

7 February 2020

**BY ELECTRONIC LODGEMENT**

Company Announcements  
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## MARKET ANNOUNCEMENT

### LODGEMENT OF BIDDER'S STATEMENT FOR KEYBRIDGE CAPITAL LIMITED AND NOTICE OF REGISTER DATE

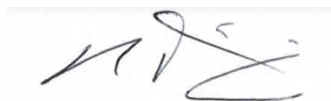
Aurora Funds Management Limited (**Aurora**), as responsible entity for the Aurora Dividend Income Trust (**ADIT**), refers to the 8 January 2020 ASX Announcement of its intention to make a conditional off-market takeover bid for all of the fully paid ordinary shares in Keybridge Capital Limited (ASX: **KBC**) (**Keybridge**) for a consideration of 6.6 cents per ordinary share (the **Bid**).

Aurora confirms that its Bidder's Statement has been lodged with ASIC and served on Keybridge today in the form attached to this announcement.

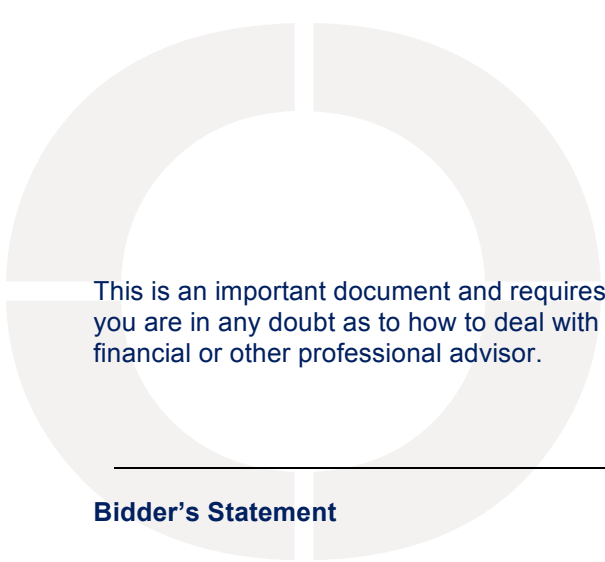
Aurora also notifies ASX that it has set the "Register Date" as 10 February 2020, for the purposes of sections 633(2) and 633(3) of the of the Corporations Act 2001(C'th).

Yours faithfully

**Aurora Funds Management Limited**



Mark Briglia  
**Company Secretary**



This is an important document and requires your immediate attention. If you are in any doubt as to how to deal with it, you should consult your financial or other professional advisor.

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### **Bidder's Statement**

Accept the cash offer to acquire all of your fully paid ordinary shares in Keybridge Capital Limited (ASX: **KBC**) (ACN 088 267 190)

By

**Aurora Funds Management Limited as responsible entity for the Aurora Dividend Income Trust**  
(ARSN 151 947 732) (**ADIT** or **Fund**)

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Bid price of **6.6 cents cash per KBC Share**

If you have any queries about the Bid, please call Aurora's Company Secretary, Mr Mark Briglia on 1300 553 431.

TO ACCEPT THE BID, complete and mail the Acceptance Form using the enclosed reply-paid envelope.

The Bid is dated 7 February 2020 and will expire at 7.00pm (Melbourne time) on [Close] 2020 (unless withdrawn or extended). ASIC takes no responsibility for this Bidder's Statement.

## Important Information Key Dates

Date of announcement of Bid	8 January 2020
Bidder's Statement lodged with Keybridge, ASIC and ASX	7 February 2020
Commencement of Bid Period	[Open] 2020
Close of Bid Period (unless extended or withdrawn) 7:00pm (Melbourne Time)	[Close] 2020

### Bidder's Statement and Bid

This is a Bidder's Statement dated 7 February 2020 given by Aurora Funds Management Limited (Aurora) as responsible entity for Aurora Dividend Income Trust (ADIT), to Keybridge Capital Limited (KBC) and each holder of KBC Shares on or prior to the Register Date under Part 6.5 of Chapter 6 of the Corporations Act. This Bidder's Statement was approved by a unanimous resolution of the board of Aurora to acquire fully paid ordinary shares in KBC (**KBC Shares**). The Bid extends only to KBC Shares on issue on or prior to the Register Date (namely, 10 February 2020).

#### ASIC and ASX

A copy of this Bidder's Statement was lodged with ASIC and the ASX on 7 February 2020. The ASX and ASIC (including their officers) take no responsibility for the contents of this Bidder's Statement.

#### Investment decision

This is an important document. This Bidder's Statement does not take into account the individual investment objectives, financial situation or any particular needs of any KBC Shareholder or any other person. KBC Shareholders may wish to seek independent financial and taxation advice before making a decision as to whether to accept the Bid.

#### Disclaimer

This Bidder's Statement contains forward looking statements. Forward-looking statements, which are based on assumptions and estimates and describe ADIT's future plans, strategies and expectations, are generally identifiable by the use of the words 'anticipate', 'will', 'believe', 'estimate', 'expect', 'intend', 'seek' or similar expressions. KBC Shareholders are cautioned not to place undue reliance on forward-looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward-looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations in the forward-looking statements. Those risks and uncertainties include factors and risks specific to the industry in which ADIT and KBC operate as well as general economic conditions and prevailing exchange rates and interest rates many of which are outside the control of ADIT and Aurora's directors and accordingly no assurance can be given that any forward looking statement will prove to be correct.

All forward-looking statements attributable to ADIT, or persons acting on behalf of ADIT, are expressly qualified in their entirety by the cautionary statements in this Section. Except as expressly required by the Corporations Act, ADIT makes no undertaking to

publicly update or revise any forward-looking statements provided in this Bidder's Statement, whether as a result of new information, future events or otherwise, or the list of risks affecting this information.

None of Aurora's officers, any person named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood or timing of fulfilment of any forward-looking statement, except to the extent required by law.

#### Distribution outside Australia

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

#### Important notice to US shareholders

The Bid is made for the shares of an Australian registered company. It is important that US shareholders understand that the Bid is subject to disclosure requirements in Australia that are materially different from those in the US. You should be aware that, subject to the Corporations Act, ADIT may purchase KBC Shares otherwise than under the Bid, such as in open market or privately negotiated purchases after the end of the Bid Period.

#### Defined terms

Defined terms used in this Bidder's Statement are capitalised. Definitions of these terms are set out in Section 11. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 11, words and phrases in the Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

#### Sources of information

Information included in this Bidder's Statement relating to KBC and its business has been derived solely from publicly available sources published by KBC, including KBC's financial reports and KBC's announcements to the ASX and on its website.

Subject to the Corporations Act and other applicable

law, ADIT and its directors disclaim all liability for any information concerning KBC included in this Bidder's Statement. KBC Shareholders should form their own views concerning KBC from publicly available information.

#### **Privacy Collection Statement**

ADIT has collected your information from the register of KBC Shareholders. ADIT, its Related Bodies Corporate, advisers and agents will use this information solely for purposes relating to the Bid and if accepted, administering your holding of KBC Shares. ADIT will share this information on a confidential basis with its Related Bodies Corporate, advisers, agents and regulators (such as ASIC and the Australian Taxation Office) where necessary for the purposes of the Bid. The registered office of ADIT is Suite 613, Level 6, 370 St Kilda Road, Melbourne VIC 3004.

## Directory

### Bidder

Aurora Funds Management Limited  
as responsible entity for  
Aurora Dividend Income Trust  
Suite 613  
370 St Kilda Road  
MELBOURNE VIC 3004

T: 1300 553 431

E: [enquiries@aurorafunds.com.au](mailto:enquiries@aurorafunds.com.au)

W: [aurorafunds.com.au](http://aurorafunds.com.au)

### Share Registry

Automic Group  
GPO Box 5193  
Sydney NSW 2001

T: 1300 288 664

### Aurora Board of Directors

Mr Anthony Hartnell AM – Chairman  
Mr John Patton – Managing Director  
Mr Victor Siciliano

### Company Secretary

Mr Mark Briglia

### Legal Advisers

W Advisers Pty Ltd  
Level 5, 151 Macquarie Street  
Sydney NSW 2000

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7 February 2020

Dear KBC Shareholders,

### **Cash Bid by Aurora Dividend Income Trust to acquire your KBC Shares**

Aurora Funds Management Limited as responsible entity for the Aurora Dividend Income Trust (**ADIT**) is offering to acquire all of your fully paid ordinary shares in Keybridge Capital Limited (ASX: **KBC**) issued on or before 10 February 2020, through the Bid contained in this Bidder's Statement.

### **The Bid Consideration is 6.6 cents cash for each KBC Share you own.**

The Bid Price represents a premium of 8.9% to KBC's unaudited after-tax net tangible asset backing (**NTA**) as at 31 October 2019, the last reported NTA prior to the date of this Bidder's Statement, and represents a premium of 1.5% to the takeover offer already announced by WAM Active Limited (ASX:WAA) (**WAM**) in its Bidder's Statement dated 13 December 2019 (the **WAM Offer**).

The Bid provides accepting KBC shareholders with the ability to sell their KBC shares off-market for cash consideration at a premium to the WAM Offer and to KBC's most recently published NTA (published on ASX on 2 December 2019 and calculated as at 31 October 2019).

In addition to providing KBC Shareholders with the ability to exit their investment at a premium to the WAM Offer and to KBC's most recently published NTA, the cash Bid provides certainty of value for KBC Shareholders. Certainty of value is attractive in circumstances where the Company has been suspended from the ASX since 16 July 2019.

The Aurora Directors believe the Bid represents an attractive opportunity for KBC Shareholders to realise their investment in KBC for cash at a premium of 8.9% to the last reported net tangible asset (**NTA**) backing of KBC.

### **Conditions to the Bid**

The Bid has no minimum acceptance condition and is therefore less conditional than the WAM Offer. However, the Bid is conditional on certain other customary conditions, including there being no material adverse change, no regulatory action or decision and no prescribed occurrences. See Section 10.7 for further details of the conditions.

### **How to accept the Bid**

If you choose to accept the Bid you can either direct your Broker to accept for your CHES Holding, or complete and sign the enclosed Acceptance Form and return it in the reply paid envelope so that it is received before 7:00 p.m. on the Closing Date.

You may only accept the Bid for all and not part of your KBC Shares.

You will not have to pay any brokerage to accept the Bid (You may incur brokerage fees if you choose to sell your KBC Shares on market if KBC Shares are reinstated to quotation on the ASX or if you instruct your Broker to accept the Bid on your behalf).

The Bid is scheduled to close at 7:00pm (Melbourne time) on [Close] 2020. If you require additional assistance, please call Aurora's Company Secretary, Mr Mark Briglia on 1300 553 431.

Yours faithfully



**Mark Briglia**  
Company Secretary, on behalf of ADIT

## Summary of the Bid

The information set out below is only a summary of the Bid. You should read the entire Bidder's Statement before deciding whether to accept the Bid.

<b>The Bid</b>	ADIT is offering to acquire all of your KBC Shares on issue as at the Register Date.
<b>Bid Consideration</b>	You are being offered 6.6 cents cash for every 1 KBC Share you own. This represents a premium of 8.9% to KBC's NTA as at 31 October 2019, the last reported NTA as published by KBC to ASX on 2 December 2019.
<b>Closing date</b>	The Bid is scheduled to close at 7:00pm (Melbourne time) on [Closing Date] 2020 (but it may be extended, see further section 1.11 below).
<b>Bid Conditions</b>	The Bid is subject to conditions. Please see Section 10.7 of this Bidder's Statement for further details.
<b>Settlement terms</b>	If you accept the Bid, you will be paid the Bid Consideration on the later of: (a) 1 month after the date you validly accept the Bid; or (b) 1 month after the date the Bid becomes or is declared unconditional, and in any event (assuming the Bid becomes or is declared unconditional), no later than 21 days after the end of the Bid Period.

### How to accept the Bid

#### CHESSE Holdings

If your KBC Shares are in a CHESSE Holding, to accept the Bid you must, no later than 7.00pm (Melbourne time) on the second last day of the Bid Period, either:

- instruct your controlling participant (usually your Broker) to accept the Bid on your behalf; or
- complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.

