

16 November 2015

Share Purchase Agreement Executed with Swift Networks Group



Highlights

- Share Purchase Agreement signed with Swift Networks and Wizzie TV.
- FY 2015 Revenues over A\$12 million.
- Initial purchase priced at approximately 0.4 x revenue.
- Over 24,000 room installations and 95% of revenue is recurring.
- Performance milestones at 44,000 and 53,000 room installations or \$24 million and \$29 million in revenue.
- Existing revenue growth of 56% from January to September 2015.
- More than A\$5 million invested in the business by the founders.
- Blue-chip customer base, including BHP Billiton, Roy Hill, Bechtel and Alcatel-Lucent.

Stanfield Funds Management Ltd (**SFN** or the **Company**) (ASX:SFN) is pleased to announce that the Company has executed the Share Purchase Agreement for the acquisition of 100% of the issued share capital of Swift Networks Pty Ltd and Wizzie Pty Ltd (**Swift Networks Group**).

Swift Networks Group

Swift Networks is a Digital Entertainment System business providing fully integrated solutions for the Resource, Hotel, Lifestyle Village and Aged Care sectors. Such solutions include Free to Air TV, Pay TV, Telephony, Internet and Data and Wireless Networks.

Wizzie TV is a provider of streaming content from some of the largest Hollywood studios and currently provides this content to Swift Networks' clients.

Based in Perth, Western Australia, Swift Networks began operations in 2008 after being contracted to develop and implement a fully integrated Digital Entertainment System for the mining and resources industry of Western Australia.

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ASX: SFN

Swift Networks now has a blue-chip customer base consisting of global and local players such as BHP Billiton, Bechtel, Chevron, Alcatel-Lucent and Roy Hill.

Underpinned by these agreements, the business is successfully leveraging its services into new verticals and geographies.

Being the largest provider in Australia in this sector, this feature-rich technology solution has now been welcomed within the Hotel, Lifestyle Village and other sectors to enhance guests' stay and experience.

Wizzie TV is a complimentary service to Swift Networks providing Pay TV live streamed channels. Wizzie TV sources television content via satellite from across the world and has a geographical distribution capability to most parts of the Asia Pacific region that allows opportunity for continued subscriber and geographical expansion.

The Swift Networks business to business solution has four key service areas:

- Entertainment (Television, Pay TV / Wizzie TV, Movies on Demand, Radio, Games and Social Media Applications)
- Communications (Internet, Wi-Fi, Telephone, Skype, Data)
- Information (Alerts, Bulletins, Notifications, Custom Content and Videos)
- Administration (24 / 7 enterprise level Helpdesk, remote Diagnostic tools, Infographics and Analytics, Maintenance and Service Agreements)

With continued, strong, growth in its traditional markets, significant recurring revenues and a cash flow positive business, the Swift Network Group is perfectly positioned to further expand its operations in the Hotel and Lifestyle Village verticals, in Australia and overseas.

Key terms of the Share Sale and Purchase Agreement

The key terms of the share sale and purchase agreement (**Proposed Transaction**) executed on the 15th of November 2015 are detailed below and include additional provisions which are considered standard or which are otherwise agreed.

Purchase price

At completion, the shareholders of the Swift Networks Group (**Sellers**) will sell all of their shares in the Swift Networks Group (being 100% of the total shares on issue) to the Company for the purchase price. The purchase price payable by the Company to the Sellers is:

- \$4,500,000 in SFN shares calculated at the Offer Price;
- \$2,500,000 in SFN class A performance shares (**Class A Performance Shares**) calculated at the Offer Price;
- \$2,500,000 in SFN class B performance shares (**Class B Performance Shares**) calculated at the Offer Price; and
- \$500,000 in cash.

