



19 February 2020

**Keybridge Capital Limited (KBC) supplementary target's statement in relation to WAM Active Limited (WAA) off-market takeover bid**

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We attach, by way of service pursuant to paragraph 647(3)(b) of the Corporations Act 2001 (Cth), a copy of the Supplementary Target's Statement prepared by KBC in response to the off-market takeover bid by WAA.

For further information or questions, please contact:

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**ABOUT KEYBRIDGE CAPITAL LIMITED (ASX: KBC)**

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KBC is an investment and financial services group with a diversified portfolio of listed and unlisted investments/loan assets including in 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 Ltd (ASX:YOW)

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This document is a supplementary target's statement dated 18 February 2020 (**Supplementary Target's Statement**) issued by Keybridge Capital Limited ACN 088 267 190 (**Keybridge**). This document supplements and is to be read together with Keybridge's Target's Statement dated 17 January 2020 (**Target's Statement**). Unless the context requires otherwise, defined terms in the Target's Statement have the same meaning in this Supplementary Target's Statement. This Supplementary Target's Statement prevails to the extent of any inconsistency with the Target's Statement.

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## SUPPLEMENTARY TARGET'S STATEMENT

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### 1. Keybridge issues shares at 6.9c, a 6.2% premium to WAM Active's Bid price

Keybridge has issued 22 million shares at 6.9c, raising \$1.52 million to assist in retiring liabilities connected with its early redemption CRPN.

The purchase of a significant line of shares at a 6.2% premium to WAM Active's Bid price by sophisticated investors indicates a value for the Company at a level substantially higher than that being offered by WAM Active.

The price of this transaction identifies a further reason why the majority of directors<sup>1</sup> recommend that shareholders **REJECT** the WAM Active Bid.

### 2. New Substantial Shareholder

Keybridge welcomes Catalano Super Investments Pty. Ltd. and associates<sup>2</sup> as a new substantial shareholder of the Company, with a 10.76% interest resulting from the abovementioned placement.

### 3. Right to withdraw acceptances and status of defeating conditions

On 10 February 2020, WAM Active gave notice that it extended its bid to close on 3 March 2020, being one month and one day after its original closing date of 3 February 2020<sup>3</sup>.

Accordingly, WAM Active's notice does not appear to comply with s650D(1)(a)(ii) of the Corporations Act due to its failure to disclose to shareholders their entitlement to withdraw acceptances under s650E.

Keybridge calls upon WAM Active to correct its notice and confirm that those shareholders that have accepted into their bid, may now withdraw that acceptance.

Keybridge also notes that WAM Active has yet to advise shareholders (despite the Company requesting it do so in its Target's Statement) whether it will waive the defeating conditions that have occurred during its offer period.

Keybridge again calls upon WAM Active to clarify whether it intends to rely upon defeating conditions already triggered to withdraw its bid.

### 4. No Independent Expert Report to be issued

Keybridge noted in the Target's Statement that an Independent Expert Report was to be produced in relation to the ADIT Offer, as a result of Mr Patton being a director of both the bidder and the target. On 21 January 2020, citing potential conflicts relating to his role at ADIT as bidder, Mr Patton retired as a director of Keybridge by withdrawing himself from re-election at the Company's AGM.

Accordingly, there is no longer a requirement under the Act to prepare an Independent Expert Report, and Keybridge does not believe it is a prudent use of shareholder funds to otherwise do so in response to these bids.

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<sup>1</sup> Nicholas Bolton & Jeremy Kriewaldt were the Directors that considered this matter to be a further reason to REJECT the offer.

<sup>2</sup> Refer to Becoming a substantial shareholder notice lodged 19 February 2020.

<sup>3</sup> Section 2G(1)(b)(i) of the Acts Interpretation Act (Cth) says a month ends immediately before the start of the corresponding day of the next calendar month.

## **5. Mr Nicholas Bolton's interest in Aurora and ADIT**

Keybridge notes that in the Target's Statement Mr Bolton gave a recommendation to REJECT the WAM Active Bid. Shareholders should also note that Mr Bolton has a 54.5% purely economic interest in the Responsible Entity and manager of ADIT, Aurora Funds Management Limited (AFML)<sup>4</sup>. ADIT has made a financially superior offer when compared to the WAM Active Bid<sup>5</sup> and its offer was cited as a reason for shareholders to reject the WAM Active Bid. Mr Bolton advises that he had no involvement in the decision by AFML to cause ADIT to make its offer.

Mr Bolton advises that, at present, he intends to also recommend shareholders REJECT the ADIT 6.6c offer, however, notes that shareholders should take into account his economic interest in AFML when considering his recommendation in relation to the WAM Active Bid.

## **6. Minor Corrections to Target's Statement**

Keybridge notes footnote 20 on page 24 of the Target Statement incorrectly refers to Mr Bolton as a director of Australian Style Group Pty Ltd (ASG). Mr Bolton is not a director of ASG and this entire footnote should be disregarded.

## **7. WAM Active requests a shareholder meeting to remove director**

On 18 February 2020, Keybridge received a notice by mail from WAM Active requesting the Company call a meeting under s249D to consider the removal of Mr Bolton as a director of the Company.

## **8. WAM Active makes application to the Takeovers Panel<sup>6</sup>**

On 18 February 2020, WAM Active made an application to the Takeovers Panel seeking orders, amongst other things that include:

- Cancelling the placement referred to in point 1.
- Causing Keybridge to hold the meeting referred to in point 7 and the Board "Spill" meeting required under s250V be held as soon as possible rather than under the timeframe required under the Act.
- Causing ADIT to withdraw its 6.6c takeover for Keybridge unless it validates its funding source
- Allow WAM Active to not be required to accept withdrawal of acceptances

At this stage, the Takeovers Panel has not determined whether it will hear the matter.

## **9. ADIT Bidder's Statement Lodged**

On 7 February 2020 the Company received the ADIT Bidder's Statement for their 6.6c all cash bid. It is expected that this will be dispatched to shareholders over the next week.

## **10. Approval**

This Supplementary Target's Statement has been approved by a resolution passed at a meeting of Directors held on 19 February 2020.



Nicholas Bolton  
Managing Director  
**Keybridge Capital Limited**

Dated 19 February 2020

<sup>4</sup> Through Mr Bolton's 54.5% unitholding in a trust which owns 100% of AFML's shares.

<sup>5</sup> ADIT has offered 6.6c all cash with fewer conditions than the WAM Active 6.5c all cash bid.

<sup>6</sup> Keybridge Capital Limited 04, ASX Announcement 18 February 2020 "TOV: KBC Panel Receives Application"