



3 January 2020

BY ELECTRONIC LODGEMENT

Company Announcements
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Off-Market Takeover Bid for Keybridge Capital Limited (ASX: KBC)

WAM Active Limited (ACN 126 420 719) (**WAM Active**), in accordance with section 633(1) item 8 of the *Corporations Act 2001* (Cth), gives notice that it has today dispatched its bidder's statement dated 13 December 2019 (**Bidder's Statement**) in relation to its takeover bid for all of the ordinary shares in Keybridge Capital Limited (ACN 088 267 190) (**KBC**) (**Offer**).

The Offer is now open for acceptance and WAM Active encourages KBC shareholders to accept the Offer as soon as possible, noting however that the Offer currently remains conditional.

The offer under the Bidder's Statement is dated 3 January 2020 and is currently scheduled to close at 7.00pm (AEDT) on 3 February 2020, unless extended or withdrawn.

A copy of the Bidder's Statement is also **enclosed**.

This announcement is authorised by the board of WAM Active.

Yours sincerely,

Geoff Wilson AO
Chairman

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This is an important document and requires your immediate attention.
If you are in any doubt as to how to deal with it, you should consult
your financial or other professional advisor.

Bidder's Statement

Accept the cash offer

to acquire all of your ordinary shares in

Keybridge Capital Limited (ASX: KBC)
(ACN 088 267 190)

By

WAM Active Limited (ASX: WAA)
(ACN 126 420 719)

Offer price of

6.5 cents cash per KBC Share

If you have any queries about the Offer, please call Wilson Asset Management's Chief Financial Officer Jesse Hamilton on 0401 944 807 or Head of Operations Martyn McCathie on 0433 312 630.

TO ACCEPT THE OFFER, complete and mail the Acceptance Form using the enclosed reply-paid envelope.

The Offer is dated 3 January 2020 and will expire at 7.00pm (Sydney time) on 3 February 2020 (unless withdrawn or extended). ASIC takes no responsibility for this Bidder's Statement.

Important Information

Key Dates

EVENT	DATE
Date of Bidder's Statement	13 December 2019
Dispatch of Bidder's Statement and Offer opens (date of Offer)	3 January 2020
Date of Offer Conditions notice	24 January 2020
Close of Offer*	3 February 2020

*This date is indicative only and may be changed as permitted by the Corporations Act.

Bidder's Statement and Offer

This is a Bidder's Statement dated 13 December 2019 given by WAM Active Limited (WAM Active) to Keybridge Capital Limited (KBC) and each holder of KBC Shares under Part 6.5 of Chapter 6 of the Corporations Act. This Bidder's Statement was approved by a unanimous resolution of the board of WAM Active. It includes an Offer dated 3 February 2020 to acquire fully paid ordinary shares in KBC (**KBC Shares**). The Offer extends to KBC Shares on issue on 13 December 2019 and any KBC Shares issued before the end of the Offer Period.

ASIC and ASX

A copy of this Bidder's Statement was lodged with ASIC and the ASX on 13 December 2019. The ASX and ASIC (including their officers) take no responsibility for the contents of this Bidder's Statement.

Investment decision

This is an important document. This Bidder's Statement does not take into account the individual investment objectives, financial situation or any particular needs of any KBC Shareholder or any other person. KBC Shareholders may wish to seek independent financial and taxation advice before making a decision as to whether to accept the Offer.

Disclaimer

In addition to historical information contained in this booklet, there may be matters discussed in this Bidder's Statement that are forward-looking. Forward-looking statements, which are based on assumptions and estimates and describe WAM Active's future plans, strategies and expectations, are generally identifiable by the use of the words 'anticipate', 'will', 'believe', 'estimate', 'expect', 'intend', 'seek' or similar expressions. KBC Shareholders are cautioned not to place undue reliance on forward-looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward-looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ from the expectations in the forward-looking statements. Those risks and uncertainties include factors and risks specific to the industry in which WAM Active and KBC operate as well as general economic conditions and prevailing exchange rates and interest rates.

All forward-looking statements attributable to WAM Active, or persons acting on behalf of WAM Active, are expressly qualified in their entirety by the cautionary statements in this Section. Except as expressly required by the Corporations Act,

WAM Active makes no undertaking to publicly update or revise any forward-looking statements provided in this Bidder's Statement, whether as a result of new information, future events or otherwise, or the list of risks affecting this information.

None of WAM Active's officers, any person named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, except to the extent required by law.

Distribution outside Australia

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

Important notice to US shareholders

The Offer is made for the shares of an Australian registered company. It is important that US shareholders understand that the Offer is subject to disclosure requirements in Australia that are materially different from those in the US. You should be aware that, subject to the Corporations Act, WAM Active may purchase KBC Shares otherwise than under the Offer, such as in open market or privately negotiated purchases after the end of the Offer Period.

Defined terms

Defined terms used in this Bidder's Statement are capitalised. Definitions of these terms are set out in Section 11. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 11, words and phrases in the Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

Sources of information

Information included in this Bidder's Statement relating to KBC and its business has been derived solely from publicly available sources published by KBC, including KBC's financial reports and KBC's announcements to the ASX and on its website.

Subject to the Corporations Act and other applicable law, WAM Active and its directors disclaim all liability for any information concerning KBC included in this Bidder's Statement. KBC Shareholders should form their own views concerning KBC from publicly available information.

Directory

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WAM Active Board of Directors

Mr Geoffrey Wilson AO – Chairman
Ms Katherine Thorley
Ms Emma Rugge-Price
Ms Karina Kwan

Company Secretary

Linda Vo

Investment Manager

MAM Pty Limited, part of the Wilson Asset
Management Group
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Contents

Chairman's letter	2
1. Key questions	9
2. About WAM Active Limited	12
3. About Keybridge Capital Limited	13
4. WAM Active's intentions	18
5. Sources of Offer consideration	20
6. Risk factors	21
7. Tax considerations	24
8. Information on KBC Shares	26
9. Other material information	27
10. Offer terms	29
11. Definitions and interpretation	37
12. Approval of Bidder's Statement	41

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Chairman's letter

W|A|M Active



13 December 2019

Dear KBC Shareholders,

Cash Offer by WAM Active to acquire your KBC Shares

WAM Active Limited (ASX: WAA) is offering to acquire all of your fully paid ordinary shares in Keybridge Capital Limited (ASX: KBC) through the Offer contained in this Bidder's Statement.

The Offer Consideration is 6.5 cents cash for each KBC Share you own.

The Offer Price represents a premium of 7.3% to KBC's unaudited after-tax net tangible asset backing (NTA) as at 31 October 2019, the last reported NTA prior to the date of this Bidder's Statement.

The Offer Price is compelling given KBC has historically traded at a discount to NTA. In fact, over the three-year period from 31 July 2016 to 30 June 2019 (the last full month during which KBC shares traded on), KBC Shares have, on average, traded at a 30% discount to KBC's prevailing NTA. See Section 3.2 of this Bidder's Statement for further details.

In addition to providing KBC Shareholders with the ability to exit their investment at a premium to NTA, the cash Offer provides certainty of value for KBC Shareholders. Certainty of value is attractive when considered in the context of the significant risks and uncertainties of remaining a KBC Shareholder. These include:

- Continued Erosion of Shareholder Value:** KBC's NTA has fallen 69% during the period 31 December 2016 to 31 October 2019 (the last reported NTA prior to the date of this Bidder's Statement).
- Excessive Operating Expenses:** Notwithstanding KBC's declining financial performance, its operating expenses remain high. For the financial year ending 30 June 2019, KBC's operating expenses were in excess of 18.8% of the company's 30 June 2019 NTA, of which over 40% was paid to management, directors and related parties. See Section 3.5 of this Bidder's Statement for further details.
- Significant Corporate Governance Issues:** KBC Shareholders are exposed to protracted corporate governance issues. The ASX is currently conducting an inquiry into KBC's 2019 Financial Report and KBC Shares are suspended from trading. The full scope of the ASX's inquiries are not publicly known. KBC Shareholders face great uncertainty regarding the outcome of this inquiry and the recommencement of trading for KBC Shares.

KBC's 2019 Financial Report raised material concerns in relation to KBC's corporate governance, with KBC's auditor (Deloitte Touche Tohmatsu (**Deloitte**)) issuing a disclaimer of opinion in relation to the 2019 Financial Report. Deloitte noted their inability to satisfy themselves as to the integrity of KBC's books and records and, in particular, whether certain transactions recorded in KBC's accounting records were appropriately authorised and undertaken for KBC's benefit.

- Uncertainty as to KBC's Board Composition:** The composition of KBC's board of directors has been a contentious issue since July 2019 when members of the KBC board purported to remove Mr Patton as chairman and appoint Mr Johnson as his replacement.

Two of KBC's three largest shareholders, Bentley and Australian Style Group Pty Limited, convened separate extraordinary general meetings of KBC Shareholders to consider resolutions to appoint and remove certain KBC directors. The results of the meeting convened by Australian Style Group Pty Limited were challenged under section 1322 of the Corporations Act. If this challenge is successful, the results

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may be reversed and resolutions to remove Mr Johnson and Mr Cato may be passed. At the date of this Bidder's Statement, the outcome of the challenge remains unclear. The second meeting, after being adjourned by the KBC chairman, was withdrawn by Bentley and cancelled by KBC.

On 14 October 2019, the date the extraordinary general meetings convened by Australian Style Group Pty Limited and Bentley were scheduled to occur, it was announced that the KBC directors had filled two casual vacancies on the board. Mr Richard Dukes, was appointed as non-executive director and Mr Nicholas Bolton, was appointed as Managing Director. Mr Bolton has previously been disqualified by ASIC from managing corporations for three years.

One half of the KBC Board, Mr John Patton, Mr Jeremy Kriewaldt and Mr Richard Dukes, will stand for re-election at the upcoming annual general meeting to be held on 19 January 2020.

The annual general meeting was originally to be held on 29 November 2019 but was postponed due to the notice of meeting failing to incorporate a necessary 'spill' resolution to vote on the re-election of the KBC board of directors should KBC have received a second 'strike' on its remuneration report.

5. **Lack of Liquidity:** Historically, KBC Shares have been very thinly traded. Of the total shares on issue, 92% of KBC Shares are held by the top 20 KBC Shareholders.

From 1 January 2019 to the close of trading on 15 July 2019 (the last trading day before KBC Shares were placed into suspension by ASX), a total of approximately 6,417,766 KBC Shares were traded (excluding 930,754 KBC Shares purchased by WAM Active or its Associates). This represents only 4.1% of KBC Shares on issue.

For these reasons, the WAM Active Directors believe the Offer represents an attractive opportunity for KBC Shareholders to realise their investment in KBC for cash at a premium of 7.3% to the last reported NTA of KBC.

Conditions to the Offer

The Offer is conditional on WAM Active acquiring a Relevant Interest in at least 50.1% of the issued capital of KBC and certain other customary conditions, including there being no material adverse change, no regulatory action or decision and no prescribed occurrences. See Section 10.7 for further details of the conditions.

How to accept the Offer

If you choose to accept the Offer you can either direct your Broker to accept for your CHES Holding, or complete and sign the enclosed Acceptance Form and return it in the reply paid envelope so that it is received before the closing date.

You will not have to pay any brokerage to accept the Offer (you may incur brokerage fees if you choose to sell your KBC Shares on market (assuming that KBC Shares are reinstated to quotation on the ASX) or if you instruct your Broker to accept the Offer on your behalf).

The Offer is scheduled to close at 7:00pm (Sydney time) on 3 February 2020.

If you require additional assistance, please call Wilson Asset Management's Chief Financial Officer Jesse Hamilton on 0401 944 807 or Head of Operations Martyn McCathie on 0433 312 630.

