

This document contains important information and requires your immediate attention.
You should read this document in its entirety. If you are in any doubt as to how to deal with this document, you should consult your legal, financial or other professional advisers as soon as possible.



TARGET'S STATEMENT

This Target's Statement has been issued in response to the off-market takeover bid made by WAM Active Ltd for all the ordinary shares in Keybridge Capital Limited.

The majority of Directors recommend that you REJECT the WAM Active Offer.

There is a higher and less conditional offer available to shareholders, and shareholders would be generally unable to accept this higher offer if they accept the WAM Active Bid.

Shareholders should read this Target's Statement in full before deciding whether to reject the WAM Active Offer.

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Information about this Target's Statement

Important information

This document is a Target's Statement dated 17 January 2020 and is issued by Keybridge Capital Limited ACN 088 267 190 (**Keybridge**) under Part 6.5 Division 3 of the Corporations Act. This Target's Statement sets out the Keybridge's formal response to the Offer made by WAM Active Ltd ACN 126 420 719 (**WAM Active**) under its Bidder's Statement.

ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with ASIC and given to the ASX on 17 January 2020. Neither ASIC, ASX nor any of their respective officers take any responsibility for the content of this Target's Statement.

No account of personal circumstances

This Target's Statement does not take into account your investment objectives, financial situation or particular needs. It does not contain personal advice. The Directors of Keybridge encourage you to seek independent financial and taxation advice before making a decision whether or not to accept the WAM Active Offer.

Forward looking statements

Some statements in this Target's Statement are in the nature of forward looking statements. You should be aware that these statements are predictions only and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to Keybridge as well as general economic conditions and conditions in the financial markets, exchange rates, interest rates and the regulatory environment, many of which are outside the control of Keybridge and its Directors. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of Keybridge, any of its officers or any person named in this Target's Statement with their consent or anyone involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on those statements.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. Keybridge has no obligation to disseminate any updates or revisions to any statements to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any of those statements are based unless it is required to do so under Division 4 of Part 6.5 of the Corporations Act to update or correct this Target's Statement (i.e. for certain matters that are material from the point of view of a Shareholder) or under its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules.

Disclaimer as to information

The information on the WAM Active Offer contained in this Target's Statement has been prepared by Keybridge using publicly available information (including information contained in the Bidder's Statement) and has not been independently verified by Keybridge. Accordingly, subject to the Corporations Act, Keybridge does not make any representation or warranty (express or implied) as to the accuracy or completeness of such information.

Privacy

Keybridge has collected your information from the register of Shareholders for the purpose of providing you with this Target's Statement. The type of information Keybridge has collected about you includes your name, contact details and information on details of your shareholding in Keybridge. Your information may be disclosed on a confidential basis to Keybridge's related bodies corporate and external service providers (such as the share registry of Keybridge and print and mail providers) and may be required to be disclosed to regulators such as ASIC and ASX. If you would like to obtain details of the information held about you by Keybridge, please contact Advanced Share Registry Ltd, whose contact details are set out in the Corporate Directory to this Target's Statement.

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Defined terms

A number of defined terms are used in this Target's Statement. Unless the contrary intention appears, the context requires otherwise, or words are defined in section 7 of this Target's Statement, words and phrases in this Target's Statement have the same meaning and interpretation as in the Corporations Act.

No internet site is part of this Target's Statement

Keybridge maintains an internet site (<http://www.keybridge.com.au/>). Information contained in, or otherwise accessible through, this internet site does not form part of this Target's Statement. All references in this Target's Statement to the Keybridge internet site are inactive textual references and are for your information only.

Shareholder information

Keybridge Shareholders should call Nicholas Bolton (Managing Director and CEO) on 0412606899 should they have any queries about the Takeover Offer or this document.

Managing Director's Letter

17 January 2020

Dear Keybridge Shareholder,

TAKEOVER OFFER BY WAM ACTIVE

On 13 December 2019, WAM Active Ltd announced an off-market takeover offer for all of the ordinary Shares in Keybridge at 6.5 cents cash per Share (**WAM Active Offer**).

MAJORITY OF KEYBRIDGE DIRECTORS' REJECT RECOMMENDATION¹

The current offer by WAM Active marks the fourth attempt for control of Keybridge over the past four years.

At 6.5 cents per share, **the WAM Active Offer is inadequate**. There is a higher offer announced at 6.6c by ADIT².

IF YOU ACCEPT THE WAM ACTIVE OFFER, YOU GENERALLY WILL NOT BE ABLE TO ACCEPT THE HIGHER OFFER FROM ADIT or any subsequent offers which might arise.

There is no downside in waiting. Keybridge is presently the subject of two announced bids, even if the lower WAM Active Bid falls away, shareholders still have the benefit of the higher ADIT Offer.

As part of responding to the ADIT Offer, Keybridge will be obtaining an independent expert report outlining the value of Keybridge. It would be prudent for shareholders wait to see the outcome of this further report before determining to sell their shares.

The majority of the Directors have carefully considered the advantages and disadvantages of the WAM Active Offer and the prospects for Keybridge. Having regard to these matters, the majority of Directors recommends that Keybridge Shareholders **REJECT** the WAM Active Offer.

The majority of Directors' recommendation is based on the following (see further discussion on these points in section 2 of this Target's Statement):

- The 6.5c WAM Active Offer is below the ADIT Offer of 6.6c
- The WAM Active Offer has more onerous conditions than the ADIT Offer and one of those conditions has already been triggered
- The WAM Active Offer largely ignores the potential upside contained in Keybridge's investment portfolio;
- WAM Active has acted contrary to Keybridge's interests in the past (despite its shareholding in Keybridge), including in ways that contravene the law; and
- WAM Active are NOT committed to proceed with the bid, however, by accepting shareholders give away their rights to accept a higher offer, including the current (or any other higher) ADIT offer.

WAM Active should immediately advise whether they will:

1. **Waive the condition to require 50.1% minimum acceptance**
2. **Waive the right to withdraw on account of the higher offer from ADIT**
3. **Increase their bid to above that announced by ADIT given that WAM Active has been overbid**

FURTHER INFORMATION

¹ Mr Patton is the Managing Director of Aurora Funds Management Limited and has decided to recuse himself on matters related to the WAM Active Bid as he perceives himself to be conflicted. The non-conflicted directors are Messrs Bolton, Dukes, Johnson and Kriewaldt.

² ADIT have made a notified of their intention to bid Keybridge. They are bound at law to make the bid, subject to the triggering of a defeating condition.

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I encourage you to read this Target's Statement carefully and if you need any more information, I recommend that you seek professional advice or call Keybridge's CEO, Nicholas Bolton, on 0412 606 899.

I recognise that takeovers can move quickly. As the WAM Active Offer and the ADIT Offer progress and circumstances change Keybridge will update you on any material developments.

Yours sincerely,



Nicholas Bolton
Managing Director
Keybridge Capital Limited

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KEY DATES

Offer Announcement Date	13 December 2019
Date of Bidder's Statement	13 December 2019
Offer Period commences	3 January 2020
Date of Target's Statement	17 January 2020
Offer Period closes	3 February 2020 (unless Offer is extended or withdrawn)

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Reasons to REJECT the WAM Active Offer

The majority of the Directors make their recommendation for the following key reasons:

- 1 The Offer is below the 6.6c cash offer announced from ADIT³
- 2 The Offer has more onerous conditions than the higher ADIT Offer received
- 3 The Offer largely ignores the potential upside contained in Keybridge's investment portfolio
- 4 WAM Active has acted contrary to Keybridge's interests in the past (despite its shareholding in Keybridge), including in a manner that contravened the law
- 5 If you accept the Offer, you risk missing out on any superior offer including the ADIT Offer

For further discussion of these reasons, see section 2 of this Target's Statement

³ ADIT have made a notified of their intention to bid Keybridge. They are bound at law to make the bid, subject to the triggering of a defeating condition.

