



Note: This is an important document and requires your immediate attention. It should be read in its entirety. If you do not understand any part of this document, or you are in any doubt as to how to deal with it, you should consult your accountant, stockbroker, financial planner, lawyer or other professional adviser.

Keybridge Capital Limited

Prospectus

**Issue of unsecured convertible Promissory Notes
pursuant to a reduction in capital and pro rata
in Specie Distribution**

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IMPORTANT NOTICES

About this Prospectus

This Prospectus contains details of the In Specie Distribution of Convertible Redeemable Promissory Notes (**CRPN**) in Keybridge Capital Limited ("Keybridge") at a Face Value of \$1 each, to reduce the equity capital in Keybridge by up to \$5,000,000. This Prospectus is dated 17 June 2015 and a copy of this Prospectus was lodged with ASIC on that date.

This Prospectus is a transaction specific prospectus for an offer of CRPN convertible into continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act as permitted by ASIC Class Order 00/195. This Prospectus does not contain the same level of disclosure as an initial public offering prospectus and may not contain, by itself, all information relevant to a decision to invest in Keybridge.

In making representations in this Prospectus regard has been had to the fact that Keybridge is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom investors may consult.

Defined Terms

Capitalised terms used in this Prospectus are defined in the Glossary set out in Section 9 of this Prospectus.

ASX quotation

Keybridge will apply to ASX for quotation of the CRPN on the ASX within seven days after the date of this Prospectus.

ASX and ASIC

None of ASIC, ASX or their respective officers take any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

Expiry date

No CRPN will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

This Prospectus does not provide advice

The information in this Prospectus is not financial product advice and does not take into account your

investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice. Keybridge is not licensed to provide financial product advice in respect of its securities or any other financial products.

This Prospectus is important and should be read in its entirety prior to deciding whether to invest in the CRPN. There are risks associated with an investment in the CRPN. Some of the risks that should be considered are set out in Section 6 of this Prospectus. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues).

There may also be risks in addition to these that should be considered in light of your personal circumstances.

If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional adviser before deciding whether to remain invested in the CRPN. No person named in this Prospectus warrants or guarantees Keybridge's performance or any return on investment made pursuant to this Prospectus.

Restrictions in foreign jurisdictions

This In Specie Distribution is being made in Australia only. This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the CRPN in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Prospectus (including an electronic copy) may not be distributed or released, in whole or in part, in the United States. Neither the CRPN nor the Ordinary Shares have been or will be registered under the US Securities Act or the securities laws of any state of the United States, and they may not be offered or sold in the United States.

Disclaimer

Investors should not rely on any information which is not contained in this Prospectus in making a decision as to whether to invest in or continue to hold CRPN in Keybridge. No person is authorised by Keybridge to give any information or make any representation in connection with the In Specie Distribution that is not contained in the Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by Keybridge, its Directors or any other person in connection with the In Specie Distribution. Keybridge's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

Forward looking statements

Certain statements in this Prospectus are about the future and are forward looking in nature. Generally, you can identify forward looking statements by terms such as "may", "will", "should", "could", "would", "expects", "plans", "anticipates", "believes", "estimates", "projects", "predicts", "potential" and other similar expressions that are intended to identify forward-looking statements, which are generally not historic

These forward-looking statements are based on current expectations, estimates, forecasts and projections about Keybridge's business and the industry in which Keybridge operates and management's beliefs and assumptions. These forward-looking statements are not guarantees of future performance. You should be aware that there are a number of risks (both known and unknown), uncertainties, assumptions and other important factors, some of which are beyond the control of Keybridge that could cause the actual conduct, results, performance or achievements of Keybridge to be materially different from those expressed or implied by such statements or that could cause future conduct or results to be materially different from the historical conduct or results. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in Section 6.

Deviations as to future conduct, results, performance and achievements are both normal and to be expected.

None of Keybridge, its Directors, officers and advisers, or any other person makes any representation, or gives any assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Prospectus will occur. Investors are cautioned about

relying on forward looking statements included in this Prospectus.

The forward-looking statements in this Prospectus reflect views held as at the date of this Prospectus, unless otherwise specified. Subject to the Corporations Act, the ASX Listing Rules and any other applicable laws or regulations, Keybridge does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks Keybridge describes in the reports filed from time to time with the ASX after the date of this Prospectus.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the In Specie Distribution. Shareholders should be aware that this examination may result in the identification of deficiencies in this Prospectus.

Electronic prospectus

This Prospectus will be made available in electronic form on the following website: www.keybridge.com.au. The information on www.keybridge.com.au does not form part of this Prospectus.

Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. If you are unsure about the completeness of this Prospectus received electronically, or a print out of it, you should contact Keybridge. A paper copy of this Prospectus will be available for Australian residents free of charge by contacting Adrian Martin from Keybridge on +61 2 8622 6691 (between 8:30 am and 5:00 pm, Sydney time).

Privacy and personal information

As a Shareholder, the Corporations Act requires information about you (including your name, address and details of the CRPN you hold) to be included in Keybridge's public share register. This information must continue to be included in Keybridge's public share register even if you cease to be a Shareholder. Keybridge and the Share Registry on its behalf, may disclose your personal information for purposes related to your investment to their agents and service providers (which may be located outside of Australia) including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth):

Important Notices continued

- the Share Registry for ongoing administration of Keybridge's public share register;
- printers and other companies for the purposes of preparation and distribution of documents and for handling mail;
- market research companies for the purpose of analysing Keybridge's Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering and advising on the CRPN and for associated actions.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information that is held by, or on behalf of, Keybridge. You can request access to your personal information or obtain further information about Keybridge's privacy practices by contacting Keybridge or the Share Registry, details of which are set out elsewhere in this Prospectus. Keybridge aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact Keybridge or the Share Registry if any of the details you have provided change. In accordance with the requirements of the Corporations Act, information on the Share Registry will be accessible by members of the public.

Enquiries

If you have any questions in relation to the In Specie Distribution, please contact your legal, financial, tax or other professional adviser or contact Adrian Martin from Keybridge on +61 2 8622 6691 (between 8.30 am and 5:00 pm, Sydney time).

Chairman's Letter

17 June 2015

Dear Shareholder,

On behalf of the Directors, I am pleased to advise of the upcoming issuance of Convertible Redeemable Promissory Notes (**CRPN**) in Keybridge Capital Limited ("Keybridge").

In accordance with the terms of the In Specie Distribution approved by Keybridge shareholders on 28 November 2014, each eligible Keybridge Shareholder will receive, by way of a capital return, 1 CRPN for every 36 Keybridge Shares held at 24 June 2015 (subject to rounding).

Keybridge has a strong balance sheet supporting its current business. On this basis Directors have considered the creation of CRPNs and the accompanying in specie capital return, as a prudent and flexible approach to capital management which provides immediate benefits to existing shareholders. Keybridge will apply to have the CRPNs listed on the ASX which provides an additional option should Keybridge consider raising additional funding at some future point in time.

The CRPN will provide Holders with a regular flow of fully franked interest income over a 5 year term (maturing 31 July 2020) and the opportunity to increase or decrease their CRPN holdings by buying or selling the CRPN via the ASX.

This Prospectus contains details of the In Specie Distribution, provides an overview of the CRPN and describes the impact on Keybridge.

The CRPN are an attractive instrument with the following key attributes:

- an interest rate fixed at 7% per annum;
- interest payments are to be fully franked or grossed up with additional equivalent cash payments;
- the CRPN rank ahead of Ordinary Shares and thus have a preferential right to payment of distributions and capital;
- At Maturity, Holders will have the ability to request a Conversion of their CRPN to Ordinary Shares at a 2.5% discount of the VWAP at the time (Keybridge may at that time either convert the CRPN into Ordinary Shares or cash redeem the CRPN at face value);
- Keybridge may also elect to convert the CRPN to Ordinary Shares at a 5.0% discount of the VWAP at the time or cash redeem the CRPN on the occurrence of certain other trigger events (including but not limited to changes in certain regulations or tax implications – see Appendix A for further details); and
- Keybridge will apply for the CRPN to be quoted on the ASX.

The terms of the CRPN are summarised in Section 1 and set out in full in Annexure A to this Prospectus. Section 6 explains some of the risks involved with investing in CRPN, including the risks that the market price may change or an interest payment may not be paid in a given period.

With a strong balance sheet at present, the Directors consider that the distribution of CRPN is an equitable way to distribute value in Keybridge to its Shareholders. In addition, the introduction of the CRPN should create advantages in respect of future capital management opportunities.

If you hold Keybridge Shares as at 7:00pm Sydney time on 24 June 2015 (being the record date for determining Eligible Shareholders) and you have a registered address in Australia or New Zealand, you will receive beneficial interests in CRPN through the In Specie Distribution. **You do not need to do anything, nor do you need to pay anything, for the beneficial interests in CRPN that you will receive.**

If you are an Eligible Shareholder, I do encourage you to read this Prospectus and consider this In Specie Distribution carefully and any personal financial or tax implications it may impact. If you need any more information, I recommend that you seek professional advice.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Andrew Moffat". The signature is fluid and cursive, with a large initial 'A' and 'M'.