Yours faithfully



Geoff Wilson AO
Chairman

Summary of the Offer

The information set out below is only a summary of the Offer. You should read the entire Bidder's Statement before deciding whether to accept the Offer.

The Offer	WAM Active is offering to acquire all of your KBC Shares.
Offer Consideration	You are being offered 6.5 cents cash for every 1 KBC Share you own. This represents a premium of 7.3% to KBC's NTA as at 31 October 2019 and 7.0% to KBC's NTA as at 30 September 2019, the last two reported NTAs prior to the date of this Bidder's Statement.
Closing date	The Offer is scheduled to close at 7:00pm (Sydney time) on 3 February 2020 (but it may be extended).
Offer Conditions	The Offer is subject to conditions. Please see Section 10.7 of this Bidder's Statement for further details.
Settlement terms	If you accept the Offer, you will be paid the Offer Consideration on the later of: (a) 1 month after the date you validly accept the Offer; or (b) 1 month after the date the Offer becomes or is declared unconditional, and in any event (assuming the Offer becomes or is declared unconditional), no later than 21 days after the end of the Offer Period.
How to accept the Offer	<p>CHES Holdings</p> <p>If your KBC Shares are in a CHES Holding, to accept the Offer you must either:</p> <ul style="list-style-type: none">(a) instruct your controlling participant (usually your Broker) to accept the Offer on your behalf; or(b) complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it. <p>Issuer Sponsored Holdings</p> <p>If your KBC Shares are held in an Issuer Sponsored Holding, to accept the Offer you must complete, sign and return the Acceptance Form in accordance with the instructions on it.</p> <p>Signed Acceptance Forms must be received before the end of the Offer Period at:</p> <p>By mail:</p> <p>Keybridge Capital Limited Takeover C/- Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001</p> <p>Hand delivered:</p> <p>Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000</p> <p>Telephone: (02) 9290 9600 Fax: (02) 9279 0664</p> <p>A business reply-paid envelope is enclosed.</p> <p>If you wish to sell your KBC Shares on-market (assuming that KBC Shares are reinstated to quotation on the ASX), please contact your Broker.</p>
No stamp duty	You will not pay any stamp duty on accepting the Offer.

What to do next? You should read this Bidder’s Statement in its entirety before making a decision as to whether or not to accept the Offer for your KBC Shares.
If you wish to accept the Offer, please see Section 10 of this Bidder’s Statement.

Further information For questions about your KBC Shares, the Offer, or how to accept the Offer please refer to the remainder of this Bidder’s Statement or please call Wilson Asset Management’s Chief Financial Officer Jesse Hamilton on 0401 944 807 or Head of Operations Martyn McCathie on 0433 312 630.

The above information is a summary only of key elements of this Bidder’s Statement. KBC Shareholders should read this Bidder’s Statement in Its entirety before making any decision in relation to the Offer.

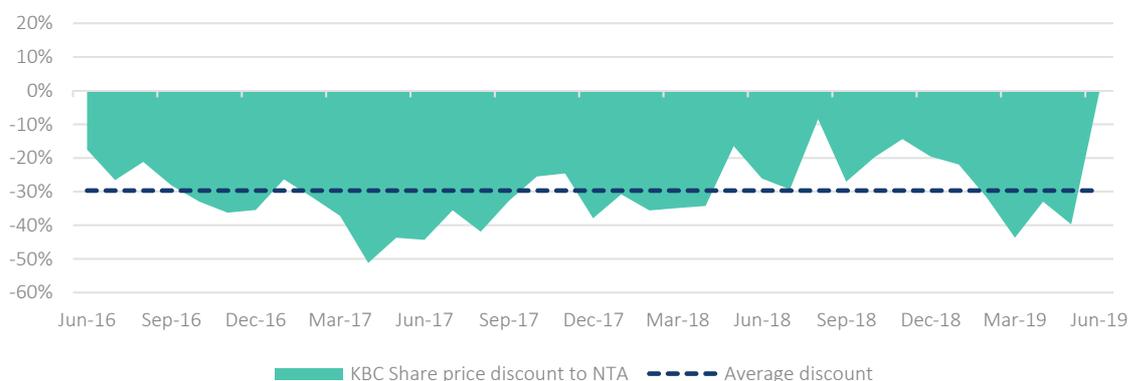
Why you should accept the Offer

1. WAM Active's Offer is at an attractive cash price

The all cash consideration of 6.5 cents per KBC Share is for all KBC Shares that WAM Active and its Associates do not already own.

The Offer Price represents a compelling cash value for KBC Shareholders, representing a premium of 7.3% to KBC's NTA as at 31 October 2019 and 7.0% to KBC's NTA as at 30 September 2019, the last two reported NTAs prior to the date of this Bidder's Statement.

The Offer Price is particularly compelling given KBC has historically traded at a discount to NTA. In fact, over the three-year period from 31 July 2016 to 30 June 2019 (the last full month during which KBC Shares traded on ASX), KBC Shares traded at an average share price discount to NTA of 30%. See Section 3.2 of this Bidder's Statement for further details.



Source: KBC's monthly Net Asset Backing reports, as announced to the ASX and IRESS

KBC Shares have been suspended from trading on the ASX since 16 July 2019.

2. Cash Offer provides certainty compared to retaining KBC Shares

The certainty of receiving 6.5 cents cash per KBC Share should be considered against the risks and uncertainties of remaining a KBC Shareholder, including the uncertainty as to when or if KBC's suspension from trading may be lifted by the ASX and the ongoing uncertainty in relation to the board composition and corporate governance of KBC.

(a) Erosion of KBC Shareholder value

KBC's NTA has fallen 69% during the period 31 December 2016 to 31 October 2019 (the last reported NTA prior to the date of this Bidder's Statement).



Source: KBC's monthly Net Asset Backing reports, as announced to the ASX.

(b) **Excessive Operating Expenses**

KBC continues to incur considerable ongoing Operating Expenses, further eroding KBC Shareholder value. During the financial years ended 30 June 2017, 2018 and 2019, KBC incurred Operating Expenses in excess of \$2 million per annum. For the financial year ended 30 June 2019, KBC's Operating Expenses were in excess of 18.8% of KBC's NTA at 30 June 2019, of which over 40% was paid to management, directors and related parties. See Section 3.5 of this Bidder's Statement for further details.

(c) **KBC'S outlook is uncertain**

Outcome of ASX enquiries uncertain: KBC Shares have been suspended from trading on the ASX since 16 July 2019. As announced on 17 October 2019, KBC Shares will remain suspended pending the outcome of the ASX's enquiries into, amongst other things, issues in relation to KBC's 2019 Financial Report.

The full scope of ASX's enquiries are not publicly known. There is no certainty that normal trading of KBC Shares will recommence or, if it does, when this might occur, or what conditions, if any, ASX may impose.

Board composition is uncertain: The composition of KBC's board of directors has been a contentious issue since July 2019 when members of the KBC board purported to remove Mr Patton as chairman and appoint Mr Johnson as his replacement.

Two of KBC's three largest shareholders, Bentley and Australian Style Group Pty Limited, convened separate extraordinary general meetings of KBC Shareholders to consider resolutions to appoint and remove certain KBC directors. The result of first meeting remain uncertain, the validity having been challenged under section 1322 of the Corporations Act. The second meeting, initially adjourned pending the outcome of the challenge to the first meeting's result, was ultimately withdrawn.

On 14 October 2019, it was announced that the KBC directors had appointed two casual vacancies to the board. Mr Richard Dukes, as non-executive Director and Mr Nicholas Bolton, as Managing Director. Mr Bolton was previously disqualified by ASIC from managing corporations for three years.

One half of the KBC Board, Mr John Patton, Mr Jeremy Kriewaldt and Mr Richard Dukes, will stand for re-election at the upcoming annual general meeting to be held on 19 January 2020.

The annual general meeting was originally to be held on 29 November 2019 but was postponed due to the notice of meeting failing to incorporate a necessary 'spill' resolution to vote on the re-election of the KBC board of directors should KBC have received a second 'strike' on its remuneration report.

Uncertainties with KBC's Financial Reporting: KBC's auditor, Deloitte Touche Tohmatsu (Deloitte), issued a disclaimer of opinion in relation to KBC's 2019 Financial Report. Deloitte noted their inability to satisfy themselves as to the integrity of KBC's books and records and, in particular, whether certain transactions recorded in KBC's accounting records were appropriately authorised and undertaken for KBC's benefit.

Note 9 of KBC's 2019 Financial Report suggests that KBC has \$5,171,756 of 'other assets'. Included in this other asset balance is an item classified as an advance of \$5,000,000. Deloitte have been unable to obtain sufficient appropriate audit evidence and KBC failed to provide the underlying agreements in respect of this advance to enable them to determine whether it will be recoverable by KBC. No announcement has been made by KBC to its shareholders regarding the nature of this material 'asset' advanced by KBC. This is critical given this advance represents roughly 41.5% of the total fair value attributed to all assets held by KBC at 30 June 2019.

On page 69 of the 2019 Financial Report, Deloitte highlight the following "During and subsequent to the end of the financial year, a series of allegations have been made by directors and other key management personnel in respect of a range of issues including alleged breaches of directors' duties under the Corporations Act 2001, transactions being undertaken without appropriate authority or for a proper purpose, and certain directors being denied access to the Group's books and records".

Deloitte was unable to obtain sufficient appropriate audit evidence to enable it to opine on:

- (i) whether KBC's 2019 Financial Report provided a true and fair view of KBC's financial position as at 30 June 2019 or the financial performance for the period then ended;

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- (ii) whether KBC's 2019 Financial Report complies with Australian Accounting Standards and Corporations Regulations 2001;
 - (iii) whether KBC has kept sufficient records to enable the 2019 Financial Report to be prepared and audited; or
 - (iv) the remuneration report included in pages 16 to 24 of the directors' report within the 2019 Financial Report.

The basis for Deloitte's disclaimer of opinion are detailed in full on pages 69 to 71 of the 2019 Financial Report. KBC Shares will remain suspended pending ASX's enquiries into, amongst other things, issues raised in the 2019 Financial Report.

3. The cash offer provides liquidity

Historically, KBC Shares are closely held and historically have been very thinly traded. Of the total shares on issue, over 65% of KBC Shares are held by three KBC Shareholders and their Associates (including WAM Active and members of the Wilson Asset Management Group). 92% of KBC Shares are held by the top 20 KBC Shareholders.

From 1 January 2019 to the close of trading on 15 July 2019 (the last trading day before KBC Shares were placed into suspension by ASX), approximately 6,417,766 KBC Shares on issue were traded (excluding 930,754 KBC Shares purchased by WAM Active or its Associates). This represents only 4.1% of KBC Shares on issue.

Depending on the level of acceptances received under the Offer, the market for KBC Shares may become even less liquid following the Offer.

The Offer provides KBC Shares with liquidity and represents an opportunity for all KBC Shareholders to sell their KBC Shares for cash at a premium to the last reported NTA of KBC.

4. There are risks associated with being a minority shareholder of KBC

Depending on the level of acceptances received under the Offer, the market for KBC Shares may become even less liquid following the Offer. This could make it more difficult for you to sell your KBC Shares at an attractive price in the future, should the shares recommence trading. It may also reduce the likelihood of a subsequent takeover bid for KBC from parties other than WAM Active.

After the Offer closes, if WAM Active's Voting Power in KBC is less than 90% of KBC, KBC Shares may trade below the Offer Price, should they recommence trading. On 6 December 2019 Mr John Patton made a Takeover Panel application in relation to the affairs of KBC which, if successful, would prohibit WAM Active from acquiring 100% of KBC Shares under the Offer. At the date of the Bidder's Statement, the Panel is yet to determine whether it will to hear Mr Patton's application.

If WAM Active becomes entitled to do so, it intends to compulsorily acquire the remaining KBC Shares WAM Active does not acquire under the Offer. If your KBC Shares are compulsorily acquired you will be paid later than KBC Shareholders who accept the Offer.