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1 Directors' Recommendation

1.1 What do your Directors recommend?

After taking into account each of the matters in this Target's Statement and in the Bidder's Statement, the majority of Directors recommends that you REJECT the WAM Active Offer.

The reasons that the majority of Directors (other than Mr Patton) each recommend that you REJECT the WAM Active Offer are outlined in section 2 entitled "Reasons for the Directors' Recommendations".

Mr Patton is the Managing Director of Aurora Funds Management Limited which is making the ADIT Offer. As a consequence, he does not consider that he is in a position to make a recommendation to you as a consequence of a perceived conflict.

Mr Johnson wishes to make no recommendation in regard to the WAM Active Offer. This reflects his current position regarding whether to recommend the offer to the board of Bentley.

1.2 Intentions of your Directors in relation to the WAM Active Offer

Mr Nicholas Bolton intends to REJECT the WAM Active Offer in respect of all Keybridge Shares which he holds or controls.

Mr Richard Dukes intends to REJECT the WAM Active Offer in respect of all Keybridge Shares which he holds or controls.

Mr Jeremy Kriewaldt intends to REJECT the WAM Active Offer in respect of all Keybridge Shares which he holds or controls.

Mr John Patton intends to REJECT the WAM Active Offer in respect of all Keybridge Shares which he holds or controls.

As at the date of this Target Statement, William Johnson holds no shares in KBC. As a member of the board of Bentley he has not yet come to a decision as to whether to recommend to the board of Bentley to accept the WAM Active Offer in respect of its KBC Shares. The Bentley Board has previously determined to sell into a previous WAM bid at 6.9 cents; so, if WAM increases its bid to 6.9 cents, it is likely that William Johnson will support the sale of Bentley's KBC shares into the WAM Active Offer at this price⁴.

Details of the relevant interests of each Director in Keybridge Shares are set out in section 7.

1.3 What do you need to do?

In considering whether to accept or reject the WAM Active Offer, the Directors encourage you to:

- (a) read the whole of this Target's Statement;
- (b) consider the reasons for the Directors' recommendations set out in this Target's Statement;
- (c) consider the choices available to you outlined in section 3 of this Target's Statement;
- (d) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances; and
- (e) consider the future prospects of Keybridge.

⁴ Bentley's acceptance into the WAM Active Offer would be subject to compliance with LR 10.1, including any necessary approval by shareholders within the Bentley group.

1.4 When does the WAM Active Offer close?

WAM Active's Offer is open until 3 February 2020 unless WAM Active extends that time in accordance with the Corporations Act.

Furthermore, if in the last week of the Offer Period, WAM Active:

- varies the WAM Active Offer to improve the Offer Price; or
- increases its voting power in Keybridge to more than 50%,

the Corporations Act automatically extends the Offer Period by two weeks from that date.

If in any doubt, consult your financial, legal, taxation or other professional adviser. Shareholders should also consider the risks associated with the WAM Active Offer which are set out in section 5 of this Target's Statement.

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2 Reasons for the Directors' Recommendation

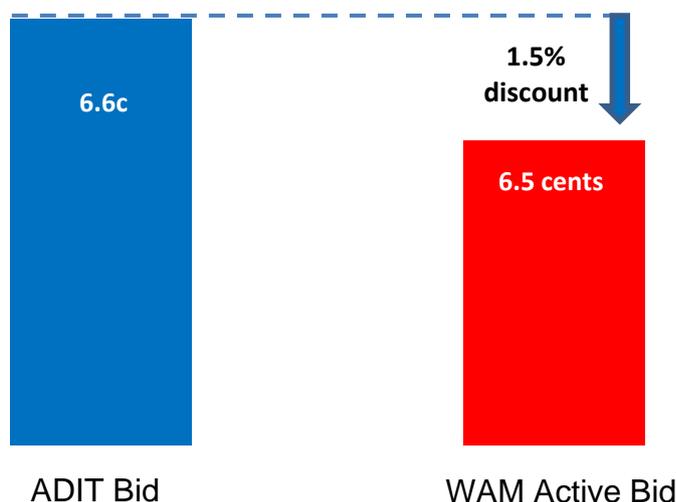
REASON 1 - The 6.5c WAM Active Offer is below the competing all cash 6.6c bid from ADIT

The WAM Active Offer is inadequate

The WAM Active Offer is not the highest current offer available to Keybridge Shareholders. If Keybridge shareholders intend to accept an offer for their shares at the level of the WAM Active Offer (which is not recommended), it would be clearly beneficial for them to prefer the higher cash offer available to them in the competing ADIT Offer.

More importantly, by accepting the WAM Active Offer, shareholders would generally preclude themselves from being able to accept the higher ADIT Offer, any increases in offer by ADIT or any higher offer from another party that may arise.

6.5c Offer Price relative to Competing ADIT 6.6c offer



REASON 2 - The 6.5c WAM Active Offer is more conditional than the higher 6.6c cash offer from ADIT

The WAM Active Offer is too conditional

The WAM Active Offer is conditional upon many items, including receiving a total acceptance of 50.1% in Keybridge and there being no higher offer. WAM may already rely upon a condition to withdraw its bid (namely as a result of the higher offer received by ADIT), and there is serious uncertainty as to whether WAM Active will satisfy its minimum acceptance condition for the reasons set out below:

Major Non-WAM Active related holders in Keybridge:

Shareholder	Interest in Keybridge
ASG	23% ⁵
Bentley	20%
Nicholas Bolton and related entities	5% ⁶

As ASG and Nicholas Bolton have indicated they will not accept a higher offer of 6.6c⁷ for their shares in Keybridge and Bentley appears to be unable to accept into the WAM Active Offer without obtaining first obtaining shareholder approval from one or more of their related companies⁸, it would appear as though almost half of the register is not presently willing or able to accept into the WAM Active Offer.

This implies that WAM Active will need to obtain a very high percentage of acceptances of the shares it doesn't already own excluding those shares listed above. Accordingly, it seems unlikely that WAM Active will be able to satisfy the intended conditions and may not proceed with the bid.

The making of the ADIT Offer also triggers one of the WAM Active Offer's conditions (that set out in section 10.7(i)(ii) of the Bidder's Statement) because it is a superior offer in terms of consideration offered. WAM Active has not made any public statement since the ADIT Offer was announced on 8 January 2020 as to whether it will waive this condition. Accordingly, the WAM Active Offer currently would close with a triggered defeating condition and **all acceptances would be voided**.

The higher 6.6c takeover offer from ADIT does not have the same onerous acceptance condition, and, accordingly, shareholders are more likely to receive the consideration offered.

Keybridge calls on WAM Active to advise whether they will:

- 1. Waive the condition to require 50.1% minimum acceptance**
- 2. Waive the right to withdraw on account of the higher offer from ADIT**
- 3. Increase their bid above the ADIT Offer**

REASON 3 - The WAM Active Offer largely ignores the potential upside contained in Keybridge's investment portfolio

Keybridge's investment portfolio presents opportunities to generate further upside for Keybridge Shareholders

If you accept the WAM Active Offer for only 6.5 cents per Share, you will not be able to participate in any upside in Keybridge's assets.

⁵ For the purposes of this document and the calculation of percentage interests, Keybridge adopts the denominator of shares used in the Bidders Statement being 157,136,486, which excludes the 6,000,000 vested shares on issue to Mr Bolton under the Executive Share Plan. Keybridge notes that these shares are otherwise validly issued shares of the Company, however, maintains the consistent reporting standard for simplicity for shareholders' comparison.

