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The Manager
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BEAM TO INVEST IN DEVELOPMENT OF NEW INMARSAT TERMINAL

World Reach Limited (the **Company**) is delighted to announce that its wholly owned subsidiary, Beam Communications Pty Ltd (**Beam**), has been granted approval from a key existing client, Inmarsat plc, to develop and manufacture a new, innovative satellite data terminal.

Beam will be undertaking the new product development concurrently with its other major product development project, previously disclosed to the market, which has been in progress since early calendar 2015 and is expected to be completed on schedule. Both projects are expected to be completed in calendar year 2017 and each project is expected to deliver significant, multi-year revenues to the Group as a whole.

New Product Development

Beam has approval from Inmarsat to develop and manufacture a new, innovative satellite data terminal. As one of Inmarsat's early adopter launch partners, Beam's new terminal will be developed utilising Inmarsat's soon to be released BGAN Radio Module. This new radio module will also facilitate and form the basis of lower cost terminals to target the increasing need for mobile and fixed satellite communications.

The first Beam product in development will specifically target M2M and IoT applications. The features of this terminal will enable worldwide satellite access to data and telemetry services, even from the most remote locations. The terminal is anticipated to capture significant market share in this space when launched in late 2017.

The Company will invest over \$2M on this new product initiative giving Beam a completely new platform for the development of various Inmarsat data solutions following the successful launch of the first terminal.

With Beam's extensive experience in the development of various satellite voice, data and tracking terminals this new development will be complimentary to its existing product suite, providing further depth to Beam's portfolio of products compatible with, and suitable for, a wide range of applications.

Funding Terms

The board of World Reach Limited has approved Beam's investment in this product's development, ahead of its anticipated launch and global release in 2017. This investment will provide Beam with a completely new platform for the subsequent development of various Inmarsat data solutions and products.

As part of this investment, the Company has entered into a loan agreement for the provision of a secured loan finance facility of up to \$US2,000,000, (**Finance Facility**) to be provided by SGV1 Holdings Limited (**SGV1**), the major shareholder of the Company. Company director Mr Carl Hung also serves as managing director of SGV1.

The interests of SGV1 will be secured by a general security interest granted over the Company's assets and undertakings (**Security**). The Security will rank behind the interests of the Company's transactional financier, National Australia Bank Limited (**NAB**). None of the loan facilities available to the Company from NAB are presently drawn.

The Company and SGV1 have each executed the requisite loan agreement and general security agreement relating to the Finance Facility, with drawdowns under the Finance Facility to commence as and when required, subject to NAB approving the arrangement and the execution of a deed of priority between SGV1 and NAB.

ASX Waiver

As SGV1 is a substantial holder of the Company's shares, the Company has sought and obtained from the ASX a waiver of Listing Rule 10.1 in respect of the provision of the Security. The ASX granted the Company a waiver of Listing Rule 10.1 on 18 October 2016 (**ASX Waiver**). The terms of the waiver granted by ASX are as outlined in Annexure A, attached.

Repayment of Facility

The Finance Facility will be available to be drawn from 1 January 2017 and the term of the facility is 36 months. At the expiration of that term, and the Company notes that there are no penalties payable to SGV1 for early or partial repayment, any outstanding balance under the facility not already repaid will be repaid. The Company believes revenues generated by the project for which the Finance Facility will be used, along with the Company's continuing organic revenues from existing operations, will be sufficient to enable repayment of the loan from its own resources.

Following repayment of all outstanding funds due under the Finance Facility, the Company will seek to discharge the Security. In accordance with the ASX Waiver and the Listing Rules, the Company would seek and obtain shareholder approval if that Security was to remain after full repayment of the Finance Facility has been effected.

Conclusion

The Company welcomes this new product development and the investment that will be made in support of that opportunity. The provision of the Finance Facility described above signifies World Reach's strong and ongoing relationship with a key stakeholder and the board and management of World Reach look forward to the completion of the new project and the important revenue streams which will follow.

Yours faithfully



Michael Capocchi
Managing Director

Annexure A

Terms of the Waiver granted by ASX in relation to Listing Rule 10.1

Based solely on the information provided, ASX Limited ("ASX") grants World Reach Limited (the "Company") a waiver from Listing Rule 10.1 to the extent necessary to permit the Company to grant security by way of a fixed and floating charge over all its assets and undertakings ("Security") in favour of SGV1 Holdings Limited ("SGV1") in respect of a US\$2 million finance facility to be provided by SGV1 to the Company (the "Finance Facility"), without obtaining shareholder approval, on the following conditions.

- 1.1. The Security includes a term that if an event of default occurs and SGV1 exercises its rights under the Security, neither SGV1 nor any of their associates can acquire any legal or beneficial interest in an asset of the Company or its subsidiaries in full or part satisfaction of the Company's obligations under the Security, or otherwise deal with the assets of the Company or its subsidiaries, without the Company first having complied with any applicable Listing Rules, including Listing Rule 10.1, other than as required by law or through a receiver, or receiver or manager (or analogous person) appointed by SGV1 exercising their power of sale under the Security and selling the assets to an unrelated third party on arm's length commercial terms and conditions and distributing the cash proceeds to SGV1 or any of its associates in accordance with their legal entitlements.
- 1.2. A summary of the material terms of the Security is made in each annual report of the Company during the term of the Security.
- 1.3. Any variations to the terms of the Security which is:
 - 1.3.1. not a minor change; or
 - 1.3.2. inconsistent with the terms of the waiver,must be subject to shareholder approval.
- 1.4. The Company and SGV1 must seek to discharge the Security when the funds advanced by SGV1 to the Company are repaid, or if it is not discharged, seek shareholder approval for the continuation of the Security for any further period.
- 1.5. The Company immediately releases to the market an announcement which sets out the terms of the waiver, and the Company's plans with respect to the (i) repayment of the funds advanced under the Finance Facility, and (ii) discharge of the Security, including the timeframe within which it expects the repayment and discharge to occur.