Each **Class A Performance Share** will convert into an SFN share upon the Swift Networks Group reaching the earlier of (i) 44,000 unique rooms with a revenue generating service from Swift; and (ii) \$24,000,000 in consolidated revenue in any 12 month period commencing after completion. **(Milestone 1).**

Each **Class B Performance Share** will convert into an SFN share upon the Swift Networks Group reaching the earlier of (i) 53,000 unique rooms with a revenue generating service from Swift; and (ii) \$29,000,000 in consolidated revenue in any 12 month period commencing after completion. **(Milestone 2).**

Conditions

Completion will be subject to the following conditions being satisfied or waived:

- the Company being satisfied (in its absolute discretion) with its due diligence investigations into the Swift Networks Group;
- the Company obtaining all necessary shareholder approvals;
- each party obtaining all necessary regulatory approvals;
- the Company raising at least \$2,700,000 under the Capital Raising at the Offer Price;
- the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules;
- the Company obtaining ASX approval of the structure of the purchase price;
- the parties obtaining all necessary third party consents to the Proposed Transaction (including for a change of control under contracts);
- Ryan Sofoulis, Robert Sofoulis and any other persons agreed by the parties entering into services contracts with the Buyer with effect from completion which, in the case of Robert Sofoulis, will consist of a 2 year consulting services agreement through his consulting company at a rate of A\$150,000 per annum;
- there being no material adverse change in the circumstances of the Swift Networks Group prior to completion;
- there being no material adverse change in the circumstances of the Buyer prior to completion; and
- none of the Sellers' warranties becoming untrue, incorrect or misleading prior to completion.

Capital Raising

The Company will issue a prospectus to be lodged with ASIC (**Prospectus**) which will contain an offer of shares to the public at an offer price to be determined by the parties but in any event not less than \$0.20 (**Offer Price**) to raise a minimum of \$2,700,000 (**Minimum Subscription**) and a maximum of \$4,000,000 (**Full Subscription**) (**Capital Raising**).

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Adviser securities

For services provided in connection with the Proposed Transaction, the Company will issue:

- Options calculated at \$1,200,000 divided by the Offer Price with an exercise price of \$0.001 and an expiry date of 5 years from issue and such options that would cost an aggregate of \$400,000 to fully exercise at the Offer Price with an expiry date of 3 years from issue to Boardroom Capital Pty Ltd or its nominee(s) (**Boardroom**); and
- Such Adviser Options to brokers and advisers (to be determined by Boardroom) with an expiry date of 3 years from issue that would cost an aggregate of \$640,000 to fully exercise at the Offer Price.

No Cash / No Debt

The Company will acquire the Swift Networks Group on a 'no cash / no debt' basis.

Board changes

The Sellers will have the right to nominate persons to the SFN board in accordance with, and such that the board comprises the persons set out in, the following table:

	SFN representatives	Sellers' representatives
Existing	5	0
Completion	3	2
Satisfaction of Milestone 1	3	3
Satisfaction of Milestone 2 (option A)	3	4
Satisfaction of Milestone 2 (option B)	2	3

Capital structure

Assuming a **minimum** Offer Price of \$0.20, the indicative capital structure of the Company upon completion of the Proposed Transaction is set out below.

Shares	Minimum Subscription	Full Subscription
Existing	16,158,387	16,158,387
Seller consideration	22,500,000	22,500,000
Capital Raising	13,500,000	20,000,000
Total	52,158,387	58,658,387

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Performance Shares	Minimum Subscription	Full Subscription
Class A Performance Shares	12,500,000	12,500,000
Class B Performance Shares	12,500,000	12,500,000
Total	25,000,000	25,000,000

Options	Minimum Subscription	Full Subscription
Existing	9,597,095	9,597,095
Adviser Options	11,200,000	11,200,000
Total	20,797,095	20,797,095

Timetable

The proposed timetable for the Proposed Transaction is set out below.

Event	Date
Formal Agreement executed	15 November 2015
Notice of meeting sent to shareholders	15 January 2016
Prospectus lodged with ASIC	22 January 2016
Capital Raising offer opens	29 January 2016
Buyer's shares suspended from trading pre-market opening	15 February 2016
General meeting to approve the Proposed Transaction	15 February 2016
Capital Raising offer closes	19 February 2016
Issue of securities under the Capital Raising Issue of securities to the Sellers Completion of the Formal Agreement	26 February 2016
Expected date for the Buyer's shares to be reinstated to trading on ASX	4 March 2016

Note: The above timetable is indicative only and is subject to change without notice.

For and on behalf of the Board,

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