

Our Ref: KBC:ASX
Your Ref: 76750

4 August 2023

Mr James Gerraty
Head of Listings Compliance
ASX Limited
525 Collins Street, Rialto
North Tower Level 4
Melbourne VIC 3000

By email: james.gerraty@asx.com.au

Dear Mr Gerraty

RE: KEYBRIDGE CAPITAL LIMITED – QUERY LETTER

This letter responds to the queries raised in your letter dated 1 August 2023 (**1 August Letter**) and is supplementary to, and should be read in conjunction with, our earlier letter dated 31 July 2023.

Set out below is the response of Keybridge Capital Limited (**Keybridge**) to each of the questions in your 1 August Letter. Capitalised terms used in this letter have the meaning given in your Letter unless otherwise defined.

KEYBRIDGE RESPONSE TO ASX QUERIES

Question 1

Please provide details and an explanation of the \$1.224 million increase in the value of KBC's Managed Funds between 31 October 2022 and 30 November 2022. Note, it is not satisfactory to reference note (2) of the November 2022 NTA Report 'Keybridge Management have reflected the trading update announced on 1 November 2022 in the NTA as at 31 October 2022, including the carrying value of its equity investment in RNY Property Trust being reduced to nil' is not satisfactory.

The increase in Managed Funds of \$1.224M was a combination of the purchase of 19,103 URFP securities at a cost of \$1.077 million and the increase in the value of the units from \$54.75 to \$60.00 per unit.

Question 2

Please provide details and an explanation of the \$2.217 million reduction in the value of the Managed Funds between 31 December 2022 and 31 January 2023. Note, it is not satisfactory to reference note (2) of the January 2023 NTA Report 'Keybridge Management have reflected the trading update announced on 1 November 2022 in the NTA as at 31 October 2022, including the carrying value of its equity investment in RNY Property Trust being reduced to nil'.

The URSPA securities were converted to URF units on 3 January 2023. This moved the value of the shares from Managed Funds to Listed Equities because of how Keybridge classified its holdings.

Question 3

What was the total cost of acquiring the mezzanine debt, including all associated fees (KBC's Response to Question 4(f) of the ASX Letter)?

\$23,500 + GST, with these costs to be reimbursed by RNY through its facility.

Question 4

Please provide a breakdown of the A\$1.3m fair value loss (paragraph E) across:

4.1 KBC's carrying value of its RNY equity and each of KBC's other indirect investments; and

4.2 The relevant KBC NTA Reports, specifically highlighting the relevant line items.

Keybridge's A\$1.3m fair value loss is summarised as follows:

- | | |
|--|-----------|
| ▪ RNY holding impairment: | \$839,000 |
| ▪ AIB holding impairment (due to its look through RNY exposure): | \$11,000 |
| ▪ AUP holding impairment (due to its look through RNY equity and loan exposure): | \$126,000 |
| ▪ HHY holding impairment (due to its look through RNY equity and loan exposure): | \$297,000 |

Total impairment: \$1.273 million

Question 5

ASX observes that KBC has variously disclosed the interest cost of KBC's loan under the RNC Nominees Facility Agreement as:

5.1 A fixed 2% a month in the notes to the Half Year Report (paragraph F);

5.2 A floating 12.5% p.a. over the prevailing cash rate, in the Half Year Report (paragraph E); and

5.3 12.5% p.a. over the 30 Day BBSY (paragraph G), which ASX understands to be the Bank Bill Swap Bid Rate and not typically referred to as the "cash rate".

Please clarify the actual interest cost of KBC's loan and explain the apparent contradictions highlighted above.

5.3 is the correct explanation of the rate.

The rate referred to in term 5.1 referred to an earlier iteration of the facility and was reported in error.

The rate referred to in 5.2 was intended to convey BBSY, which closely approximates the RBA cash rate, and is commonly referred to as the cash rate.

Question 6



Are there any covenants or other obligations imposed by KBC's loan under the RNC Nominees Facility Agreement? If so, please provide details and an update of KBC's compliance with those covenants and obligations.

The loan agreement contains usual covenants for a loan of this nature. Lender is aware of the developments with RNY. Keybridge has not received notice of an event of default and does not consider that a default under the facility has occurred.