⁶ including 6,000,000 vested ESP shares, not including 1,542,045 shares held through a cash settled swap arrangement or 3,000,000 unvested ESP shares

⁷ ASG and Nicholas Bolton both indicated they would not accept the 6.6c offered under the ADIT Bid, refer ASX Announcement 8 January 2020 "ADIT Intention to Bid 6.6c Cash for Keybridge"

⁸ Refer ASX Announcement 10 January 2020 "Application of LR 10.1 regarding Bentley and WAM Active"

Notable upside potential from Keybridge's portfolio:

Manly Property:

As previously announced⁹, Keybridge notes that it received and did not accept a cash offer approximately \$2m higher than book value. If this asset were to be realised at the most recent cash bid price (rather than the carried valuation), then the WAM Active Bid would be below the Company's pro-forma NTA.

Molopo Energy Limited (Molopo):

Keybridge is a major shareholder of Molopo. Keybridge notes that Molopo's management are pursuing the former directors for the loss of approximately \$55m of Molopo's cash. Keybridge's look through economic interest in this claim represents significant potential value to Keybridge. Keybridge intends to support all avenues to recover of this loss.

At present, Keybridge carries its investment in Molopo at the value of Molopo's current cash balance, and therefore carries the right of recovery to these funds at nil. There is no certainty that there will be any future recovery for Keybridge.

Keybridge's NTA does not take into account any value for its franking credits or substantial tax losses

Keybridge has approximately \$7 million¹⁰ in franking credits and approximately \$47 million in carry forward tax assets¹¹. These "off balance sheet" items are not included in the NTA calculations (see section 4.6.1 for further information). The tax losses, where usable, may provide Keybridge with a shield against the liability for future income tax, while the franking credits may allow Keybridge to pay fully franked distributions from future profits.

WAM Active has clearly identified potential upside in Keybridge

The WAM Active Offer is being made by WAM Active Ltd, a listed investment company which trades on ASX.

In view of:

- WAM Active's keen and sustained interest in Keybridge;
- the significant outlay involved in launching the WAM Active Offer;
- the stated aim of WAM Active to generate returns; and
- the likely expectations of the investors in WAM Active,

it is reasonable to conclude that WAM Active has recognised significant upside in Keybridge over and above its the 6.5 cent Offer Price.

Do not throw away the potential upside in your investment in Keybridge

⁹ May NTA Announcement dated 13 June 2019

¹⁰ Page 53, 2019 KBC Annual Report, not accounting for a small amount of franking paid to CRPN holders since 30 June 2019

¹¹ Page 36, 2019 KBC Annual Report

By retaining your investment in Keybridge Shares, you should continue to benefit from the upside which the Directors consider exists, and which WAM Active recognises in Keybridge. On the other hand, if you sell your Keybridge Shares to WAM Active you will be delivering to WAM Active and its investors the potential upside to which you would otherwise be entitled.

REASON 4 -

WAM Active has acted contrary to Keybridge's interests in the past (despite its shareholding in Keybridge), including in a manner that contravened the law

Keybridge is concerned that if the interests of WAM Active conflict with the interests of Keybridge, that WAM Active will prefer its own interests, above the interests of Keybridge, in the event that it is able to exercise control over Keybridge. This is based on the following conduct by WAM Active and/or WAMI:

1. Yowie Group Limited (Yowie)

WAMI urges a vote against Keybridge's board nominee

On 2 October 2018 WAMI, as a 1.5% shareholder in Yowie, wrote an open letter to Yowie shareholders urging shareholders to remove Keybridge's nominee director, William Johnson, from the Yowie Board. This is despite WAMI's associates having a significantly larger interest in Keybridge. On 14 October 2019, WAMI and its associates voted to keep William Johnson on the Keybridge Board.

These positions are impossible to reconcile unless the specific objective of WAMI's letter was to prefer WAMI's interest over those of Keybridge.

WAMI seeks to frustrate Keybridge's bid for Yowie by illegally acquiring Yowie shares

On 13 March 2019, Keybridge announced a takeover bid for Yowie. Between 13 March and 27 March 2019 WAMI acquired approximately 12.5% in Yowie, in contravention of the law, in what clearly appeared to be an attempt to block Keybridge succeeding in its bid¹². This action was notwithstanding the funds WAMI manages, including WAM Capital Limited and WAM Active having a significant shareholding in Keybridge and no financial interest in Yowie¹³. The Takeovers Panel found¹⁴ this acquisition to be a contravention of s606 and ordered that the shares be divested and sold in the market by the ASIC.

2. HHY FUND (HHY)

WAMI has called four unit holder meetings of HHY in unsuccessful attempts to replace Aurora Funds Management Limited as responsible entity of HHY and interfere with the investment strategies of Keybridge. Whilst investment manager of HHY, Keybridge held many of its strategic stakes split between it and HHY. By changing control of HHY, the commercial strategy of

¹² In Yowie Group 01 & 02 [2019] ATP 10, Yowie stated that "WAMI's shareholding in Yowie may be inconvenient to Keybridge if Keybridge was "genuinely" interested in compulsory acquisition"

¹³ WAMI had a direct financial interest in Yowie of 1.5% prior to the purchases in breach of law.

¹⁴ Takeovers Panel Decision "Yowie Group 01 & 02 [2019] ATP 10"

Keybridge would have been harmed because the relevant stakes would have been operating separately rather than together.

3. Failures to make proper disclosures of substantial shareholdings and potentially other contraventions of the 20% takeover threshold

The Takeovers Panel proceedings concerning Yowie showed that WAMI (including WAM Active) had failed to recognise properly the extent of its relevant interests in Yowie through its combined holdings in Keybridge and HHY. While it subsequently made a corrective disclosure on this particular holding, it did not rectify the disclosure situation in relation to other investee companies of Keybridge and HHY, such as Metgasco Limited or in HHY itself as required by the Corporations Act.

Furthermore, it bought HHY units in circumstances where it was not permitted to do so because acquisitions in HHY units by Keybridge had already exhausted the “creep” capacity¹⁵ of all of Keybridge and WAMI, and it continued to buy HHY units¹⁶ when it knew that HHY unitholders were uninformed of their correct holding pursuant to s671B of the Corporations Act. Subsequently WAMI has made corrective disclosure of the results of these transactions in HHY, but that does not cure the fact that the acquisitions were contrary to the takeovers provisions of the Corporations Act.

REASON 5 - If you accept the Offer, you risk missing out on any superior offer including the ADIT Offer

There is already a less conditional bid for Keybridge Shares, the ADIT Offer and it is possible that further bids will emerge. If you accept the WAM Active Offer, you will have agreed to sell your Keybridge Shares to WAM Active and generally will not be able to sell them to anyone else. Even if you are inclined to sell your Keybridge Shares, you should wait to see which bid is superior.

¹⁵ On 28 September 2018, WAM Group lodged a notice of change of interests of substantial holder, disclosing that WAM Group had a relevant interest and voting power in 29.90% of HHY units. This was untrue, because on 28 September 2018, WAM Group had in fact increased its relevant interest in HHY units from 60.36% to 60.79%. Keybridge considers that the increase of WAM Group's relevant interest in HHY units resulted in a contravention of section 606 of the Act, having regard to the circumstance that the exception in section 611 (item 9) was not available to WAM Group, as less than 6 months had passed since the previous major increase in relevant interest to 60.36%.

¹⁶ Refer to WAM Group HHY substantial notices lodged on 6 March 2019 and 1 November 2019

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Your Choices as a Keybridge Shareholder

You have the following three choices available to you in response to WAM Active's Offer.

