

ASX ANNOUNCEMENT**ASX CODE: KBC****Keybridge Capital Limited
2015 Annual General Meeting****10:30am (AEST) Wednesday, 23rd November 2016*****Adina Apartments
88 Flinders St, Melbourne VIC 3000***

Welcome

Good morning ladies and gentlemen and welcome to the 2016 Annual General Meeting for Keybridge Capital Limited. As it has turned 10:30 AM (AEST), and I am reliably informed a quorum is present, I now declare the Annual General Meeting open.

If you haven't already, would you please either switch off your mobile phones or turn them to silent?

Introductions

My name is John Patton and I am the Executive Chairman of your Company and will chair today's meeting.

With me today are my fellow directors:

- William Johnson – a Non-Executive Director and member of the Remuneration & Nomination Committee as well as the Investment Committee;
- Jeremy Kriewaldt – an independent Non-Executive Director, Chair of the Remuneration & Nomination Committee and a member of the Audit, Finance & Risk Committee; and
- Simon Cato – a Non-Executive Director, Chair of the Audit, Finance & Risk Committee and a member of the Remuneration & Nomination Committee.

You will find further details on the background and experience of each director within the Annual Report.

I would also like to introduce:

- Ian Pamensky and Victor Ho, our joint Company Secretaries; and
- Declan O'Callaghan, a partner of Deloitte, the Company's current auditor.

Format of the Meeting

Before moving on to the formal part of the meeting, I would like to briefly outline the manner in which I propose to deal with the business of the day, as set out in the agenda, including a number of procedural matters.

I will provide a brief operational overview of the events that occurred over the past year.

I will then open the floor to any questions before moving on to the formal part of the meeting.

Executive Chairman's Address

Since all of the current directors, including myself, were appointed after the end of the financial year, it follows that we were not involved in the operations, nor the decisions made by the Company which ultimately culminated in the financial performance achieved during the year.

By all accounts, the 2016 financial year appears to have started well, with two legal cases being settled in the lead up to Christmas, resulting in a cash profit of over \$3.3 million being generated. These recoveries together with relatively new investments in Aurora Funds Management Limited ("Aurora") and Foundation Life provided the basis for a promising year ahead.

The rationale for acquiring Aurora was to turn Keybridge into a specialist funds manager, however the Aurora business soon presented management with a number of operational and structural challenges, which ultimately resulted in Aurora generating substantial operating losses. As a result, Keybridge made the decision to sell the business. After running a competitive process, the business was sold on 29 June 2016.

Elsewhere in the Company's portfolio, most assets performed within expectations:

- Foundation Life and the Totana Solar Farm both delivered solid returns, along with predictable and consistent income.
- The Company also continued to pursue outcomes on strategic investments in listed companies, including its interests in Molopo Energy Limited (ASX Code: MPO), PTB Group Limited (ASX Code: PTB) and HHY Fund (ASX Code: HHY).
 - These investments represent a large component of the carrying value of the Company.
 - Furthermore, Keybridge believes there is significant unrecognised value in these investments and hopes to unlock this value in due course.

Standing back and looking at the past year, the previous board had to deal with the considerable disruption created by the decision of ASIC to ban Nicholas Bolton from taking part in the management of companies. Keybridge and the current board clearly do not wish to comment on the rights and wrongs of ASIC's decision, particularly as Mr Bolton is in the process of seeking a review of ASIC's decision by the Administrative Appeals Tribunal. However, losing a chief executive at very short notice was clearly disruptive and the former board decided to take a very cautious approach by excluding Mr Bolton in any decisions concerning Keybridge and its assets. This may well have led in part to the more disappointing financial performance of the company in the second half of the last financial year.

Another area that stands out is the significant level of legal fees incurred by the Company over the past year and this is an area of particular focus for the current Board. A significant portion of these legal fees related to assets acquired, or investments made, many years ago (some of them prior to 2010). In relation to those assets and investments, legal expenses have been incurred in determining what legal actions, if any, are available to the Company. As such, some of this expenditure is likely to give rise to claims that may well result in litigation (with attendant expense) and some may well be determined to be too speculative to warrant further expenditure. The current Board will endeavour to reduce the legal expenses relating to these legacy assets and investments over the coming year.

Details on the financial performance of the Company for the year ended 30 June 2016 can be found in our Annual Report.

During the 2015 financial year, the Company commenced the payment of dividends totalling \$0.5 cents per share for the year. In respect of the 2016 financial year, an interim dividend of \$0.25 cents was paid, however the Company determined not to pay a final dividend due to the poor financial performance experienced.

In summary, the 2016 financial year appears to have been one of two halves:

1. It started out well, with the settlement of several legal cases, generating a cash profit of in excess \$3.3 million.
2. In the second half:
 - a. the Company was without its CEO;
 - b. Aurora presented a number of challenges, which ultimately resulted in it being divested;
 - c. Dividends ceased; and
 - d. The Company received a non-binding proposal to effectively take over the Company, however this proposal was subsequently withdrawn.
3. After the end of the financial year, there was a complete change of the Keybridge Board.

As such, the Company has experienced a significant level of change and upheaval. Notwithstanding this, your new Board is committed to restoring the financial prospects of the Company and is optimistic about the future for the business going forward as well as a number of the investments held by the Company.

Our clear focus is on establishing a program of identifying, acquiring, managing and opportunistically realising a range of strategic investments with a view to maximising shareholder value.

I am confident that your new Board brings a depth of experience, expertise and capability to the Company in order to achieve these objectives.

Finally, I would like to take this opportunity to thank shareholders for their patience and continued support for the Company, and hope that we will be able to deliver significantly improved results for the 2017 financial year.

At this point, I'm happy to take any questions?

John Patton
Executive Chairman
23 November 2016

This now takes me to the formal part of meeting.

Keybridge Capital Limited (ASX: KBC) is an investment and financial services group with a diversified portfolio of listed and unlisted investments in solar, private equity, life insurance, property and funds management assets amongst others, including strategic holdings in [HHY Fund](#) (ASX:HHY), [Molopo Energy Limited](#) (ASX:MPO), [PTB Group Limited](#) (ASX:PTB), [Metgasco Limited](#) (ASX: MEL) and [NAOS Absolute Opportunities Company Limited](#) (ASX:NAC).