Keybridge does, however, note that the facility currently matures on 31 October 2023.

Question 7

Please confirm that KBC is complying with the Listing Rules and, in particular, Listing Rule 3.1.

Keybridge confirms that it is in compliance with the Listing Rules, including Listing Rule 3.1.

Question 8

Please confirm that KBC's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of KBC with delegated authority from the board to respond to ASX on disclosure matters.

Keybridge confirms its responses to the above questions have been authorised and approved by the directors of the Board or an officer of the Company with delegated authority from the Board to respond to ASX on disclosure matters.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'John Patton', with a stylized flourish at the end.

John Patton
Company Secretary



1 August 2023

Reference: 76750

Mr John Patton
Company Secretary
Keybridge Capital Limited
Suite 613
370 St Kilda Road
Melbourne VIC 3004

By email: jpatton@wilsonhanna.com.au

Dear Mr Patton

Keybridge Capital Limited ('KBC') Net Tangible Asset Reports ('NTA Reports')

ASX refers to the following:

- A. ASX's letter dated 25 July 2023 ('ASX Letter'). Defined terms in this letter have the same meaning as the ASX Letter.
- B. KBC's response to the ASX Letter dated 31 July 2023 ('KBC's Response') including a restated June 2023 NTA Report ('Restated June 2023 NTA Report').
- C. Paragraph C of the ASX Letter which states:
'KBC's NTA Report for the period ended 30 November 2022 ('November 2022 NTA Report') released on MAP on 16 December 2022 disclosing that the value of Managed Funds investment increased by \$1.224 million from \$0.838 million at 31 October 2022 to \$2.062 million at 30 November 2022. The November NTA Report does not explain this material variation with note (2) unchanged from the October 2022 NTA Report.'
- D. Paragraph D of the ASX Letter which states:
'KBC's NTA Report for the period ended 31 January 2023 ('January 2023 NTA Report') released on MAP on 17 February 2023 disclosing that the value of Managed Funds investment decreased by \$2.189 million from \$2.217 million at 31 December 2022 to \$0.028 million at 31 January 2023. The January NTA Report does not explain this material variation with note (2) still unchanged from the October 2022 NTA Report.'
- E. Paragraph I of the ASX Letter, which emphasised the following from KBC's Half Year Report:
'Keybridge advanced a protective US\$1.5 million loan to the operating subsidiary of RNY Property Trust, to assist in paying out existing mezzanine debt over the equity of its property portfolio. This loan was necessary to avoid the forced sale of the equity in the properties at a UCC auction arranged by the lender. Had the auction proceeded, it is possible that Keybridge would have achieved a nil return for its investment in RNY. To assist in funding the above RNY loan and other portfolio investments, Keybridge has itself, obtained a A\$4.4 million senior loan from a private lender at an interest margin of 12.5% pa over the prevailing cash rate;

As a result of actions taken by the US lender of the RNY portfolio, including what Keybridge believes to be an unfounded charging of approximately US\$11 million in default interest, as well as taking into account potential changes in property values as a result of rising US interest rates, as previously announced, the Company further impaired the carrying value of its RNY equity and other indirect investments that have exposure to RNY equity (including its investment in HHY, AUP and AIB). The aggregate of the fair value loss totalled A\$1.3 million;'

F. KBC's Half Year Report which further discloses in Note 8:

'The RNC Nominees Facility Agreement is secured by a first ranking general security agreement over all present and after acquired property of Keybridge Capital Limited. The maturity date of the facility agreement is 31 October 2023. The interest rate is fixed at 2.0% per month.'

G. KBC's Response to Question 4(c) disclosing:

'As disclosed in Keybridge's financial statements for the half year ended 31 December 2022, the \$4.4 million loan under the RNC Nominees Facility Agreement was drawn to fund the US\$1.5 million RNY loan and other portfolio investments, and has the following attributes:

- *secured by a first ranking general security agreement over all present and after acquired property of Keybridge Capital Limited.*
- *maturity date of the facility agreement is 31 October 2023.*
- *interest rate is set at 30 Day BBSY + 12.5% pa.'*

H. KBC's Response which contained the following.

- (a) An answer to question 1 of the ASX Letter that 'yes' the information in paragraphs A, C, D and F of the Query Letter was information that a reasonable person would expect to have a material effect on the price or value of its securities.
- (b) An answer to question 3 of the ASX Letter which addresses information about the carrying value of the RNY Property Trust Advance without addressing the information in paragraphs C and D¹.

I. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

Request for information

Having regard to the above, in particular KBC's acknowledgement of the materiality of the information in relation to movements in the value of KBC's Managed Funds detailed in paragraphs C and D of the ASX Letter, please respond separately to each of the following questions and requests for information:

1. Please provide details and an explanation of the \$1.224 million increase in the value of KBC's Managed Funds between 31 October 2022 and 30 November 2022. Note, it is not satisfactory to reference note (2) of the November 2022 NTA Report *'Keybridge Management have reflected the trading update announced on 1 November 2022 in the NTA as at 31 October 2022, including the carrying value of its equity investment in RNY Property Trust being reduced to nil'* is not satisfactory.
2. Please provide details and an explanation of the \$2.217 million reduction in the value of the Managed Funds between 31 December 2022 and 31 January 2023. Note, it is not satisfactory to reference note (2) of the January 2023 NTA Report *'Keybridge Management have reflected the trading update announced on 1 November 2022 in the NTA as at 31 October 2022, including the carrying value of its equity investment in RNY Property Trust being reduced to nil'*.
3. What was the total cost of acquiring the mezzanine debt, including all associated fees (KBC's Response to Question 4(f) of the ASX Letter)?
4. Please provide a breakdown of the A\$1.3m fair value loss (paragraph E) across:

¹ ASX notes the Restated June 2023 NTA Report deals with paragraph A of the ASX Letter by moving information from note 2 of the June 2023 NTA Report to a new note 4 headed "Private Equity".

-
- 4.1 KBC's carrying value of its RNY equity and each of KBC's other indirect investments; and
 - 4.2 The relevant KBC NTA Reports, specifically highlighting the relevant line items.
 5. ASX observes that KBC has variously disclosed the interest cost of KBC's loan under the RNC Nominees Facility Agreement as:
 - 5.1 A fixed 2% a month in the notes to the Half Year Report (paragraph F);
 - 5.2 A floating 12.5% p.a. over the prevailing cash rate, in the Half Year Report (paragraph E); and
 - 5.3 12.5% p.a. over the 30 Day BBSY (paragraph G), which ASX understands to be the Bank Bill Swap Bid Rate and not typically referred to as the "cash rate".Please clarify the actual interest cost of KBC's loan and explain the apparent contradictions highlighted above.
 6. Are there any covenants or other obligations imposed by KBC's loan under the RNC Nominees Facility Agreement? If so, please provide details and an update of KBC's compliance with those covenants and obligations.
 7. Please confirm that KBC is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 8. Please confirm that KBC's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of KBC with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than 9:30 am AEST on Friday, 4 August 2023. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, KBC's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require KBC to request a trading halt immediately.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in KBC's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in KBC's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to KBC's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that KBC's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply, the ASX Letter, KBC's Response and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

James Gerraty
Head of Listings Compliance (Melbourne)

Our Ref: KBC:ASX
Your Ref: 76750

31 July 2023

Mr James Gerraty
Head of Listings Compliance
ASX Limited
525 Collins Street, Rialto
North Tower Level 4
Melbourne VIC 3000

By email: james.gerraty@asx.com.au

Dear Mr Gerraty

RE: KEYBRIDGE CAPITAL LIMITED – QUERY LETTER

We refer to your email of 25 July 2023 attaching a letter dated 22 July 2023 (**Letter**).

Set out below is the response of Keybridge Capital Limited (**Keybridge**) to each of the questions in your Letter. Capitalised terms used in this letter have the meaning given in your Letter unless otherwise defined.

KEYBRIDGE RESPONSE TO ASX QUERIES

Question 1

Does KBC consider the information set out at each of paragraphs A, C, D and F above ('Information') to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

Yes. Further, Keybridge proposes that the attached revised NTA for June 2023 be issued.

Question 2

If the answer to question 1 is "no", please advise the basis for that view with respect to each of the following.

(a) The decrease in the value of Private Equity investment disclosed in the June 2023 NTA Report (paragraph A).