Andrew Moffat
Chairman
Keybridge Capital Limited

Important Dates for the In Specie Distribution

Key Event	Date
Approval of the In Specie Distribution	28 November 2014
Lodgement of Prospectus with ASIC	17 June 2015
Record date for determining Eligible Shareholders	24 June 2015
Distribution date for In Specie Distribution	30 June 2015
Holding statements despatched by	30 June 2015
CRPN commence trading on normal T+3 settlement basis	1 July 2015

Note:

All dates in the above timetable are indicative only. Any changes to the above timetable will be announced through ASX and notified on the Keybridge's website at www.keybridge.com.au. All references to time in this Prospectus are references to Sydney time. Keybridge reserves the right to vary the dates and times set out above subject to the Corporations Act and other applicable laws.

Important Dates for the CRPN

Key Event	Date
First Interest Payment Date	20 September 2015
Maturity Date	31 July 2020

If you hold Keybridge Shares as at 7:00pm Sydney time on 24 June 2015 (being the Issue Record Date) and you have a registered address in Australia or New Zealand, you will receive beneficial interests in CRPN through the In Specie Distribution. **You do not need to do anything, nor do you need to pay anything, for the beneficial interests in CRPN that you will receive.**

If you have any questions in relation to the In Specie Distribution or the CRPN, please contact your legal, financial, tax or other professional adviser.

Section 1: Investment Overview

The information set out in this Section is intended to be a summary of some of the information which is important to your investment in CRPN and should be read in conjunction with the more detailed information appearing elsewhere in this document. If you are in doubt as to the course you should follow, please consult your legal, financial, tax or other professional advisers.

1.1 OVERVIEW OF THE IN SPECIE DISTRIBUTION

The In Specie Distribution made under this Prospectus is a distribution of up to \$5 million of CRPN to be issued at a Face Value of \$1 per CRPN.

As at the date of this Prospectus, Keybridge has 178,617,158 Ordinary Shares on issue. The ratio for the distribution of CRPN will be 1 CRPN for every 36 Ordinary Shares held on 24 June 2015 (being the Record Date for determining Eligible Shareholders), with fractional entitlements to be rounded down to the nearest whole CRPN.

Shareholders need take no action in respect of the capital reduction and the In Specie Distribution. The number of Ordinary Shares held by Shareholders will not change (unless and until Conversion of any Shareholder's CRPN), and the rights attaching to Ordinary Shares will not be altered by the capital reduction.

1.2 KEYBRIDGE CAPITAL LIMITED

Principal Activities

Keybridge Capital Limited is a financial services group that in the past invested in, or lent to, transactions backed by real assets, financial assets or cash flow businesses. Its current investment focus is on building its Aurora Funds Management business while managing its various direct infrastructure, private equity, listed equities, insurance, property and lending investments.

Aurora

On 27 March 2015, Keybridge announced that it had completed the acquisition of the Aurora Funds Management Limited (**AFM**) business for \$3.82 million plus \$2.44 million of net tangible assets. Keybridge already owned 19.85% of Aurora Funds Limited, the listed parent company of AFM.

AFM was established in 2003, and has a long term track record of delivering risk adjusted returns to investors. Keybridge believes that this transaction could be transformational to its future as Keybridge will now incorporate a fully operational funds management business with approximately \$150 million of retail funds under management (as at 31 March 2015), and a team of investment professionals into Keybridge's core business activities.

Other Investments

As at 30 April 2015, the value of Keybridge's net investments totalled \$38.0 million, split across the following asset classes:

	31 December 2014		30 April 2015	
	\$'000	% of Total	\$'000	% of Total
Net Cash	12,119	32%	2,915	8%
Listed Equity	6,162	16%	12,576	33%
Infrastructure	6,814	18%	6,605	17%
Private Equity	6,148	16%	6,293	17%
Funds Management	-	-	3,797	10%
Insurance	3,749	10%	3,554	9%
Property	2,404	7%	2,211	6%
Lending (including Shipping)	90	1%	-	<1%
	37,486	100%	37,951	100%

Section 1: Investment Overview continued

1.3 WHAT ARE CRPN?

CRPN are fixed term, convertible, redeemable, unsecured, promissory notes in the capital of Keybridge. The key Terms are summarised below. Further details of the Terms are set out in Section 2 and the full Terms are attached as Annexure A.

