

Xped Limited



Xped secures up to \$10,000,000 Premium to Market Convertible Note Offering

Highlights

- **Xped secures up to \$10,000,000 convertible note from leading institutional investor**
- **Conversion of facility to occur at a 20% above market price when converted**
- **Existing shareholders rewarded with ability to participate in \$7.5mn SPP (3.3c per share with 1:1 5c attaching DEC 18 option)**
- **SPP Option to be listed**
- **Various resolutions withdrawn from AGM**

Xped Limited ([ASX: XPE](#)) (“Xped” or “the Company”) is pleased to announce a \$10m premium to market convertible 3 year, 8.35% percent note along with a Share Purchase Plan (SPP) of up to \$7.5m priced at 3.3c per shares with a 1:1 attaching option exercisable at 5c and expiring in December 2018. The company expects to have this option listed post regulatory and shareholder approval.

Upon closing the Company will have up to \$25m on hand to deliver and execute on its planned aggressive growth and expansion.

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New Funding Facilities

The Company has entered into a term sheet with a leading financial institution to provide up to \$10m convertible note financing to Xped to achieve current milestone targets underway.

Under the terms, Xped will issue convertible notes with a first tranche face value of \$3,333,333 (to be split into two separate closings). The Company will have access to two subsequent convertible notes with a face value of \$1,000,000 each with the right to increase up to \$3,333,333 each as agreed between the parties.

Conversion of the convertible note (plus interest) is at a 20% premium to the lowest 2 days of the prior 5 day VWAPs prior to conversion. The institution can elect to convert up to half of the first tranche at 5c per share and up to half of any other tranches at a 40% premium to the lowest 2 days of the prior 5 day VWAPs prior to the relevant closing.

Interest accrues on the Amount Outstanding under the convertible notes at 8.35% per annum with an interest 'make whole' mechanism if the institution converts prior to the maturity date.

The investor will be also issued 35m listed December 2018 options for Tranche 1 (Options to be on the same terms as the SPP options).

The convertible notes will be unsecured, except by the issue of 20,000,000 collateral shares (which the Company will only be obliged to issue if the Company's share price falls below 1.6c per share)

All of the securities in conjunction with the convertible notes will be offered pursuant to a prospectus to be lodged by the Company within 30 days. The issue of all of the securities in conjunction with the convertible notes (other than in respect of convertible notes with a face value of \$2,000,000) is subject to shareholder approval which will be sought at an upcoming Extraordinary General Meeting.

In conjunction with the issue of the Convertible Securities, the Company has agreed to issue to advisors 75m listed December 2018 options on completion of Tranche 1 (Options to be on the same terms as the SPP options).

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Funds raised by the convertible notes will be used for:

- Acceleration of roll out with new channel partners, and recent acquisitions, additional capital is required for acquisition integration and development costs;
- Further expansion capital required to expand service offering and secure additional channel partners; and
- Costs of the offer

Full details of the facility are provided in the accompanying Appendix.

Share Purchase Plan

The Company plans to offer new shares to its existing shareholders and will be releasing formal documentation in respect of the Company's proposed Share Purchase Plan ("SPP") in early December to raise up to \$7.5m.

Under the SPP each eligible shareholder will be entitled to apply for up to \$15,000 of new ordinary shares at an issue price of 3.3c per Share.

The Company will be offering a new option series to subscribers of shares under the SPP. Under the SPP there will be one option for every one share subscribed and the new option series will have an exercise price of 5c with expiry in December 2018. The company expects to have these options listed, subject to shareholder and regulatory approval.

The SPP Offer details will be released to market in due course and will be offered pursuant to a prospectus. The SPP will be subject to approval from shareholders at an upcoming Extraordinary General Meeting.

Funds raised by the SPP will be used for:

- Acceleration of roll out with new channel partners, and recent acquisitions, additional capital is required for acquisition integration and development costs;
- Further expansion capital required to expand service offering and secure additional channel partners; and
- Costs of the offer

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Placement withdrawn

On the 7th of November the Company entered a Trading Halt pending details of a proposed capital raising to sophisticated and wholesale investors. This was subsequently followed with voluntary suspension announcement to finalise terms.

Following the agreement with a leading financial institution provide up to \$10m funding pursuant to convertible notes as described above, the Company has decided to withdraw the capital raising to sophisticated investors. It will instead offer new ordinary shares to its existing shareholders under a planned SPP to raise up to \$7.5m.

AGM resolutions withdrawn

On the 31st of October, the Company released its Notice of Annual General Meeting to be held on 30th November 2016.

Following the completion of the funding facility and planned SPP, the board has decided to withdraw the following resolutions:

- Resolution 10: Approval for Issue of securities under Listing Rule 7.1A
- Resolution 11: Approval to issue Future Placement Shares

Xped thanks its shareholders for voting to date and whilst all indications show both resolution 10 and 11 were in favour of passing, the need to table these resolutions has been negated.

Athan Lekkas
Chairman & CEO

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ABOUT XPED

Xped has developed revolutionary and patent protected technology that allows any consumer, regardless of their technical capability, to connect, monitor and control devices and appliances found in our everyday environment. It's as simple as two people shaking hands. By enabling the Internet of Things, Xped's ADRC platform will bring benefit to Manufacturers, Retailers, Service Providers and Consumers.