5. There is no competing offer

As at the date of this Bidder's Statement, the Offer is the only available offer for all KBC Shares.

Key questions

This Section answers some key questions that you may have about the Offer and should only be read in conjunction with the entire Bidder's Statement.

1.1. What is the Bidder's Statement?

The Bidder's Statement sets out the terms of WAM Active's cash Offer and information relating to the Offer and the consideration you will receive.

1.2. What is the Offer?

WAM Active is offering to acquire all of your KBC Shares by way of an off-market takeover offer.

The Offer extends to KBC Shares on issue at 7.00pm (Sydney time) on 13 December 2019 and any KBC Shares issued during the Offer Period¹.

The Offer consideration is 6.5 cents cash for every KBC Share you hold.

1.3. What are the tax consequences if I accept the Offer?

Please consult your financial, tax or other professional adviser on the tax implications of accepting the Offer. However, a general summary of the likely Australian tax consequences is set out in Section 7.

1.4. How do I accept the Offer?

CHES Holdings

If your KBC Shares are in a CHES Holding, to accept the Offer you must either:

- (a) instruct your Controlling Participant (usually your Broker) to accept the Offer on your behalf; or
- (b) complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.

Issuer Sponsored Holdings

If your KBC Shares are in an Issuer Sponsored Holding, to accept the Offer you must complete, sign and return the Acceptance Form in accordance with the instructions on it.

Participants

If you are a Participant (as defined in the ASX Settlement Rules) (typically, a stockbroker who is a participating organisation of ASX Settlement), the above does not apply.

To accept the Offer you must initiate acceptance in accordance with the ASX Settlement Rules.

1.5. Can I accept the Offer for part of my holding?

No, you can only accept the Offer for all of your holding. Your acceptance will be treated as being for all your KBC Shares plus any additional KBC Shares registered as held by you at the date your acceptance is processed.

¹ The suspension of KBC Shares triggered an event of default under the terms of its convertible redeemable promissory notes (CRPN). In response to KBC's default notice, members of the Wilson Asset Management Group demanded KBC redeem all CRPNs held by members of the Wilson Management Group in cash. As a result of KBC's suspension not being lifted before 21 October 2019, KBC is obliged to redeem or convert CRPNs having a face value of circa \$6.7 million. KBC has processed the early redemption of 397,944 CRPN's, with those redemptions being satisfied in full with cash. Three outstanding redemption requests relating to 6,352,264 CRPN's have been accepted however KBC has yet to determine if it will satisfy these redemptions with cash or process a conversion of these notes to ordinary shares. A defeating condition will be triggered if KBC elects to convert the CRPNs after the date of this Bidder's Statement.

1.6. Are there any conditions to the Offer?

Yes, the Offer is subject to the following Conditions:

- (a) 50.1% minimum acceptance before the end of the Offer Period;
- (b) no regulatory action or decision is made, announced, commenced or threatened;
- (c) no Prescribed Occurrences;
- (d) KBC does not acquire companies or assets (or interests in companies or assets) for more than \$500,000 in any single transaction or an amount in aggregate in any series of transactions of more than \$500,000;
- (e) no material adverse change to KBC's assets, liabilities, financial position, performance, profitability or prospects;
- (f) KBC or any of its subsidiaries do not adopt a new constitution or make any changes to its constitution, gives any encumbrance over any of its assets or change board composition after the date of the Bidder's Statement;
- (g) KBC does not elect to, determine to convert, or announce an intention to do so or convert any convertible redeemable promissory notes (CRPN)²;
- (h) no superior alternative proposal to the Offer is announced;
- (i) no person other than WAM Active or an Associate of WAM Active gains or increases their Voting Power in KBC by greater than 5%;
- (j) no new material litigation is commenced or threatened against KBC or any of its subsidiaries;
- (k) KBC remaining admitted on the official list of the ASX;
- (l) the reported NTA of KBC not declining by 5% or more from the reported NTA for October 2019; and
- (m) the S&P/ASX All Ordinaries Index not closing at a level that is 10% or more below the level of that index at 5.00pm (Sydney time) on the trading day immediately prior to the date of the Bidder's Statement and remaining at or below that level for at least two consecutive trading days.

Please see Section 10.7 for further details of the Conditions to the Offer.

1.7. What happens if I accept the Offer?

Once you accept the Offer in respect of all of your KBC Shares, you will not be able to sell those KBC Shares or, once the Offer is declared unconditional, otherwise deal with the Rights attaching to those KBC Shares, subject to your limited statutory rights to withdraw your acceptance in certain circumstances.

1.8. What happens if I do not accept the Offer?

Subject to what is stated below, you will remain the holder of your KBC Shares if you do not accept the Offer.

If WAM Active obtains a Relevant Interest of at least 90% of the KBC Shares (by number) on issue at any time during the Offer Period and the Conditions are satisfied or waived, WAM Active intends to proceed to compulsorily acquire your KBC Shares if you have not accepted the Offer (see Section 4). At the conclusion of the compulsory acquisition process, you will receive 6.5 cents in cash for every 1 fully paid KBC Share which is compulsorily acquired. You will receive consideration for your KBC Shares sooner if you accept the Offer.

If WAM Active obtains an interest in less than 90% of KBC Shares, WAM Active will not be able to proceed to compulsorily acquire your KBC Shares. In this instance, you will remain a KBC Shareholder and it is likely that

² The suspension of KBC Shares triggered an event of default under the terms of its CRPNs. In response to KBC's default notice, members of the Wilson Asset Management Group demanded KBC redeem all CRPNs held by members of the Wilson Management Group in cash. As a result of KBC's suspension not being lifted before 21 October 2019, KBC is obliged to redeem or convert CRPNs having a face value of circa \$6.7 million. KBC has processed the early redemption of 397,944 CRPN's, with those redemptions being satisfied in full with cash. Three outstanding redemption requests relating to 6,352,264 CRPN's have been accepted however KBC has yet to determine if it will satisfy these redemptions with cash or process a conversion of these notes to ordinary shares. A defeating condition will be triggered if KBC elects to convert the CRPNs after the date of this Bidder's Statement.

KBC Shares will be thinly traded, should KBC's Shares recommence trading on the ASX. KBC Shares may trade below the Offer Price. WAM Active's intentions if it has an interest in less than 90% of KBC Shares are described in Section 4.

1.9. Can I withdraw my acceptance?

Under the terms of the Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. Such a withdrawal right will arise if, after you accept the Offer, WAM Active varies the Offer in a way that postpones for more than one month the time when WAM Active has to pay you under the Offer.

1.10. When does the Offer close?

The Offer is currently scheduled to close at 7:00 pm (Sydney time) on 3 February 2020, unless extended or withdrawn.

1.11. Can WAM Active extend the Offer Period?

Yes, the Offer can be extended by WAM Active or otherwise in accordance with the Corporations Act. You will be sent written notice of any extension, as required by the Corporations Act.

1.12. If I accept the Offer, when will I receive the cash consideration?

If you accept this Offer, WAM Active will pay to you the cash consideration to which you are entitled on or before the earlier of:

- (a) the day one month after you accept this Offer or, if this Offer is subject to the Conditions when accepted, one month after the contract resulting from your acceptance becomes unconditional; and
- (b) the day 21 days after the end of the Offer Period, provided that the Offer has become unconditional.

Full details of when you will be paid your cash consideration are set out in Section 10.6.

1.13. Will I need to pay brokerage or stamp duty if I accept the Offer?

You will not pay any stamp duty on accepting the Offer.

If your KBC Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to WAM Active, you will not incur any brokerage connected with you accepting the Offer.

If your KBC Shares are in a CHESS Holding or you hold your KBC Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker or the bank, custodian or other nominee) whether it will charge any transaction fees or service charges connected with you accepting the Offer.

2. About WAM Active Limited

2.1. Overview of WAM Active

WAM Active provides investors with access to Wilson Asset Management's market-driven process, focused on identifying market mispricing opportunities in the Australian equity market. The investment portfolio is actively traded, and as such, opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangements, corporate spin offs and restructures), arbitrage opportunities, LIC discount arbitrages, short selling and trading market themes and trends. WAM Active also participates in investment opportunities that provide the company with a yield that is better than return on cash.

2.2. Directors of WAM Active

The WAM Active Directors are:

- (a) Mr Geoffrey Wilson AO – Chairman
- (b) Ms Katherine Thorley
- (c) Ms Emma Rugge-Price
- (d) Ms Karina Kwan

2.3. Public announcements by WAM Active

WAM Active is a disclosing entity for the purposes of section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require WAM Active to:

- (a) prepare and lodge with the ASX both yearly and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report; and
- (b) immediately notify the ASX of any information concerning WAM Active of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in WAM Active, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged with ASIC in relation to WAM Active may be obtained from or inspected at an office of ASIC. Copies of documents lodged with the ASX in relation to WAM Active may be obtained from the ASX's website (www.asx.com.au).

2.4. Benefits for KBC Shareholders

The key benefit for KBC Shareholders accepting the Offer is that they will be able to immediately realise 6.5 cents per KBC Share for all of their KBC Shareholding, in cash. KBC Shareholders seeking to exit their investment in KBC will receive 6.5 cents cash per KBC Share they hold, representing a premium of 7.3% to KBC's NTA as at 31 October 2019, the last reported NTA prior to the date of this Bidder's Statement.

KBC Shareholders who accept this Offer will no longer be exposed to the risks and uncertainties of remaining a KBC Shareholder.

3. About Keybridge Capital Limited

3.1. Disclaimer

The following description of KBC and the financial information concerning KBC contained in this Section has been prepared by WAM Active using publicly available information. To the extent permitted by law, WAM Active does not make any representation or warranty, express or implied, as to the currency, accuracy or completeness of such information.

The primary sources of information about KBC used by WAM Active are as follows:

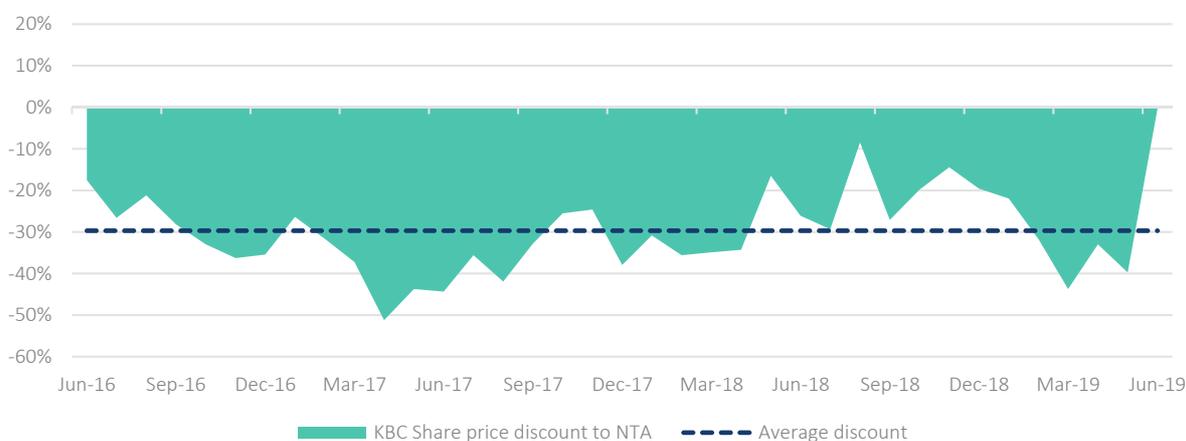
- (a) annual and interim financial reports to KBC Shareholders;
- (b) announcements issued by KBC through the ASX; and
- (c) KBC's website.