(b) The increase in the value of Managed Funds investment disclosed in the November 2022 NTA Report (paragraph C).

(c) The increase in the value of Managed Funds investment disclosed in the January 2023 NTA Report (paragraph D).

(d) The information disclosed in note 2 of the June 2023 NTA Report referring to the full impairment of the RNY Property Trust Advance.

N/A

Question 3

If the answer to question 1 is “yes” and KBC first became aware of the Information before the relevant date disclosed in the relevant NTA Report (as applicable) did KBC make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe KBC was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps KBC took to ensure that the information was released promptly and without delay.

The Keybridge Board resolved on 17 July 2023 to impair the carrying value of the RNY loan for the purposes of 30 June 2023 valuations. It is the company’s usual practice to assess the carrying values of its unlisted assets at year end.

Question 4

Noting the full impairment of the RNY Property Trust Advance, and the information set out in paragraphs F, G and H, please advise the following.

(a) The carrying value of KBC’s investments in RNY Property Trust and its related entities now and compared to 31 December 2022.

The carrying value of Keybridge’s equity investment in RNY Property Trust is currently nil, having been fully impaired to nil as at 31 December 2022.

(b) The carrying value of other indirect investments KBC holds that have exposure to RNY equity (including its investment in HHY, AUP and AIB) now and compared to 31 December 2022.

The carrying value of the loan advanced by Keybridge to a subsidiary of RNY Property Trust is currently nil, having been impaired to nil as at 30 June 2023, as compared to US\$1.5 million as at 31 December 2022.

(c) KBC’s material obligations under the A\$4.4m senior loan.

As disclosed in Keybridge’s financial statements for the half year ended 31 December 2022, the \$4.4 million loan under the RNC Nominees Facility Agreement was drawn to fund the US\$1.5 million RNY loan and other portfolio investments, and has the following attributes:

- secured by a first ranking general security agreement over all present and after acquired property of Keybridge Capital Limited.
- maturity date of the facility agreement is 31 October 2023.
- interest rate is set at 30 Day BBSY + 12.5% pa.

(d) Has KBC complied with all of its obligations at all times under the A\$4.4m senior loan? If the answer is no, please describe the breach, the consequences of the breach, whether the breach has been remedied and, if applicable, how the breach was remedied.

Keybridge has complied with its obligations under the facility.

(e) The name and a brief description of the lender under the A\$4.4m senior loan.

The lender, RNC Nominees Pty Ltd ATF Roadnight Capital Private Debt Fund, is an independent third party debt provider.

(f) The status of the forced the sale of the equity in the properties at a UCC auction.

In late 2022, the US Lender took steps to enforce its security by seeking to commence foreclosure action, seeking to appoint a rent receiver, and selling the mezzanine debt in the US properties through a Uniform Commercial Code (UCC) auction process. This UCC process has the result of transferring the equity in the properties to the purchaser of the mezzanine finance (which in this case totalled US\$1.7 million plus default interest). The UCC auction process was ultimately cancelled after RNY's related entity, RNY Australia Operating Company RAOC, acquired the mezzanine debt and paid the associated fees (circa US\$1 million). The repayment was facilitated by funding provided by Keybridge.

A Rent Receiver remains in place today.

(g) Any other information relevant to an understanding of KBC's investments in RNY Property Trust and its related entities.

No. The recoverability of Keybridge's interests in RNY depend upon the prevailing market value of the underlying property less senior debt. At this current stage, given state of the broader market, expectations on property values and the status of dispute with the RNY trust's lenders, Keybridge considers its subjective valuation appropriate.

Question 5

Please confirm that KBC is complying with the Listing Rules and, in particular, Listing Rule 3.1.

Keybridge confirms that it is in compliance with the Listing Rules, including Listing Rule 3.1.

Question 6

Please confirm that KBC's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AFML with delegated authority from the board to respond to ASX on disclosure matters.

Keybridge confirms its responses to the above questions have been authorised and approved by the directors of the Board or an officer of the Company with delegated authority from the Board to respond to ASX on disclosure matters.

