

MARKET ANNOUNCEMENT

Update on Investment in Keybridge Capital Limited

Bentley Capital Limited (**Bentley**) provides the following update in relation to its investment (31.7 million shares, 20.174%) in Keybridge Capital Limited (ASX:KBC) (**Keybridge**).

The current Board of Keybridge comprises four directors, two of whom are nominees of Bentley, being current Bentley Directors Mr William Johnson and Mr Simon Cato.

The other two directors, being Mr John Patton and Mr Jeremy Kriewaldt, represents the interests of Australian Style Group Pty Ltd (**ASG**) (a ~21% shareholder in Keybridge).

The Bentley nominees to the Board of Keybridge have advised Bentley that the Board of Keybridge is effectively deadlocked on a range of significant matters relating to the ongoing operation of the company and, in the opinion of the Bentley nominees, is no longer able to function effectively.

Bentley has therefore written to the Keybridge Board today to advise that:

- Where a Board of Directors cannot resolve an impasse, it is best that shareholders take swift action to resolve the impasse through implementing changes to the Board so that the company can then continue with a functioning Board.
- Bentley accordingly proposes to call a meeting of shareholders (pursuant to shareholders' entitlement to do so under the Corporations Act) to vote on the composition of the whole of the Keybridge Board.
- If Bentley were to call such a meeting, it would not be possible for the meeting to be held until late September 2019 at the earliest.
- If Keybridge was to convene a meeting of shareholders at which all Directors voluntarily agreed to put themselves up for re-election, a meeting could be held as early as late August 2019.
- Bentley therefore suggests that, in the interests of swiftly resolving the impasse for the benefit of all shareholders, a total Board spill occurs where Keybridge Directors agree to cause the Company to convene a general meeting of shareholders where all current Directors offer their resignation and put themselves up for re-election by Keybridge shareholders.



- Accordingly, Bentley seeks confirmation from Mr John Patton and Mr Jeremy Kriewaldt by 12:00 noon EST on Tuesday, 23 July 2019 that they support Keybridge immediately convening a shareholder meeting in such terms - the Bentley nominee Directors (Mr William Johnson and Mr Simon Cato) having already provided their confirmation in this regard.

If Messrs Patton and Kriewaldt do not confirm their willingness to put themselves up for re-election at a Keybridge convened Board spill meeting, Bentley will have no option but to call and convene its own meeting of Keybridge shareholders to effect a Board spill (as proposed above) in accordance with one of the permitted mechanisms available to shareholders under section 249F of the Corporations Act. To this end, Bentley has also served on Keybridge today a formal notice of intention to move resolutions for the removal of Messrs Patton and Kriewaldt as Directors of Keybridge under section 203D of the Corporations Act.

Therefore, at such a Board spill meeting of Keybridge shareholders called and arranged by Bentley, the following resolutions will be put to shareholders for approval:

- (1) The removal of John Patton as a Director;
- (2) The removal of Jeremy Kriewaldt as a Director;
- (3) The re-election of William Johnson as a Director; and
- (4) The re-election of Simon Cato as a Director.

If the outcome of the Board spill meeting is such that Messrs Johnson and/or Cato are re-elected and form a majority on the new Keybridge Board (or one remains as the sole Director after the Board spill meeting), Bentley's intentions are for its nominee(s) on the new Keybridge Board to then seek to:

- Invite suitably experienced representative(s) from other significant shareholders of Keybridge to join the Board;
- Appoint a suitably qualified and experienced independent Chairman;
- Immediately terminate the services of Nicholas Bolton as CEO as Bentley does not believe that it is appropriate for Mr Bolton to remain as CEO;
- Engage an executive recruitment firm to identify a new CEO candidate to manage the day to day affairs of Keybridge; and
- Enforce Keybridge's rights under the Aurora Funds Sale Agreement and defend the claims alleged by Aurora Corporate (refer Annexure A).

The above matters would also be subject to a consideration of the implications under WAM Active Limited's (ASX:WAA) (**WAM Active**) takeover bid for Keybridge announced on 28 June 2019¹.

Bentley also refers to recent ASX announcements concerning Keybridge, a summary of which is outlined in Annexure A.

FOR FURTHER INFORMATION:

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Chairman

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¹ Refer WAA ASX Announcement dated 28 June 2019: Proposed Off-Market Takeover bid for Keybridge Capital Limited (ASX:KBC)

ANNEXURE A

SUMMARY OF RECENT ASX ANNOUNCEMENTS CONCERNING KEYBRIDGE CAPITAL LIMITED

- **1 July 2019: Update in relation to Sale of Aurora Funds Management** (which advised of receipt of correspondence from Aurora Corporate Pty Ltd (**Aurora Corporate**) admitting to owing \$264,964.54 of outstanding consideration payable to Keybridge but claiming \$1,522,446.81 from Keybridge for alleged breaches of vendor warranties, in relation to the sale of Aurora Fund Management Limited (**Aurora Funds**) to Aurora Corporate pursuant to a Share Sale Agreement dated 27 June 2016).
- **1 July 2019: Request for Trading Halt** (pending the release of an announcement in relation to a material investment undertaken by Keybridge).
- **3 July 2019: Update on Investment Transaction** (which advised that the proposed investment transaction referenced in the Trading Halt request (above) did not eventuate as contemplated by Keybridge).
- **11 July 2019: Board and Corporate Changes** (which advised that William Johnson had replaced John Patton as Chairman and the Board was now seeking to appoint a suitably qualified and experienced independent Chairman for Keybridge at which time Mr Johnson will offer his resignation as Chairman).
- **11 July 2019: Termination of IMA** (where Aurora Funds as Responsible Entity of HHY Fund (ASX:HHY) (**HHY**) advised that they had provided notice to Keybridge of their termination of an investment management agreement dated 30 June 2016 (**IMA**)).
- **16 July 2019: Commencement of Litigation against Aurora Corporate** (which advised the commencement of litigation against Aurora Corporate to claim \$264,964.54 plus interest at 12% pa, specific performance to provide monthly statements on Aurora Funds' NTA position and orders for the appointment of a Receiver over Aurora Corporate's shareholding in Aurora Funds).
- **16 July 2019: Suspension from Official Quotation** (pending the outcome of pending enquiries by ASX and an announcement by Keybridge regarding the composition of its Board).
- **19 July 2019: Update to Termination of IMA with Keybridge Capital** (where Aurora Funds as Responsible Entity of HHY advised that the IMA with Keybridge had elapsed and Keybridge was no longer the investment manager of HHY).

Bentley also notes that Keybridge has not lodged its 30 June 2019 month end Net Asset Backing announcement on ASX to date – in circumstances where Keybridge has traditionally released these results on or before the 14th of each month.