3.2. Overview of KBC and its principal business activities

KBC is an investment and financial services group with a portfolio of listed and unlisted investments/loan assets including private equity (US), life insurance (New Zealand), property and funds management sectors and strategic holdings in HHY Fund (ASX:HHY), Molopo Energy Limited (ASX:MPO), Metgasco Limited (ASX: MEL) and Yowie Group Limited (ASX:YOW).

KBC Shares have been suspended from trading since 16 July 2019. The ASX announced on 17 October 2019 that KBC Shares will remain suspended pending the outcome of the ASX's enquiries into, amongst other things, issues in relation to KBC's 2019 Financial Report. The full scope of the ASX's enquiries are not publicly known. There is no certainty that normal trading of KBC Shares will recommence or, if it does, when this might occur.

KBC Shares have historically traded at a significant discount to their reported NTA. During the financial years ended 30 June 2017, 2018 and 2019, KBC Shares have traded at an average 30% discount to NTA.



Source: KBC's monthly Net Asset Backing reports, as announced to the ASX and IRESS

3.3. Directors

As at the date of this Bidder's Statement, there are there are six directors of KBC, being:

- (a) Mr John Patton - Chairman, Executive Chairman, General Manager, Company Secretary;
- (b) Mr Nicholas Bolton – CEO, Managing Director;
- (c) Mr Richard Dukes – non-executive director;
- (d) Mr William Johnson – non-executive director;
- (e) Mr Simon Cato - non-executive director; and
- (f) Mr Jeremy Kriewaldt - non-executive director.

Material uncertainty regarding KBC's board of directors

The composition of KBC's board of directors has been a contentious issue since July 2019 when members of the KBC board purported to remove Mr Patton as chairman and appoint Mr Johnson as his replacement.

The Federal Court of Australia ruled on 11 October 2019 that Mr Patton was not validly removed, and therefore remains the chairman of KBC.

Two of KBC's three largest shareholders, Bentley and Australian Style Group Pty Limited, convened separate extraordinary general meetings of KBC Shareholders to consider resolutions to appoint and remove certain KBC directors. The results of the first meeting, specifically the resolutions to remove Mr William Johnson and Mr Simon Cato (representatives of Bentley) have been challenged under section 1322 of the Corporations Act. If this challenge is successful, the results may be reversed and both resolutions may be passed. As at the date of this Bidder's Statement the outcome of this challenge remain unknown. The second meeting, after being adjourned the KBC chairman, was withdrawn on 30 October 2019.

On 14 October 2019, the date the meetings convened by Bentley and Australian Style Group Pty Limited were scheduled to be held, it was announced that KBC had appointed two casual vacancies to the board. Mr Richard Dukes, as non-executive Director and Mr Nicholas Bolton, as Managing Director.

Mr Duke is required to retire and stand for re-election at KBC's annual general meeting, scheduled to be held on 19 January 2019. Mr John Patton and Mr Jeremy Kriewaldt will also stand for re-election at this meeting. However, Mr Bolton, despite previously having been disqualified by ASIC from managing corporations, will not put himself forward for election by KBC Shareholders at KBC's annual general meeting.

The annual general meeting was originally to be held on 29 November 2019 but was postponed due to the notice of meeting failing to incorporate a necessary 'spill' resolution to vote on the re-election of the KBC board of directors should KBC have received a second 'strike' on its remuneration report.

3.4. Major KBC Shareholders

KBC's 2019 Financial Report states that KBC currently has the following substantial shareholders:

Rank	Name	Units	% of Units
1.	Australian Style Group Pty Ltd	35,620,692	22.67%
2.	Wilson Asset Management Group ¹	35,245,323	22.43%
3.	Bentley Capital Limited ²	31,700,000	20.17%

1. Wilson Asset Management Group means WAM Active and its Associates, WAM Capital Limited (ASX:WAM) and Wilson Asset Management Equity Fund.

2. Bentley Capital Limited includes BEL and its associated entities, Scarborough Equities Pty Ltd, Orion Equities Limited (ASX:OEQ) and Queste Communications Limited (ASX:QUE).

3.5. Overview of KBC's historical financial performance

A summary of the historical consolidated financial performance of for the financial years ended 30 June 2017, 2018 and 2019 are set out below:

A\$'000	FY 2017	FY 2018	FY 2019
Fees income	202	87	44
Realised gain on sale of investments	1,808	1,003	(76)
Reversal of impairment of loans and receivables	-	933	-
Excess of net assets over cost on acquisition	-	804	-
Additional consideration	-	-	386
Unrealised gain on derivative liabilities	62	88	52
Gain/(loss) on revaluation of foreign currency assets	(354)	170	58
Interest	747	694	449
Dividend	281	14	115
Other income	267	38	289
Total revenue/ Other income/ Other gains and losses	3,013	3,831	1,317
Unrealised loss on financial assets at fair value through profit or loss	(534)	(6,135)	(1,175)
Share of Associate entity's profit/(loss)	(299)	(761)	(783)
Impairment expenses	(6,036)	(809)	(463)
Personnel expenses	(646)	(524)	(520)
Corporate expenses	(1,111)	(1,659)	(1,156)
Administration expenses	(406)	(345)	(290)
Other expenses	(120)	(96)	(142)
Total expenses	(9,152)	(10,329)	(4,531)
Finance expenses	(308)	(308)	(396)
Loss before tax	(6,446)	(6,806)	(3,610)
Income tax benefit/(expense)	-	-	-
Loss after tax attributable to members	(6,446)	(6,806)	(3,610)

Notes:

1. The above information has been drawn from the financial statements issued by KBC in respect of the financial years ending 30 June 2017, 2018 and 2019.
2. KBC's auditor was unable to provide an audit opinion in respect of KBC's 2019 Financial Report. See pages 69 to 71 of KBC's 2019 Financial Report for the basis of Deloitte's disclaimer of opinion.

A summary of the historical consolidated financial position of for the financial years ended 30 June 2017, 2018 and 2019 are set out below:

A\$'000	FY 2017	FY 2018	FY 2019
Current Assets			
Cash and cash equivalents	1,414	5,008	1,549
Financial assets at fair value through profit or loss	11,836	7,278	7,057
Other assets	120	146	5,172
Receivables	407	421	377
Total Current Assets	13,778	12,854	14,155
Non-Current Assets			
Loans and receivables	11,835	5,086	5,023
Investment in Associate entity	2,584	2,082	1,302
Deferred tax asset	-	123	143
Property, plant and equipment	2	-	-
Total Non-Current Assets	14,421	7,291	6,468
Total Assets	28,199	20,144	20,622
Current Liabilities			
Payables	360	320	1,679
Total Current Liabilities	360	320	1,679
Non-Current Liabilities			
Financial liabilities at fair value through profit or loss	4,141	4,053	7,600
Deferred tax liability	-	123	143
Total Non-Current Liabilities	4,141	4,176	7,743
Total Liabilities	4,501	4,496	9,421
Net Assets	23,698	15,648	11,201

Notes:

1. The above information has been drawn from the financial statements issued by KBC in respect of the financial years ending 30 June 2017, 2018 and 2019.
2. KBC's auditor was unable to provide an audit opinion in respect of KBC's 2019 Financial Report. See pages 69 to 71 of KBC's 2019 Financial Report for the basis of Deloitte's disclaimer of opinion.

Commentary on financial performance

During the financial years ended 30 June 2017, 2018 and 2019 KBC has returned a total loss of \$16.86 million.

KBC continues to incur considerable Operating Expenses, eroding KBC Shareholder value. During the financial years ended 30 June 2017, 2018 and 2019, KBC has incurred Operating Expenses of in excess of \$2 million per annum. For the financial year ending 30 June 2019, KBC's Operating Expenses were in excess of 18.8% of KBC's NTA, of which over 40% was paid to management, directors and related parties.

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3.6 ASX announcements

KBC is a disclosing entity for the purposes of section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require KBC to:

- (a) prepare and lodge with ASIC both yearly and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report; and
- (b) immediately notify the ASX of any information concerning KBC of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in KBC, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged with ASIC in relation to KBC may be obtained from or inspected at an office of ASIC. Copies of documents lodged with the ASX in relation to KBC may be obtained from, or inspected at, an office of the ASX.

Since the lodgement of the 2019 Financial Report for the year ended 30 June 2019 on 17 October 2019, KBC has issued the following announcements to the ASX:

Date	Announcement
6/12/2019	TOV: KBC Panel Receives Application
5/12/2019	Dividend/Distribution - KBCPA
2/12/2019	AGM Supplementary Notice of Meeting
2/12/2019	Net Asset Backing - October 2019
2/12/2019	AGM Proxy receipts and adjournment
28/11/2019	AGM Update
26/11/2019	CRPN Update
21/11/2019	Net Asset Backing - September 2019
20/11/2019	Notice of initial substantial holder for AIB
12/11/2019	CRPN Redemption Update
6/11/2019	ASX Appendix 4G Key to Corporate Governance Disclosures
6/11/2019	Corporate Governance Statement - 2019
6/11/2019	Annual Report - 2019
30/10/2019	2019 Notice of AGM, Explanatory Statement and Proxy Form
30/10/2019	Keybridge cancels EGM called by Bentley
28/10/2019	BEL: Withdrawal of s249F General Meeting of Keybridge Cap
25/10/2019	Date of 2019 Annual General Meeting
23/10/2019	CRPN Early Redemption Payments
18/10/2019	Response to ASX Query

4. WAM Active's intentions

4.1. General

This Section sets out WAM Active's intentions in relation to:

- (a) the continuation of KBC's business;
- (b) any significant changes to be made to KBC's business, including any redeployment of KBC's assets; and
- (c) the future employment of KBC's employees.

WAM Active's intentions are based on the information known, and the circumstances that exist, at the date of this Bidder's Statement.

WAM Active has reviewed information in the public domain concerning KBC, its business and the general business environment in which it operates. Based on its review of that material, and on its current assessment of KBC's operations, WAM Active's intentions in relation to KBC are summarised below. Statements set out in this Section are statements of current intention only which may change as new information becomes available or circumstances change.

4.2. Strategic Review

As WAM Active does not currently have access to all material information, facts and circumstances which it considers necessary to assess the operational, commercial, taxation and financial implications of its current intentions, final decisions on these matters have not been made. Upon completion of the Offer, WAM Active proposes to conduct a review of KBC's strategy, operations, activities, assets and employees of KBC in light of the information which then becomes available to it (Strategic Review).

This Strategic Review is expected to focus on matters which have not been publicly disclosed, the various concerns raised by Deloitte in KBC's 2019 Financial Report as well as exploring avenues for returning capital to KBC Shareholders.

WAM Active's current intentions in relation to the employees and directors of KBC are set out below. At this stage no decision has been made to support the continuation of KBC's investment strategy, nor has a decision made to retain or dispose of any assets held by KBC.

Final decisions will only be reached in light of all material facts and circumstances. Accordingly, the statements set out in this Section are statements of current intention only which may change as new information becomes available or circumstances change.

4.3. WAM Active's intentions upon controlling 90% or more of KBC Shares

This Section sets out WAM Active's intentions if it controls 90% or more of KBC Shares and becomes entitled to proceed to compulsory acquisition of KBC Share under the Corporations Act.

- (a) WAM Active currently intends to proceed to compulsory acquire the remaining KBC Shares;
- (b) WAM Active will seek to remove KBC from the Official List of the ASX;
- (c) WAM Active intends to terminate the employment of KBC's employees and replace all KBC directors with nominees of the Wilson Management Group although as at the date of this Bidder's Statement, it has not made any decision as to who would be nominated for appointment;
- (d) WAM Active intends to undertake the Strategic Review.

4.4. WAM Active's intentions upon controlling more than 50.1% but less than 90% of KBC Shares

This Section sets out WAM Active's intentions if, by virtue of acceptance of the Offer, it was to gain effective control of KBC without becoming entitled to compulsorily acquire the outstanding KBC Shares.

