



3 May 2016

ASX Limited

Dear Sirs,

**SomnoMed Limited ACN 003 255 221 (ASX: SOM) – ACCELERATED NON-RENOUNCEABLE ENTITLEMENT OFFER**

SomnoMed (SOM) is pleased to announce a fully underwritten 2 for 25 accelerated pro-rata non-renounceable entitlement offer to raise gross proceeds of \$10,502,337. Under the Entitlement Offer, eligible shareholders will be able to subscribe for 2 New Shares for every 25 existing shares held at 7.00pm (EST) on 5 May 2016 (Record Date) at the Offer Price (Entitlements), fractions rounded up.

Funds raised from the Entitlement Offer will be used to provide working capital for the Company and any capital investment associated with the Company's Direct To Patient business.

SOM announces an offer price of \$2.50 per new share (Offer Price), which is at a 10.7% discount to the closing price on 2 May 2016 (the last trading day before this announcement) on a 2 for 25 pro rata non-renounceable entitlement offer of fully paid ordinary shares in SOM to raise \$10,502,337 (Entitlement Offer).

The Entitlement Offer Price represents a 10.0% discount to the theoretical ex-rights price (TERP). Theoretical ex-rights price of \$2.78 was calculated using SOM's closing price on 2 May 2016 of \$2.80 per share assuming proceeds from the Entitlement Offer of \$10,502,337. TERP is the theoretical price at which shares should trade immediately after the ex-date for the Entitlement Offer. The TERP assumes a 100% take-up of the Entitlement Offer. The actual price at which shares trade immediately after the ex-date for the Entitlement Offer will be dependent on many factors and therefore may not be equal to the TERP.

The Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements will not receive any value for those Entitlements that they do not take up. Shareholders who are not eligible to receive Entitlements will not receive any value for the Entitlements they would have received had they been eligible.

It is expected that approximately 4,200,935 New Shares will be issued as part of the Entitlement Offer. New Shares issued under the Entitlement Offer will rank equally with existing shares.

The Entitlement Offer includes an institutional component (Institutional Entitlement Offer) and a retail component (Retail Entitlement Offer). Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from today, Tuesday, 3 May 2016 to Wednesday, 4 May 2016. Eligible institutional shareholders may opt to take up all, part or none of their Entitlement.

Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer, on Tuesday 10 May 2016 and the offer will close at 5.00pm (EST) on Friday, 27 May 2016. Retail shareholders will be notified by the Company as to their eligibility to participate in the Retail Entitlement Offer. Eligible shareholders will be sent an information booklet including a personalised entitlement and acceptance form on Tuesday 10 May 2016. The information booklet will provide the details of how to participate in the Retail Entitlement Offer. A copy of the Information Booklet will also be lodged with the ASX on 10 May 2016.

The proposed Timetable is included below, however the Retail Entitlement Offer may be extended.

<b>Procedure Step</b>	<b>Date</b>
Trading halt	3 May 2016
Announcement of Entitlement offer	3 May 2016
Appendix 3B	3 May 2016
Cleansing Notice	3 May 2016
Ineligible Shareholder Letter	3 May 2016
Institutional Offer Opens	3 May 2016
Institutional Offer Closes	4 May 2016
Announce Results of Institutional Offer	5 May 2016
Release Retail Offer Documents to ASX	5 May 2016
Trading Halt Lifted – Trading is on ex-entitlement basis	5 May 2016
Record date for holders (7pm Sydney time)	5 May 2016
Information Booklet and Acceptance Form Sent to Retail Investors	10 May 2016
Announce offer documents sent to shareholders	10 May 2016
Retail Entitlement Offer Opens	10 May 2016
Institutional Offer Settlement	13 May 2016
Updated Appendix 3B	13 May 2016
Issue and Quotation of New Shares	16 May 2016
Retail Offer Closes (5pm Sydney time)	27 May 2016
Announce Results of Retail Offer	1 June 2016
Retail Offer Settlement	3 June 2016
Updated Appendix 3B	6 June 2016
Issue New Shares under Retail Offer	6 June 2016
Quotation of New Shares under Retail Offer	7 June 2016
Dispatch Holding Statements under Retail Offer	7 June 2016

Wilson HTM Corporate Finance Ltd has been appointed Lead Manager to the issue.

To the extent that there is a shortfall in entitlements taken up compared to the target total capital raising of \$10.5 million, TDM Asset management Pty Ltd (“TDM”) has agreed to subscribe for any shortfall not taken up by the bookbuild process.

## **Offer Restrictions**

This document does not constitute an offer of new ordinary shares (“New Shares”) of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia or New Zealand except to the extent permitted below.

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal. The securities referred to in this document have not been and will not be registered under the United States Securities Act of 1933 (the ‘US Securities Act’), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, unless the securities have been registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available. This document may not be distributed or released in the United States.

## **Hong Kong**

**WARNING:** The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## **Singapore**

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), or as otherwise pursuant to , and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company’s shares. In the event that you are not such a shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## **Nominee Restrictions**

Nominees and custodians may not distribute any part of this document, and may not permit any beneficial shareholder to participate in the Offer, in any country outside Australia, New Zealand and Singapore and except, with the consent of the Company, to beneficial shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Offer.

Yours faithfully,



Terry Flitcroft  
*Company Secretary*  
**SomnoMed Limited**