CRPN Face Value	\$1 per CRPN
CRPN Ranking	<p>The CRPN will rank without preference or priority among themselves and at least equally with all present and future unsubordinated and unsecured debt obligations of Keybridge.</p> <p>In the event of Keybridge being wound up, Holders will be entitled to receive a repayment of the issue price of the CRPN plus any accrued interest before any distributions are made to ordinary or preference shareholders of Keybridge.</p>
Interest Rate	<p>The Interest Rate for each Interest Period is fixed at 7% per annum.</p> <p>The interest payments on the CRPN are expected to be fully franked providing Holders with an additional franking credit above the Interest Payment and to the extent that this is not the case, an additional cash payment will be made by Keybridge to compensate for the unfranked amount of any Interest Payment.</p>
Interest Payment	<p>Unless the Suspension Condition is satisfied, an Interest Payment on the outstanding CRPN is due and payable by Keybridge in arrears on every:</p> <ul style="list-style-type: none">▪ 20 March;▪ 20 June;▪ 20 September; and▪ 20 December, <p>Commencing on 20 September 2015 and ending on the earlier of the Maturity Date, the Early Redemption Date and the Early Conversion Date.</p> <p>Suspension Condition: An Interest Payment will not be payable where the Directors determine that Keybridge would not be entitled to pay a dividend on its Ordinary Shares in the same amount as the proposed Interest Payment.</p> <p>Interest accrues on any interest that is due and payable but unpaid on a daily basis and compounds on a quarterly basis from the relevant Interest Payment Date to the actual date of payment. Interest compounds at a rate equal to the Interest Rate.</p>
Maturity Date	The Maturity Date is expected to be 31 July 2020.
Conversion at Maturity	<p>Keybridge may at Maturity elect to convert all outstanding CRPN into Ordinary Shares.</p> <p>In addition, each Holder may request Conversion at the Maturity Date of all of its CRPN, by serving written notice on Keybridge by no later than the date being the date 2 months prior to the Maturity Date (Holder Conversion Request). A Holder Conversion Request is irrevocable.</p> <p>However, Keybridge can override a Holder Conversion Request and instead redeem the CRPN.</p> <p>On Conversion each CRPN will convert into a number of Ordinary Shares calculated generally by reference to the volume weighted average price of Ordinary Shares traded during the 15 days prior to the Maturity Date, subject to certain adjustments.</p>
Redemption at Maturity	Keybridge must redeem all outstanding CRPN at the Maturity Date that are not subject to Conversion. On Redemption, Keybridge will pay such Holder the Repayment Amount plus any Outstanding Interest on the CRPN at the Maturity Date.

Section 1: Investment Overview continued

Conversion or Redemption prior to Maturity	The CRPN may also be converted or redeemed in advance of Maturity, in the circumstances outlined in clause 8.1 of the Terms.
Voting Rights	Holder do not have any right as a member or shareholder of Keybridge to vote, unless the Corporations Act or ASX Listing Rules provide otherwise.
Amendment	The terms of the CRPN may be amended by a Special Resolution of Holders or without the authority or approval of Holders in certain circumstances such as where Keybridge is of the opinion that the amendments are minor or technical or where the amendment is not materially prejudicial to the interests of Holders as a whole (see Section 2 for further details).

1.4 QUOTATION OF CRPN

Keybridge has applied for quotation of CRPN on ASX under the code "KBCPA". ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may quote CRPN is not to be taken as an indication of the merits of CRPN issued.

1.5 REASONS TO REMAIN INVESTED

A CRPN provides an investor with:

- a regular income distribution to be paid on the CRPN every three months;
- an interest rate fixed at 7% per annum plus franking credits or a cash payment in lieu of any franking credits where they are not available;
- a fixed Face Value at Maturity of \$1 per CRPN;
- preferential rights over Ordinary Shares to distributions from Keybridge;
- the ability to request Conversion of a CRPN to Ordinary Shares at the Maturity Date (subject to Keybridge's option to redeem rather than convert); and
- the ability to buy or sell CRPN via the ASX.

1.6 KEY RISKS TO CONSIDER

There are risks involved in continuing to hold your investment in CRPN. See Section 6 of this document for further details.

1.7 SHAREHOLDER APPROVAL

The issue of CRPN by means of the In Specie Distribution was approved by Shareholders under section 256C of the Corporations Act at the Annual General Meeting held on 28 November 2014. The Notice of Annual General Meeting was despatched to Shareholders on 30 October 2014 and is available on Keybridge's website, www.keybridge.com.au.