If WAM Active acquires a Relevant Interest in KBC of at least 50.1% but less than 90%, its current intentions are as set out below.

- (a) KBC will become a controlled entity of WAM Active;
- (b) WAM Active intends to undertake the Strategic Review;
- (c) Subject to the Corporations Act, WAM Active intends to replace all directors with nominees of the Wilson Management Group although as at the date of this Bidder's Statement, it has not made any decision as to who would be nominated for appointment;
- (d) WAM Active may seek to remove KBC from the Official List of the ASX;
- (e) WAM Active may, at some later time, acquire further KBC Shares in a manner consistent with the Corporations Act;
- (f) If WAM Active becomes entitled at some later time to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act, it may exercise those rights; and
- (g) WAM Active intends to undertake the activities referred to in this Section 4.4 to the extent permitted by its control of KBC.

4.5. WAM Active's intentions upon controlling 50% or less of KBC Shares

If WAM Active does not achieve a Relevant Interest in more than 50% of KBC, to the extent possible through its non-controlling holding of KBC Shares, WAM Active will endeavour to give effect to the intentions set out in Section 4. However, WAM Active considers that its ability to effect the intentions set out in Section 4 will be significantly limited if WAM Active is unable to achieve a Relevant Interest in KBC of more than 50%.

WAM Active may consider acquiring additional KBC Shares under the "creep" provisions of Item 9 in section 611 of the Corporations Act (which provides that WAM Active and its Associates may acquire up to 3% of KBC Shares every 6 months) until it achieves a majority Voting Power. WAM Active has not yet decided whether it will acquire further KBC Shares as this will depend upon the extent to which WAM Active has the capacity to acquire further KBC Shares and market conditions at that time.

4.6. Limitations on intentions

The intentions and statements of future conduct set out in this Section 4 must be read as being subject to:

- (a) the law (including the Corporations Act) and the Listing Rules, including in particular the requirements of the Corporations Act and the Listing Rules in relation to conflicts of interest and "related party" transactions given that, if WAM Active gains control of KBC but does not acquire all of the KBC Shares, it will be treated as a related party of KBC for these purposes;
- (b) the legal obligation of the KBC directors at the time, including any nominees of WAM Active, to act in good faith and in the best interests of KBC and for proper purposes and to have regard to the interest of all KBC Shareholders; and
- (c) the outcome of the Strategic Review.

5. Sources of Offer consideration

5.1. Consideration under the Offer

The total amount that WAM Active would be required to pay for KBC Shares if WAM Active acquires all of the KBC Shares on issue on the date of this Bidder's Statement in which it and its Associates do not have a Relevant Interest at the Offer Price is approximately \$7.92m.

The total cash consideration payable by WAM Active as described in this Section 5 excludes any costs payable by WAM Active in relation to the Offer.

5.2. Financial position of WAM Active

As at 30 November 2019, the investment portfolio of WAM Active comprised of 14.3% cash (\$7.24m) and 85.7% in liquid investments listed on the ASX. WAM Active's cash reserves are currently insufficient for WAM Active to fund the total cash consideration under the Offer and the expected Offer costs. WAM Active's portfolio is comprised of highly liquid investments, which WAM Active can liquidate at short notice. Should WAM Active's cash reserves, as a result of normal business activities over the Offer Period, be insufficient to fully fund the total cash consideration and costs of the Offer, WAM Active will liquidate assets in order to fund the balance of the Offer consideration and/or costs.

5.3. WAM Active funding

The Offer is not subject to a financing condition.

WAM Active estimates that the total transaction costs associated with the Offer (other than the Offer Price payable for all KBC Shares) are not expected to exceed \$100,000.

WAM Active intends to fund the cash consideration under the Offer using available cash reserves.

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6. Risk factors

6.1. Risk factors associated with selling KBC Shares

KBC Shareholders who accept the Offer will receive cash as their Offer Consideration. Those who accept the Offer will no longer be exposed to the risks associated with KBC's operations and investment portfolio.

Investors should appreciate that owning KBC Shares involves various risks which can be broadly categorised into risks relating to the Offer, general investment risks and specific business risks.

Each of these broad categories are outlined below in the following sections.

6.2. Risks relating to the Offer

The following risk factors may arise as a result of the Offer and the acquisition of KBC Shares by WAM Active.

KBC information

In preparing the information on KBC included in this Bidder's Statement, WAM Active has relied only on publicly available information. WAM Active has not had direct access to KBC's directors or its auditors. KBC's auditor Deloitte issued a disclaimer of opinion in relation to the 2019 Financial Report. Deloitte, noted their inability to satisfy themselves as to the integrity of KBC's books. In addition, it is possible that additional risks may exist in relation to KBC's operations that are unknown to WAM Active.

Minority Shareholders in KBC

If you do not accept the Offer you may, depending on the level of acceptance of the Offer, become part of a minority in KBC. In such a case, the liquidity of KBC Shares may be further diminished, should KBC return to normal trading on the ASX.

WAM Active may be unable to or prevented from acquiring 100% of KBC Shares under the Offer. On 6 December 2019 Mr John Patton made a Takeover Panel application in relation to the affairs of KBC which, if successful, would prohibit WAM Active from acquiring 100% of KBC Shares under the offer. As the date of the Bidder's statement, the Panel is yet to determine whether it will hear Mr Patton's application.

Taxation risks

Tax liabilities are the responsibility of each individual shareholder, and WAM Active is not responsible either for taxation or penalties incurred by KBC Shareholders. KBC Shareholders should consult their own taxation advisers to ascertain the tax implications of their investment.

Taxation considerations

The effects of taxation can be complex and may change over time. A summary of the current Australian income tax implications associated with acceptance of the Offer is outlined in Section 7. However, this summary is general in nature and the circumstances for each KBC Shareholder will vary. KBC Shareholders should seek professional taxation advice in relation to their own position.

This list is not exhaustive and KBC Shareholders should read this Bidder's Statement in full. If KBC Shareholders require further information on these risks, they should seek professional advice.

Ability to exercise effective control

WAM Active may acquire the ability to effectively control all decisions regarding KBC's future operations. This will be dependent upon the level of acceptances of the Offer and any other KBC Shares that may be acquired by WAM Active and its Associates on-market, or otherwise, in accordance with the Corporations Act.

Potential impact on subsequent bids

WAM Active's shareholding may become of such a size that a third party would not be able to successfully make a takeover bid for KBC without the support of WAM Active.

6.3. Specific risks relating to retaining KBC Shares

An outline of some of the general business risks facing KBC are as set out below:

Risk on KBC's investments

KBC may invest in unlisted entities, entities with a limited trading history or entities with a small capital base. These investments may pose greater risk than investments in larger capitalised entities or entities on other market sectors. While the development of sound risk management procedures and sound due diligence can minimise the risks of investment in such entities, the risks are material and significant.

Business Risk

The profitability and success of KBC is highly dependent on the ability of its directors and executives to assess business risks and make appropriate investment decisions. At the date of this Bidder's Statement there is no certainty as to who these directors and executives will be.

No guarantee can be given in respect to future earnings of KBC or the earnings and capital appreciation of its investments.

Corporate governance risks

KBC Shareholders should consider the corporate governance risks caused by the ongoing uncertainty regarding KBC's board composition. See the Chairman's letter and Section 1 for more detailed discussion regarding corporate governance risks of KBC.

6.4. General risks relating to retaining KBC Shares

An outline of some of the general business risks facing KBC are as set out below:

KBC Shareholders should be aware that retaining KBC Shares involves various risks. There are general risks associated with owning securities in publicly listed companies. The price of securities can go down as well as up due to factors outside the control of KBC. These factors include Australian and worldwide economic and political stability, natural disaster, performance of the Australian stock market as a whole, and Australian interest rates, foreign exchange, taxation and labour relations environments.

These are risks that are considered beyond the control of KBC.

Possible volatility of KBC Share price

The stock market has from time to time experienced significant price and volume fluctuations, which may be unrelated to the operating performance of particular companies.

The market price of KBC Shares may be volatile and may go down, as well as up. Factors that may have a significant impact on the market price and marketability of KBC Shares include announcements as to new acquisitions or investment opportunities, government regulation, variation in interest rates, the activities of any competitors, economic and other external factors, as well as fluctuations in KBC's operating results.

KBC Shares have been suspended from trading on the ASX since 16 July 2019. As announced on 17 October 2019, KBC Shares will remain suspended pending the outcome of the ASX's enquiries into, amongst other things, issues in relation to KBC's 2019 Financial Report.

Macroeconomic risks

The general state of the Australian and international economy as well as changes in taxation, monetary policy, interest rates, statutory requirements and currency exchange rates may influence the financial performance of KBC, and may affect the value of KBC Shares.

Regulatory changes

Changes to the regulatory environment, including the ASX, the Corporations Act and ASIC policy and their commercial application, may have a material adverse effect on a KBC Shareholder's investment in KBC Shares or otherwise have a material adverse effect on KBC's business and financial position.

6.5. Note on risk factors

The above list of general and specific risk factors should not be taken as exhaustive of the risks faced by KBC or by KBC Shareholders. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of KBC and the value of the KBC Shares.

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7. Tax considerations

7.1. General

The following is a summary of the principal Australian tax consequences generally applicable to KBC Shareholders who dispose of their KBC Shares under the Offer for cash consideration. These consequences will depend on the individual circumstances of KBC Shareholders. You should make your own inquiries and seek independent professional advice on your circumstances.

The comments set out below are relevant only to those KBC Shareholders who hold their KBC Shares as capital assets for the purpose of investment and who do not (or would not) hold those KBC Shares in connection with the conduct of a business. Certain KBC Shareholders (such as those engaged in a business of trading or investment, those who acquired their KBC Shares for the purpose of resale at a profit or those which are banks, insurance companies, tax exempt organisations, superannuation funds or persons who acquired their KBC Shares in the course of their employment with KBC) will or may be subject to special or different tax consequences specific to their circumstances.

The following outline is based upon Australian taxation law and practice in effect as at the date of this Bidder's Statement. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of every KBC Shareholder. KBC Shareholders should seek independent professional advice regarding the taxation consequences of disposing of KBC Shares in the light of their own particular circumstances.

7.2. Australian resident KBC Shareholders

If you accept the Offer, you will be treated as having disposed of your KBC Shares. If you held them on capital account and you dispose of them, such a disposal is likely to constitute a CGT event for CGT purposes. Australian resident KBC Shareholders may make a capital gain or capital loss on the disposal of a KBC Share under the Offer.

In general, the capital gain or loss on the disposal of a KBC Share under the Offer is the difference between the value of the capital proceeds (i.e. the cash consideration received from WAM Active) and the cost base of the KBC Share. The cost base of KBC Shares is generally their cost of acquisition or deemed cost of acquisition. Certain other amounts associated with acquisition and disposal, such as brokerage or stamp duty, may be added to the cost base.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. Capital gains made during an income year are reduced by any capital losses made during that same income year. This may be reduced further by capital losses carried forward from prior years. A 'CGT Discount' may be available to reduce further the taxable gain for certain KBC Shareholders (see further below). The remaining net capital gain is included as assessable income in your income tax return and is subject to income tax at your marginal tax rate in the year in which you dispose of the KBC Shares. A net capital loss may be carried forward to be offset against future capital gains (not against other income for income tax purposes).

A KBC Shareholder who is an individual, complying superannuation entity or trustee of a trust may be eligible for a 'CGT Discount' if they acquired (or are deemed to have acquired) their KBC Shares at least 12 months before the time they accept the Offer. The CGT Discount is not available to companies, nor does it apply to KBC Shares owned (or deemed to be owned) for less than the relevant 12 month period.

