue.

The proposed transactions will not result in any changes to the board or senior management of the Company.

The transactions will be implemented immediately following the completion of a capital raising the Company is currently undertaking, subject to due diligence and normal regulatory and board approvals. It is anticipated that the transactions be completed prior to 30 June 2015.

Reeltime is currently in discussions with a substantial number of other parties that fit the Group's mandate and will continue to pursue those that will deliver the best shareholder returns.

Global Acquisition Strategy

As part of the Company's global strategy, Reeltime has recently initiated relationships with parties in Asia, including Singapore, India, Kuala Lumpur and Hong Kong that are capable of introducing acquisition opportunities that fit Reeltime's criteria. The Company will continue to source new acquisition opportunities in Australia and New Zealand, though considers an international presence a vital component of becoming a leader in the Digital Media space. Reeltime has received a high level of interest from investors throughout Asia and will continue to pursue these opportunities as part of its capital raising strategy.

Organic Growth Strategy

Reeltime's acquisition strategy is structured to secure businesses that can assist other Reeltime brands with customer acquisition and retention expertise. The acquisition of Alkemi International and Scorch Marketing & Communications provides the Group with substantial expertise across a range of lead generation and conversion services using both online and offline channels; in addition, there are synergies that are able to be leveraged through expertise within the Group attained through the recent acquisition of other businesses including management consultancy Eleuthera Group and digital agency Hot Click Media.

Consolidation of Smaller Brands

Since his re-appointment in August 2014, Reeltime's CEO has led the consolidation of a number of brands associated with businesses previously acquired by the Company including PositionMEonline, Level 91, Ocean Feather Digital and Zealed. The assets of these businesses have been transferred to Reeltime's flagship digital agency, Design Experts, and the corresponding non-operating entities are in the process of being wound up. This course of action is in line with Reeltime's strategic focus on larger transactions that deliver greater shareholder value.

Strengthened Leadership Team

The Company is pleased to report that it has successfully filled two key leadership roles as follows:

1. Mr Keith Attwood, a UK-based former CEO of a FTSE 500 listed company, was recruited as a Non-Executive Director of Reeltime in December 2014. Mr Attwood's appointment provides Reeltime with substantial experience in operating a listed

company in the technology space and an international reach for further acquisitions into the UK and Europe.

2. Mr Daniel Rohr was appointed as a consultant Chief Financial Officer on a part-time basis in January 2015 and brings substantial financial and management capabilities to Reeltime. Mr Rohr was the former CFO of ecorp, the online division of Publishing and Broadcasting Limited, and a former director of eBay Australia & New Zealand. Mr Rohr's appointment delivers substantial depth to the compliance and growth requirements of Reeltime.

Ongoing Compliance Requirements

Reeltime has proceeded to take a number of the key steps required to position the Company for reinstatement to quotation of its securities on ASX. The Company has appointed DFK Richard Hill as its Auditor, has appointed a new well-qualified Company Secretary, and is in the process of preparing its consolidated financial statements for release to the market.

CAPITAL RAISING

Reeltime has commenced a capital raising to facilitate the completion of the acquisition of a number of businesses (either contracted or anticipated to be contracted in the next 90 days). The Company is seeking to raise up to \$10 million and is currently in discussions with various private investors, venture capital firms, institutional investors and brokers throughout Australia, Asia, UK, and USA, who have expressed interest in investing in the Group.

Financial

Upon completion of the \$10 million capital raising, Reeltime Media will be in a position to complete the previously announced acquisitions and acquisitions it is currently targeting. The combined financial results of these current and targeted acquisitions are revenues in excess of \$50million and EBITDA of in excess of \$8million. These transactions are subject to the Company undertaking due diligence investigations to its satisfaction.

In the event that Reeltime raises an amount of less than \$10 million the Company will complete those of the outstanding acquisitions that deliver the best value for Reeltime's shareholders and seek alternative arrangements for the remainder. The financial performance of the Group will, as a result, reflect the scale and nature represented by the acquisitions completed and the businesses accordingly consolidated into the Group.

Capital Raising Roadshow

Reeltime has been taking part in various investor presentations in Melbourne, Sydney and Singapore since Friday 13 February 2015 as part of its association with Wholesale Investor.

Expressions of Interest

The capital raising is open to sophisticated investors as defined by s708 Corporations Act and the Company is currently taking expressions of interest at:
invest@reeltime.com.au

Reinstatement to Quotation on ASX

It is the Directors' current intention to apply to ASX for reinstatement of quotation of the Company's securities. In this regard, the Company intends to apply to ASX for a determination as to the requirements, in particular whether there is a requirement to seek shareholder approval, in order for RMA to carry out the proposed transactions outlined in this announcement and seek reinstatement of quotation of the Company's securities on the ASX.

The Company will keep shareholders informed with updates on this as and when appropriate.

ENQUIRIES

Queries can be directed to the Company at the above contact details.

-ENDS

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