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Keybridge Capital Limited litigation and deficient related party offer

4 June 2020
ASX announcement

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WAM Active Limited (ASX: WAA) (**WAM Active**) refers to Keybridge Capital Limited's (ASX: KBC) (**KBC**) announcement of 2 June 2020 and notes that KBC has already failed on two previous attempts to obtain orders of this kind, with the Takeovers Panel twice refusing to make the orders KBC is now requesting in its third attempt with the instituted proceedings in the Supreme Court of NSW.

The proceedings in the Supreme Court of NSW relate to the matters the subject of recent Takeovers Panel proceedings. WAM Active has been named as a defendant in these proceedings. WAM Active is seeking appropriate advice and will respond to the allegations by KBC in due course. WAM Active intends to seek cost orders against KBC in relation to the proceedings.

WAM Active has longstanding concerns about the conduct and corporate governance of KBC's Directors, as communicated it its bidders statement dated 28 April 2020.

As a shareholder of KBC and with reference to its unconditional all cash Offer of 6.9 cents to acquire KBC shares, WAM Active is concerned about the use of KBC shareholder funds on litigation particularly when alternative solutions are available.

On 2 June 2020, KBC made an announcement regarding the proposed $5 million investment in Australian Community Media, which KBC paid for in June 2019, but is still yet to complete (**ACM Proposed Transaction**). WAM Active notes that it has taken almost 12 months for KBC to disclose this investment to shareholders, despite it representing approximately 50% of KBC's current NTA. KBC shareholders have now only been notified of the related party nature of the transaction with Mr Catalano, a material shareholder and current Director of KBC.

WAM Active notes that entities associated with Mr Catalano, a Director of KBC, are making an opportune attempt to purchase a limited number of shares in KBC. Mr Catalano's unsolicited offer contains inadequate information regarding the value of KBC, which he is uniquely placed to provide, given his involvement in the ACM Proposed Transaction and as a Director of KBC. WAM Active observes that, if Mr Catalano were to make a bid for the benefit of all KBC shareholders, an independent expert report would be required.

WAM Active urges former KBC shareholders to **TAKE NO ACTION** at this point in time.

WAM Active refers to its unconditional all cash Offer of 6.9 cents per share contained in its bidder's statement dated 28 April 2020. WAM Active has applied to ASIC for technical relief required in respect of that Offer as result of the orders made during the recent Takeover Panel proceedings. To allow time to process WAM Active's application, ASIC extended the deadline for dispatching the bidder's statement. The bidder's statement will be dispatched to KBC Shareholders as soon as possible following finalisation of the relief application.

The unconditional all cash Offer of 6.9 cents per share provides all KBC shareholders the opportunity to receive all cash for their KBC shares on the same terms as the previous offer. The Offer also ensures that KBC shareholders who had previously accepted the WAM Active takeover offer are not disadvantaged.

KBC shareholders who accept the unconditional all cash Offer will be paid within **seven** (7) days of accepting.

WAM Active utilises Wilson Asset Management's market-driven investment process, which is focused on investing in discount assets and market mispricing opportunities. If you have any queries about the takeover, please call Wilson Asset Management's Chief Financial Officer Jesse Hamilton on 0401 944 807 or Head of Operations Martyn McCathie on 0433 312 603.

This announcement has been authorised by the board of WAM Active Limited.

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About WAM Active

WAM Active Limited (ASX: WAA) has an investment management agreement with Wilson Asset Management. Listed in January 2008, WAM Active provides investors with exposure to an active trading style with the aim of achieving a sound return with a low correlation to traditional markets. WAM Active's investment objectives are to deliver a regular income stream via fully franked dividends, provide a positive return with low volatility, after fees, over most periods of time, and to preserve capital.

About Wilson Asset Management

Wilson Asset Management has a track record of making a difference for shareholders and the community for more than 20 years. As the investment manager for six leading listed investment companies: WAM Capital (ASX: WAM), WAM Leaders (ASX: WLE), WAM Global (ASX: WGB), WAM Research (ASX: WAX), WAM Active (ASX: WAA) and WAM Microcap (ASX: WMI), Wilson Asset Management invests over $3 billion on behalf of more than 80,000 retail investors. Wilson Asset Management is the creator and lead supporter of Future Generation Australia (ASX: FGX) and Future Generation Global (ASX: FGG).

Wilson Asset Management | OVER 20 YEARS Making a difference

For further information, visit wilsonassetmanagement.com.au or contact:

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