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7.3. Non-resident KBC Shareholders

KBC Shareholders who are not resident in Australia for tax purposes should also consider the tax consequences under the laws of their country of residence, as well as under Australian law. In Australia, the CGT rules only apply to non-residents of Australia in relation to 'taxable Australian property'. KBC Shares held by a KBC Shareholder who is not an Australian resident for tax purposes will be taxable Australian property only if the KBC Shares:

- (a) are an indirect Australian real property interest; or
- (b) were used at any time by the KBC Shareholder in carrying on a business through a permanent establishment in Australia; or
- (c) were included under a CGT deferral election when the KBC Shareholder ceased to be an Australian resident.

KBC Shares will generally not constitute an indirect Australian real property interest unless the total market value of Australian real property assets is more than 50% of the total market value of KBC's assets and the shareholding represents at least 10% (including associate interests) of either the total shares or voting right or distribution rights.

7.4. Stamp duty and GST

Any stamp duty payable pursuant to the Offer will be the liability of WAM Active and will be paid by WAM Active. KBC Shareholders may be charged GST on costs (such as advisor fees) that relate to their acceptance of the Offer. KBC Shareholders may be entitled to input tax credits for such costs, but should seek independent advice in relation to their individual circumstances.

7.5. Obtain your own taxation advice

Do not rely on the comments or the statements contained in this Bidder's Statement as advice about your own affairs. The taxation laws are complex and there could be implications in addition to those generally described in this Bidder's Statement.

Accordingly, consult your own tax advisers for advice applicable to your individual needs and circumstances. To the extent permitted by law, WAM Active does not accept any responsibility for tax implications for individual KBC Shareholders.

WAM Active is not a registered tax agent under the Tax Agent Services Act 2009 (Cth) and cannot provide tax advice to specific KBC Shareholders. KBC Shareholders should obtain tax advice from a registered tax agent on the consequences of accepting the Offer.

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8. Information on KBC Shares

8.1. KBC capital structure

As at the date of this Bidder's Statement, there are 157,136,486 KBC Shares on issue.

8.2. KBC Share trading

A total of 65.27% of KBC Shares are held by the top three KBC Shareholders.

The most recent sale price for KBC Shares on the ASX prior to the date of this Bidder's Statement was \$0.071 on 15 July 2019 (being the last trading day before the ASX suspended quotation of KBC Shares on 16 July 2019).

In the six months period to 15 July 2019, the highest closing price and lowest closing price of KBC Shares traded on the ASX were as follows:

- (a) High: \$0.075
- (b) Low: \$0.056

KBC Shareholders are reminded that KBC has historically traded at a discount to its NTA.

8.3. WAM Active and its Associates' interests in KBC

As at the date of this Bidder's Statement, WAM Active and its Associates had Voting Power of 22.43% in KBC Shares.

8.4. KBC executive share plan

As at the date of this Bidder's Statement, there are 9,000,000 unlisted executive share plan shares issued under the terms of KBC's executive share plan announced, issued on 10 December 2014 (refer to KBC's ASX Announcement dated 19 December 2014: Appendix 3B and Further Detail Regarding Issuance of Loan Funded Shares).

8.5. KBC Notes

As at the date of this Bidder's Statement, there are 7,602,056 KBC CRPNs on issue (ASX: KBCPA) following the redemption of 397,944 CRPNs.

The suspension of KBC Shares triggered an event of default under the terms of CRPNs and CRPN holders had the opportunity to request conversion or redemption of their CRPNs. KBC received early redemption requests for 6,750,208 CRPNs.

KBC have processed the early redemption of 397,944 CRPNs, with those redemptions being satisfied in full with cash. At the time of this Bidder's Statement three outstanding redemption requests relating to 6,352,264 CRPNs have been accepted however KBC has yet to determine if it will satisfy these redemptions with cash or process a conversion of these notes to ordinary shares. The Wilson Management Group holds 1,835,111 CRPNs and prior to announcing the Offer requested KBC redeem these CRPNs for cash. The Offer is subject to a condition that KBC does not elect to convert any CRPNs into KBC Shares before the end of Offer Period.

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9. Other material information

9.1. No collateral benefits

Neither WAM Active nor any of its Associates has, during the period of four months ending on the day immediately before the date of the Offer, given, or offered or agreed to give, a benefit to another person likely to induce the other person, or an Associate, to:

- (a) accept the Offer; or
- (b) dispose of KBC Shares,

which benefit was not offered to all KBC Shareholders under the Offer.

9.2. No escalation agreements

Neither WAM Active nor any Associate of WAM Active has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

9.3. Dealings in KBC Shares

In the four months prior to the date of the Offer, neither WAM Active nor any of its Associates have purchased KBC Shares.

On 28 June 2019 WAM Active announced an intention to make a conditional off-market takeover offer for KBC Shares at a cash price of 7.5 cents per share. The offer was subject to a number of defeating conditions, including a 'no change to the investment management agreement' condition, a 'no material adverse change' condition and a 'no material litigation' condition. Each of these conditions were breached by KBC following the announcement of WAM Active's offer. As a result, WAM Active did not proceed with this offer, announcing its withdrawal on 22 August 2019 (before a bidder's statement had been issued).

On 13 October 2019 WAM Active announced an intention to make a conditional off-market takeover offer for KBC Shares at a cash price of 6.9 cents per share. The offer was subject to a number of defeating conditions, including a 'no material decline in NTA' condition and a 'conduct of KBC's business' condition. Each of these conditions were breached by KBC following the announcement of WAM Active's offer. As a result, WAM Active did not proceed with this offer, announcing its withdrawal on 13 December 2019 (before a bidder's statement had been issued).

9.4. Material contracts

WAM Active is not aware of the terms of any contracts to which KBC or any of its controlled entities are a party that contain provisions entitling the contract counterparty to terminate the contract in the event of a change of control of KBC.

WAM Active has not engaged in any discussions with any party with whom KBC or a controlled entity of KBC has a substantive contract for the provision of goods or services to assess the impact of a change of control of KBC on any contract.

9.5. Regulatory approvals

There are no regulatory approvals that WAM Active needs to obtain before acquiring KBC Shares before or under the Offer.

9.6. ASIC modifications and exemptions

ASIC has published various other class order instruments providing for modifications and exemptions that apply generally to all persons, including WAM Active, about the operation of Chapter 6 of the Corporations Act. WAM Active may rely on this relief.

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WAM Active has relied, under Class Order 13/521 "Takeover bids" by ASIC, on the modifications to section 624(2) of the Corporations Act, by paragraphs 4(f) and (g) of the Class Order. These paragraphs are concerned with clarifying the timing issues related to the closing time for offer periods that are automatically extended under the Corporations Act.

WAM Active will make available a copy of the documents containing these statements (or relevant extracts from these documents), free of charge to KBC Shareholders who request them before the end of the Offer Period. To obtain a copy of these documents (or the relevant extracts) KBC Shareholders should contact WAM Active on (02) 9247 6755 between 9am and 5pm (Sydney time) Monday to Friday.

9.7. Consents

Mont Lawyers Pty Limited (ACN 631 930 937) (Mont) has given (and before lodgement of this Bidder's Statement has not withdrawn) its written consent to be named as legal adviser to the Offer in the form and context in which it is named.

Boardroom Pty Limited (ACN 003 209 836) (Boardroom) has given (and before lodgement of this Bidder's Statement has not withdrawn) its written consent to be named as registry for the Offer in the form and context in which it is named.

Each of Mont and Boardroom:

- (a) has not authorised or caused the issue of the Bidder's Statement;
- (b) does not make, or purport to make, any statement in this Bidder's Statement other than as specified in this Section; and
- (c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any part of this Bidder's Statement other than the reference to its name and the statements (if any) included in this Bidder's Statement with the consent of that party as specified in this Section.

In addition, this Bidder's Statement includes statements which are made in, or based on statements made in documents lodged with ASIC or given to the ASX. Pursuant to ASIC Class Order 13/521, the makers of those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents (free of charge) please contact WAM Active on (02) 9247 6755 between 9am and 5pm (Sydney time) Monday to Friday.

9.8. Date for determining holders of KBC Shares

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) is 13 December 2019.

9.9. Other material information

There is no other information material to the making of a decision by an offeree whether or not to accept an Offer (being information that is known to WAM Active and has not previously been disclosed to the holders of KBC Shares) other than as disclosed in this Bidder's Statement.

9.10. Costs and expenses

All costs and expenses of the preparation and circulation of this Bidder's Statement and the Offer, and all transfer duty payable on transfer of your KBC Shares will be paid by WAM Active.

10. Offer terms

10.1. WAM Active's Offer

- (a) WAM Active offers to acquire all KBC Shares not currently held by it or its Associates on the terms and conditions of this Offer. You may accept this Offer in respect of your KBC Shares.
- (b) The consideration being offered by WAM Active is 6.5 cents cash for every KBC Share you own.
- (c) If you accept this Offer and WAM Active acquires your KBC Shares, WAM Active is also entitled to any Rights in respect of your KBC Shares.

10.2. Offer Period

Unless withdrawn, this Offer remains open for acceptance during the period commencing on the date of this Offer and ending at 7:00pm (Sydney time) on 3 February 2020, subject to any extension of that period in accordance with the Corporations Act.

10.3. Who may accept

- (a) The Offer is being made to:
 - (i) each holder of KBC Shares registered, or entitled to be registered, in the register of members of KBC at 7:00pm (Sydney time) on 13 December 2019; and
 - (ii) each other holder of KBC Shares who becomes so registered before the end of the Offer Period.
- (b) If at the time this Offer is made to you another person is, or at any time during the Offer Period and before this Offer is accepted becomes, the holder of, or entitled to be registered as the holder of, some or all of your KBC Shares (transferred shares), WAM Active is deemed, in place of this Offer, to have made at that time a corresponding Offer on the same terms and conditions:
 - (i) to the other person, relating to the transferred shares; and
 - (ii) to you, relating to your KBC Shares other than the transferred shares (if any).
- (c) If at any time during the Offer Period and before this Offer is accepted, you hold your KBC Shares in two or more distinct portions (for example, you hold some as trustee, nominee or otherwise on account of another person) within the meaning of section 653B of the Corporations Act:
 - (i) this Offer is deemed to consist of a separate corresponding Offer to you in relation to each distinct portion of your KBC Shares;
 - (ii) to accept any of those corresponding Offers, you must specify:
 - A. by written notice accompanying your Acceptance Form; or
 - B. if the notice relates to KBC Shares in a CHESS Holding, in an electronic form approved by the ASX Settlement Operating Rules,

that your KBC Shares consist of distinct portions and the number of the KBC Shares to which the acceptance relates; and
 - (iii) otherwise, section 653B of the Corporations Act applies to this Offer in respect of your KBC Shares and any acceptance of this Offer by you.

10.4. How to accept this Offer

- (a) You may only accept this Offer in respect of all of your KBC Shares.
- (b) You may only accept this Offer during the Offer Period.
- (c) If your KBC Shares are held in a CHESS Holding, you can only accept this Offer in accordance with the ASX Settlement Operating Rules.