1.8 INDICATIVE CAPITAL STRUCTURE

The table below sets out the indicative capital structure of Keybridge prior to the In Specie Distribution, immediately after the In Specie Distribution and, for illustrative purposes only, upon a full Conversion of CRPN, based on the assumption that the issue of CRPN under the In Specie Distribution and Conversion both took place on 30 April 2015.

	Assumes issue and conversion took place on 30 April 2015		
	Immediately prior to the issue	Pro-forma immediately after the issue	Pro-forma immediately after Conversion ¹
Number of Ordinary Shares ²	178,617,158	178,617,158	203,425,096
Number of CRPN	0	4,961,588	0
Net asset value backing per Ordinary Share*	23.3 cents	20.5 cents	20.5 cents

¹ Assumes conversion of all CRPNs and is based on a Conversion Price of 20.00 cents (15 day VWAP which was applicable on 29 May 2015). See section 2.11 below for further information as to what Holders will receive on conversion.

² Includes 19,116,231 unquoted employment equity share scheme shares.

Section 1: Investment Overview continued

1.9 INVESTOR ENQUIRIES

This Prospectus provides information for Eligible Shareholders in Keybridge, and should be read in its entirety. If, after reading this Prospectus, you have any questions, please consult your legal, financial, tax or other professional adviser.

The electronic version of the Prospectus is available at the following website: www.keybridge.com.au.

Section 2: Frequently Asked Questions

Question	Where can I find further information?
<p>2.1 What are CRPN?</p> <p>The CRPN are redeemable, unsecured, convertible promissory notes in the capital of Keybridge.</p> <p>The CRPN rank without preference or priority among themselves and at least equally with all present and future unsubordinated and unsecured debt obligations of Keybridge.</p> <p>On a winding-up, Holders would be entitled to receive a repayment of the issue price of the CRPN plus any accrued Interest Payment before any distributions are made to ordinary or preference shareholders of Keybridge.</p> <p>The CRPN will be issued on the Terms set out in Annexure A and those Terms should be read and considered, together with the rest of this Prospectus, to obtain a complete understanding of the CRPN.</p>	<p><i>Clauses 2.1 and 4.1 of the Terms</i></p>
<p>2.2 Can the CRPN be traded on ASX?</p> <p>Keybridge will use all reasonable endeavours and furnish all such documents, information and undertakings as may reasonably be necessary in order to procure that the CRPN are, and until Redemption or Conversion remain, quoted on the financial market operated by ASX.</p>	<p><i>Clause 3 of the Terms</i></p>
<p>2.3 What is the interest rate of the CRPN?</p> <p>Each CRPN bears interest on its Face Value at 7% per annum from (and including) the Issue Date to (but excluding) the Maturity Date or any Early Redemption Date or any Early Conversion Date.</p>	<p><i>Clauses 5.1 and 5.8 and definition of Interest Rate in clause 19 of the Terms</i></p>
<p>2.4 When will interest on the CRPN be paid?</p> <p>Interest on the CRPN is due and payable by Keybridge quarterly in arrears on each 20 March, 20 June, 20 September and 20 December, commencing on 20 September 2015 and ending on the earlier of the Maturity Date, the Early Redemption Date and the Early Conversion Date.</p> <p>If any of those dates is not a Business Day then Keybridge will make the relevant interest payment on the next Business Day (with no additional interest being payable on such payment).</p> <p>Keybridge may deduct from any interest or other amount payable to a Holder the amount of withholding or other tax, duty or levy required to be deducted in respect of such amount.</p> <p>Keybridge may also in its absolute discretion withhold payment to a Holder where it is required to do so under any applicable law.</p> <p>Interest is also not paid if the Suspension Condition is satisfied on the relevant Interest Payment Date.</p>	<p><i>Clauses 5.2, 5.3, 9.2, 9.5, 9.7 and definitions of Interest Payment Date and Suspension Condition in clause 19 of the Terms</i></p>