<p>1. Take no Action and REJECT the WAM Active Offer</p>	<p>If you do not wish to accept the WAM Active Offer or sell your Shares, you should take no action. This is the approach recommended by the Directors.</p> <p>You should note that:</p> <ul style="list-style-type: none"> • there are risks with remaining a Shareholder in Keybridge. Some of these risks are discussed in section 5; and • if you choose not to accept the WAM Active Offer, WAM Active may be able to compulsorily acquire your Shares if it acquires more than 90% of Keybridge's Shares. WAM Active has stated in the Bidder's Statement that it intends to move to compulsory acquisition.
<p>2. Sell all or some of your Keybridge Shares</p>	<p>During the Offer Period you may sell all or some of your Shares, provided you have not already accepted the WAM Active Offer for those Shares. Because Keybridge has been suspended from trading, any sale would need to be off-market and you would have to find your own buyer.</p> <p>If you sell all or some of your Shares, you may receive the consideration for your Shares sooner than if you accept the WAM Active Offer. However, in relation to the Shares you sell:</p> <ul style="list-style-type: none"> • you will lose the ability to accept the WAM Active Offer and receive the Offer Consideration (and any possible increase in the Offer Consideration); • you will lose the ability to accept any offer from a competing bidder including under the ADIT Offer, or another bid if one eventuates; • you may incur transaction costs; and • you will lose the opportunity to receive any future benefits from being a Keybridge Shareholder. <p>You should contact your professional adviser for information on how to sell Shares off-market and your tax adviser to determine your tax implications from such a sale.</p>
<p>3. ACCEPT the WAM Active Offer for all of some of your Shares</p>	<p>You may choose to accept the WAM Active Offer for all and only all of your Shares. However, if you do so now:</p> <ul style="list-style-type: none"> • It will generally prevent you from accepting other offers, including the higher offer from ADIT or any subsequently higher offers from ADIT or another bidder. • you relinquish control of those Shares to WAM Active with no guarantee of receipt of the Offer Consideration until the WAM Active Offer becomes, or is declared, unconditional; • you will not be able to sell those Shares or deal with them in any other manner, unless any withdrawal rights apply at the applicable time and you withdraw your acceptance of the WAM Active Offer, or the WAM Active Offer lapses; • you grant WAM Active a power of attorney to exercise all voting rights in respect of those Shares from the time you accept the WAM Active Offer, • you give WAM Active the option to keep those Shares if the conditions of its Offer are not satisfied (by waiving the conditions) or allow the WAM Active Offer to lapse; and

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- you will be unable to accept the ADIT Offer or another superior offer for those Shares from any other bidder if such an offer is made, unless any withdrawal rights apply at the applicable time and you withdraw your acceptance of the WAM Active Offer, or unless the WAM Active Offer lapses. Details of the Offer Consideration that you will receive if you accept the WAM Active Offer are set out in section 5.1 as well as in WAM Active's Bidder's Statement. You will only receive the Offer Consideration if the conditions of the WAM Active Offer are all either satisfied or waived. The consequences of accepting the WAM Active Offer are discussed in section 5.7. The very limited circumstances in which acceptances of the WAM Active Offer may be withdrawn are set out in section 5.8.

If you accept the WAM Active Offer for your Shares, you may be liable for capital gains tax or income tax as a result of your acceptance. An overview of the taxation consequences for certain Australian resident Shareholders of selling Shares is provided in section 7 of the Bidder's Statement. See also section 6.11 of this Target's Statement.

See the WAM Active Bidder's Statement and the acceptance form provided to you by WAM Active for instructions on how to accept the WAM Active Offer for your Shares.

3 Frequently Asked Questions

This section answers some frequently asked questions about the WAM Active Offer. It is not intended to address all issues relevant to Shareholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer	Further information
What is the WAM Active Offer?	WAM Active is offering 6.5 cents cash for each Share you hold.	Section 5.1
Who is WAM Active?	WAM Active is an ASX listed investment company incorporated in Australia.	Section 2 of the Bidder's Statement
If I accept into the WAM Active Offer, can I still accept ADIT's higher offer?	Generally, no. It would be prudent wait so that you may retain your right to accept higher offers.	
How many Shares does WAM Active hold in Keybridge?	As at 15 January 2020, WAM Active has stated that it had a relevant interest in 36,710,891 Keybridge Shares representing 23.36% of the issued capital.	Substantial Holder notice lodged on ASX 16 January 2020
What choices do I have as a Shareholder?	As a Shareholder you can: <ul style="list-style-type: none"> reject the WAM Active Offer by doing nothing. The Directors recommend that you reject the WAM Active Offer; sell your Shares including by accepting a competing bid (such as the ADIT Offer) (unless you have previously accepted the WAM Active Offer and have not validly withdrawn your acceptance); or accept the WAM Active Offer for your Shares by following the instructions on the Bidder's acceptance form. 	A summary of the implications for these choices is set out in sections 1, 2, 0 and 5
What are the Directors of Keybridge recommending?	The Directors recommend that you reject the WAM Active Offer, for the following reasons: <ul style="list-style-type: none"> the WAM Active Offer is below the offer price of the ADIT Offer the WAM Active Offer is substantially more conditional than the ADIT Offer the WAM Active Offer largely ignores the potential upside contained in Keybridge's investment portfolio WAM Active and its associates have acted contrary to the interests of Keybridge and its shareholders <p>If there is a change to this recommendation or any material developments in relation to the Offer, Keybridge will issue a supplementary Target's Statement.</p>	Sections 1 and 2

Question	Answer	Further information
<p>What do the Directors of Keybridge intend to do with their Shares?</p>	<p>Directors Nicholas Bolton, Jeremy Kriewaldt, Richard Dukes and John Patton of Keybridge who holds a relevant interest in Keybridge Shares each intends to reject the WAM Active Offer for all Keybridge Shares they own or control.</p> <p>As at the date of this Target Statement, William Johnson holds no shares in Keybridge. As a member of the board of Bentley he has not yet come to a decision as to whether to recommend to the board of Bentley to accept the WAM Active Offer in respect of its Keybridge Shares. The Bentley Board has previously determined to sell into a previous WAM bid at 6.9 cents; so, if WAM increases its bid to 6.9 cents, it is likely that William Johnson will support the sale of Bentley's KBC shares into the WAM Active Offer at this price.</p>	<p>Sections 1 and 7.1.2</p>
<p>How do I reject the WAM Active Offer?</p>	<p>If you do not wish to accept the WAM Active Offer or sell your Shares on market, you should take no action.</p>	<p>Sections 1 and 0</p>
<p>What happens if the Offer Price is increased?</p>	<p>If WAM Active increases its Offer Price, your Directors will carefully consider the revised offer and issue a supplementary Target's Statement, if they change their recommendation.</p> <p>If you have already accepted the WAM Active Offer and WAM Active offers additional consideration then you are entitled to the increased cash value.</p> <p>You will be notified of any changes to the WAM Active Offer.</p>	
<p>What are the consequences of accepting the WAM Active Offer now?</p>	<p>If you accept the WAM Active Offer now for your Shares:</p> <ul style="list-style-type: none"> • you relinquish control of those Shares to WAM Active with no guarantee of receipt of the Offer Consideration until the WAM Active Offer becomes, or is declared, unconditional; • you might grant WAM Active a power of attorney to exercise all voting rights in respect of those Shares from the time you accept the Offer, • you will not be able to sell those Shares on market or deal with them in any other manner, unless any withdrawal rights apply at the applicable time and you 	<p>Sections 0 and 5</p>

