

WAM Active announces withdrawal of intention to make a takeover bid for Keybridge Capital Limited

22 August 2019
ASX announcement

WAM Active Limited (ASX: WAA) announced on 28 June 2019 its intention to make an off-market takeover bid for all the issued fully paid ordinary shares in Keybridge Capital Limited (ASX: KBC), at an all cash bid price of \$0.075 for each share (**Offer**).

The Offer was announced following a review of publicly available information relating to KBC at the time. Since the announcement of the Offer, KBC was placed into suspension by the ASX on 16 July 2019 pending the outcome of ASX's enquiries regarding the composition of KBC's board. As at today's date, KBC remains in suspension. KBC has also not released an NTA in respect of June or July 2019.

As a result, WAM Active is currently unable to assess whether there has been a decline in KBC's NTA at this point in time (noting that the Offer was conditional on the pre-tax NTA of KBC not declining by 5% or more after the Offer was announced).

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. These conditions required that between 28 June 2019 and the close of the Offer:

- (a) no amendment or change was made to the investment management agreement between KBC and Aurora Funds Management Limited in relation to the HHY Fund (**HHY IMA**);
- (b) there is no occurrence which 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; and
- (c) no material claims or proceedings (in any court or tribunal) are threatened or commenced against KBC or its subsidiaries.

Each of these conditions has been breached by KBC following the announcement of WAM Active's Offer.

Following the announcement of the proposed Offer, on 1 July 2019, KBC announced that Aurora Corporate Pty Limited had made material claims against it in respect of alleged breaches of certain vendor warranties. Aurora Capital's claim against KBC is for an amount totalling \$1,522,446.81.

KBC has since commenced various material litigation proceedings (on 4 July 2019 KBC announced proceedings against PR Finance Group Limited (in Liquidation) and its former directors and on 16 July 2019 KBC announced proceedings against Aurora Corporate Pty Ltd).

On 11 July 2019 Aurora Funds Management Limited announced to the market that it had issued to KBC a notice terminating the HHY IMA. In a subsequent announcement, Aurora Funds Management Limited confirmed the termination of the HHY IMA stating that, as of 19 July 2019, KBC was no longer the investment manager of HHY.

As a result of the above, WAM Active is withdrawing its proposed Offer.

WAM Active reserves its right to make a future takeover offer for Keybridge having regard to any new material information released by Keybridge after the date of this announcement.

About WAM Active

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

About Wilson Asset Management

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



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