#### Issuer Sponsored Holdings

If your KBC Shares are held in an Issuer Sponsored Holding, to accept the Bid you must, no later than 7.00pm (Melbourne time) on the last day of the Bid Period, complete, sign and return the Acceptance Form in accordance with the instructions on it.

Signed Acceptance Forms must be received before the end of the Bid Period at:

#### By mail:

Keybridge Capital Limited Takeover  
C/- Automic Registry Services  
GPO Box 5193  
Sydney NSW 2001

#### If hand delivered and street address for Share Registry:

Automic Registry Services  
Level 5 / 126 Phillip Street, SYDNEY  
NSW 2000

A business reply-paid envelope is enclosed.

If you wish to sell your KBC Shares on-market (assuming that KBC Shares are reinstated to quotation on the ASX), please contact your Broker.



**No stamp duty**

You will not pay any stamp duty on accepting the Bid

**What to do next?**

You should read this Bidder's Statement in its entirety before making a decision as to whether or not to accept the Bid for your KBC Shares.

**Further information**

For questions about your KBC Shares, the Bid, or how to accept the Bid please refer to the remainder of this Bidder's Statement or please call Aurora's Company Secretary, Mr Mark Briglia on 1300 553 431 if you have any queries about the Bid

The above information is only a summary of key elements of this Bidder's Statement. KBC Shareholders should read this Bidder's Statement in its entirety before making any decision in relation to the Bid.



## **Why you should accept the Bid**

### **1. Aurora Dividend Income Trust's Bid represents a premium to WAM's Offer and to KBC's most recently published NTA**

The all cash consideration of 6.6 cents per KBC Share is for all KBC Shares that ADIT and its Associates do not already own.

The Bid Price represents a compelling cash value for KBC Shareholders, representing a premium of 8.9% to KBC's NTA announced to ASX on 2 December 2019 and calculated as at 31 October 2019, the last reported NTA prior to the date of this Bidder's Statement, and a premium of 1.5% to the WAM Offer.

KBC Shares have been suspended from trading on the ASX since 16 July 2019.

### **2. ADIT's Bid is less conditional than the WAM Offer**

ADIT's Bid is not only at a premium to the WAM Offer, it is also less conditional in that the WAM Offer has a minimum acceptance condition of 50.1% whereas this Bid is not subject to a minimum level of acceptances by KBC Shareholders.

### **3. Cash Bid provides certainty compared to retaining KBC Shares**

The certainty of receiving 6.6 cents cash per KBC Share should be considered against the risks and uncertainties of remaining a KBC Shareholder, including the uncertainty as to when or if KBC's suspension from trading may be lifted by the ASX.

### **4. The cash Bid provides liquidity**

KBC Shares are closely held and historically have been very thinly traded. Of the total shares on issue, over 65% of KBC Shares are held by three KBC Shareholders and their Associates. 92% of KBC Shares are held by the top 20 KBC Shareholders.

Depending on the level of acceptances received under the Bid, the market for KBC Shares may become even less liquid following the Bid.

The Bid provides KBC Shares with liquidity and represents an opportunity for all KBC Shareholders to sell their KBC Shares for cash at a premium to the last reported NTA of KBC.

### **5. There are risks associated with being a minority shareholder of KBC**

Depending on the level of acceptances received under the Bid or even under the WAM Offer, the market for KBC Shares may become even less liquid following the Bid. This could make it more difficult for you to sell your KBC Shares at an attractive price in the future, and this issue may arise whether or not the shares recommence trading on the ASX. It may also reduce the likelihood of a subsequent takeover bid for KBC from parties other than ADIT.

After the Bid closes, if ADIT's Voting Power in KBC is less than 90% of KBC, KBC Shares may trade below the Bid Price, should they recommence trading on the ASX.

If ADIT becomes entitled to do so, it intends to compulsorily acquire the remaining KBC Shares ADIT does not acquire under the Bid. If your KBC Shares are compulsorily acquired you will be paid later than KBC Shareholders who accept the Bid.

## 1. Key questions

This Section answers some key questions that you may have about the Bid and should only be read in conjunction with the entire Bidder's Statement.

### 1.1. What is the Bidder's Statement?

The Bidder's Statement sets out the terms of ADIT's cash Bid and information relating to the Bid and the consideration you will receive.

### 1.2. What is the Bid?

ADIT is offering to acquire all of your KBC Shares on issue at the Register Date by way of an off-market takeover offer.

The Bid extends only to KBC Shares on issue on or prior to the Register Date and **not** to any KBC Shares issued during the Bid Period.

The Bid consideration is 6.6 cents cash for every KBC Share you hold.

### 1.3. What are the tax consequences if I accept the Bid?

Please consult your financial, tax or other professional adviser on the tax implications of accepting the Bid. A general summary of the likely Australian tax consequences is set out in Section 7, however that summary is general in nature and cannot be relied on.

### 1.4. How do I accept the Bid?

#### *CHESSE Holdings*

If your KBC Shares are in a CHESSE Holding, to accept the Bid you must either:

- (a) instruct your Controlling Participant (usually your Broker) to accept the Bid on your behalf; or
- (b) complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.

#### *Issuer Sponsored Holdings*

If your KBC Shares are in an Issuer Sponsored Holding, to accept the Bid you must complete, sign and return the Acceptance Form in accordance with the instructions on it.

#### *Participants*

If you are a Participant (as defined in the ASX Settlement Rules) (typically, a stockbroker who is a participating organisation of ASX Settlement), the above does not apply.

To accept the Bid you must initiate acceptance in accordance with the ASX Settlement Rules.

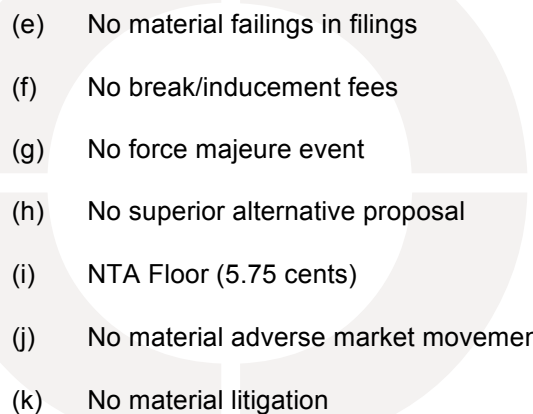
### 1.5. Can I accept the Bid for part of my holding?

No, you can only accept the Bid for all of your holding. Your acceptance will be treated as being for all your KBC Shares plus any additional KBC Shares registered as held by you at the date your acceptance is processed.

### 1.6. Are there any conditions to the Bid?

The Bid is subject to a limited number of customary conditions, as briefly summarised below:

- (a) No prescribed occurrences between Announcement Date and service of bidder's statement
- (b) No prescribed occurrences between service of bidder's statement and end of Bid Period
- (c) No material transactions
- (d) No material adverse change

- 
- (e) No material failings in filings
  - (f) No break/inducement fees
  - (g) No force majeure event
  - (h) No superior alternative proposal
  - (i) NTA Floor (5.75 cents)
  - (j) No material adverse market movement (defined as a 10% fall)
  - (k) No material litigation

Please see Section 10.7 for further details of the Conditions to the Bid.

### **1.7. What happens if I accept the Bid?**

Once you accept the Bid in respect of all of your KBC Shares, you will not be able to sell those KBC Shares or, once the Bid is declared unconditional, otherwise deal with the Rights attaching to those KBC Shares, subject to your limited statutory rights to withdraw your acceptance in certain circumstances.

### **1.8. What happens if I do not accept the Bid?**

Subject to what is stated below, you will remain the holder of your KBC Shares if you do not accept the Bid.

If ADIT obtains a Relevant Interest of at least 90% of the KBC Shares (by number) on issue at any time during the Bid Period and the Conditions are satisfied or waived, ADIT intends to proceed to compulsorily acquire your KBC Shares if you have not accepted the Bid (see Section 4). At the conclusion of the compulsory acquisition process, you will receive 6.6 cents in cash for every 1 fully paid KBC Share which is compulsorily acquired. You will receive consideration for your KBC Shares sooner if you accept the Bid.

If ADIT obtains an interest in less than 90% of KBC Shares, ADIT will not be able to proceed to compulsorily acquire your KBC Shares. In this instance, you will remain a KBC Shareholder and it is likely that KBC Shares will be thinly traded, should KBC's Shares recommence trading on the ASX. KBC Shares may trade below the Bid Price. ADIT's intentions if it has an interest in less than 90% of KBC Shares are described in Section 4.

### **1.9. Can I withdraw my acceptance?**

Under the terms of the Bid, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. Such a withdrawal right will arise if, after you accept the Bid, the Bid remains subject to any Conditions and ADIT varies the Bid in a way that postpones for more than one month the time when ADIT has to pay you under the Bid.

### **1.10. When does the Bid close?**

The Bid is currently scheduled to close at 7:00 pm (Melbourne time) on [Close] 2020, unless extended or withdrawn.

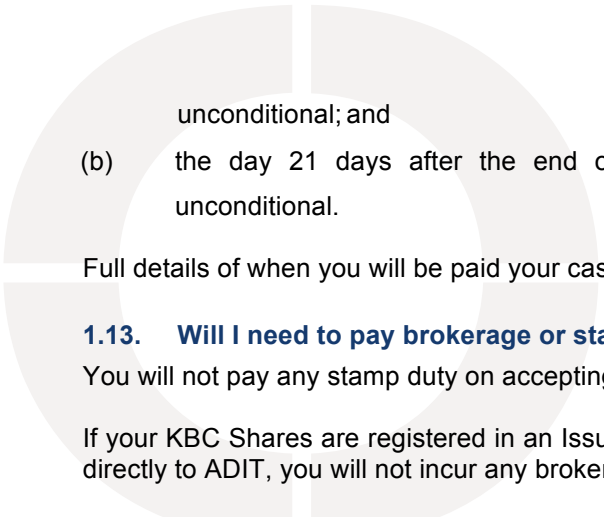
### **1.11. Can ADIT extend the Bid Period?**

Yes, the Bid can be extended by ADIT or otherwise in accordance with the Corporations Act. You will be sent written notice of any extension, as required by the Corporations Act.

### **1.12. If I accept the Bid, when will I receive the cash consideration?**

If you accept this Bid, ADIT will pay to you the cash consideration to which you are entitled on or before the earlier of:

- (a) the day one month after you accept this Bid or, if this Bid is subject to the Conditions when accepted, one month after the contract resulting from your acceptance becomes

- 
- unconditional; and
- (b) the day 21 days after the end of the Bid Period, provided that the Bid has become unconditional.

Full details of when you will be paid your cash consideration are set out in Section 10.6.

**1.13. Will I need to pay brokerage or stamp duty if I accept the Bid?**

You will not pay any stamp duty on accepting the Bid.

If your KBC Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to ADIT, you will not incur any brokerage fee connected with you accepting the Bid.

If your KBC Shares are in a CHESS Holding or you hold your KBC Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker or the bank, custodian or other nominee) whether it will charge any transaction fees or service charges connected with you accepting the Bid.

## 2. About ADIT

### 2.1. Overview of ADIT

ADIT is an unlisted trust registered as a managed investment scheme under the Corporations Act and is governed by its constitution. ADIT Units are not quoted on ASX or on any other financial market.

Aurora is the responsible entity (and trustee) of ADIT and is a registered Australian Financial Services Licensee (AFSL No: 222110). Aurora oversees all of the operations of ADIT. In that capacity, Aurora also provides the investment management services for, and is responsible for selecting and managing the assets of ADIT.

Aurora is an independent and experienced investment manager that also provides responsible entity services for, and is responsible for investors in a number of other managed investment schemes, including:

- Aurora Absolute Return Fund ARSN 110 303 430 (ASX: ABW);
- Aurora Fortitude Absolute Return Fund ARSN 145 894 800;
- Aurora Global Income Trust ARSN 127 692 406 (ASX: AIB);
- Aurora Property Buy-Write Income Trust ARSN 125 153 648 (ASX: AUP); and
- HHY Fund ARSN 112 579 129 (ASX: HHY).

