

1 May 2013

Sale of Aircraft and Full Repayment of Corporate Debt Facility

- **Keybridge has received USD29.7 million from the sale of last remaining aircraft investment**
- **Corporate debt facility to be repaid in full**
- **Private equity restructure completed**
- **Net assets \$43.6 million***

Keybridge is pleased to announce that it has today received USD29.7 million from the sale of its three remaining aircraft securing the Company's aircraft investments. The amount realised was at a USD0.4 million discount to Keybridge's book value as at 31 December 2012. There was also a negative carrying value consequence (of USD0.3 million) arising from a related transaction described below.

To incentivise the manager of the abovementioned aircraft to complete the aircraft sale, Keybridge agreed to a restructure of its private equity asset in favour of Republic Financial Corporation (RFC), the manager of both its aircraft and private equity assets. The restructure involved the sale of the private equity asset for USD4.3 million to RFC, fully funded by a Keybridge loan recourse only to the asset sold. The loan accrues at 14.5% pa capitalised monthly with a 31 December 2017 maturity. The private equity transaction was completed contemporaneously with the aircraft sale, and is consistent with the market update announcement on 10 April 2013. No cash was derived from the transaction, and the sale was at a USD0.3 million discount to 31 December 2012 book value. The economic outcome of this restructure is that USD0.3 million of book value and any upside in excess value of the relevant asset above the accruing interest rate has been transferred to RFC.

Following this aircraft repayment, Keybridge will fully repay its corporate debt facility, which currently stands at USD19.0 million. This repayment represents a significant milestone for the Company and follows an orderly realisation of its investment portfolio and gradual repayment of its corporate debt facility that commenced in September 2009. Post repayment, which is expected to occur this week, Keybridge will hold a cash balance of \$13.5 million.

With the full retirement of the corporate debt, the Board will now consider the strategic direction of the Company, with all options being canvassed. These options will range from a continuation of the gradual wind down process over an appropriate period to a reinvigoration of the group by capital raising and recommencement of investment activities. The Board will continue to keep shareholders fully informed as this process develops.

*Net assets of \$43.6 million are based on 31 December 2012 carrying values of assets. Keybridge notes that subsequent to this date, its \$12 million mezzanine loan to PR Finance Group (PRFG) has stopped performing and the valuation of the asset is subject to various transactions including the possible sale of the PRFG's largest asset and a Scheme of Arrangement with Keybridge. The net asset position also includes a provision for the potential payment of \$4.35 million in franking deficit tax as outlined in the Company's announcement of 2 April 2013. This payment, if required, would be met from cash reserves.

Keybridge Capital is a financial services company that has invested in, or lent to, transactions which are predominantly in the asset classes of property, aviation, shipping and infrastructure.

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