Question	Answer	Further information
	<p>withdraw your acceptance of the WAM Active Offer, or the WAM Active Offer lapses;</p> <ul style="list-style-type: none"> • you give WAM Active the option to keep those Shares if the conditions of its Offer are not satisfied (by waiving the conditions) or allow the WAM Active Offer to lapse; and • you will be unable to accept a superior offer for those Shares from any other bidder if such an offer is made, unless any withdrawal rights apply at the applicable time and you withdraw your acceptance of the WAM Active Offer, or unless the WAM Active Offer lapses. 	
What are the risks of not accepting the WAM Active Offer?	If you do not accept the WAM Active Offer you will be exposed to the risks associated with being a continuing Shareholder in Keybridge. Some of these risks are described in sections 4.7.1 and 4.7.2.	Sections 4.7.1 and 4.7.2.
If I accept the WAM Active Offer now, can I withdraw my acceptance?	<p>Under the terms of the WAM Active Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act.</p> <p>You may withdraw your acceptance if WAM Active postpones the WAM Active Offer closing date by more than one month and the WAM Active Offer is still subject to conditions. Note that the limited circumstances for withdrawal may not apply at the time you wish to withdraw your acceptance.</p> <p>Further details on your ability to withdraw your acceptance are set out in section 5.8.</p>	Section 5.8
Can I be forced to sell my Shares?	WAM Active will be entitled to compulsorily acquire any outstanding Keybridge Shares on the same terms as the WAM Active Offer if, during or at the end of the WAM Active Offer, WAM Active (together with its Associates) has relevant interests in at least 90% (by number) of the Keybridge Shares.	Section 5.11
Can I accept the WAM Active Offer in respect of part of my holding?	No. You may accept the WAM Active Offer only for all of the Keybridge Shares held by you.	

Question	Answer	Further information
When does the WAM Active Offer close?	The Offer is presently scheduled to close on 3 February 2020, unless it is extended under the Corporations Act. See section 5.6 for details of the circumstances in which the Offer Period can be extended. You will receive written notification of any extension.	Section 5.6
By when do I need to decide?	If you wish to follow the Directors' recommendation and reject the WAM Active Offer, you do not need to do anything. If you wish to accept the WAM Active Offer, you need to do so before its scheduled closing date. WAM Active has indicated that its Offer is scheduled to close on 3 February 2020, but the Offer Period can be extended in certain circumstances. See section 5.6 for details of the circumstances in which the Offer Period can be extended.	Sections 5.5 and 5.6
When will I be paid the WAM Active Offer Consideration if I accept the WAM Active Offer?	If you accept the WAM Active Offer for your Shares, WAM Active has until the earlier of: <ul style="list-style-type: none"> • if the WAM Active Offer is unconditional, one month after you have accepted the WAM Active Offer; • if the WAM Active Offer is conditional when you accepted the WAM Active Offer, within one month after the WAM Active Offer becomes unconditional; and • 21 days after the end of the Offer Period, before ensuring that you receive the Offer Consideration. 	See section 5.10 and the Bidder's Statement,
What are the tax implications of accepting the WAM Active Offer?	A general outline of the tax implications for certain Australian resident Shareholders of accepting the WAM Active Offer is set out in section 6.11 and in the Bidder's Statement. You should not rely on either outline as advice on your own taxation affairs. It does not deal with the position of individual Shareholders. You should therefore seek your own personal, independent financial and taxation advice before making a decision as to whether or not to accept the WAM Active Offer for your Shares. If you accept, you may for example be liable for capital gains tax.	Section 6.11 and WAM Active's Bidder's Statement
What if I have any questions in relation to the WAM Active Offer?	Please call Nicholas Bolton (Managing Director and CEO) on 0412606899 if you have any further queries. Alternatively, you should obtain independent advice from your professional adviser, as necessary.	

4 Overview of Keybridge

4.1 Background and operations

Keybridge is an investment company specialising in long-term alternative investment assets focused on value driven strategic shareholdings in listed and unlisted assets.

Keybridge is examining options for generating further returns for its Shareholders including:

- paying appropriate fully franked cash dividends;
- returning a portion of its capital to shareholders; and/or
- investing Keybridge's cash resources to create additional value for all Shareholders from outside the existing asset portfolio.

As regards the ongoing investment strategy, the Board is currently considering investing in classes of assets where the Company has specific expertise, including assets in the financial services, media and IT sectors (typically focused on ASX listed entities). A number of opportunities have already been identified by Keybridge's current management team.

4.2 Suspension and Likelihood of lifting of suspension

Keybridge is currently suspended from trading on ASX. The Company is presently working with ASX to remedy this suspension. It is not within Keybridge's control as to the time ASX removes the suspension.

Keybridge was originally suspended on 16 July 2019 as alternate director Farooq Khan and director William Johnson took steps in contravention of their directors duties to the company to purport to change the Chairman of the Company.

Whilst this matter, itself, has been resolved, the Company continues to work with ASX to resolve any further outstanding queries it has. It is possible that the result of the elections for directors at the adjourned Annual General Meeting of Keybridge on 21 January 2020 could lead to that suspension being lifted.

However, ASX has not stated to Keybridge that this will be the case and Keybridge is currently unsure what, if any, additional actions ASX will require in order to return Keybridge Shares to trade.

4.3 Keybridge Directors

Nicholas Bolton **Managing Director and Chief Executive Officer**

Over the past 19 years, Nicholas has managed operational investments in the IT sector, invested in and led activist investments in a number of ASX-listed entities, as well as a number of risk arbitrage transactions focused on share class arbitrage, relative value and sum of parts analysis.

John Patton **Chairman and Company Secretary**

John Patton is a senior executive with extensive finance experience in the corporate and professional services sectors. He was previously a Partner with Ernst & Young in the Transactions Advisory Services division. With over 25 years of professional services and industry experience, Mr Patton has extensive corporate finance

credentials, having been involved in over 150 corporate transactions, including mergers & acquisitions (lead advisory), structuring, debt and equity raisings, IPOs, management buy-outs, valuations (including Independent Expert Reports), due diligence, financial modelling, restructuring and corporate advisory.

In addition, Mr Patton held the positions of CFO, acting CEO and alternate director of the Epic Energy group, a major infrastructure owner of high-pressure gas transmission pipelines in Australia. This business was the core asset within the ASX listed Hastings Diversified Utilities Fund. As a result, he has solid hands-on operational experience with, and a strong appreciation of, the regulatory, commercial, financial, capital structure and external stakeholder management issues and requirements associated with major assets within an ASX listed environment in Australia.

Jeremy Kriewaldt
Non-Executive Director

Jeremy Kriewaldt is a lawyer in private practice, specialising in corporate and commercial law, including mergers and acquisitions, capital raisings and foreign investment, financial product development and securities markets. He started his own practice in 2018 and was previously a partner of Atanaskovic Hartnell (2004 - 2018), Blake Dawson Waldron (now Ashurst) (1990-2003) and also served as Counsel to the Takeovers Panel in 2003-2004.

Richard Dukes
Non-Executive Director

Richard Dukes is a lawyer in private practice specialising in taxation, commercial law and personal law. He started his own practice in 2012 and was previously a partner of Rosenblum & Partners and Blake Dawson Waldron (now Ashurst). Previously was Chair of Australian branch of IFA.

William Johnson
Non-Executive Director

William Johnson holds a Masters degree in engineering science from Oxford University, England and an MBA from Victoria University, New Zealand. His 30-year business career spans multiple industries and countries, with executive/CEO experience in mineral exploration and investment (Australia, Peru, Chile, Saudi Arabia, Oman, North Africa and Indonesia), telecommunications infrastructure investment (New Zealand, India, Thailand and Malaysia) and information technology and Internet ventures (New Zealand, Philippines and Australia). Mr Johnson is a highly-experienced public company director and has considerable depth of experience in corporate governance, business strategy and operations, investment analysis, finance and execution.

4.4 Status of Early Redemption of CRPN

As at the date of this Target Statement, Keybridge has 4,517,153 outstanding early redemptions for its CRPN (excluding those referred to

below). Keybridge will determine whether to accept all of these early redemptions and convert, pay out in cash or a combination of both. Keybridge has determined to accept the withdrawal of an early redemption request lodged by HSBC on behalf of the WAM Group for 1,835,111 CRPN¹⁷.