ADIT is a fund that seeks to achieve its investment objective by investing in companies listed on the ASX that Aurora expects will pay franked dividends. These companies typically either already pay franked dividends or currently hold franking credits and may pay dividends in the future. Aurora may achieve its goals through acquiring securities in ASX listed companies, including ASX listed investment companies and trusts (LICs or LITs). Where securities in a LIC or LIT are purchased, they will typically be purchased at a discount to their intrinsic value. Aurora believes that purchasing LIC or LIT securities that trade at a discount to their intrinsic value will assist in reducing volatility whilst increasing the gross dividends received on the investment. Aurora may seek to actively engage with the management of its investee entities to assist in realising intrinsic value and/or franked dividend income. Investments are actively managed and selected at the discretion of Aurora. Returns of the Fund are targeted from a combination of both dividend income and capital growth.

### 2.2. Directors of Aurora

The Aurora Directors are:

- (a) Mr Anthony Hartnell AM – Chairman
- (b) Mr John Patton\*
- (c) Mr Victor Siciliano

\* Mr Patton was previously also a director of KBC.

The Aurora directors hold (directly or indirectly) KBC Shares and CRPNs as follows:

Director	KBC Shares	CRPNs
<b>Anthony Hartnell AM</b>	34,959	11,616
<b>John Patton</b>	150,000	4,166
<b>Victor Siciliano</b>	250,000	None

### 2.3. Public announcements by ADIT

ADIT is an unlisted trust regulated by the Corporations Act and as such, is subject to regular reporting obligations. Among other requirements, these obligations require ADIT to prepare and lodge with ASIC yearly financial statements accompanied by a directors' statement and report and an audit or review report.

Copies of documents lodged with ASIC in relation to ADIT may be obtained from or inspected at an office of ASIC.



#### **2.4. Benefits for KBC Shareholders**

The key benefit for KBC Shareholders accepting the Bid is that they will be able to immediately realise 6.6 cents per KBC Share for all of their KBC Shareholding, in cash. KBC Shareholders seeking to exit their investment in KBC will receive 6.6 cents cash per KBC Share they hold, representing a premium of 8.9% to KBC's NTA published by it on ASX on 2 December 2019 and calculated as at 31 October 2019 (the last reported NTA prior to the date of this Bidder's Statement) and a premium of 1.5% to the WAM Offer.

KBC Shareholders who accept this Bid will no longer be exposed to the risks and uncertainties of remaining a KBC Shareholder.

### 3. About Keybridge Capital Limited

#### 3.1. Disclaimer

The following description of KBC and the financial information concerning KBC contained in this Section has been prepared by ADIT using publicly available information. To the extent permitted by law, ADIT does not make any representation or warranty, express or implied, as to the currency, accuracy or completeness of such information.

The primary sources of information about KBC used by ADIT are as follows:

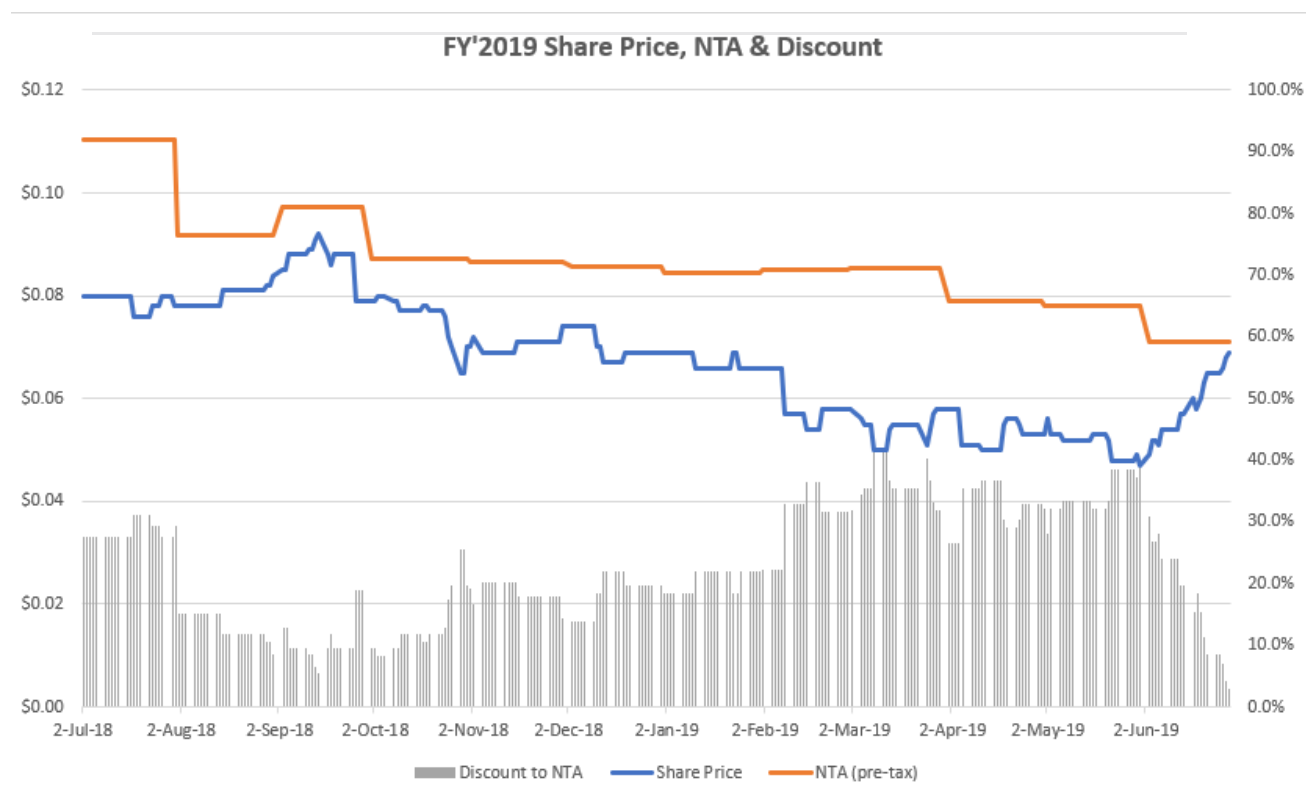
- (a) annual and interim financial reports to KBC Shareholders;
- (b) announcements issued by KBC through the ASX; and
- (c) KBC's website.

#### 3.2. Overview of KBC and its principal business activities

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

KBC Shares have been suspended from trading since 16 July 2019. The ASX announced on 17 October 2019 that KBC Shares will remain suspended pending the outcome of the ASX's enquiries into, amongst other things, issues in relation to KBC's 2019 Financial Report. The full scope of the ASX's enquiries are not publicly known. There is no certainty that normal trading of KBC Shares will recommence or, if it does, when this might occur.

KBC Shares have traded at an average discount to their reported NTA of approximately 23% throughout the 2019 financial year, being the most recent annual prior to the suspension of KBC Shares from trading on the ASX which took effect on July 16, 2019.



Source: IRESS and KBC's monthly Net Asset Backing reports, as announced to the ASX

### 3.3. Directors of Keybridge

As at the date of this Bidder's Statement, there are three directors of KBC, being:

- (a) Mr Nicholas Bolton – CEO, Managing Director;
- (b) Mr William Johnson – non-executive director;
- (c) Mr Jeremy Kriewaldt – non-executive director.

### 3.4. Substantial Shareholders of KBC

As disclosed at page 70 of KBC's 2019 Financial Report released to the ASX on 6 November 2019 stated that KBC has the following Substantial Shareholders (which are held through one or more registered shareholders):

Rank	Name	Shares	% of Voting Power as at 31 October
<b>2019</b>			
1.	Australian Style Group Pty Ltd	35,620,692	22.67%
2.	Wilson Asset Management Group*	35,245,323	22.43%
3.	Bentley Capital Limited**	31,700,000	20.17%

\* Wilson Asset Management Group has, since the announcement of the WAM Offer, also announced that it has received acceptances for 3,716,292 KBC Shares (see section 3.5 below).

\*\* Orion Equities Limited and Queste Communications Limited were also disclosed as substantial shareholders having the same interests as those disclosed for Bentley Capital Limited.

ADIT does not currently hold shares in KBC. However, AIB, a fund of which Aurora is also the responsible entity, currently holds 1,181,173 KBC Shares and the ADIT directors hold the KBC Shares and CRPNs described in section 2.2 of this document. Notwithstanding that shareholding, ADIT and its Associates are not currently Substantial Shareholders of KBC.

### 3.5 ASX announcements

KBC is a disclosing entity for the purposes of section 111AC(1) of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Broadly, these obligations require KBC to:

- (a) prepare and lodge with ASIC both yearly and half-yearly financial statements accompanied by a directors' statement and report and an audit or review report; and
- (b) immediately notify the ASX of any information concerning KBC of which it is, or becomes, aware and which a reasonable person would expect to have a material effect on the price or value of securities in KBC, subject to certain limited exceptions related mainly to confidential information.

Copies of documents lodged with ASIC in relation to KBC may be obtained from or inspected at an office of ASIC. Copies of documents lodged with the ASX in relation to KBC may be obtained from, or inspected at, an office of the ASX.

Since the lodgement of the 2019 Financial Report for the year ended 30 June 2019 on 17 October 2019, KBC has issued the following announcements to the ASX:

Date	Announcement
05/02/2020	Change of Substantial Shareholder Notice for YOW
31/01/2020	Change in substantial holding from WAA
31/01/2020	Change in substantial holding from WAM
24/01/2020	WAA:WAM Active extends offer period for Keybridge t/over bid
23/01/2020	Final Director's Interest Notice - Richard Dukes
22/01/2020	Final Director's Interest Notice - John Patton



22/01/2020 Final Director's Interest Notice - Simon Cato  
 22/01/2020 Partial redemption of early redemption CRPN  
 21/01/2020 Results of 2019 Annual General Meeting  
 21/01/2020 KBC Chairman Retires - Proxies Received for AGM  
 21/01/2020 Change to Board and CRPN Update  
 20/01/2020 Change of Substantial Shareholder Notice for MEL  
 20/01/2020 Target Statement in response to WAM Active Bid  
 16/01/2020 Change in substantial holding from WAM  
 16/01/2020 Change in substantial holding from WAA  
 10/01/2020 Application of LR 10.1 regarding Bentley and WAM Active  
 08/01/2020 ADIT Intention to Bid 6.6c Cash for Keybridge  
 06/01/2020 WAM Active Bid - Take No Action  
 03/01/2020 WAA: Bidder's Statement for KBC dispatched/ Offer now open  
 18/12/2019 TOV: KBC Panel Declines to Conduct Proceedings  
 17/12/2019 Keybridge Response to WAA Takeover Bid  
 16/12/2019 BEL:Response to Fresh Takeover Bid Keybridge Capital Limited  
 13/12/2019 WAA: WAM Active bids for Keybridge Capital Limited  
 13/12/2019 WAA: Off-market Takeover Bid for Keybridge Capital Ltd (KBC)  
 13/12/2019 WAA:WAA withdrawal of intention to make takeover bid for KBC  
 6/12/2019 TOV: KBC Panel Receives Application  
 5/12/2019 Dividend/Distribution - KBCPA  
 2/12/2019 AGM Supplementary Notice of Meeting  
 2/12/2019 Net Asset Backing - October 2019  
 2/12/2019 AGM Proxy receipts and adjournment  
 28/11/2019 AGM Update  
 26/11/2019 CRPN Update  
 21/11/2019 Net Asset Backing - September 2019  
 20/11/2019 Notice of initial substantial holder for AIB  
 12/11/2019 CRPN Redemption Update  
 6/11/2019 ASX Appendix 4G Key to Corporate Governance Disclosures  
 6/11/2019 Corporate Governance Statement - 2019  
 6/11/2019 Annual Report - 2019  
 30/10/2019 2019 Notice of AGM, Explanatory Statement and Proxy Form  
 30/10/2019 Keybridge cancels EGM called by Bentley  
 28/10/2019 BEL: Withdrawal of s249F General Meeting of Keybridge Cap  
 25/10/2019 Date of 2019 Annual General Meeting  
 23/10/2019 CRPN Early Redemption Payments  
 18/10/2019 Response to ASX Query

## **4. ADIT's intentions**

### **4.1. General**

This Section sets out ADIT's intentions in relation to:

- (a) the continuation of KBC's business;
- (b) any significant changes to be made to KBC's business, including any redeployment of KBC's assets; and
- (c) the future employment of KBC's employees.

