

This document is the second supplementary target's statement dated 10 February 2014 (**Second Supplementary Target's Statement**) issued by Keybridge Capital Limited ACN 088 267 190 (**Keybridge**). This document supplements and is to be read together with the first supplementary target's statement issued by Keybridge on 22 January 2014 and the Target's Statement. Unless the context requires otherwise, defined terms in the Target's Statement have the same meaning in this Second Supplementary Target's Statement. This Second Supplementary Target's Statement prevails to the extent of any inconsistency with the Target's Statement.

SECOND SUPPLEMENTARY TARGET'S STATEMENT

1. Oceania Capital's increased takeover offer

On 10 February 2014 Oceania Capital released its second supplementary bidder's statement in relation to the Offer (Second Supplementary Bidder's Statement). The Second Supplementary Bidder's Statement details Oceania Capital's increased offer (**Increased Offer**).

Information on Keybridge's assessment of the Increased Offer is contained in its announcement to the ASX on 10 February 2014, entitled Company Update.

2. Approval

This Second Supplementary Target's Statement has been approved by a resolution passed at a meeting of Directors (excluding Mr Moran) held on 10 February 2014.



Peter Wood
Chairman
Keybridge Capital Limited

10 February 2014

- **Non-Associated Directors recommend shareholders REJECT OCP's increased 19.0 cents bid**
 - **\$3 million valuation uplift from expected cash realisation in Property asset**
 - **Pro-forma NTA of 24.0 cents per share as at 30 November 2013**
 - **\$22 million expected cash-on-hand**
 - **On-market buy-back to be activated**
 - **Update provided on dividends, new investment activities and operating costs**
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Reject the increased Offer from Oceania Capital Partners (OCP)

The Non-Associated Directors have considered the increased offer of 19 cents per share from OCP and recommend that shareholders REJECT the inadequate increased offer given that the price remains:

- 21% below the Company's updated pro-forma unaudited NTA of 24.0 cents per share (as detailed below); and
- 24% - 32% below the valuation range of 25 cents to 28 cents per share as determined by Pitcher Partners Corporate in its Independent Expert's Report dated 31 December 2013.

The following information is provided to shareholders in the interests of providing them with further information relevant to their assessment of the OCP offer.

\$3 million P&J Projects asset realisation and increase in unaudited NTA to 24 cents per share

The Company is pleased to report that on Friday, 7 February 2014 it received notification from the Receiver who it had appointed to various of its assets within the P&J Projects property investment, that it should expect to receive approximately \$3.0 million in cash on or before 14 February 2014 as partial repayment of Keybridge's loan. The funds will be received from the proceeds of the settlement of certain property transfers, scheduled to occur this week.

The P&J Projects asset is currently carried by the Company at nil value, and accordingly the transaction will increase Keybridge's NTA by \$3.0 million or 1.7 cents per share. After these funds are received, the Company will have net cash of \$22 million.

The P&J Projects transaction outlined above will result in an increase in the (unaudited) pro-forma NTA as at 30 November 2013 to 24 cents per share. The Company is currently finalising its accounts for the half year ended 31 December 2013, and will provide to shareholders the audited NTA as at 31 December 2013 on 25 February 2014.

On-market buy-back, pricing and maintaining market liquidity

The Non-Associated Directors of Keybridge recognise that the Company holds cash surplus to its immediate requirements and notes that from time to time the Company's shares have traded at significant discounts to its NTA per share. This discount represents an opportunity for Keybridge to repurchase its own shares and thereby enhance its NTA per share, whilst also providing improved liquidity for those shareholders who may wish to exit their investments.

The Company has previously announced the establishment of an on-market buy-back policy under which it will seek to purchase up to 17.457 million shares over the course of the program. Today, the Company announces that upon the expiry of the OCP takeover bid, it will, subject to ASX Listing Rules, buy-back shares at a 20% discount to its internally calculated NTA per share (or audited NTA per share when available), rounded to the nearest half cent. In accordance with the ASX Listing Rules, the prices paid for shares under the buy-back will be no more than 5% above the volume weighted average price of Keybridge shares over the five prior trading days.

Whilst the Non-Associated Directors continue to recommend shareholders not to sell their shares at the current Offer price, it is anticipated that this buy-back mechanism will provide improved market liquidity for shareholders wishing to exit in the future. It will also assist in improving the correlation of the Company's share price to its underlying performance. The total number of shares purchased by Keybridge under the buy-back will depend on market conditions and volumes.

The on-market buy-back will be reactivated immediately following the expiry of the OCP takeover bid and will be open until 20 November 2014.

The Company will announce its NTA to the ASX as soon as practicable after the end of each month.

Dividends

The Company currently has approximately \$8.0 million in franking credits and recognises that its credits are most valuable when distributed to shareholders. Accordingly, as soon as practical, the Company intends to commence paying fully franked dividends to shareholders.

New Investments

The Company recently invested \$1.0 million to acquire 15% of Aurora Funds Management Ltd (ASX: AFV) with a view to assisting AFV fund its future growth.

With over \$600 million in funds under management, AFV has a proven investment management team which is in a strong position to build a large business in an industry expected to grow rapidly. Keybridge management identified that AFV shares were trading at multiples of earnings significantly below its peers and Keybridge has already achieved a 23% unrealised gain on its investment based on the current mark-to-market price.

The Company is currently considering a number of other opportunities.

Reducing management costs

Having largely completed the very difficult program of complex asset realisations and workouts over the last few years, the Company is now in a position to better align its management needs and costs to its current portfolio subject to the pursuit of its future investment strategy.

For further information or questions, please contact:

Nicholas Bolton

Executive Director

Tel: +61 412 606899

Email: nbolton@keybridge.com.au

www.keybridge.com.au

Keybridge Capital is a financial services company that has invested in, or lent to, transactions which predominantly are in the core asset classes of property, aviation, finance receivables, shipping and infrastructure.