Yours faithfully,



John Patton
Company Secretary

Monday, 24 July 2023

ASX Code: KBC

ASX MARKET ANNOUNCEMENT

RESTATED NET ASSET BACKING – JUNE 2023

Keybridge Capital Limited (ASX:KBC) issues this restated NTA Announcement to correct a mislabeling of the associated notes, however its unaudited after-tax Net Asset Backing as at 30 June 2023 remains at 2.04 cents per share.

Net Asset Backing

	%	Current Month 30 June 2023	Previous Month 31 May 2023	Year End 30 Jun 2022
Net Asset Backing for Period Ending:	Change			
Pre-Tax Net Asset Backing per share	-31.49%	\$0.0204	\$0.0298	\$0.0633
Post-Tax Net Asset Backing per share	-31.49%	\$0.0204	\$0.0298	\$0.0633
Total issued (listed) share capital ^(Note 1)		207,337,836	207,337,836	207,337,836

Net Assets	Current Month 30 June 2023		Previous Month 31 May 2023
	\$'million	% of Net Assets	\$'million
Cash and cash equivalent	0.106	2.5%	0.234
Listed Securities	6.465	152.5%	6.151
Managed Funds ^(Note 2)	0.028	0.7%	0.028
Other Investments ^(Note 3)	0.220	5.2%	0.247
Loan Receivables:			
• Private Equity ^(Note 4)	1.260	29.7%	3.281
• Insurance ^(Note 5)	4.284	101.0%	4.280
• Property ^(Note 6)	0.835	19.7%	0.835
• Other	0.000	0.0%	0.000
Other Assets	0.636	15.0%	0.744
Provision for tax	-	-	-
Derivatives	(0.006)	(0.2)%	(0.006)
Other Liabilities ^(Note 7)	(9.587)	(226.1%)	(9.606)
Net Assets	4.240	100%	6.189

This announcement was authorised for release by the Managing Director.

FOR FURTHER INFORMATION:

John Patton
Company Secretary
Tel: +61 3 9686 7000
Email: cosec@keybridge.com.au

ABOUT KEYBRIDGE CAPITAL LIMITED (ASX: KBC)

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 substantial holdings (as at 30 June 2023) in HHY Fund, Metgasco Ltd (ASX:MEL), Molopo Energy Limited and Yowie Group Ltd (ASX:YOW). In addition, the Company has a significant holding in WAM Active Limited (ASX:WAA).

NOTES:

- (1) Net Asset Backing per share is based on Keybridge's total listed shares on issue and excludes 6 million unlisted shares currently issued under the Company's Executive Share Plan¹.
- (2) **Managed Funds** – In its NTA for 31 October 2022, Keybridge Management reflected the trading update announced on 1 November 2022, reducing the carrying value of its equity investment in RNY Property Trust to nil.
- (3) **Molopo Energy Limited** – Consistent with the trading update announced on 1 November 2022, Keybridge has reflected the one-off \$395,000 recovery of historic legal fees in the NTA as at 31 October 2022. As previously stated, on 17 December 2021, Molopo advised (via its website) that it had settled a legal action against the former Molopo directors for A\$12 million. Keybridge has a number of concerns with this settlement, including Molopo's failure to give notice of the proposed settlement to Keybridge, as it was contractually obliged to do. Keybridge considers it likely that it will expend further capital on this investment before it achieves any recovery. Keybridge carries its investment in Molopo at nil and holds a 20% economic interest in the Company. Refer to www.molopoenergy.com for further information
- (4) **Private Equity** – In June 2023, Keybridge elected to fully impair its US\$1.5 million protective advance previously made to the operating subsidiary of RNY Property Trust. Keybridge Management has formed the view that that the reduced values are appropriate based on the fund's current capital structure and prevailing market conditions.
- (5) **Loan Receivables – Insurance:** In September 2014, Keybridge invested NZ\$3.8m (A\$3.4m) (via NZ\$0.109m (10.13%) equity and NZ\$3.691m notes) into Foundation Life, to finance Foundation's acquisition of Tower Limited's life insurance business in New Zealand in 2014. Interest of 9% pa is payable under the note, which is redeemable by noteholders in 50 years (May 2064) or by Foundation (from time to time).
- (6) **Loan Receivables – Property:** In September 2014, Keybridge took direct control of loans that were held in a fund (where Keybridge was the remaining sole lender) which invested in first ranking mortgage loans over commercial properties. Keybridge has registered mortgages over strata title lots comprising Conference Facilities at a Hotel located in Manly, Sydney as security for loans, which are owed by private companies (which are in liquidation).
- As at 31 December 2021, the loan was carried (based on the Directors' judgement) at a valuation of A\$0.835m, after having regard to historical valuations conducted on the property. At month end, the loan was carried at A\$0.835m.
- (7) **Other Liabilities:** Keybridge has advanced A\$500,000 in security of potential costs in relation to its litigation against Ben Thynne, Nathan Thynne and Grenville Thynne for the recovery of \$30 million in unpaid monies. Keybridge expects to recover these costs on successful prosecution of the matter.