ADIT's intentions are based on the information known, and the circumstances that exist, at the date of this Bidder's Statement.

ADIT has reviewed information in the public domain concerning KBC, its business and the general business environment in which it operates. Based on its review of that material, and on its current assessment of KBC's operations, ADIT's intentions in relation to KBC are summarised below.

Statements set out in this Section are statements of current intention only which may change as new information becomes available or circumstances change.

### **4.2. ADIT's intentions upon controlling 90% or more of KBC Shares**

This Section sets out ADIT's intentions if it controls 90% or more of KBC Shares and becomes entitled to proceed to compulsory acquisition of KBC Shares under the Corporations Act.

- (a) ADIT currently intends to proceed to compulsorily acquire the remaining KBC Shares;
- (b) ADIT currently intends to delist KBC Shares from the ASX, which will further decrease the liquidity of any KBC Shares you hold at that time;
- (c) ADIT intends to change the composition of the KBC Board although as at the date of this Bidder's Statement, it has not made any decision as to who would be nominated for appointment; and
- (d) ADIT intends to, through the new board of KBC, conduct a review of the scope of KBC's business and its investments, its cost structure, opportunities and risks and the future employment of KBC's employees. No current intentions have been formed as to actions to be taken following that review.

### **4.3. ADIT's intentions upon controlling more than 50.1% but less than 90% of KBC Shares**

This Section sets out ADIT's intentions if, by virtue of acceptance of the Bid, it was to gain effective control of KBC without becoming entitled to compulsorily acquire the outstanding KBC Shares.

If ADIT acquires a Relevant Interest in KBC of at least 50.1% but less than 90%, its current intentions are that:

- (a) KBC will become a controlled entity of ADIT;
- (b) ADIT currently intends to delist KBC Shares from the ASX, which will further decrease the liquidity of any KBC Shares you hold at that time;
- (c) Subject to the Corporations Act, ADIT intends to change the composition of the KBC Board although as at the date of this Bidder's Statement, it has not made any decision as to who would be nominated for appointment;
- (d) ADIT may, at some later time, acquire further KBC Shares in a manner consistent with the Corporations Act;
- (e) If ADIT becomes entitled at some later time to exercise general compulsory acquisition rights under Part 6A.2 of the Corporations Act, it may exercise those rights; and
- (f) ADIT intends to undertake the activities referred to in this Section 4 (including those referred to in section 4.2(c)) to the extent permitted by its control of KBC.

### **4.4. ADIT's intentions upon controlling 50% or less of KBC Shares**

If ADIT does not achieve a Relevant Interest in more than 50% of KBC, ADIT intends that it will

endeavour to give effect to the intentions set out in this Section 4, save that ADIT would support the removal of suspension from trading of KBC Shares on the ASX. However, ADIT considers that its ability to effect the intentions set out in Section 4 will be significantly limited if ADIT is unable to achieve a Relevant Interest in KBC of more than 50%, and may consider acquiring additional KBC Shares under the “creep” provisions of Item 9 in section 611 of the Corporations Act (which provides that ADIT and its Associates may acquire up to 3% of KBC Shares every 6 months) until it achieves a majority Voting Power. ADIT has not yet decided whether it will acquire further KBC Shares as this will depend, among other considerations, upon the extent to which ADIT has the capacity to acquire further KBC Shares and market conditions at that time.

#### **4.5. Limitations on intentions**

The intentions and statements of future conduct set out in this Section 4 must be read as being subject to:

- (a) the law (including the Corporations Act) and the Listing Rules, including in particular the requirements of the Corporations Act and the Listing Rules in relation to conflicts of interest and “related party” transactions given that, if ADIT gains control of KBC but does not acquire all of the KBC Shares, it will be treated as a related party of KBC for these purposes; and
- (b) the legal obligation of the KBC directors at the time, including any nominees of ADIT, to act in good faith and in the best interests of KBC and for proper purposes and to have regard to the interest of all KBC Shareholders.

## **5. Sources of Bid consideration**

### **5.1. Consideration under the Bid**

The total amount that ADIT would be required to pay for KBC Shares if ADIT acquires all of the KBC Shares on issue on the date of this Bidder's Statement in which it and its Associates do not have a Relevant Interest at the Bid Price is approximately \$10.264 m.

Each of Australian Style Group and Mr Nicholas Bolton (the **ASG Offerees**) have indicated to ADIT that they do not intend to accept the Bid. However, there is no obligation, agreement, arrangement or understanding with these parties as to how they respond to the Bid.

Where as anticipated that those offerees do not accept the Bid, the maximum consideration payable by ADIT for the KBC Shares that are the subject of the Bid is approximately \$7.9 million. The current funding arrangements for the Bid assume that these two offerees will not accept into the Bid. Australian Style Group has disclosed a relevant interest in 22.67% of the currently issued KBC Shares. Should Australian Style Group or Mr Nicholas Bolton change their intention and decide to accept into the Bid, then ADIT will need to seek further funding from its sources to fulfil those acceptances.

The total cash consideration payable by ADIT as described in this Section 5 excludes any costs payable by ADIT in relation to the Bid.

For the avoidance of doubt, any KBC Shares issued after 8 January 2020, including in satisfaction of any redemption requests by CRPN

### **5.2. Financial position of ADIT**

As at 31 December 2019, the investment portfolio of ADIT comprised of 17.3% net cash with the balance held in liquid investments listed on the ASX.

ADIT's internal cash reserves are currently insufficient for ADIT to fund the total cash consideration under the Bid and the expected Bid costs. ADIT's portfolio is comprised of highly liquid investments, which ADIT can liquidate at short notice.

Should ADIT's cash reserves, as a result of normal business activities over the Bid Period, be insufficient to fully fund the total cash consideration and costs of the Bid, ADIT will draw on the Bid Funding Agreements and, if necessary, will seek to liquidate other liquid investments or raise capital from ADIT unitholders in order to fund the balance of the Bid consideration and associated costs.

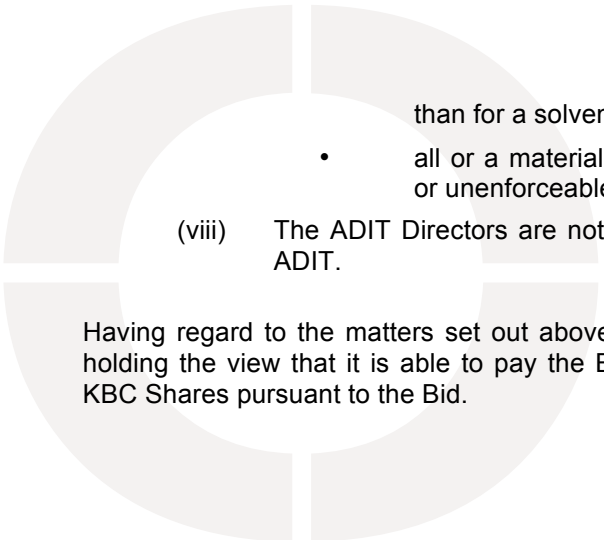
### **5.3. Funding sources for the Bid**

The Bid is not subject to a financing condition.

ADIT estimates that the total transaction costs associated with the Bid (other than the Bid Price payable for all KBC Shares) are not expected to exceed \$50,000.

ADIT intends to fund the cash consideration under the Bid through the following arrangements:

- (a) ADIT holds approximately \$900,000 in cash available for payment of Bid Consideration;
- (b) ADIT holds liquid investments listed on the ASX, which together with its available cash exceeds \$4.4 million and which investments may be liquidated at short notice to fund Bid Consideration where required; and
- (c) if ADIT's directors form the opinion that it is desirable or necessary to do so, ADIT may seek to raise capital from its unitholders;
- (d) ADIT has entered into funding agreements with HHY Fund (**HHY**) and Aurora Fortitude Absolute Return Fund (**AFARF**) which, if called upon, will enable the cash requirements of the Bid to be satisfied (**Bid Funding Agreements**). The arrangements entered into with these entities include the following:
  - (i) Up to \$3 million is available to be called from HHY and up to \$775,000 from AFARF;
  - (ii) ADIT may call these amounts upon 10 Business Days' notice in writing for funding calls more than \$1 million or on 5 Business Days' Notice for amounts between \$500,000 to \$1 million or otherwise on 2 Business Days' Notice;
  - (iii) Prior to ADIT seeking to draw down any funding under the Bid Funding Agreements, it must have first expended an aggregate of \$3 million of its own funds in cash payments under the Bid or in ancillary expenses in pursuing the Bid. ADIT's satisfaction of this condition is in part dependent on it being able to realise its investments in liquid investments listed on the ASX so as to fund that required expenditure. However, the Directors expect that this realisation will be able to occur subject to the satisfaction of the Condition set out at 10.7(j);
  - (iv) As the responsible entity of HHY and AFARF, Aurora is in a position to confirm that HHY and AFARF have the cash resources available to meet calls under the Bid Funding Agreements, and that they are fully solvent and able to meet the obligations under those Bid Funding Agreements;
  - (v) Amounts loaned under the Bid Funding Agreements are subject to interest at the rate of 10% per annum, or if an event of default arises (see below), the default rate is 20% per annum;
  - (vi) ADIT will use its best endeavours to avoid triggering an event of default under the Bid Funding Agreements.
  - (vii) The Bid Funding Agreements are subject to events of defaults. The list of defaults include:
    - ADIT fails to pay monies under the Bid Funding Agreements when due – this would only arise following a drawdown, which would only occur if the Bid is declared unconditional;
    - A remediable breach of a fundamental term of a Bid Funding Agreement is not remedied within 5 business days (or such longer period determined by the lender) of a notice from the lender specifying the failure or a non-remediable breach occurs;
    - ADIT amends its constitution without the prior written consent of the lender;
    - A guarantee given by ADIT for an amount exceeding \$500,000 is enforceable and called upon against ADIT. As at the date of this document, no such guarantees have been given;
    - A judgment exceeding \$500,000 is obtained against ADIT which is not set aside or satisfied within 28 days;
    - ADIT is or becomes insolvent, suspends payments of its debts generally, or an administrator, receiver or similar official is appointed over any of the assets or undertaking of ADIT;
    - ADIT ceases or threatens to cease carrying on business;
    - an application is made for the winding up or dissolution of ADIT;
    - a resolution is passed for the winding up or dissolution of ADIT otherwise



than for a solvent reconstruction;

- all or a material part of the Bid Funding Agreements are illegal, voidable or unenforceable.
- (viii) The ADIT Directors are not aware of any such event of default arising in relation to ADIT.

Having regard to the matters set out above, ADIT considers it has a reasonable basis for holding the view that it is able to pay the Bid Consideration required for the acquisition of KBC Shares pursuant to the Bid.

## 6. Risk factors

Investors should appreciate that owning and dealing in KBC Shares involves various risks which can be broadly categorised into risks relating to the Bid, general investment risks and specific business risks.

Each of these broad categories are outlined below in the following sections.

### 6.1. Risk factors associated with selling KBC Shares

KBC Shareholders who accept the Bid will receive cash as Bid Consideration if the Bid becomes unconditional, or the Conditions are satisfied or waived. Those who accept the Bid will no longer be exposed to the risks or opportunities associated with KBC's operations and investment portfolio.

### 6.2. Risks relating to the Bid

The following risk factors may arise as a result of the Bid and the acquisition of KBC Shares by ADIT.

#### *KBC information*

In preparing the information on KBC included in this Bidder's Statement, ADIT has relied only on publicly available information. ADIT has not had direct access to KBC's directors or its auditors. KBC's auditor Deloitte issued a disclaimer of opinion in relation to the 2019 Financial Report. Deloitte, noted their inability to satisfy themselves as to the integrity of KBC's books. In addition, it is possible that additional risks may exist in relation to KBC's operations that are unknown to ADIT.

#### *Minority Shareholders in KBC*

If you do not accept the Bid you may, depending on the level of acceptance of the Bid, become part of a minority in KBC. In such a case, the liquidity of KBC Shares may be further diminished, whether or not KBC returns to normal trading on the ASX.

#### *Taxation risks*

Tax liabilities are the responsibility of each individual shareholder, and ADIT is not responsible either for taxation or penalties incurred by KBC Shareholders. KBC Shareholders should consult their own taxation advisers to ascertain the tax implications of their investment and of any participation in the Bid.