At Xped, we're **Making Technology Easy Again**

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Annexure A - Summary of terms of Convertible Notes

Issuer	The Company
Face Value	<p>Up to \$10million in the following tranches:</p> <ol style="list-style-type: none"> 1. First A Closing, AU\$2,000,000; 2. First B Closing, AU\$1,333,333; 3. Second Closing AU\$1,000,000 or by mutual consent up to AU\$3,333,333; 4. Third Closing AU\$1,000,000 or by mutual consent up to AU\$3,333,333, <p>provided that any such amount must not exceed the dollar value equal to 4% of the market capitalisation of the Company (based on the prior day's VWAP to the closing).</p>
Purchase Price	90% of the face value (up to \$9million)
Conditions	<p>Usual draw down conditions apply to each tranche with the following additional conditions precedent:</p> <ol style="list-style-type: none"> 1. First A Closing, lodgement of a s713 prospectus offering the convertible securities and options noted below (Prospectus) and the investor having applied for such securities under the Prospectus. 2. First B Closing, lodgement of a Prospectus and the investor having applied for the convertible securities under the prospectus and shareholder approval to the issue of the convertible securities and other related securities being obtained; 3. Second Closing, in addition to the conditions to the First B Closing, the Company having elected to draw down under the Second Closing; 4. Third Closing, in addition to the conditions to the First B Closing, the Company having elected to draw down under the Third Closing.
Issue date	<ol style="list-style-type: none"> 1. First A Closing, within 3 business days of satisfaction of all conditions. 2. First B Closing, within 3 business days of satisfaction of all conditions but no fewer than 15 Business Days after the First A Closing; 3. Second Closing, thirty (30) Business Days after the immediately previous Closing or such earlier or later date as may be agreed; 4. Third Closing, the earlier of thirty (30) Business Days after the immediately previous Closing or 85 calendar days following the date of the meeting of shareholders.
Termination	<p>In the event that:</p> <ol style="list-style-type: none"> 1. the Prospectus is not lodged within 30 days; or 2. the shareholder approval is not obtained within 90 days, <p>the agreement may be terminated by either party.</p> <p>In the event that the daily VWAP per share is below \$0.016 at any time, the investor may terminate the agreement, however, this does not by itself accelerate payment of any outstanding tranches.</p>

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Interest Rate and Payment	8.35% per annum payable quarterly.
Maturity Date	36 months after the date of issue.
Conversion Right	<p>The Convertible Notes may be converted into Shares in accordance with the conversion formula at any time from date of issue of the note until the Maturity Date.</p> <p>The Conversion Shares must be issued within one Business Days of receipt of a Conversion Notice subject to compliance with all applicable laws and the Listing Rules.</p> <p>Each Conversion Share will rank equally with the then existing Shares of the Company.</p>
Conversion Price	<p>At the election of the Investor, in its sole discretion either:</p> <ol style="list-style-type: none"> 120% of the average of the two (2) lowest daily VWAPs per Share during the five (5) consecutive Trading Days immediately prior to the relevant Conversion Notice Date, rounded down to the nearest 1/10th of a cent (Conversion Price A); or for a maximum of up to 50% of the Face Value of Convertible Securities issued on the First A Closing and the First B Closing, \$0.05; or for a maximum of up to 50% of the Face Value of Convertible Securities issued on each Subsequent Closing, 140% of the average of the two (2) lowest daily VWAPs per Share for the five (5) consecutive Trading Days immediately prior to the Relevant Closing Date, rounded down to the nearest 1/10th of a cent, <p>subject to usual adjustments and that prior to the shareholder approval being obtained, the conversion price for the First A Closing will be no less than \$0.008. If shareholder approval hasn't been obtained prior to conversion of the First A Closing and the applicable Conversion Price would have been less than \$0.008 but for this restriction, the Company will pay the investor the difference in cash.</p>
Conversion Formula	<p>$N = CA/IP$</p> <p>Where:</p> <p>N is the number of Conversion Shares to be issued.</p> <p>CA is the Conversion Amount subject to adjustment as noted below.</p> <p>IP is the Issue Price.</p> <p>In the event that the investor elects to undertake a conversion and the Conversion Price A has been elected, the Conversion Amount shall be adjusted to include the aggregate amount of the interest that would have been payable on the Conversion Amount of the Convertible Security through to the maturity date, if the Conversion Amount had not been converted, and the Company had made all payments of interest as they fell due. By way of example, if there are 24 months remaining to maturity, the Conversion Amount will increase by 16.7% of outstanding Face Value of the relevant Convertible Securities.</p>

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Redemption of Note	<p>The Company must redeem the Convertible Note and pay all moneys owing under the Convertible Note on the Maturity Date, unless it elects to convert the outstanding notes which it may only do if the VWAP on the day prior to the Maturity Date is at least \$0.05.</p> <p>The Company may also redeem each note within 90 days of issue by payment of 110% of the Face Value then outstanding.</p>
Collateral Shares	<p>In the event that the VWAP per share is less than \$0.016 at any time, the Company must issue 20million collateral shares to the investor. The collateral shares may be offset against future conversions at the election of the investor or purchased at the average of the lowest two (2) lowest daily VWAPs per Share during the five (5) consecutive Trading Days immediately prior to the relevant date or the Company will buy back any remaining at the end of the term for nil consideration.</p>
Events of Default and covenants	<p>Usual events of default and covenants apply</p>
Rights of holder	<p>The Convertible Notes will not carry a right to vote at meetings of the Company prior to any conversion of the Convertible Notes into Shares, nor will it carry any entitlement to participate in future issues of securities by the Company.</p>
Options	<p>35 million options (exercisable at \$0.05 and expiring on 31 December 2018 and otherwise on the same terms as the SPP options) are to be issued on the First B Closing, subject to the issue of the Prospectus and shareholder approval being obtained.</p>