¹ Refer KBC's Notice of AGM released on ASX on 30 October 2014 and KBC's ASX announcement dated 19 December 2014:

Appendix 3B and Further Detail Regarding Issuance of Loan Funded Shares



25 July 2023

Reference: 76750

Mr John Patton
Company Secretary
Keybridge Capital Limited
Suite 613
370 St Kilda Road
Melbourne VIC 3004

By email: jpatton@wilsonhanna.com.au

Dear Mr Patton

Keybridge Capital Limited ('KBC') Net Tangible Asset Reports ('NTA Reports')

ASX Limited ('ASX') refers to the following:

- A. KBC's NTA Report for the period ended 30 June 2023 ('June 2023 NTA Report') released on the ASX market announcements platform ('MAP') on 17 July 2023 disclosing that the value of Private Equity investment decreased by \$2.021 million from \$3.281 million at 31 May 2023 to \$1.260 million at 30 June 2023, contributing to a 31% reduction in KBC's NTA from \$6.188 million at 31 May 2023 to \$4.241 million over the month of June. The June 2023 NTA Report does not explain this material variation.
- B. KBC's NTA Report for the period ended 31 October 2022 ('October 2022 NTA Report') released on MAP on 15 November 2022 disclosing that the value of Managed Funds investment decreased by \$0.718 million from \$1.556 million at 30 September 2022 to \$0.838 million at 31 October 2022 with note (2) disclosing in relation to Managed Funds *'Keybridge Management have reflected the trading update announced on 1 November 2022 in the NTA as at 31 October 2022, including the carrying value of its equity investment in RNY Property Trust being reduced to nil'*.
- C. KBC's NTA Report for the period ended 30 November 2022 ('November 2022 NTA Report') released on MAP on 16 December 2022 disclosing that the value of Managed Funds investment increased by \$1.224 million from \$0.838 million at 31 October 2022 to \$2.062 million at 30 November 2022. The November NTA Report does not explain this material variation with note (2) unchanged from the October 2022 NTA Report.
- D. KBC's NTA Report for the period ended 31 January 2023 ('January 2023 NTA Report') released on MAP on 17 February 2023 disclosing that the value of Managed Funds investment decreased by \$2.189 million from \$2.217 million at 31 December 2022 to \$0.028 million at 31 January 2023. The January NTA Report does not explain this material variation with note (2) still unchanged from the October 2022 NTA Report.
- E. KBC's NTA Reports for the period ended 28 February 2023 (released on MAP on 15 March 2023), 31 March 2023 (released on MAP on 14 April 2023), 30 April 2023 (released on MAP on 15 May 2023) and 31 May 2023 (released on MAP on 15 June 2023) each disclosing that the value of Managed Funds investment was unchanged at \$0.028 million with note (2) of each report continuing to disclose in relation to Managed Funds *'Keybridge Management have reflected the*

trading update announced on 1 November 2022 in the NTA as at 31 October 2022, including the carrying value of its equity investment in RNY Property Trust being reduced to nil’.