#### *Taxation considerations*

The effects of taxation can be complex and may change over time. A summary of the current Australian income tax implications associated with acceptance of the Bid is outlined in Section 7. However, this summary is general in nature and the circumstances for each KBC Shareholder will vary. KBC Shareholders should seek professional taxation advice in relation to their own position.

This list is not exhaustive and KBC Shareholders should read this Bidder's Statement in full. If KBC Shareholders require further information on these risks, they should seek professional advice.

#### *Ability to exercise effective control*

ADIT may acquire the ability to effectively control all decisions regarding KBC's future operations. This will be dependent upon the level of acceptances of the Bid and any other KBC Shares that may be acquired by ADIT and its Associates on-market, or otherwise, in accordance with the Corporations Act.

#### *Potential impact on subsequent bids*

ADIT's shareholding may become of such a size that a third party would not be able to successfully make a takeover bid for KBC without the support of ADIT.

### **6.3. Specific risks relating to retaining KBC Shares**

An outline of some of the general business risks facing KBC are as set out below:

#### *Risk on KBC's investments*

KBC may invest in unlisted entities, entities with a limited trading history or entities with a small capital base. These investments may pose greater risk than investments in larger capitalised entities or entities on other market sectors. While the development of sound risk management procedures and sound due diligence can minimise the risks of investment in such entities, the risks are material and significant.

#### *Business Risk*

The profitability and success of KBC is highly dependent on the ability of its directors and executives to assess business risks and make appropriate investment decisions. At the date of this Bidder's Statement there is no certainty as to who these directors and executives will be.

No guarantee can be given in respect to future earnings of KBC or the earnings and capital appreciation of its investments.

### **6.4. General risks relating to retaining KBC Shares**

An outline of some of the general business risks facing KBC are as set out below:

KBC Shareholders should be aware that retaining KBC Shares involves various risks. There are general risks associated with owning securities in publicly listed companies. The price of securities can go down as well as up due to factors outside the control of KBC. These factors include Australian and worldwide economic and political stability, natural disaster, performance of the Australian stock market as a whole, and Australian interest rates, foreign exchange, taxation and labour relations environments.

These are risks that are considered beyond the control of KBC.

#### *Possible volatility of KBC Share price*

The stock market has from time to time experienced significant price and volume fluctuations, which may be unrelated to the operating performance of particular companies.

The market price of KBC Shares may be volatile and may go down, as well as up. Factors that may have a significant impact on the market price and marketability of KBC Shares include announcements as to new acquisitions or investment opportunities, government regulation, variation in interest rates, the activities of any competitors, economic and other external factors, as well as fluctuations in KBC's operating results.

KBC Shares have been suspended from trading on the ASX since 16 July 2019. As announced on 17 October 2019, KBC Shares will remain suspended pending the outcome of the ASX's enquiries into, amongst other things, issues in relation to KBC's 2019 Financial Report.

#### *Macroeconomic risks*

The general state of the Australian and international economy as well as changes in taxation, monetary policy, interest rates, statutory requirements and currency exchange rates may influence the financial performance of KBC, and may affect the value of KBC Shares.

#### *Regulatory changes*

Changes to the regulatory environment, including the ASX, the Corporations Act and ASIC policy and their commercial application, may have a material adverse effect on a KBC Shareholder's investment in KBC Shares or otherwise have a material adverse effect on KBC's business and financial position.

## **6.5. Note on risk factors**

The above list of general and specific risk factors is not and should not be taken as exhaustive of the risks faced by KBC or by KBC Shareholders. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of KBC and the value of the KBC Shares.

## **7. Tax considerations**

### **7.1. General**

The following is a summary of the principal Australian tax consequences generally applicable to KBC Shareholders who dispose of their KBC Shares under the Bid for cash consideration. These consequences will depend on the individual circumstances of KBC Shareholders. You should make your own inquiries and seek independent professional advice on your circumstances.

The comments set out below are relevant only to those KBC Shareholders who hold their KBC Shares as capital assets for the purpose of investment and who do not (or would not) hold those KBC Shares in connection with the conduct of a business. Certain KBC Shareholders (such as those engaged in a business of trading or investment, those who acquired their KBC Shares for the purpose of resale at a profit or those which are banks, insurance companies, tax exempt organisations, superannuation funds or persons who acquired their KBC Shares in the course of their employment with KBC) will or may be subject to special or different tax consequences specific to their circumstances.

The following outline is based upon Australian taxation law and practice in effect as at the date of this Bidder's Statement. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of every KBC Shareholder. KBC Shareholders should seek independent professional advice regarding the taxation consequences of disposing of KBC Shares in the light of their own particular circumstances.

### **7.2. Australian resident KBC Shareholders**

If you accept the Bid, you will be treated as having disposed of your KBC Shares. If you held them on capital account and you dispose of them, such a disposal is likely to constitute a CGT event for CGT purposes.

Australian resident KBC Shareholders may make a capital gain or capital loss on the disposal of a KBC Share under the Bid.

In general, the capital gain or loss on the disposal of a KBC Share under the Bid is the difference between the value of the capital proceeds (ie. the cash consideration received from ADIT) and the cost base of the KBC Share. The cost base of KBC Shares is generally their cost of acquisition or deemed cost of acquisition.

Certain other amounts associated with acquisition and disposal, such as brokerage or stamp duty, may be added to the cost base.

Capital gains and capital losses of a taxpayer in a year of income are aggregated to determine whether there is a net capital gain. Capital gains made during an income year are reduced by any capital losses made during that same income year. This may be reduced further by capital losses carried forward from prior years. A 'CGT Discount' may be available to reduce further the taxable gain for certain KBC Shareholders (see further below). The remaining net capital gain is included as assessable income in your income tax return and is subject to income tax at your marginal tax rate in the year in which you dispose of the KBC Shares. A net capital loss may be carried forward to be offset against future capital gains (not against other income for income tax purposes).

A KBC Shareholder who is an individual, complying superannuation entity or trustee of a



trust may be eligible for a 'CGT Discount' if they acquired (or are deemed to have acquired) their KBC Shares at least 12 months before the time they accept the Bid. The CGT Discount is not available to companies, nor does it apply to KBC Shares owned (or deemed to be owned) for less than the relevant 12 month period.

### **7.3. Non-resident KBC Shareholders**

KBC Shareholders who are not resident in Australia for tax purposes should also consider the tax consequences under the laws of their country of residence, as well as under Australian law. In Australia, the CGT rules only apply to non-residents of Australia in relation to 'taxable Australian property'. KBC Shares held by a KBC Shareholder who is not an Australian resident for tax purposes will be taxable Australian property only if the KBC Shares:

- (a) are an indirect Australian real property interest; or
- (b) were used at any time by the KBC Shareholder in carrying on a business through a permanent establishment in Australia; or
- (c) were included under a CGT deferral election when the KBC Shareholder ceased to be an Australian resident.

KBC Shares will generally not constitute an indirect Australian real property interest unless the total market value of Australian real property assets is more than 50% of the total market value of KBC's assets and the shareholding represents at least 10% (including associate interests) of either the total shares or voting right or distribution rights.

### **7.4. Stamp duty and GST**

Any stamp duty payable pursuant to the Bid will be the liability of ADIT and will be paid by ADIT. KBC Shareholders may be charged GST on costs (such as advisor fees) that relate to their acceptance of the Bid. KBC Shareholders may be entitled to input tax credits for such costs, but should seek independent advice in relation to their individual circumstances.

### **7.5. Obtain your own taxation advice**

Do not rely on the comments or the statements contained in this Bidder's Statement as advice about your own affairs. The taxation laws are complex and there could be implications in addition to those generally described in this Bidder's Statement.

Accordingly, consult your own tax advisers for advice applicable to your individual needs and circumstances. To the extent permitted by law, ADIT does not accept any responsibility for tax implications for individual KBC Shareholders.

ADIT is not a registered tax agent under the Tax Agent Services Act 2009 (C'th) and cannot provide tax advice to specific KBC Shareholders. KBC Shareholders should obtain tax advice from a registered tax agent on the consequences of accepting the Bid.

## **8. Information on KBC Shares**

### **8.1. KBC capital structure**

As at the date of this Bidder's Statement, there are 157,136,486 KBC Shares on issue.

### **8.2. KBC Share trading**

A total of 65.27% of KBC Shares are held by the top three KBC Shareholders.

The most recent sale price for KBC Shares on the ASX prior to the date of this Bidder's Statement was \$0.071 on 15 July 2019 (being the last trading day before the ASX suspended quotation of KBC Shares on 16 July 2019).

In the six months period to 15 July 2019, the highest closing price and lowest closing price of KBC Shares traded on the ASX were as follows:

- (a) High: \$0.075
- (b) Low: \$0.056

KBC Shareholders are reminded that KBC has historically traded at a discount to its NTA.

### **8.3. ADIT and its Associates' interests in KBC**

As at the date of this Bidder's Statement, ADIT and its Associates had Voting Power of 1.03% in KBC Shares.

### **8.4. KBC executive share plan**

As at the date of this Bidder's Statement, there are 9,000,000 unlisted executive share plan shares issued under the terms of KBC's executive share plan announced, issued on 10 December 2014 (refer to KBC's ASX Announcement dated 19 December 2014: Appendix 3B and Further Detail Regarding Issuance of Loan Funded Shares).

### **8.5. KBC Notes**

As at 22 January 2020, KBC had on issue 7,602,056 KBC CRPNs (ASX: KBCPA) following the redemption of 397,944 CRPNs.

The suspension of KBC Shares triggered an event of default under the terms of CRPNs and CRPN holders had the opportunity to request conversion or redemption of their CRPNs. KBC received early redemption requests for 6,750,208 CRPNs.

On 22 January 2020, KBC announced that it had determined to redeem 2 million of the outstanding early redemption CRPN requests, with those redemptions being satisfied in full with cash. At the time of this Bidder's Statement KBC has yet to determine if it will satisfy the remaining early redemption CRPN requests with cash or process a conversion of these notes to ordinary shares.

For the avoidance of doubt, the Bid does not extend to KBC Shares that may be issued after the Register Date in satisfaction of redemption requests by CRPN holders.

## **9. Other material information**

### **9.1. No collateral benefits**

Neither ADIT nor any of its Associates has, during the period of four months ending on the day immediately before the date of the Bid, given, or offered or agreed to give, a benefit to another person likely to induce the other person, or an Associate, to:

- (a) accept the Bid; or
- (b) dispose of KBC Shares,

which benefit was not offered to all KBC Shareholders under the Bid.

### **9.2. No escalation agreements**

Neither ADIT nor any Associate of ADIT has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

### **9.3. Dealings in KBC Shares**

In the four months prior to the date of the Bid, neither ADIT nor any of its Associates have purchased KBC Shares.

### **9.4. Material contracts**

ADIT is not aware of the terms of any contracts to which KBC or any of its controlled entities are a party that contain provisions entitling the contract counterparty to terminate the contract in the event of a change of control of KBC.

ADIT has not engaged in any discussions with any party with whom KBC or a controlled entity of KBC has a substantive contract for the provision of goods or services to assess the impact of a change of control of KBC on any contract.

### **9.5. Regulatory approvals**

There are no regulatory approvals that ADIT needs to obtain before acquiring KBC Shares before or under the Bid.

### **9.6. ASIC modifications and exemptions**

ASIC has published various other class order instruments providing for modifications and exemptions that apply generally to all persons, including ADIT, about the operation of Chapter 6 of the Corporations Act. ADIT may rely on this relief.

ADIT has relied, under Class Order 13/521 "Takeover bids" by ASIC, on the modifications to section 624(2) of the Corporations Act, by paragraphs 4(f) and (g) of the Class Order. These paragraphs are concerned with clarifying the timing issues related to the closing time for offer periods that are automatically extended under the Corporations Act.