Section 2: Frequently Asked Questions continued

Question	Where can I find further information?
<p>2.5 Will interest always be paid on the CRPN?</p> <p>Interest on a CRPN which is due and payable on any Interest Payment Date (other than the Maturity Date or any Early Redemption Date or any Early Conversion Date) will not be payable where the Directors determine that Keybridge would not be entitled to pay a dividend on its Ordinary Shares in the same amount as the proposed Interest Payment.</p> <p>As indicated in 2.4 above, Keybridge may deduct from any interest or other amount payable to a Holder the amount of withholding or other tax, duty or levy required to be deducted in respect of such amount.</p> <p>As also indicated in 2.4 above, Keybridge may also in its absolute discretion withhold payment to a Holder where it is required to do so under any applicable law.</p>	<p><i>Clauses 5.2, 5.3, 9.2 and 9.7 and definition of Suspension Condition in clause 19 of the Terms</i></p>
<p>2.6 Will interest on the CRPN be fully franked?</p> <p>Keybridge anticipates that the interest on CRPN due and payable will be fully franked. If an Interest Payment is not fully franked, then Keybridge will pay an additional amount in cash to compensate the relevant Holders for the unfranked component.</p>	<p><i>Clause 5.9 of the Terms</i></p>
<p>2.7 What happens if an Interest Payment is not paid at all or in full?</p> <p>Interest accrues on any interest that is due and payable but unpaid on a daily basis and compounds on a quarterly basis from (and including) the relevant Interest Payment Date to (but excluding) the actual date of payment at a rate equal to the Interest Rate. Interest accrued is due and payable on the next Interest Payment Date after the non-payment of the relevant interest.</p> <p>As indicated in 2.4 above, Keybridge may deduct from any interest or other amount payable to a Holder the amount of withholding or other tax, duty or levy required to be deducted in respect of such amount.</p> <p>As also indicated in 2.4 above, Keybridge may also in its absolute discretion withhold payment to a Holder where it is required to do so under any applicable law.</p> <p>While any CRPN are outstanding, Keybridge must not announce the payment of, or make any distribution to, its ordinary shareholders or to holders of preference shares, or in respect of other securities or any similar indebtedness which have rights which are or are expressed to be subordinated to the CRPN, or buy-back any such ordinary shares off-market or any such preference shares or such other securities or indebtedness (in each case, unless it is a Permitted Distribution), if at that time:</p> <ul style="list-style-type: none"> ▪ any amount in respect of interest on any CRPN is due and payable but unpaid; ▪ any amount in respect of interest on any CRPN is suspended; ▪ any amount in respect of any principal on any CRPN is due and payable but unpaid; or ▪ an Event of Default is subsisting. 	<p><i>Clauses 5.4, 5.5, 9.2 and 9.7 and definitions of Event of Default and Permitted Distribution in clause 19 of the Terms</i></p>
<p>2.8 Can I convert my CRPN into Ordinary Shares?</p> <p>A Holder may request Conversion at the Maturity Date of its CRPN into Ordinary Shares by serving written notice on Keybridge by no later than two months prior to the Maturity Date. However, Keybridge is not obliged to convert the CRPN in these circumstances and may instead elect to redeem the CRPN at the Maturity Date.</p> <p>A Holder may also request Conversion of its CRPN into Ordinary Shares in the event of the occurrence of an Event of Default but Keybridge is not obliged to convert the CRPN in these circumstances and may instead elect to redeem the CRPN or (if the Event of Default has been remedied at the relevant time) take no further action.</p>	<p><i>Clauses 6.1, 6.2, 8.1 and definition of Event of Default in clause 19 of the Terms</i></p>