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- (d) To accept this Offer, you should proceed as follows:
- (i) you may complete and sign the Acceptance Form in accordance with the instructions on the Acceptance Form and return it (together with any documents required by the instructions on it), so that the envelope in which they are sent is received by WAM Active in accordance with the Acceptance Form before the end of the Offer Period; or
 - (ii) if your KBC Shares are held in a CHESS Holding (as an alternative to completing the Acceptance Form) you may either:
 - A. instruct your Controlling Participant to initiate acceptance of the Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or
 - B. if you are a Broker or an ASX Settlement Participant, initiate acceptance of the Offer in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

10.5. Effect of acceptance

- (a) By accepting the Offer in accordance with Section 10.4, you will have:
- (i) accepted this Offer in respect of all of your KBC Shares;
 - (ii) agreed to transfer your KBC Shares to WAM Active (subject to this Offer and the contract resulting from your acceptance of it becoming unconditional);
 - (iii) represented and warranted to WAM Active that your KBC Shares will at the time of acceptance of this Offer and at the time of their transfer to WAM Active be fully paid up and that WAM Active will acquire good title to and beneficial ownership of your KBC Shares free from all Security Interest and other adverse third party interests of any kind;
 - (iv) on the Offer or the contract resulting from your acceptance of the Offer becoming unconditional, irrevocably appointed WAM Active and each of its directors, secretaries and officers severally as your attorney to do all things which you could lawfully do in relation to your KBC Shares or in exercise of any right derived from the holding of such KBC Shares, including without limitation:
 - A. attending and voting at any general meeting of KBC;
 - B. notifying KBC that your address in the records of KBC for all purposes including the dispatch of notices of meeting, annual reports and dividends should be altered to an address nominated by WAM Active;
 - C. do all things necessary to effect the transfer of your KBC Shares on the same terms and conditions set out in the Offer, legally and beneficially to WAM Active; and
 - D. doing all things incidental and ancillary to any of the above.

This appointment terminates on the registration of WAM Active as the registered holder of your KBC Shares.

WAM Active must indemnify you and keep you indemnified in respect of all costs, expenses and obligations which might otherwise be incurred or undertaken as a result of the exercise by an attorney of any powers under Section 10.4;

- (v) agreed that in exercising the powers conferred by the power of attorney under Section 10.4 the attorney may act in the interests of WAM Active as the intended registered holder and beneficial holder of those KBC Shares;

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- (vi) on the Offer or the contract resulting from your acceptance of the Offer becoming unconditional, agreed not to attend or vote in person at any general meeting of KBC or to exercise or purport to exercise any of the powers conferred on an attorney under Section 10.4;
 - (vii) represented and warranted to WAM Active that the making of the Offer to you and your acceptance of this Offer is lawful under any Foreign Law which applies to you, to the making of this Offer or to your acceptance of this Offer;
 - (viii) agreed to indemnify WAM Active and KBC fully in respect of any claim, demand, action, suit or proceeding made or brought against KBC and any loss, expense, damage or liability whatsoever suffered or incurred by WAM Active or KBC or both WAM Active and KBC, in each case as a result of any representation or warranty made by you not being true;
 - (ix) on the Offer or the contract resulting from your acceptance of the Offer becoming unconditional (even though WAM Active has not yet provided the consideration due to you), authorise WAM Active to transmit a message to ASX Settlement in accordance Rule 14.17.1 of the ASX Settlement Operating Rules so as to enter those of your KBC Shares which are CHES Holdings into the WAM Active Takeover Transferee Holding; and
 - (x) on the Offer or the contract resulting from your acceptance of the Offer becoming unconditional (even though WAM Active has not provided the consideration due to), authorise WAM Active to enter those of your KBC Shares which are Issuer Sponsored Holdings into the name of WAM Active.
- (b) By completing, signing and returning the Acceptance Form, you will also have:
- (i) authorised WAM Active and each of its directors, secretaries, officers, servants and agents severally to complete the Acceptance Form by correcting any errors in or omissions from the Acceptance Form as may be necessary for either or both of the following purposes:
 - A. to make the Acceptance Form an effectual acceptance of this Offer; and
 - B. to enable registration of the transfer to WAM Active of your KBC Shares; and
 - (ii) authorised WAM Active and each of its directors, secretaries, officers, servants, and agents severally on your behalf to initiate acceptance or instruct your Controlling Participant to initiate acceptance in accordance with Rule 14.14 of the ASX Settlement Operating Rules.
- (c) WAM Active may at any time in its absolute discretion:
- (i) treat the receipt by it of an Acceptance Form during the Offer Period as a valid acceptance although it does not receive all or any requirements for a valid acceptance have not been complied with; and
 - (ii) where you have satisfied the requirements for acceptance in respect of only some of your KBC Shares, treat the acceptance as a valid acceptance only in respect of those KBC Shares.
- (d) In respect of any part of an acceptance treated by WAM Active as valid, WAM Active must provide you with the relevant cash consideration in accordance with Section 10.6.

10.6. Consideration for your KBC Shares

- (a) The obligation of WAM Active to pay to you to as cash consideration under the Offer will be satisfied by WAM Active dispatching or procuring the dispatch to you a cheque made payable to you by pre-paid ordinary mail or, in the case of addresses outside Australia, by pre-paid airmail, to your address as shown on the Register (or such other address as you may notify in writing to WAM Active).
- (b) Subject to Section 10.6(c) of this Offer, if the contract resulting from your acceptance of this Offer becomes unconditional, WAM Active will provide the cash consideration on acceptance of this Offer on or before the earlier of:
 - (i) 1 month after the date this Offer is validly accepted by you or, if this Offer is subject to the Conditions when accepted, within 1 month after this Offer or the contract resulting from your acceptance of this Offer becomes unconditional; and

(ii) 21 days after the end of the Offer Period, provided that the Offer has become unconditional.

Under no circumstances will interest be paid on the consideration for the Accepted Shares under this Offer, regardless of any delay in making payment or any extension of this Offer.

- (c) If you accept the Offer and you are a Foreign Shareholder, you are not entitled to receive the Offer Consideration unless and until all requisite authorities or clearances have been obtained from the Reserve Bank of Australia and or the Australian Taxation Office. Refer to Section 10.6(g) for further information.
- (d) Notwithstanding anything else in the Bidder's Statement, WAM Active is under no obligation to spend any money, or undertake any action, in order to satisfy themselves of the eligibility of Foreign Shareholders to receive the Offer Consideration as set out in this Section 10.6(c).
- (e) Where the Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):
- (i) if that document is given with your acceptance, WAM Active will provide the consideration in accordance with paragraph (b);
 - (ii) if that document is given after your acceptance and before the end of the Offer Period while the Offer is subject to the Condition, WAM Active will provide the consideration 1 month after the Offer becomes unconditional;
 - (iii) if the document is given after your acceptance and before the end of the Offer Period while the Offer is not subject to the Condition, WAM Active will provide the consideration 21 days after the document is received; or
 - (iv) if that document is received after the end of the Offer Period, WAM Active will provide the consideration within 21 days after that document is received.
- (f) If WAM Active becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give WAM Active all documents necessary to vest those Rights in WAM Active or otherwise to give WAM Active the benefit or value of those Rights. If you do not give those documents to WAM Active, or if you have received the benefit of those Rights, then WAM Active may reduce the total amount of cash consideration to which you are otherwise entitled under this Offer by the amount (or value, as reasonably assessed by WAM Active) of those Rights. For the avoidance of doubt, WAM Active will not be entitled to deduct the value of any franking credits attaching to any dividends or capital distributions declared or paid by KBC.
- (g) If, at the time of acceptance of this Offer, any consent, authority or clearance of the Reserve Bank of Australia and/or the Australian Taxation Office is required for you to receive any consideration under this Offer or you are resident in or a resident of a place to which, or you are a person to whom:
- (i) the Banking (Foreign Exchange) Regulations 1959 (Cth);
 - (ii) Part 4 of the Charter of the United Nations Act 1945 (Cth);
 - (iii) the Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth);
 - (iv) Part 9 of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth);
 - (v) any other regulations made under Part 4 of the Charter of the United Nations Act 1945 (Cth); or
 - (vi) any other law of Australia that would make it unlawful for WAM Active to provide Consideration for your KBC Shares,
- applies, then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive (and you will not be entitled to receive) any consideration under this Offer unless and until all requisite consents, authorities or clearances have been obtained.

10.7. Defeating Conditions

This Offer and the contract that results from acceptance of this Offer are each subject to the fulfilment of the following Conditions:

(a) **50.1% minimum acceptance**

WAM Active has a Relevant Interest in more than 50.1% (by number) of KBC Shares on issue before the end of the Offer Period.

(b) **No regulatory action or decision**

During the period starting on the Announcement Date and ending at the end of the Offer Period:

- (i) no preliminary or final decision, order or decree is made or issued;
- (ii) no action, proceeding or investigation is announced, commenced or threatened; or
- (iii) no application is made (other than by WAM Active or its Associates),

by or to any regulatory organisation or government agency which is likely to or threatens to restrain, prohibit, impede or otherwise materially adversely affect the making of the Offer, the acquisition of the KBC Shares by WAM Active, the rights of WAM Active in respect of KBC and the KBC Shares or the continued operation of the businesses of KBC or its subsidiaries (including decisions made or issued by the Takeovers Panel in respect of the application made by Mr John Patton on 6 December 2019).

(c) **No Prescribed Occurrences**

None of the following happens during the period commencing on the Announcement Date and ending on the expiry of the Offer Period (each being a separate condition):

- (i) the shares of KBC or any of the Controlled Entities of KBC are converted into a larger or smaller number of shares;
- (ii) KBC or a subsidiary of KBC resolves to reduce its share capital in any way;
- (iii) KBC or a subsidiary of KBC:
 - A. enters into a buy-back agreement; or
 - B. resolves to approve the terms of a buy-back agreement under sections 257C or 257D of the Corporations Act;
- (iv) KBC or a subsidiary of KBC makes an issue of or grants an option to subscribe for any of its securities or agrees to make such an issue or grant such an option;
- (v) KBC or a subsidiary of KBC issues or agrees to issue convertible notes;
- (vi) KBC or a subsidiary of KBC disposes or agrees to dispose of the whole or a substantial part of its business or property;
- (vii) KBC or a subsidiary of KBC grants or agrees to grant an encumbrance (including Security Interest or a mortgage) over the whole or a substantial part of its business or property;
- (viii) KBC or a subsidiary of KBC resolves to be wound up;
- (ix) a liquidator or provisional liquidator of KBC or a subsidiary of KBC is appointed;
- (x) a court makes an order for the winding up of KBC or a subsidiary of KBC;
- (xi) an administrator of KBC or a subsidiary of KBC is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) KBC or a subsidiary of KBC execute a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part of the property of KBC or a subsidiary of KBC.

(d) **No material transactions**

Except for any proposed transaction reasonably full details of which are publicly announced by KBC before the Announcement Date, none of the following events occurs during the period starting on the Announcement Date and ending at the end of the Offer Period without the written consent of WAM Active:

- (i) KBC or any of its subsidiaries acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in any single transaction of more than \$500,000 or an amount in aggregate in any series of transactions of more than \$500,000, or makes an announcement about such an acquisition or acquisitions;
 - (ii) KBC or any of its subsidiaries disposes, offers to dispose or agrees to dispose of one or more companies or assets (or an interest in one or more companies or assets) for an amount in any single transaction of more than \$500,000 or an amount in aggregate in any series of transactions of more than \$500,000, or makes an announcement about such a disposal;
 - (iii) KBC or any of its subsidiaries enters into, offers to enter into or announces that it proposes to enter into any joint venture, partnership or dual listed company structure involving a commitment of greater than \$500,000 in any single transaction or an amount in aggregate in any series of transactions of more than \$500,000, or makes an announcement about such a commitment; or
 - (iv) KBC or any of its subsidiaries incurs or commits to, or grants to another person a right the exercise of which would involve KBC or any of its subsidiaries incurring or committing to any capital expenditure or liability for one or more related items of greater than \$500,000, or makes an announcement about such a commitment.
- (e) **No material adverse change**
- Between the Announcement Date and the end of the Offer Period, there is no occurrence of any change which has or could reasonably be expected to have a material adverse effect on the assets, liabilities, financial position, performance, profitability or prospects of KBC and/or its subsidiaries.
- (f) **Conduct of KBC's business**
- Between the Announcement Date and the end of the offer period, none of KBC and any body corporate which is or becomes a subsidiary of KBC, without the written consent of WAM Active:
- (i) adopts a new constitution or makes any change to its constitution or passes any special resolution or proposes to do so;
 - (ii) gives or agrees to give any encumbrance (including a Security Interest or mortgage) over any of its assets otherwise than in the ordinary course of business; or
 - (iii) changes the board composition, including appointing any additional director to its board of directors whether to fill a casual vacancy or otherwise.
- (g) **KBC Board**
- Anytime between the Announcement Date and the end of the Offer Period, KBC breached section 201A of the Corporations Act.
- (h) **No Conversion**
- Between the Announcement Date and the end of the Offer Period KBC does not elect to, determine to convert, or announce an intention to do so or convert any CRPN.
- (i) **No superior alternative proposal**
- Between the Announcement Date and the end of the Offer Period, no alternative proposal to the Offer is announced that:
- (i) is recommended by any KBC director; or
 - (ii) offers consideration that is higher than the consideration offered under the bid valued, as far as practicable, in accordance with the principles applying under section 621(3) of the Corporations Act and ASIC Regulatory Guide 9: Takeover bids.