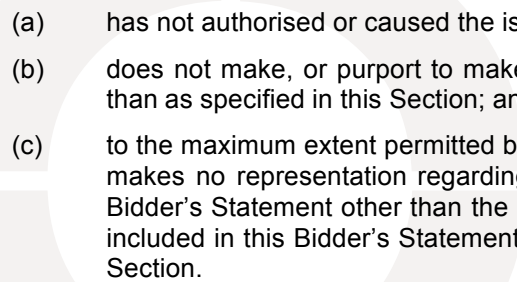
ADIT will make available a copy of the documents containing these statements (or relevant extracts from these documents), free of charge to KBC Shareholders who request them before the end of the Bid Period. To obtain a copy of these documents (or the relevant extracts) KBC Shareholders should contact ADIT on 1300 553 431 between 9am and 5pm (Melbourne time) Monday to Friday.

### **9.7. Consents**

The legal advisers to the bid, being W Advisers Pty Limited (ACN 160 360 476) (W Advisers) has given (and before lodgment of this Bidder's Statement has not withdrawn) its written consent to be named as legal adviser to the Bid in the form and context in which it is named.

Automic Pty Limited trading as Automic Registry Services (ACN152 260 814) (Automic) has given (and before lodgment of this Bidder's Statement has not withdrawn) its written consent to be named as registry for the Bid in the form and context in which it is named.

Each of W Advisers and Automic:

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- (a) has not authorised or caused the issue of the Bidder's Statement;
  - (b) does not make, or purport to make, any statement in this Bidder's Statement other than as specified in this Section; and
  - (c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any part of this Bidder's Statement other than the reference to its name and the statements (if any) included in this Bidder's Statement with the consent of that party as specified in this Section.

In addition, this Bidder's Statement includes statements which are made in, or based on statements made in documents lodged with ASIC or given to the ASX. Pursuant to ASIC Class Order 13/521, the makers of those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents (free of charge) please contact ADIT on 1300 553 431 between 9am and 5pm (Melbourne time) Monday to Friday.

#### **9.8. Date for determining holders of KBC Shares**

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) is 10 February 2020.

#### **9.9. Other material information**

There is no other information material to the making of a decision by an offeree whether or not to accept a Bid (being information that is known to ADIT and has not previously been disclosed to the holders of KBC Shares) other than as disclosed in this Bidder's Statement.

#### **9.10. Costs and expenses**

All costs and expenses of the preparation and circulation of this Bidder's Statement and the Bid will be paid by ADIT. There is no stamp duty payable on transfer of KBC Shares.

## 10. Bid terms

### 10.1. ADIT's Bid

- (a) ADIT offers to acquire all KBC Shares on issue as at the Register Date not currently held by it or its Associates on the terms and conditions of this Bid. You may accept this Bid in respect of your KBC Shares as at the Register Date.
- (b) The consideration being offered by ADIT is 6.6 cents cash for every KBC Share you own.
- (c) If you accept this Bid and ADIT acquires your KBC Shares, ADIT is also entitled to any Rights in respect of your KBC Shares.

### 10.2. Bid Period

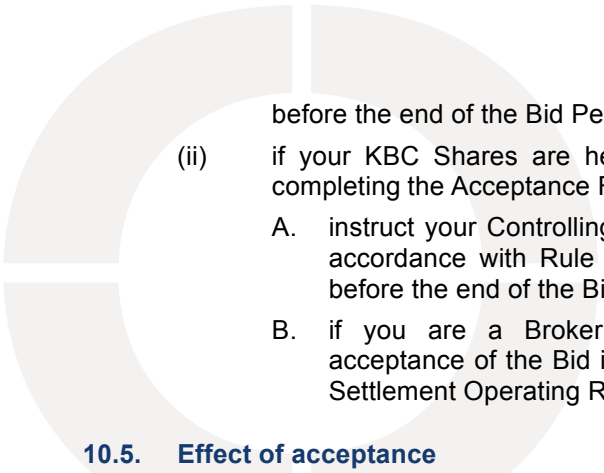
Unless withdrawn, this Bid remains open for acceptance during the period commencing on the date of this Bid and ending at 7:00pm (Melbourne time) on [Close] 2020, subject to any extension of that period in accordance with the Corporations Act.

### 10.3. Who may accept

- (a) The Bid is being made to each holder of KBC Shares registered, or entitled to be registered, in the register of members of KBC at 7:00pm (Melbourne time) on the Register Date (hereafter referred to in this section 10 as "**you**"); and
- (b) If at the time this Bid is made to you, another person is, or at any time during the Bid Period and before this Bid is accepted becomes, the holder of, or entitled to be registered as the holder of, some or all of your KBC Shares (transferred shares), ADIT is deemed, in place of this Bid, to have made at that time a corresponding Bid on the same terms and conditions:
  - (i) to the other person, relating to the transferred shares; and
  - (ii) to you, relating to your KBC Shares other than the transferred shares (if any).
- (c) If at any time during the Bid Period and before this Bid is accepted, you hold your KBC Shares in two or more distinct portions (for example, you hold some as trustee, nominee or otherwise on account of another person) within the meaning of section 653B of the Corporations Act:
  - (i) this Bid is deemed to consist of a separate corresponding Bid to you in relation to each distinct portion of your KBC Shares;
  - (ii) to accept any of those corresponding Bids, you must specify:
    - A. by written notice accompanying your Acceptance Form; or
    - B. if the notice relates to KBC Shares in a CHESS Holding, in an electronic form approved by the ASX Settlement Operating Rules, that your KBC Shares consist of distinct portions and the number of the KBC Shares to which the acceptance relates; and
  - (iii) otherwise, section 653B of the Corporations Act applies to this Bid in respect of your KBC Shares and any acceptance of this Bid by you.

### 10.4. How to accept this Bid

- (a) You may only accept this Bid in respect of all of your KBC Shares on issue at the Register Date.
- (b) You may only accept this Bid during the Bid Period.
- (c) If your KBC Shares are held in a CHESS Holding, you can only accept this Bid in accordance with the ASX Settlement Operating Rules.
- (d) To accept this Bid, you should proceed as follows:
  - (i) you may complete and sign the Acceptance Form in accordance with the instructions on the Acceptance Form and return it (together with any documents required by the instructions on it), so that the envelope in which they are sent is received by ADIT in accordance with the Acceptance Form

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- before the end of the Bid Period; or
  - (ii) if your KBC Shares are held in a CHESS Holding (as an alternative to completing the Acceptance Form) you may either:
    - A. instruct your Controlling Participant to initiate acceptance of the Bid in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Bid Period; or
    - B. if you are a Broker or an ASX Settlement Participant, initiate acceptance of the Bid in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Bid Period.

#### **10.5. Effect of acceptance**

- (a) By accepting the Bid in accordance with Section 10.4, you will have:
  - (i) accepted this Bid in respect of all of your KBC Shares as at the Register Date;
  - (ii) agreed to transfer your KBC Shares to ADIT (subject to this Bid and the contract resulting from your acceptance of it becoming unconditional);
  - (iii) represented and warranted to ADIT that your KBC Shares will at the time of acceptance of this Bid and at the time of their transfer to ADIT be fully paid up and that ADIT will acquire good title to and beneficial ownership of your KBC Shares free from all Security Interest and other adverse third party interests of any kind;
  - (iv) on the Bid or the contract resulting from your acceptance of the Bid becoming unconditional, irrevocably appointed ADIT and each of Aurora's directors, secretaries and officers severally as your attorney to do all things which you could lawfully do in relation to your KBC Shares or in exercise of any right derived from the holding of such KBC Shares, including without limitation:
    - A. attending and voting at any general meeting of KBC;
    - B. notifying KBC that your address in the records of KBC for all purposes including the dispatch of notices of meeting, annual reports and dividends should be altered to an address nominated by ADIT;
    - C. do all things necessary to effect the transfer of your KBC Shares on the same terms and conditions set out in the Bid, legally and beneficially to ADIT; and
    - D. doing all things incidental and ancillary to any of the above.

This appointment terminates on the registration of ADIT as the registered holder of your KBC Shares.

ADIT must indemnify you and keep you indemnified in respect of all costs, expenses and obligations which might otherwise be incurred or undertaken as a result of the exercise by an attorney of any powers under Section 10.5(a)(iv);
  - (v) agreed that in exercising the powers conferred by the power of attorney under Section 10.4 the attorney may act in the interests of ADIT as the intended registered holder and beneficial holder of those KBC Shares;
  - (vi) on the Bid or the contract resulting from your acceptance of the Bid becoming unconditional, agreed not to attend or vote in person at any general meeting of KBC or to exercise or purport to exercise any of the powers conferred on an attorney under Section 10.4;
  - (vii) represented and warranted to ADIT that the making of the Bid to you and your acceptance of this Bid is lawful under any Foreign Law which applies to you, to the making of this Bid or to your acceptance of this Bid;
  - (viii) agreed to indemnify ADIT and KBC fully in respect of any claim, demand, action, suit or proceeding made or brought against KBC and any loss, expense, damage or liability whatsoever suffered or incurred by ADIT or KBC or both ADIT and KBC, in each case as a result of any representation or warranty made by you not being true;

- (ix) on the Bid or the contract resulting from your acceptance of the Bid becoming unconditional (even though ADIT has not yet provided the consideration due to you), authorise ADIT to transmit a message to ASX Settlement in accordance Rule 14.17.1 of the ASX Settlement Operating Rules so as to enter those of your KBC Shares which are CHESS Holdings into the ADIT Takeover Transferee Holding; and
- (x) on the Bid or the contract resulting from your acceptance of the Bid becoming unconditional (even though ADIT has not provided the consideration due to), authorise ADIT to enter those of your KBC Shares which are Issuer Sponsored Holdings into the name of ADIT.
- (b) By completing, signing and returning the Acceptance Form, you will also have:
  - (i) authorised ADIT and each of Aurora's directors, secretaries, officers, servants and agents severally to complete the Acceptance Form by correcting any errors in or omissions from the Acceptance Form as may be necessary for either or both of the following purposes:
    - A. to make the Acceptance Form an effectual acceptance of this Bid; and
    - B. to enable registration of the transfer to ADIT of your KBC Shares; and
  - (ii) authorised ADIT and each of Aurora's directors, secretaries, officers, servants, and agents severally on your behalf to initiate acceptance or instruct your Controlling Participant to initiate acceptance in accordance with Rule 14.14 of the ASX Settlement Operating Rules.
- (c) ADIT may at any time in its absolute discretion:
  - (i) treat the receipt by it of an Acceptance Form during the Bid Period as a valid acceptance although it does not receive all or any requirements for a valid acceptance have not been complied with; and
  - (ii) where you have satisfied the requirements for acceptance in respect of only some of your KBC Shares, treat the acceptance as a valid acceptance only in respect of those KBC Shares.
- (d) In respect of any part of an acceptance treated by ADIT as valid, ADIT must provide you with the relevant cash consideration in accordance with Section 10.6.

#### **10.6. Consideration for your KBC Shares**

- (a) The obligation of ADIT to pay to you to as cash consideration under the Bid will be satisfied by ADIT dispatching or procuring the dispatch to you of a cheque made payable to you by pre-paid ordinary mail or, in the case of addresses outside Australia, by pre-paid airmail, to your address as shown on the Register (or such other address as you may notify in writing to ADIT).
- (b) Subject to Section 10.6(c) of this Bid, if the contract resulting from your acceptance of this Bid becomes unconditional, ADIT will provide the cash consideration on acceptance of this Bid on or before the earlier of:
  - (i) 1 month after the date this Bid is validly accepted by you or, if this Bid is subject to any of the Conditions when accepted, within 1 month after this Bid or the contract resulting from your acceptance of this Bid becomes unconditional; and
  - (ii) 21 days after the end of the Bid Period, provided that the Bid has become unconditional.

Under no circumstances will interest be paid on the consideration for the Accepted Shares under this Bid, regardless of any delay in making payment or any extension of this Bid.

- (c) If you accept the Bid and you are a Foreign Shareholder, you are not entitled to receive the Bid Consideration unless and until all requisite authorities or clearances have been obtained from the Reserve Bank of Australia and or the Australian Taxation Office. Refer to Section 10.6(g) for further information.
- (d) Notwithstanding anything else in the Bidder's Statement, ADIT is under no obligation to spend any money, or undertake any action, in order to satisfy themselves of the

eligibility of Foreign Shareholders to receive the Bid Consideration as set out in this Section 10.6(c).