Section 2: Frequently Asked Questions continued

Question	Where can I find further information?
<p>2.9 How do I request my CRPN to be converted?</p> <p>If a Holder wishes to request Conversion of its CRPN into Ordinary Shares at the Maturity Date, then it needs to serve written notice to that effect on Keybridge by no later than two months prior to the Maturity Date.</p> <p>If a Holder wishes to request Conversion of its CRPN into Ordinary Shares following an Event of Default, then it will need to serve written notice to that effect within 10 Business Days of the date of the EOD Notice.</p> <p>In either case, Keybridge is not obliged to convert the CRPN.</p>	<p><i>Clauses 6.1, 8.1 and definition of EOD Notice in clause 19 of the Terms</i></p>
<p>2.10 Can Keybridge convert my CRPN into Ordinary Shares?</p> <p>Keybridge will (if it chooses not to redeem the CRPN of a Holder) convert all of a Holder's CRPN at the Maturity Date.</p> <p>Additionally, Keybridge may (at its election and in its absolute discretion) convert the CRPN at any time after the occurrence of a Tax Event or Change of Law Event.</p> <p>Further, if an Event of Default has occurred and a Holder has served written notice on Keybridge within the stipulated period requesting the Redemption or Conversion of its CRPN, then Keybridge has the option (at its election in its absolute discretion and notwithstanding the preference of the Holder) of converting that Holder's CRPN.</p>	<p><i>Clauses 6.2, 8.1 and definitions of Change of Law Event, Event of Default and Tax Event in clause 19 of the Terms</i></p>
<p>2.11 What will I receive on Conversion?</p> <p>If the CRPN are converted, then each Holder will receive:</p> <ul style="list-style-type: none"> ▪ any Outstanding Interest; and ▪ a number of Ordinary Shares calculated in accordance with the following formula: <p>Number of Ordinary Shares = ARA/Conversion Price</p> <p>where:</p> <p>ARA is the aggregate of the Repayment Amount of the CRPN of such Holder being converted by Keybridge; and</p> <p>Conversion Price is, subject to any adjustments contemplated by clauses 6.5 - 6.7 of the Terms:</p> <ol style="list-style-type: none"> (i) in the case of a Conversion resulting from receipt by Keybridge of a Holder Conversion Request or a Tax Event or a Change of Law Event or an Event of Default, a 2.5% discount to the VWAP of Ordinary Shares traded during the Conversion VWAP Period; or (ii) in the case of a Conversion resulting from an election by Keybridge pursuant to clause 6.2(b) of the Terms, a 5% discount to the VWAP of Ordinary Shares traded during the Conversion VWAP Period. <p>The Terms also provide for an adjustment to the Conversion Price or the VWAP if certain events occur.</p> <p>Illustrative example of Conversion at the Maturity Date</p> <p>At the Maturity Date if the CRPN are converted, following receipt of a Holder Conversion Request, then each Holder would be entitled to receive in respect of CRPN the Number of Ordinary Shares determined as follows:</p> <ul style="list-style-type: none"> - assume the VWAP from 10 July 2020 to 30 July 2020 (being the 15 Business Days on which trading in Ordinary Shares took place immediately preceding, but not including, the Maturity Date) is \$0.20. - the Number of Ordinary Shares per CRPN to which a Holder would be entitled would be 5.1282 (being \$1.00 divided by (97.5% x \$0.20)). 	<p><i>Clauses 6.3-6.9 and 8.1 and definition of Conversion VWAP Period and VWAP in clause 19 of the Terms</i></p>

Section 2: Frequently Asked Questions continued

Question	Where can I find further information?
<p>- Assuming a Holder has 100 CRPN, the total number of Ordinary Shares to which it would be entitled would be 512 (i.e. 100×5.1282, which number is rounded down to disregard the fraction of the Ordinary Share).</p> <p>This example is for illustrative purposes only, The figures in it are not forward-looking statements and do not indicate or guarantee or forecast the VWAP, Conversion Price or other price of Ordinary Shares.</p>	
<p>2.12 Are there any differences between the Ordinary Shares issued on Conversion and the other Ordinary Shares on issue?</p> <p>Any Ordinary Shares issued upon Conversion will rank in all respects equally with the existing Ordinary Shares of Keybridge and will rank for dividends declared or determined by Keybridge on its Ordinary Shares after (but not before) the date of Conversion.</p> <p>Provided that the then existing Ordinary Shares remain quoted on the financial market operated by the ASX, Keybridge will apply for quotation of the Ordinary Shares issued on Conversion on that market at the same time as those Ordinary Shares are issued.</p>	<p><i>Clauses 6.10 and 6.11 of the Terms</i></p>
<p>2.13 Can I request Keybridge to redeem my CRPN?</p> <p>A Holder may only request Redemption of its CRPN in the event of the occurrence of an Event of Default and the subsequent issue by Keybridge of an EOD Notice. Even in such event, however, Keybridge is not obliged to redeem the CRPN in these circumstances and may instead elect to convert the CRPN or (if the Event of Default has been remedied at the relevant time) take no further action.</p>	<p><i>Clause 8.1 and definition of Event of Default in clause 19 of the Terms</i></p>
<p>2.14 How would I request my CRPN to be redeemed following an Event of Default?</p> <p>If a Holder wished to request Redemption of its CRPN following an Event of Default, then it would need to serve written notice to that effect within 10 Business Days of the date of the EOD Notice.</p> <p>Keybridge would not be obliged to redeem the CRPN, however, and could instead elect to convert the CRPN into Ordinary Shares.</p>	<p><i>Clause 8.1 and definition of EOD Notice in clause 19 of the Terms</i></p>
<p>2.15 Can Keybridge redeem my CRPN?</p> <p>Keybridge will (if it chooses not to convert the CRPN of a Holder) redeem all of a Holder's CRPN at the Maturity Date.</p> <p>Keybridge may (if it so chooses) redeem all or part (pro rata across Holders) of the CRPN at any time by giving 28 days' notice.</p> <p>Keybridge may also redeem the CRPN at any time if the aggregate value of the CRPN on issue is less than \$500,000.</p> <p>Additionally, Keybridge may (at its election and in its absolute discretion) redeem the CRPN at any time after the occurrence of a Tax Event or Change of Law Event.</p> <p>Further, if an Event of Default has occurred and a Holder has served written notice on Keybridge within the stipulated period requesting the Redemption or Conversion of its CRPN, then Keybridge has the option (at its election in its absolute discretion and notwithstanding the preference of the Holder) of redeeming that Holder's CRPN.</p>	<p><i>Clauses 7, 8.1 and definitions of Change of Law Event, Event of Default and Tax Event in clause 19 of the Terms</i></p>
<p>2.16 Do the CRPN have voting rights?</p> <p>No, holding a CRPN does not confer any right on the Holder as a member or shareholder of Keybridge, including voting rights (unless the Corporations Act or ASX Listing Rules provide otherwise).</p>	<p><i>Clause 4.3 of the Terms</i></p>
<p>2.17 Do the CRPN carry any right to participate in new issues by Keybridge?</p> <p>No, CRPN do not carry any right to participate in new issues.</p>	