4.5 **Keybridge capital structure and escrow arrangements**

As at the date of this Target's Statement, Keybridge has the following securities on issue:

Class of Security	Number on Issue
Fully paid ordinary Shares - quoted on ASX (ASX code: KBC)	157,136,486
Fully paid ordinary shares vested under Executive Share Plan	6,000,000
Fully paid ordinary shares not vested under Executive Share Plan	3,000,000
CRPN	7,602,056

4.6 **Other material information about Keybridge**

Keybridge sets out below information which the Directors believe is relevant to Shareholders in making a decision whether to accept the WAM Active Offer:

4.6.1 **Tax losses**

As discussed in section 2, Keybridge has approximately \$47 million¹⁸ in unrecognised tax assets that may be able to offset future tax otherwise payable on income. The availability of tax losses (and therefore their value to Keybridge) depends on Keybridge satisfying certain tests under the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth).

The tax losses are not currently recognised as an asset by Keybridge and the future value of the tax losses will depend (among other factors) on Keybridge's ability to generate future taxable income.

4.6.2 **Further information**

Keybridge is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. Keybridge is obliged to notify ASX of any information about specific matters and events and, in particular, those matters which a reasonable person would expect to have a material effect on the price or value of Keybridge Shares.

Shareholders seeking further information on Keybridge are directed to the list of publicly available announcements on the ASX website (www.asx.com.au, company code 'KBC') or on the Keybridge website (www.keybridge.com.au).

4.7 **Key risks faced by Keybridge**

The price of Keybridge Shares and the future performance of Keybridge are influenced by a range of factors and risks. Whilst some of these risks can be mitigated by the use of safeguards and appropriate systems and actions, some are outside the control of Keybridge and cannot be mitigated. The principal risks include, but are not limited to, those detailed below. Keybridge does not give any form of assurance or guarantee of

¹⁷ Keybridge ASX Announcement dated 17 January 2020

¹⁸ Page 36 2019 KBC Annual Report

future performance, profitability, dividends, return of capital, or the price at which the Keybridge Shares might trade in the future on the ASX.

4.7.1 **Specific business risks**

Keybridge Shareholders should carefully read and consider these risks together with the Bidder's Statement and this Target's Statement prior to accepting or rejecting the WAM Active Offer.

(a) **Credit risk**

Keybridge is exposed to credit risk in the event that a counterparty fails to meet its contractual obligations in relation to Keybridge's investments or deposits with banks and other financial institutions. Keybridge manages ongoing credit risk by monitoring closely the performance of investments, the cyclical impact of the underlying asset class, the financial health of counterparties (including lessee and charter parties, banks and other financial institutions) and compliance with senior debt terms and conditions where Keybridge is a mezzanine or equity investor.

(b) **Asset valuations**

The value and income from Keybridge's real property assets are dependent on the expected income from those assets. Income and capital values are affected by a number of factors including the cost of maintenance, insurance and operations (including taxes) and potential environmental and other liabilities.

(c) **Reliance on key personnel**

The responsibility of day to day management and the strategic management of Keybridge is concentrated within a small number of key persons, especially its senior management. If any one of these people ceases their engagement with Keybridge, this may have a detrimental impact on Keybridge's operations and performance. Keybridge has retention mechanisms in place but has not implemented specific retention arrangements in respect of the WAM Active Offer.

(d) **Interest rate risk**

The financial performance of Keybridge is affected by fluctuations in interest rates. Failure to manage interest rate risk and fluctuations in interest rates may have a material adverse effect on the business, financial position or financial performance of Keybridge.

(e) **Financing and capital**

Keybridge's continued ability to implement effectively its business strategy over time may depend in part on its ability to raise additional funds. There can be no assurance that any equity or debt funding will be available to Keybridge on favourable terms or at all.

(f) **Regulatory and legislative risks**

Any changes in the laws and regulations under which Keybridge operates may adversely impact on Keybridge's activities, planned projects and financial results. These laws and regulations include laws requiring permits and licences, environmental regulations and health and safety laws and regulations.

(g) **Liquidity risk**

There can be no guarantee that a liquid market in Keybridge Shares will exist after the WAM Active Offer closes. There may be relatively few or many potential buyers or sellers of Keybridge Shares on ASX at any given time. This may affect the prevailing market price at which Keybridge Shareholders are able to sell their Shares. This may result in Keybridge Shareholders receiving a price for their Keybridge Shares which is less or

more than the Offer Price or the price at which Shares would trade if trading were not suspended on ASX.

4.7.2 General economic and market risks

(a) Economic risk

As Keybridge is an investment company, the market's perception of the value of Keybridge Shares can alter significantly from time to time which can cause fluctuations in price. Fluctuations may also occur as a result of factors influencing the price of shares in the companies in which Keybridge invests or share prices generally.

(b) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equities, aircraft, property and other asset values will affect Keybridge's profitability. The objective of market risk management is to seek to manage and control risk exposures within acceptable parameters, while optimising expected returns.

Equity accounted investments are also exposed to movements in currency and asset values for the underlying assets within each of the investments.

(c) Foreign exchange risk

Certain of Keybridge's investments are held in the United States and Spain, respectively. Keybridge does not currently hedge its foreign exchange exposures and therefore Keybridge's incomes and asset base is subject to foreign exchange movements, both positive and negative.

5 Information about WAM Active's Offer and Other Important Issues

5.1 The Offer

WAM Active is offering to acquire all or part of your Shares at 6.5 cents cash per Share.

For full details of the terms of the WAM Active Offer, please refer to section 10 of the Bidder's Statement.

5.2 Conditions to the WAM Active Offer

The Offer is subject to a number of conditions which are set out in section 10.7 of WAM Active's Bidder's Statement.

Subject to the Corporations Act, WAM Active may declare the WAM Active Offer to be free from any condition or conditions at any time, but must do so at least seven days prior to the end of the Offer Period.

5.3 Notice of Status of Conditions

Section 10.9 of the Bidder's Statement indicates that WAM Active will give a Notice of Status of Conditions by no later than 24 January 2020 (subject to extension in accordance with section 630(2) of the Corporations Act of the Offer Period).

WAM Active is required to set out in its Notice of Status of Conditions:

- whether the WAM Active Offer is free of any or all of the conditions of the WAM Active Offer;
- whether, so far as WAM Active knows, any of the conditions have been fulfilled; and
- WAM Active's then current voting power in Keybridge.

If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, WAM Active is required, as soon as reasonably practicable after the extension, to give a notice to ASX and Keybridge that states the new date for giving the Notice of Status of Conditions.

In addition, if a condition of the WAM Active Offer is fulfilled during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, WAM Active must, as soon as practicable, give ASX and Keybridge a notice that states that the particular condition has been fulfilled.

5.4 Effect of triggering conditions

It may be the case that one or more of the conditions to the WAM Active Offer will be triggered during the Offer Period. In those circumstances, WAM Active may be entitled to rely on the triggering of the relevant conditions and not proceed with the WAM Active Offer (i.e. you would retain your Keybridge Shares). WAM Active has certain rights in respect of the conditions as described in section 10.8 of the Bidder's Statement.

5.5 Offer Period

The Offer is scheduled to close on 3 February 2020 (but it may be extended or withdrawn in accordance with the Corporations Act).

5.6 Extension of the Offer Period

WAM Active may extend the Offer Period at any time before giving the Notice of Status of Conditions (referred to in section 5.3 of this Target's Statement) while the WAM Active Offer is subject to any conditions. However, if the WAM Active Offer is unconditional (that is, all the conditions are satisfied or waived), WAM Active may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last seven days of the Offer Period:

- WAM Active increases the Offer Price of 6.5 cents per Share (or otherwise improves the Offer Consideration); or
 - WAM Active's voting power in Keybridge increases to more than 50%.
- In either of these circumstances, the Offer Period is automatically extended in accordance with section 624(2) of the Corporations Act so that it ends 14 days after the occurrence of the relevant event.