- (e) Where the Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):
  - (i) if that document is given with your acceptance, ADIT will provide the consideration in accordance with paragraph (b);
  - (ii) if that document is given after your acceptance and before the end of the Bid Period while the Bid is subject to the Condition, ADIT will provide the consideration 1 month after the Bid becomes unconditional;
  - (iii) if the document is given after your acceptance and before the end of the Bid Period while the Bid is not subject to the Condition, ADIT will provide the consideration 21 days after the document is received; or
  - (iv) if that document is received after the end of the Bid Period, ADIT will provide the consideration within 21 days after that document is received.
- (f) If ADIT becomes entitled to any Rights as a result of your acceptance of this Bid, it may require you to give ADIT all documents necessary to vest those Rights in ADIT or otherwise to give ADIT the benefit or value of those Rights. If you do not give those documents to ADIT, or if you have received the benefit of those Rights, then ADIT may reduce the total amount of cash consideration to which you are otherwise entitled under this Bid by the amount (or value, as reasonably assessed by ADIT) of those Rights. For the avoidance of doubt, ADIT will not be entitled to deduct the value of any franking credits attaching to any dividends or capital distributions declared or paid by KBC.
- (g) If, at the time of acceptance of this Bid, any consent, authority or clearance of the Reserve Bank of Australia and/or the Australian Taxation Office is required for you to receive any consideration under this Bid or you are resident in or a resident of a place to which, or you are a person to whom:
  - (i) the Banking (Foreign Exchange) Regulations 1959 (C'th);
  - (ii) Part 4 of the Charter of the United Nations Act 1945 (C'th);
  - (iii) the Charter of the United Nations (Dealing with Assets) Regulations 2008 (C'th);
  - (iv) Part 9 of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (C'th);
  - (v) any other regulations made under Part 4 of the Charter of the United Nations Act 1945 (C'th); or
  - (vi) any other law of Australia that would make it unlawful for ADIT to provide Consideration for your KBC Shares,applies, then acceptance of this Bid will not create or transfer to you any right (contractual or contingent) to receive (and you will not be entitled to receive) any consideration under this Bid unless and until all requisite consents, authorities or clearances have been obtained.

### 10.7. Defeating Conditions

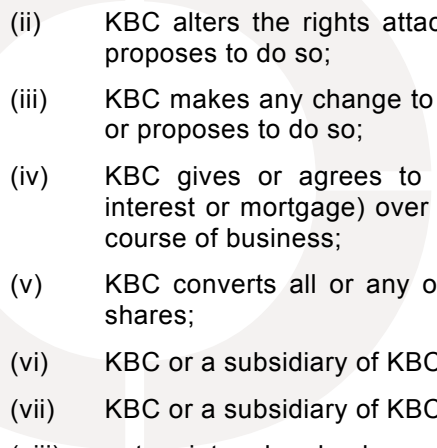
This Bid and the contract that results from acceptance of this Bid are each subject to the fulfilment of the following Conditions:

(a) **No prescribed occurrences between Announcement Date and service of bidder's statement**

During the period starting on the Announcement Date and ending at the end of the day before the Bidder's Statement is given to KBC, none of the occurrences listed below happens:

- (i) KBC declares, or distributes any dividend, bonus or other share of its profits or assets except for a dividend by a wholly-owned subsidiary of KBC;



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- (ii) KBC alters the rights attached to any of its shares or other securities or proposes to do so;
  - (iii) KBC makes any change to its constitution or passes any special resolution or proposes to do so;
  - (iv) KBC gives or agrees to give any encumbrance (including a security interest or mortgage) over any of its assets otherwise than in the ordinary course of business;
  - (v) KBC converts all or any of its shares into a larger or smaller number of shares;
  - (vi) KBC or a subsidiary of KBC resolves to reduce its share capital in any way;
  - (vii) KBC or a subsidiary of KBC:
    - (viii) enters into a buy-back agreement; or
    - (ix) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
  - (x) KBC or a subsidiary of KBC issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option;
  - (xi) KBC or a subsidiary of KBC issues, or agrees to issue, convertible notes;
  - (xii) KBC or a subsidiary of KBC disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
  - (xiii) KBC or a subsidiary of KBC charges, or agrees to charge, the whole, or a substantial part, of its business or property;
  - (xiv) KBC or a subsidiary of KBC resolves to be wound up;
  - (xv) the appointment of a liquidator or provisional liquidator of KBC or of a subsidiary of KBC;
  - (xvi) a court makes an order for the winding up of KBC or of a subsidiary of KBC;
  - (xvii) an administrator of KBC, or of a subsidiary of KBC, is appointed under section 436A, 436B or 436C of the Corporations Act;
  - (xviii) KBC or a subsidiary of KBC executes a deed of company arrangement; or
  - (xix) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of KBC or of a subsidiary of KBC.

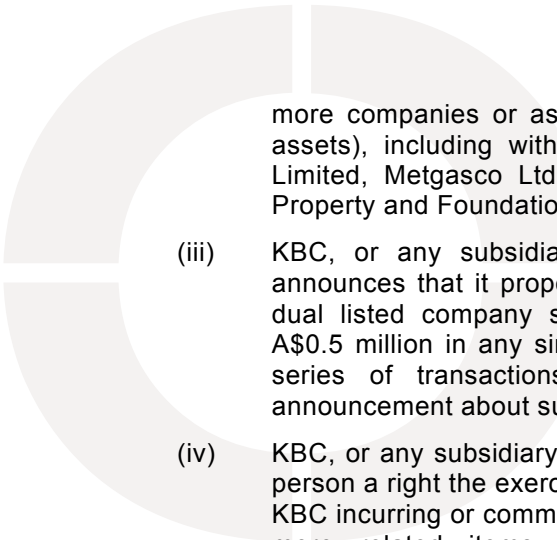
(b) **No prescribed occurrences between service of bidder's statement and end of Bid Period**

During the period starting on the day before this Bidder's Statement is given to KBC and ending at the end of the Bid Period, none of the occurrences listed in paragraph (a) above happens.

(c) **No material transactions**

Except for any proposed transaction reasonably full details of which are publicly announced by KBC before the Announcement Date, none of the following events occurs during the period starting on the Announcement Date and ending at the end of the Bid Period without the written consent of ADIT:

- (i) KBC, or any subsidiary of KBC, acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in any single transaction of more than A\$0.5 million or an amount in aggregate in any series of transactions of more than A\$0.5 million, or makes an announcement about such an acquisition or acquisitions;
- (ii) KBC, or any subsidiary of KBC, disposes or agrees to dispose of one or



more companies or assets (or an interest in one or more companies or assets), including without exception, any investment in Molopo Energy Limited, Metgasco Ltd, Yowie Group Limited, HHY Fund, Manly Sebel Property and Foundation Life;

- (iii) KBC, or any subsidiary of KBC, enters into, offers to enter into or announces that it proposes to enter into any joint venture, partnership or dual listed company structure involving a commitment of greater than A\$0.5 million in any single transaction or an amount in aggregate in any series of transactions of more than A\$0.5 million, or makes an announcement about such a commitment; or
- (iv) KBC, or any subsidiary of KBC, incurs or commits to, or grants to another person a right the exercise of which would involve KBC or any subsidiary of KBC incurring or committing to any capital expenditure or liability for one or more related items of greater than A\$0.5 million, or makes an announcement about such a commitment.

(d) **No material adverse change**

During the period starting on the Announcement Date and ending at the end of the Bid Period, no change occurs, is discovered (including where ADIT becomes aware that information publicly filed is, or is likely to be, incomplete, incorrect or untrue or misleading) or becomes public which has or could reasonably be expected to have a material adverse effect on the assets, liabilities, financial position, performance, profitability or prospects of KBC.

(e) **No material failings in filings**

ADIT does not become aware, during the period starting on the Announcement Date and ending at the end of the Bid Period, that:

- (i) any document filed by or on behalf of KBC with ASX, ASIC or any other regulator contains a statement which is incorrect or misleading in any material particular or from which there is a material omission; or
- (ii) there has been an omission by KBC to give any material information to ASX, ASIC or any other regulator required by the ASX Listing Rules, the Corporations Act or any other applicable law.

(f) **No break/inducement fees**

During the period starting on the Announcement Date and ending at the end of the Bid Period, none of KBC and any body corporate which is or becomes a subsidiary of KBC, pays or provides or agrees (whether conditionally or contingently) to pay or provide any benefit to any person, or foregoes or otherwise reduces any payment or benefit or agrees to forgo or reduce any payment or benefit to which it would otherwise be entitled, in connection with any person making or agreeing to participate in, or enter into negotiations concerning:

- (i) a takeover bid for KBC or any body corporate which is or becomes a subsidiary of KBC; or
- (ii) any other proposal to acquire any interest (whether equitable, legal, beneficial or economic) in shares in, or assets of, KBC or any body corporate which is or becomes a subsidiary of KBC, or to operate KBC as a single economic entity with another body corporate;

except for a payment, benefit or agreement:

- (i) for providing professional advisory services to KBC;
- (ii) which is approved in writing by ADIT;

- (iii) which is approved by a resolution passed at a general meeting of KBC; or
- (iv) which is made to, provided to, owed by or made with ADIT.

**(g) No force majeure event**

During the period starting on the Announcement Date and ending at the end of the Bid Period, no act of war (whether declared or not) or terrorism, mobilisation of armed forces, civil commotion or labour disturbance, fire or natural disaster, or other event beyond the control of KBC or the relevant subsidiary occurs which has an adverse effect or is likely to have an adverse effect on the assets, liabilities, financial position, performance, profitability or prospects of KBC and its subsidiaries taken as a whole.

**(h) No superior alternative proposal**

No superior alternative proposal to ADIT's takeover bid is announced during the Bid Period that:

- (i) is recommended by any KBC director; or
- (ii) offers consideration that is equal or higher than the consideration offered under the bid valued, as far as practicable, in accordance with the principles applying under section 621(3) of the Corporations Act and ASIC Regulatory Guide 9: Takeover bids.

**(i) NTA Floor**

During the period starting on the Announcement Date and ending at the end of the Bid Period, the reported after-tax NTA of KBC does not fall below 5.75 cents per share.

**(j) Market movement (10% fall)**

During the period starting on the Announcement Date and ending at the end of the Bid Period:

- (i) The All Ordinaries Index is 10% or more below its level as at the close of trading immediately preceding the Announcement Date; or
- (ii) The S&P/ASX 200 Index is 10% or more below its level as at the close of trading immediately preceding the Announcement Date;

for a duration of longer than 3 consecutive ASX trading days.

**(k) No material litigation**

During the period starting on the Announcement Date and ending at the end of the Bid Period:

- (i) none of KBC and any body corporate which is or becomes a subsidiary of KBC has threatened or commenced against it any material claims or proceedings in any court or tribunal (and a claim or proceeding is taken to be material if it may reasonably result in a judgment of A\$100,000 or more), other than that which has been fully and fairly publicly disclosed to ASX prior to the Announcement Date;
- (ii) the consideration under the Bid is required to be increased or ADIT or an associate of ADIT is required or reasonably likely to be required to pay any amount to any one or more KBC shareholders in connection with the Bid as a result of:
  - A. any litigation that is commenced, is threatened to be commenced, announced or is made known to KBC (whether or not becoming public); or
  - B. any preliminary or final decision or order of any regulator or other government agency, other than as a result of ADIT publicly

undertaking to increase the consideration under the Bid or ADIT lodging a notice of variation under section 650D of the Corporations Act relating to an increase of the consideration under the Bid; or

the aggregate liability of KBC and any body corporate which is a subsidiary of KBC under or in connection with any existing claim or proceeding in any court or tribunal is or is likely to be materially more than the provision made for the claim or proceeding in KBC's last audited annual financial statements or, if no provision has been made, is or likely to be more than A\$100,000.

#### **10.8. Nature of Conditions**

- (a) Each paragraph of Section 10.7:
  - (i) is a condition subsequent; and
  - (ii) subject to the Corporations Act, operates only for the benefit of ADIT and any breach or non-fulfilment of such condition may be relied upon only by ADIT which may waive (generally or in respect of a particular event) the breach or non-fulfilment of that Condition.
- (b) The Condition does not prevent a contract to sell your KBC Shares resulting from your acceptance of this Bid but breach of the Condition or non-fulfilment of the Condition at the end of the Bid Period entitles ADIT to rescind that contract by notice to you.
- (c) Where an event occurs that would mean at the time the event occurs the Condition to which this Bid or the contract resulting from your acceptance of this Bid is then subject would not be fulfilled, each paragraph of the Condition in Section 10.7 affected by that event becomes two separate Conditions on identical terms except that:
  - (i) one of them relates solely to that event; and
  - (ii) the other specifically excludes that event.

