

2 June 2020

ASX Codes: KBC; KBCPA

ASX MARKET ANNOUNCEMENT

Potential Transaction - Update

Keybridge is pleased to provide the following update in relation to its \$5 million investment that has been the subject of confidential and incomplete negotiations¹.

On or about 28 June 2019, the Company subscribed for \$5 million of units in the Australian Media Holdings Unit Trust (Unit Trust) (which was established by the Company on or about 28 June 2019 with the Company being the sole unit holder/beneficiary).

On 30 June 2019, the Kirant Regional Media Investments Pty Ltd, as trustee of the Unit Trust, completed the acquisition of a 16.67% interest in Australian Community Media (through various interposed entities established for the transaction) (Investee Company), in consideration of payment of \$5 million to the vendor of the business (Nine Entertainment Co.)².

Subject to the details below, the Unit Trust is entitled to receive this 16.67% shareholding in the Investee Company as the Unit Trust's \$5 million funds (from the Company's subscription into the Unit Trust) was used by the Trustee to complete the acquisition of the shareholding, as agreed by the directors of the Company. However, the Trustee has not yet vested the 16.67% shareholding to the Unit Trust. That is, whilst the Trustee is the registered holder of a 16.67% shareholding in the Investee Company, it has not acknowledged that it holds this shareholding as Trustee of the Unit Trust as that was not included in the original agreement for the deposit.

In July 2019, the Trustee advised that the vesting of the shares in satisfaction for the money forwarded is dependent on the consent/agreement of the other shareholders of the Investee Company. If their consent/agreement is not ultimately forthcoming, the Trustee has undertaken to transfer \$5 million cash into the Unit Trust in lieu of the 16.67% equity interest.

The Company is seeking to find a mutually acceptable position with the shareholders of the Investee Company. The sole Director of the Trustee, Mr Antony Catalano has entered into a Deed of Guarantee and Indemnity (dated 31 July 2019) to, amongst other matters, unconditional and irrevocably guarantee to the Company the due and punctual performance and observance by the Trustee of their obligations to the Company (as the beneficiary of the Unit Trust), including the payment of any monies payable by the Trustee and (if required by the Company) the repayment of any monies advanced to the Trustee by the Company (including the \$5 million subscription). As previously announced, Mr Catalano subsequently became a significant shareholder in the Company on 17 February 2020 and a director on 15 April 2020.

Keybridge will keep the market informed of any further developments.

¹ Refer Note 7, page numbered 21 of ASX Announcement 8 May 2020: KBC – Half Year Report

² Refer ASX Announcements 1 July 2019: NEC – Completion of the sale of ACM and 30 April 2019: NEC – Sale of Australian Community Media and Printing Business



This announcement was authorised for release by the Keybridge Board of Directors.

FOR FURTHER INFORMATION:

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