5.7 Effect of accepting the WAM Active Offer

If, despite the recommendation of the Directors to reject WAM Active's Offer, you accept the WAM Active Offer for your Shares, you will (subject to the withdrawal rights discussed below):

- give up your right to sell the accepted Keybridge Shares to anyone else, including selling them on ASX or accepting any superior proposal that may emerge;
- give up your right to otherwise deal with the accepted Keybridge Shares; and
- lose any rights attaching to the accepted Keybridge Shares from the date of your acceptance.

The effect of acceptance of the WAM Active Offer is set out in more detail in section 10 of WAM Active's Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Shares and the representations and warranties that you are deemed to give to WAM Active by accepting the WAM Active Offer.

5.8 Your ability to withdraw your acceptance

If, despite the recommendation of the Directors to reject WAM Active's Offer, you accept the WAM Active Offer for your Shares, you will have limited rights to withdraw your acceptance of the WAM Active Offer. You will only have statutory rights to withdraw your acceptance if the WAM Active Offer is varied in such a way as to postpone for more than one month (i.e. to after 3 March 2020), the time by which WAM Active has to meet its obligations under the WAM Active Offer.

In such circumstances, you will be sent a notice at the relevant time explaining your rights to withdraw your acceptance of the WAM Active Offer.

If the conditions of the WAM Active Offer have not been satisfied or waived by WAM Active before the end of the Offer Period your acceptance will be avoided and WAM Active must return your Keybridge Shares to you.

5.9 Effect of an improvement in consideration on Shareholders who have already accepted the WAM Active Offer

If WAM Active improves the Offer Consideration under its Offer, all Keybridge Shareholders, regardless of whether or not they have accepted the WAM Active Offer before that improvement in offer Consideration will be entitled to receive that improved consideration.

5.10 Timing of payment to Shareholders who accept the WAM Active Offer

If, despite the recommendation of the Directors to reject WAM Active's Offer, you accept the WAM Active Offer for all or some of your Shares, WAM Active will provide the Offer Consideration for your Shares on or before:

- if the WAM Active Offer is subject to a condition when you provide your acceptance and associated acceptance documentation – the

- earlier of one month after the takeover contract with you becomes unconditional, or 21 days after the end of the Offer Period; or
- if the WAM Active Offer is unconditional when you provide your acceptance and associated acceptance documentation – the earlier of month after the WAM Active is given your acceptance documents, or 21 days after the end of the Offer Period.

Full details of when you will be paid your consideration are set out in section 10.6 of the Bidder's Statement.

5.11 Compulsory acquisition following takeover offer

If WAM Active acquires a relevant interest in at least 90% of Keybridge Shares then, pursuant to Part 6A.1 Division 1 of the Corporations Act, it will be entitled to compulsorily acquire any Keybridge Shares in respect of which it has not received acceptance of the WAM Active Offer.

Keybridge Shareholders should be aware that, if their Keybridge Shares are compulsorily acquired, they are not likely to receive payment until at least one month after the compulsory acquisition notices are dispatched to them.

WAM Active has indicated in section 4.3 of the Bidder's Statement that it currently intends to proceed to compulsory acquisition of the outstanding Keybridge Shares if it meets the required thresholds.

5.12 General compulsory acquisition

Even if WAM Active does not become entitled to compulsorily acquire Keybridge Shares in accordance with Part 6A Division 1 of the Corporations Act, it may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 Division 1 of the Corporations Act.

6 Additional Information

6.1 Directors' recommendation and intentions

After taking into account each of the matters in this Target's Statement (including the contents of the Independent Expert's Report) and in the Bidder's Statement, the majority of Directors recommend that you REJECT the WAM Active Offer.

The reasons that the Directors each recommend that you REJECT the WAM Active Offer are outlined in section 2 entitled "Reasons for the majority of Directors' Recommendations".

Nicholas Bolton, Jeremy Kriewaldt, Richard Dukes and John Patton intend to reject the WAM Active Offer in relation to their shares.

As at the date of this Target Statement, William Johnson holds no shares in KBC. As a member of the board of Bentley he has not yet come to a decision as to whether to recommend to the board of Bentley to accept the WAM Active Offer in respect of its KBC Shares. The Bentley Board has previously determined to sell into a previous WAM bid at 6.9 cents; so, if WAM increases its bid to 6.9 cents, William Johnson has indicated, he will likely support the sale of Bentley's KBC shares into the WAM Active Offer at that price.

6.2 Directors' interests in Keybridge securities

As at the date of this Target's Statement, the Directors of Keybridge had the following relevant interests in Keybridge securities:

Director	Number of Keybridge Shares
Nicholas Bolton	2,380,100 KBC Shares 9,000,000 Executive Share Plan shares in KBC 1,542,045 KBC Shares (beneficial/economic interest) held 31,414 KBC CRPN
Jeremy Kriewaldt	5,000 KBC Shares, 1,138 KBC CRPN
Richard Dukes	None but is sole director of Australian Style Group Pty Ltd which holds 22.65% of KBC shares.
William Johnson	None
John Patton	150,000 KBC Shares, 4,166 KBC CRPN ¹⁹

All descriptions of Director interests in Keybridge securities and dealings in Keybridge shares which are contained in this Target's Statement are based entirely on representations which have been made by the individual Directors concerned. The Board of Directors has not verified the accuracy of any such representations.

6.3 Dealings of the Board in Keybridge Shares

In the four months immediately preceding 13 December 2019, being the date of the WAM Active Offer, the Directors of Keybridge (excluding Mr Johnson) did not provide or agreed to provide, or received or agreed to receive, consideration for any marketable securities of Keybridge under a

¹⁹ Refer John Patton's Initial Director's Interest Notice dated 10 August 2016

sale, purchase or agreement for sale or purchase of such securities by way of the following transactions.

Mr Johnson was not available at the signing of this Target Statement to confirm dealings in which he or Bentley were connected.

6.4 Interests or dealings in WAM Active securities

As at the date of this Target's Statement, the Directors of Keybridge had the following relevant interests in WAM Active shares:

Director	Number of WAM Active shares
Nicholas Bolton ²⁰	nil
Jeremy Kriewaldt	nil
Richard Dukes	nil
William Johnson	nil
John Patton	nil

In the four months immediately preceding 13 December 2019, being the date of the WAM Active Offer, no Director of Keybridge provided or agreed to provide, or received or agreed to receive, consideration for any marketable securities of WAM Active or any Related Entity or Associate of WAM Active under a sale, purchase or agreement for sale or purchase of such securities.

6.5 Agreements or arrangements conditional upon the WAM Active Offer

No Director of Keybridge is party to any agreement or arrangement with any other person in connection with or conditional on the outcome of the WAM Active Offer.

As sole director of ASG, Mr Richard Dukes confirms that ASG is not party to any agreement or arrangement with any other person in connection with or conditional on the outcome of the WAM Active Offer.

Mr William Johnson confirms that Bentley is not party to any agreement or arrangement with any other person in connection with or conditional on the outcome of the WAM Active Offer.

6.6 Interests of the Board in contracts entered into by WAM Active

Other than as described below, no Director of Keybridge has any interest in any contract entered into by WAM Active or any related body corporate of WAM Active.

6.7 Benefits for retirement or loss of office

Except as set out in this Target's Statement, no benefit (other than a benefit permitted by section 200F or 200G of the Corporations Act) will or may be given to a Director of Keybridge in connection with:

- their retirement from office in Keybridge or a related body corporate of Keybridge; or
- the transfer of the whole or any part of the undertaking or property of Keybridge.