ADIT may declare the Bid free under Section 10.7 from any paragraph of the Condition without declaring it free from the other paragraphs and may do so at different times.

#### **10.9. Freeing the Bid from Conditions**

- (a) Subject to the Corporations Act, ADIT may declare this Bid and any contract resulting from acceptance of this Bid free from:
  - (i) the Condition in Section 10.7(c) by giving written notice to KBC not later than 3 business days after the end of the Bid Period;
  - (ii) all other Conditions, not less than 7 days before the end of the Bid Period.
- (b) The date for giving the notice on the status of the Condition as required by section 630(1) of the Corporations Act is **[Open]** 2020 (subject to extension in accordance with the Corporations Act) if the Bid Period is extended).
- (c) Your acceptance or the contract resulting from your acceptance of this Bid is void if:
  - (i) at the end of the Bid Period the Condition in Section 10.7 is not fulfilled; and
  - (ii) ADIT has not declared this Bid and any contract resulting from the acceptance of it free of the Condition in accordance with Section 10.9(a).

#### **10.10. Withdrawal of Bid**

- (a) This Bid, if not previously accepted, may be withdrawn by ADIT, but only with ASIC's written consent (ASIC may impose conditions on such consent).
- (b) Subject to ASIC's consent (and any conditions imposed by ASIC), withdrawal of this Bid may be effected by written notice from ADIT given to KBC.
- (c) Subject to any conditions imposed by ASIC on its consent, where ADIT withdraws this Bid, if not previously accepted, automatically becomes incapable of acceptance.



**10.11. Variation**

ADIT may vary this Bid in accordance with the Corporations Act.

**10.12. Stamp duty**

ADIT must pay all stamp duty payable on the transfer of your KBC Shares to it if you accept this Bid.

**10.13. Foreign Laws**

This Bid is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Bid and to receive the Bid Consideration.

**10.14. Governing law**

This Bid and any contract that results from your acceptance of this Bid is governed by the laws in force in Victoria.

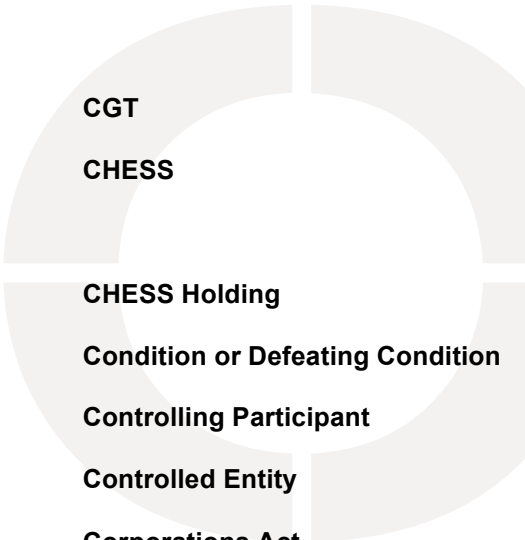
This Bid is dated 7 February 2020

## 11. Definitions and interpretation

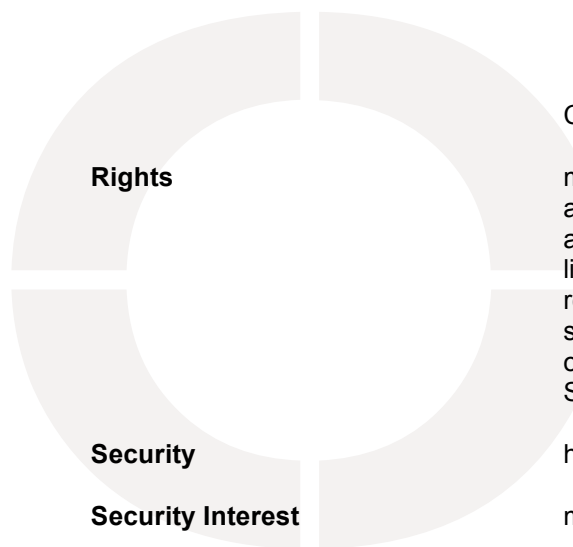
### 11.1. Definitions

The following defined terms are used throughout this Bidder's Statement unless the context otherwise requires. These terms are used throughout this Bidder's Statement.

<b>2019 Financial Report</b>	means the annual financial report for KBC issued in respect of the period ended 30 June 2019 by KBC on 17 October 2019.
<b>\$ or c</b>	means Australian dollars or cents.
<b>Acceptance Form</b>	means the acceptance form for the Bid accompanying this Bidder's Statement.
<b>ADIT</b>	means Aurora Funds Management Limited as responsible entity for the Aurora Dividend Income Trust (ARSN 151 947 732).
<b>Announcement Date</b>	means the date on which the Bid was announced to the ASX, namely 8 January 2020.
<b>Aurora</b>	means Aurora Funds Management Limited (ACN 092 626 885).
<b>ASIC</b>	means Australian Securities & Investments Commission.
<b>Associate</b>	has the same meaning given to that term in sections 10 to 12, and section 15 of the Corporations Act.
<b>ASX</b>	means ASX Limited (ACN 008 624 691) on the market it administers being Australian Securities Exchange (as the context requires).
<b>ASX Settlement</b>	means ASX Settlement Pty Limited (ACN 008 504 532).
<b>ASX Settlement Operating Rules</b>	means the operating rules of the settlement facility provided by ASX Settlement.
<b>Bid</b>	means the bid as set out in Section 10 of this Bidder's Statement (or, if the context so requires, Section 10 of this Bidder's Statement itself) and includes a reference to that bid as varied in accordance with the Corporations Act.
<b>Bid Consideration</b>	means the consideration offered by ADIT for KBC Shares, being 6.6 cents cash per KBC Share.
<b>Bid Funding Agreement</b>	has the meaning given in Section 5.3C.
<b>Bid Period</b>	The period for which the Bid remains open as set out in Section 10.
<b>Bid Price</b>	is 6.6 cents cash per KBC Share.
<b>Bidder's Statement</b>	means this document, being the statement made by ADIT under Part 6.5 Division 2 of the Corporations Act.
<b>Broker</b>	means a person who is a share broker and participant in CHESSE.
<b>Business Day</b>	Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that the ASX declares is not a business day.



<b>CGT</b>	means capital gains tax.
<b>CHESS</b>	means the Clearing House Electronic Subregister System which provides for the electronic transfer, settlement and registration of securities in Australia.
<b>CHESS Holding</b>	means a holding of KBC Shares on the CHESS subregister of KBC.
<b>Condition or Defeating Condition</b>	means each condition set out in Section 10.7.
<b>Controlling Participant</b>	has the meaning given in the ASX Settlement Operating Rules.
<b>Controlled Entity</b>	has the meaning given to that word in the Corporations Act.
<b>Corporations Act</b>	means the Corporations Act 2001 (C'th).
<b>CRPN</b>	means the convertible redeemable promissory notes issued by KBC on 30 June 2015 (refer to KBC's ASX Announcement dated 18 June 2015).
<b>Directors</b>	means the directors of ADIT.
<b>Foreign Shareholder</b>	means any KBC Shareholder whose address in KBC's register of members is a place outside Australia and its external territories, to whom it is unlawful for the ADIT to make the Bid or for whom it is unlawful to accept the Bid.
<b>Governmental Agency</b>	means any government, semi-government, administrative, fiscal, judicial or regulatory body, department, commission, authority, tribunal, agency or entity.
<b>GST</b>	means Goods and services tax.
<b>KBC Share</b>	means a fully paid ordinary share in the capital of KBC.
<b>KBC Shareholder</b>	means a registered holder of KBC Shares.
<b>Keybridge or KBC</b>	means Keybridge Capital Limited (ACN 088 267 190)
<b>Listing Rules</b>	means the listing rules of the ASX.
<b>NTA</b>	means KBC's unaudited after-tax net tangible asset backing as announced to the ASX on 2 December 2019, being \$0.606 per share as at 31 October 2019.
<b>Official List</b>	means the official list of entities that the ASX has admitted and not removed.
<b>Operating Expenses</b>	means the personnel, corporate, administration and other expenses of KBC.
<b>Prescribed Occurrence</b>	means the events referred to in section 652C(1) and (2) of the Corporations Act, which are set out in Section 10.710.7(c) of this Bidder's Statement.
<b>Register Date</b>	means 10 February 2020.
<b>Related Bodies Corporate</b>	has the meaning given in section 9 of the Corporations Act.
<b>Relevant Interest</b>	has the meaning given in sections 608 and 609 of the



Corporations Act.

means all accretions, rights or benefits of whatever kind attaching to or arising from KBC Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared or paid by KBC or any of its Subsidiaries.

has the meaning as given in section 92 of the Corporations Act.

means any:

- (a) "security interest" as defined in the PPS Law;
- (b) security for payment of money, performance of obligations or protection against default (including a mortgage, bill of sale, charge, lien, pledge, trust, power or title retention arrangement, right of set-off, assignment of income, garnishee order or monetary claim and flawed deposit arrangements);
- (c) a thing or preferential interest or arrangement of any kind giving a person priority or preference over claims of other persons or creditors with respect to any property or asset,

and includes any agreement to create any of them or allow them to exist.

**Subsidiary**

has the meaning given in the Corporations Act.

**Substantial Shareholder**

means a KBC Shareholder having a substantial shareholding as defined under s9 of the Corporations Act.

**Takeovers Panel**

means the Australian Government Takeovers Panel.

**WAM Offer**

means the offer conveyed by WAM Active Limited (ASX: WAA) (**WAM**) in its Bidder's statement dated 13 December 2019.

**Voting Power**

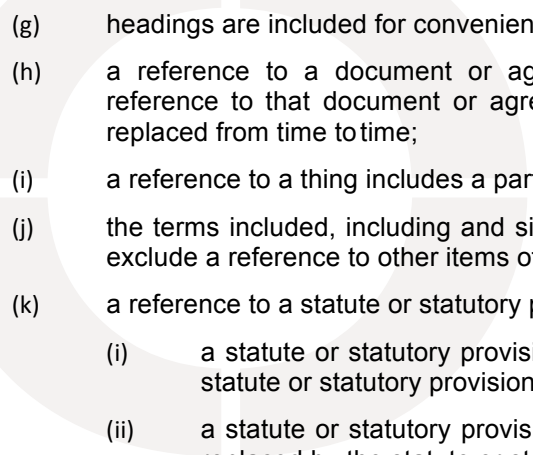
has the same meaning given to that term in section 610 of the Corporations Act.

## 11.2. Interpretation

In this Bidder's Statement, unless the context requires otherwise:

- (a) a reference to a word includes the singular and the plural of the word and vice versa;
- (b) a reference to a person in this Bidder's Statement or any other document or agreement includes its successors and permitted assigns;
- (c) a reference to a gender includes any gender;
- (d) a reference to an item in a Section, Schedule, Annexure or Appendix is a reference to an item in the section of or schedule, annexure or appendix to this Bidder's Statement and references to this Bidder's Statement include its schedules and any annexures;
- (e) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- (f) a term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a Governmental Agency;



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- (g) headings are included for convenience only and do not affect interpretation;
  - (h) a reference to a document or agreement including this Bidder's Statement, includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
  - (i) a reference to a thing includes a part of that thing and includes but is not limited to a right;
  - (j) the terms included, including and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
  - (k) a reference to a statute or statutory provision includes but is not limited to:
    - (i) a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
    - (ii) a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
    - (iii) subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
  - (l) reference to \$, A\$, Australian Dollars or dollars, c or cents is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia; and
  - (m) a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.

## 12. Approval of Bidder's Statement

This Bidder's Statement has been approved by a unanimous resolution of the Directors of Aurora Funds Management Limited as responsible entity for the Aurora Dividend Income Trust.

**Dated**      **7 February 2020**

Signed for and on behalf of ADIT.



**Mark Briglia**  
Company Secretary