(j) **Restriction on others acquiring KBC Shares**

During the period starting on the Announcement Date and ending at the end of the Offer Period, no person other than WAM Active or an Associate of WAM Active gains or increases their Voting Power in KBC by 5% or more.

(k) **No material litigation**

Between the Announcement Date and the end of the Offer Period:

- (i) none of KBC and its subsidiaries has threatened or commenced against it any new material claims or proceedings in any court or tribunal (and a claim or proceeding is taken to be material if it may reasonably result in a judgment of \$100,000 or more), other than that which has been fully and fairly publicly disclosed to the ASX prior to the Announcement Date;
- (ii) the consideration under the Offer is required to be increased or WAM Active or one of its associate of WAM Active is required or reasonably likely to be required to pay any amount to any one or more KBC Shareholders in connection with the Offer as a result of:
 - A. any new litigation that is commenced, is threatened to be commenced, announced or is made known to KBC (whether or not becoming public); or
 - B. any preliminary or final decision or order of any regulator or other government agency, other than as a result of WAM Active publicly undertaking to increase the consideration under the Offer or WAM Active lodging a notice of variation under section 650D of the Corporations Act relating to an increase of the consideration under the Offer; or
- (iii) the aggregate liability of KBC and its subsidiaries under or in connection with any existing claim or proceeding in any court or tribunal is or is likely to be materially more than the provision made for the claim or proceeding in KBC's last audited annual financial statements or, if no provision has been made, is or likely to be more than \$100,000.

(l) **No de-listing**

Between the Announcement Date and the end of the Offer Period, KBC is not removed from the official list of the ASX.

(m) **No material decline in NTA**

Between the Announcement Date and the end of the Offer Period, the reported NTA of KBC not declining by 5% or more below the after-tax NTA of KBC of \$0.0606 per share announced to the ASX on 2 December 2019 for the month of October 2019.

(n) **No fall in the All Ordinaries below 10%**

Between the Announcement Date and the end of the Offer Period, the S&P/ASX All Ordinaries Index not closing at a level that is 10% or more below the level of that index at 5.00pm (Sydney time) on the trading day immediately prior to the date of this Bidder's Statement and remaining at or below that level for at least two consecutive trading days.

10.8. Nature of Conditions

(a) Each paragraph of Section 10.7:

- (i) is a condition subsequent; and
 - (ii) subject to the Corporations Act, operates only for the benefit of WAM Active and any breach or non-fulfilment of such condition may be relied upon only by WAM Active which may waive (generally or in respect of a particular event) the breach or non-fulfilment of that Condition.
- (b) The Condition does not prevent a contract to sell your KBC Shares resulting from your acceptance of this Offer but breach of the Condition or non-fulfilment of the Condition at the end of the Offer Period entitles WAM Active to rescind that contract by notice to you.
- (c) Where an event occurs that would mean at the time the event occurs the Condition to which this Offer or the contract resulting from your acceptance of this Offer is then subject would not be fulfilled, each

paragraph of the Condition in Section 10.7 affected by that event becomes two separate Conditions on identical terms except that:

- (i) one of them relates solely to that event; and
- (ii) the other specifically excludes that event.

WAM Active may declare the Offer free under Section 10.7 from any paragraph of the Condition without declaring it free from the other paragraphs and may do so at different times.

10.9. Freeing the Offer from Conditions

- (a) Subject to the Corporations Act, WAM Active may declare this Offer and any contract resulting from acceptance of this Offer free from:
 - (i) the Condition in Section 10.7(c) by giving written notice to KBC not later than 3 business days after the end of the Offer Period;
 - (ii) all other Conditions, not less than 7 days before the end of the Offer Period.
- (b) The date for giving the notice on the status of the Condition as required by section 630(1) of the Corporations Act is 24 January 2020 (subject to extension in accordance with the Corporations Act) if the Offer Period is extended.
- (c) Your acceptance or the contract resulting from your acceptance of this Offer is void if:
 - (i) at the end of the Offer Period the Condition in Section 10.7 is not fulfilled; and
 - (ii) WAM Active has not declared this Offer and any contract resulting from the acceptance of it free of the Condition in accordance with Section 10.9(a).

10.10. Withdrawal of Offers

- (a) This Offer, if not previously accepted, may be withdrawn by WAM Active, but only with ASIC's written consent (ASIC may impose conditions on such consent).
- (b) Subject to ASIC's consent (and any conditions imposed by ASIC), withdrawal of this Offer may be effected by written notice from WAM Active given to KBC.
- (c) Subject to any conditions imposed by ASIC on its consent, where WAM Active withdraws this Offer, if not previously accepted, automatically becomes incapable of acceptance.

10.11. Variation

WAM Active may vary this Offer in accordance with the Corporations Act.

10.12. Stamp duty

WAM Active must pay all stamp duty payable on the transfer of your KBC Shares to it if you accept this Offer.

10.13. Foreign Laws

This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer and to receive the Offer Consideration.

10.14. Governing law

This Offer and any contract that results from your acceptance of this Offer is governed by the laws in force in NSW.

This Offer is dated 3 January 2020

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II. Definitions and interpretation

11.1. Definitions

The following defined terms are used throughout this Bidder's Statement unless the context otherwise requires. These terms are used throughout this Bidder's Statement.

2019 Financial Report	The annual financial report for KBC issued in respect of the period ended 30 June 2019 by KBC on 17 October 2019.
\$ or c	Australian dollars or cents.
Acceptance Form	The acceptance form for the Offer accompanying this Bidder's Statement.
Announcement Date	The date on which the Offer was announced to the ASX, namely 13 December 2019.
ASIC	Australian Securities & Investments Commission.
Associate	Has the same meaning given to that term in section 9 of the Corporations Act.
ASX	ASX Limited (ACN 008 624 691) on the market it administers being Australian Securities Exchange (as the context requires).
ASX Settlement	ASX Settlement Pty Limited (ACN 008 504 532).
ASX Settlement Operating Rules	The operating rules of the settlement facility provided by ASX Settlement.
Bidder's Statement	This document, being the statement made by WAM Active under Part 6.5 Division 2 of the Corporations Act.
Broker	A person who is a share broker and participant in CHES.
Business Day	Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that the ASX declares is not a business day.
CGT	Capital gains tax.
CHES	The Clearing House Electronic Subregister System which provides for the electronic transfer, settlement and registration of securities in Australia.
CHES Holding	A holding of KBC Shares on the CHES subregister of KBC.
Condition or Defeating Condition	Each condition set out in Section 10.7.
Controlling Participant	Has the meaning given in the ASX Settlement Operating Rules.
Controlled Entity	Has the meaning given to that word in the Corporations Act.
Corporations Act	The Corporations Act 2001 (Cth).
Foreign Shareholder	Any KBC Shareholder whose address in KBC's register of members is a place outside Australia and its external territories, to whom it is unlawful for the WAM Active to make the Offer or for whom it is unlawful to accept the Offer.

Governmental Agency	Any government, semi-government, administrative, fiscal, judicial or regulatory body, department, commission, authority, tribunal, agency or entity.
GST	Goods and services tax.
KBC Share	A fully paid ordinary share in the capital of KBC.
KBC Shareholder	A registered holder of KBC Shares.
Keybridge or KBC	Keybridge Capital Limited (ACN 088 267 190)
Listing Rules	The listing rules of the ASX.
Offer	The offer as set out in Section 10 of this Bidder's Statement (or, if the context so requires, Section 10 of this Bidder's Statement itself) and includes a reference to that offer as varied in accordance with the Corporations Act.
Offer Consideration	Consideration offered by WAM Active for KBC Shares, being 6.5 cents cash per KBC Share.
Offer Period	The period for which the Offer remains open as set out in Section 10.
Offer Price	6.5 cents cash per KBC Share.
Official List	The official list of entities that the ASX has admitted and not removed.
Operating Expenses	The personnel, corporate, administration and other expenses of KBC.
Prescribed Occurrence	The events referred to in section 652C(1) and (2) of the Corporations Act, which are set out in Section 10.710.7(c) of this Bidder's Statement.
Relevant Interest	Has the meaning given in sections 608 and 609 of the Corporations Act.
Rights	All accretions, rights or benefits of whatever kind attaching to or arising from KBC Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared or paid by KBC or any of its Subsidiaries.
Security	Has the meaning as given in section 92 of the Corporations Act.
Security Interest	Any: <ul style="list-style-type: none"> (a) "security interest" as defined in the PPS Law; (b) security for payment of money, performance of obligations or protection against default (including a mortgage, bill of sale, charge, lien, pledge, trust, power or title retention arrangement, right of set-off, assignment of income, garnishee order or monetary claim and flawed deposit arrangements);

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- (c) a thing or preferential interest or arrangement of any kind giving a person priority or preference over claims of other persons or creditors with respect to any property or asset,
- and includes any agreement to create any of them or allow them to exist.

Strategic Review	Means the detailed strategic review proposed by WAM Active detailed in Section 4.2 of this Bidder's Statement.
Subsidiary	Has the meaning given in the Corporations Act.
Takeovers Panel	The Australian Government Takeovers Panel.
Voting Power	Has the same meaning given to that term in section 610 of the Corporations Act.
WAM Active	WAM Active Limited (ACN 126 420 719).
Wilson Asset Management Group	Wilson Asset Management (International) Pty Limited (ACN 081 047 118), MAM Pty Limited (ACN 100 276 542), WAM Capital Limited (ACN 086 587 395) and Botanical Nominees Pty Limited as trustee of the Wilson Asset Management Equity Fund (ACN 081 032 000).

11.2. Interpretation

In this Bidder's Statement, unless the context requires otherwise:

- (a) a reference to a word includes the singular and the plural of the word and vice versa;
- (b) a reference to a person in this Bidder's Statement or any other document or agreement includes its successors and permitted assigns;
- (c) a reference to a gender includes any gender;
- (d) a reference to an item in a Section, Schedule, Annexure or Appendix is a reference to an item in the section of or schedule, annexure or appendix to this Bidder's Statement and references to this Bidder's Statement include its schedules and any annexures;
- (e) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- (f) a term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a Governmental Agency;
- (g) headings are included for convenience only and do not affect interpretation;
- (h) a reference to a document or agreement including this Bidder's Statement, includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
- (i) a reference to a thing includes a part of that thing and includes but is not limited to a right;
- (j) the terms included, including and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- (k) a reference to a statute or statutory provision includes but is not limited to:
 - (i) a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
 - (ii) a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and

- (iii) subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
- (l) reference to \$, A\$, Australian Dollars or dollars, c or cents is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia; and
- (m) a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.

12. Approval of Bidder's Statement

This Bidder's Statement has been approved by a unanimous resolution of the Directors of WAM Active.

Dated **13 December 2019**

Signed for and on behalf of WAM Active Limited.



Geoff Wilson AO
Chairman

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