6.8 Potential impact of the offer on Keybridge's agreements

Keybridge is not aware of any contract that has been entered into by Keybridge that contains a change of control provision which will be triggered if WAM Active acquires more than 50.0% of Shares as a result of its Offer.

²⁰ Mr Bolton is a director of Australian Style Group Pty Ltd, which holds 35,478,604 Shares. However, Mr Bolton represents that he does not have a relevant interest in those Shares.

6.9 Litigation

Except as previously disclosed to ASX there is no current litigation against Keybridge and the Directors have no knowledge of any potential litigation.

6.10 Financial information

Copies of Keybridge's Annual Reports and its announcements to the market may be obtained from ASX's website (www.asx.com.au, code 'KBC').

6.11 Taxation considerations for Shareholders

Acceptance of the WAM Active Offer by you is likely to have tax consequences. You may be liable for capital gains tax if you accept the WAM Active Offer.

The tax consequences for you will depend on your individual circumstances.

Section 7 of the WAM Active Bidder's Statement sets out a general overview of the Australian tax implications of a Shareholder accepting the WAM Active Offer and disposing of their Shares to WAM Active. You should not rely on it as advice on your own affairs. It does not deal with the position of all Shareholders. You should seek your own independent financial and taxation advice, which takes into account your personal circumstances, before making a decision as to whether or not to accept the WAM Active Offer for your Shares.

6.12 Material change in financial position of Keybridge

Keybridge's last published financial statements are for the year ended 30 June 2019, as set out in its Annual Report lodged with ASX on 22 October 2019. Except as disclosed in this Target's Statement and in any announcement made by Keybridge to ASX since 22 October 2019, your Directors are not aware of any material change to the financial position of Keybridge since 30 June 2019.

6.13 Disclaimers regarding responsibility

Each person or organisation named above as having given consent to the inclusion of a statement in this Target's Statement (or who is otherwise named in this Target's Statement as acting in a professional capacity for Keybridge in relation to the WAM Active Offer):

- does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Target's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Target's Statement with the consent of that party.

6.14 Class Order relief – reference to statements

ASIC has published various 'Class Order' instruments providing for modifications and exemptions that apply generally to all persons, including Keybridge, in relation to the operation of Chapter 6 of the Corporations Act. Keybridge may rely on this Class Order relief.

Keybridge has relied on the modification to section 636(3) of the Corporations Act set out in paragraph 11 of ASIC Class Order 01/1543 'Takeover Bids' to include references to certain statements by WAM Active and other persons in this Target's Statement without obtaining the consent of WAM Active or those other persons.

The relevant statements were taken from WAM Active's Bidder's Statement.

As required by ASIC Class Order CO 01/1543, Keybridge will make available a copy of these documents (or of relevant extracts from these documents), free of charge, to Shareholders who request them during the Offer Period. To obtain a copy of these documents (or the relevant extracts), Shareholders may telephone Nicholas Bolton on 0412 606 899.

6.15 No other material information

This Target's Statement is required to include all the information that Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the WAM Active Offer, but only:

- to the extent to which it is reasonable for Shareholders and their professional advisers to expect to find such information in this Target's Statement; and
- if the information is known to any of the Directors.

The Directors are of the opinion that the information that Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is the information:

- contained in the WAM Active Bidder's Statement;
- contained in Keybridge's releases to the ASX prior to the date of this Target's Statement; and
- contained or referred to in this Target's Statement.

Copies of documents lodged with ASX by Keybridge may be obtained from ASX's website (www.asx.com.au) using the code 'KBC', or you may obtain a copy free of charge during the WAM Active Offer Period by writing to Keybridge (Attention: Nicholas Bolton, Suite 614, 370 St Kilda Road, Melbourne, Victoria, 3004).

6.16 Approval of this Target's Statement

Signed for and on behalf of Keybridge Capital Limited by Nicholas Bolton who is authorised so to sign pursuant to a resolution passed at a meeting of Directors held on 17 January 2020.



**Director
Keybridge Capital Limited**

17 January 2020

7 Definitions and Interpretation

7.1 Definitions

In this Target's Statement the following words have these meanings unless the contrary intention appears or the context otherwise requires:

\$ or dollar	Australian dollars, unless otherwise stated
ADIT	Aurora Dividend Income Trust
ADIT Offer	The off-market takeover bid to be made by ADIT at 6.6c per Keybridge Share announced by ADIT on [8] January 2020
Announcement Date	The date of the announcement of the WAM Active Offer to acquire all of the Shares in Keybridge by WAM Active, being 13 December 2019
ASIC	Australian Securities and Investments Commission
Associate	The meaning given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time)
ASG	Australian Style Group Pty Ltd
ASX	ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as the "Australian Securities Exchange" operated by that entity
ASX Listing Rules or Listing Rules	The official listing rules of the ASX as amended or varied from time to time
ASX Settlement Operating Rules	The rules of the ASX Settlement Corporation from time to time
Bentley	Bentley Capital Limited
Bidder's Statement or WAM Active's Bidder's Statement	The bidder's statement dated 13 December 2020 relating to the Offer prepared by WAM Active
Board	The board of directors of Keybridge
Corporations Act	The <i>Corporations Act 2001</i> (Cth) (as modified or varied by ASIC)
Directors	The members of the Board
Keybridge or Company	Keybridge Capital Limited ACN 088 267 190
Keybridge Share or Share	A fully paid ordinary share in the capital of Keybridge and all rights attaching to those Shares
Keybridge Shareholder or Shareholder	Person registered in the register of members of Keybridge as a holder of one or more Shares
Directors	Each Director of Keybridge
Notice of Status of Conditions	The notice required to be given under section 630(3) of the Corporations Act relating to the status of conditions under the WAM Active Offer
NTA	Net tangible assets or as the context requires net tangible assets per share
Offer Period	The period during which the WAM Active Offer remains open for acceptance in accordance with the terms set out in the Bidder's Statement
Offer Price or Offer Consideration	The consideration under the WAM Active Offer for each of the Shares to which the WAM Active Offer applies, being 6.5 cents per Share as at the date of this Target's Statement

Person	An incorporated or unincorporated body or association as well as a natural person
Related Entity	The meaning given to that term in section 9 of the Corporations Act
Shareholder	Person registered in the register of members of Keybridge as a holder of one or more Shares
Target's Statement	This document, being the statement of Keybridge pursuant to the Corporations Act relating to the WAM Active Offer
VWAP	Volume Weighted Average Price of shares traded
WAM Active	WAM Active Ltd ACN 126 420 719
WAM Active Group	WAM Active and its Associates and Related Entities
WAM Active's Offer or the WAM Active Offer	The offers by WAM Active for all of the Shares in Keybridge dated 3 January 2020 made under the Bidder's Statement

7.2 General Interpretation

The following rules of interpretation apply unless the contrary intention appears or the context requires otherwise:

- (a) a reference to time is a reference to Australian Eastern Daylight Time;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a reference to a section is to a section of this Target's Statement;
- (e) a gender includes all genders;
- (f) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (g) \$, dollar or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- (h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (k) a reference to any instrument or document includes any variation or replacement of it;
- (l) a term not specifically defined in this Target's Statement has the meaning given to it (if any) in the Corporations Act or the ASX Settlement Operating Rules, as the case may be;
- (m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually; and
- (n) the words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

8 Corporate Directory

Directors

John Patton (Chairman, Company Secretary)
Nicholas Bolton (Managing Director and CEO)
Jeremy Kriewaldt (Non-Executive Director)
Richard Dukes (Non-Executive Director)
William Johnson (Non-Executive Director)

Company Secretary

John Patton

Share Registry

Advanced Share Registry Ltd
110 Stirling Hwy
Nedlands WA 6009

Registered Office

Suite 614, 370 St Kilda Road
Melbourne VIC 3004

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