- F. The June 2023 NTA Report discloses that the value of Managed Funds investment was unchanged at \$0.028 million with note (2) now disclosing in relation to Managed Funds *‘In its NTA for 31 October 2022 Keybridge Management reflected the trading update announced on 1 November 2022, reducing the carrying value of its equity investment in RNY Property Trust being reduced to nil. In June 2023, Keybridge elected to fully impair its US\$1.5 million protective advance previously made to the operating subsidiary of RNY Property Trust. Keybridge Management has formed the view that the reduced values are appropriate based on the fund’s current capital structure and prevailing market conditions’.*
- G. KBC’s June 2023 NTA Report discloses that the value of Listed Securities was \$6.465 million at 30 June 2023, a decrease over the six month period since 31 December 2022 of \$1.863 million since the value of Listed Securities was \$8.328 million as disclosed in the NTA report for the period ended 31 December 2022 (‘December 2022 NTA Report’) released on MAP on 16 January 2023.
- H. KBC’s announcement headed ‘Trading Update’ released on MAP on 1 November 2022 disclosing that KBC has advanced a protective US\$1.5 million loan to the operating subsidiary of RNY Property Trust (‘RNY Property Trust Advance’) and summarising the key terms.
- I. KBC’s Appendix 4D half year report for the half year ended 31 December 2022 (‘Half Year Report’) released on MAP on 28 February 2023 disclosed in its Review of operations:
- ‘Keybridge advanced a protective US\$1.5 million loan to the operating subsidiary of RNY Property Trust, to assist in paying out existing mezzanine debt over the equity of its property portfolio. This loan was necessary to avoid the forced sale of the equity in the properties at a UCC auction arranged by the lender. Had the auction proceeded, it is possible that Keybridge would have achieved a nil return for its investment in RNY. To assist in funding the above RNY loan and other portfolio investments, Keybridge has itself, obtained a A\$4.4 million senior loan from a private lender at an interest margin of 12.5% pa over the prevailing cash rate;*
- As a result of actions taken by the US lender of the RNY portfolio, including what Keybridge believes to be an unfounded charging of approximately US\$11 million in default interest, as well as taking into account potential changes in property values as a result of rising US interest rates, as previously announced, the Company further impaired the carrying value of its RNY equity and other indirect investments that have exposure to RNY equity (including its investment in HHY, AUP and AIB). The aggregate of the fair value loss totalled A\$1.3 million;’*
- J. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.
- K. The definition of “aware” in Chapter 19 of the Listing Rules, which states that:
- “an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity” and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information.”*
- L. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.
- “3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

- M. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Request for information

Having regard to the above, ASX asks KBC to respond separately to each of the following questions and requests for information:

1. Does KBC consider the information set out at each of paragraphs A, C, D and F above ('Information') to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view with respect to each of the following.
 - (a) The decrease in the value of Private Equity investment disclosed in the June 2023 NTA Report (paragraph A).
 - (b) The increase in the value of Managed Funds investment disclosed in the November 2022 NTA Report (paragraph C).
 - (c) The decrease in the value of Managed Funds investment disclosed in the January 2023 NTA Report (paragraph D).
 - (d) The information disclosed in note 2 of the June 2023 NTA Report referring to the full impairment of the RNY Property Trust Advance.
3. If the answer to question 1 is "yes" and KBC first became aware of the Information before the relevant date disclosed in the relevant NTA Report (as applicable) did KBC make any

-
- announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe KBC was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps KBC took to ensure that the information was released promptly and without delay.
4. Noting the full impairment of the RNY Property Trust Advance, and the information set out in paragraphs F, G and H, please advise the following.
 - (a) The carrying value of KBC's investments in RNY Property Trust and its related entities now and compared to 31 December 2022.
 - (b) The carrying value of other indirect investments KBC holds that have exposure to RNY equity (including its investment in HHY, AUP and AIB) now and compared to 31 December 2022.
 - (c) KBC's material obligations under the A\$4.4m senior loan.
 - (d) Has KBC complied with all of its obligations at all times under the A\$4.4m senior loan? If the answer is no, please describe the breach, the consequences of the breach, whether the breach has been remedied and, if applicable, how the breach was remedied.
 - (e) The name and a brief description of the lender under the A\$4.4m senior loan.
 - (f) The status of the forced sale of the equity in the properties at a UCC auction.
 - (g) Any other information relevant to an understanding of KBC's investments in RNY Property Trust and its related entities.
 5. Please confirm that KBC is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 6. Please confirm that KBC's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of KBC with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 am AEST on Monday, 31 July 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, KBC's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require KBC to request a trading halt immediately.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in KBC's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in KBC's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to KBC's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that KBC's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

James Gerraty
Head of Listings Compliance (Melbourne)