Section 2: Frequently Asked Questions continued

Question	Where can I find further information?
<p>2.18 Is Keybridge subject to any restrictions in relation to the issue of other securities</p> <p>No.</p>	
<p>2.19 Can the CRPN be transferred?</p> <p>A Holder may transfer any CRPN it holds by:</p> <ul style="list-style-type: none"> ▪ a Proper ASTC Transfer or any other method of transferring or dealing in the CRPN introduced by ASX or operated in accordance with the ASX Settlement Operating Rules or the ASX Listing Rules and, in any such case, recognised under the Corporations Act; or ▪ a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX, that is otherwise permitted by law. <p>CRPN or interests in CRPN held through a Clearing System will be transferable only in accordance with the rules and regulations of that Clearing System.</p> <p>The Directors may refuse to register any transfer of the CRPN (other than a Proper ASTC Transfer) where the ASX Listing Rules permit Keybridge to do so. The Directors will refuse to register any transfer of the CRPN (other than a Proper ASTC Transfer) where the Corporations Act or the ASX Listing Rules require Keybridge to do so, or the transfer is in breach of the ASX Listing Rules.</p>	<p><i>Clause 11 of the Terms</i></p>
<p>2.20 Can the Terms be amended?</p> <p>Subject to complying with all applicable laws, Keybridge may, without the authority, assent or approval of CRPN Holders, amend the Terms if Keybridge is of the opinion that the amendment is:</p> <ul style="list-style-type: none"> ▪ of a formal, minor or technical nature; ▪ made to cure any ambiguity; ▪ made to correct any manifest error; ▪ expedient for the purpose of enabling the CRPN to be listed for quotation or to retain listing on any stock exchange or to be offered for, or subscription for, sale under the laws for the time being in force in any place and it is otherwise not considered by Keybridge to be materially prejudicial to the interests of CRPN Holders as a whole; or ▪ necessary to comply with the provisions of any statute, the requirements of any statutory authority, the ASX Listing Rules or the listing or quotation requirements of any stock exchange on which the CRPN are quoted. <p>Subject to complying with all applicable laws, Keybridge may also amend the Terms without the authority, assent or approval of CRPN Holders where such amendment is considered by Keybridge not to be materially prejudicial to the interests of CRPN Holders as a whole.</p> <p>In any event, Keybridge may amend the Terms if the amendment has been approved by a Special Resolution.</p>	<p><i>Clause 16 of the Terms</i></p>
<p>2.21 What are the risks of holding CRPN?</p> <p>Holding CRPN will involve some risks. Please refer to Section 6 for a summary of some of the key risks you should consider.</p>	<p><i>Section 6 of this Prospectus</i></p>
<p>2.22 What are the taxation consequences of holding CRPN?</p> <p>The taxation implications of holding CRPN will depend on your own individual circumstances. You should obtain your own taxation advice. A summary of some of the relevant taxation implications for certain categories of investors is set out in Section 7 but is not a substitute for you obtaining your own professional advice.</p>	<p><i>Section 7 of the Prospectus</i></p>
<p>2.23 Who can I ask if I have further questions about the CRPN Terms?</p> <p>If you have any questions about the Terms, or this Prospectus, or the impact holding CRPN may have on you, please consult your broker or other professional adviser.</p>	

Section 3: Details of In Specie Distribution

3.1 REDUCTION OF CAPITAL AND IN SPECIE DISTRIBUTION

In the Notice of Meeting dated 29 October 2014, Keybridge announced its intention to undertake a reduction of capital of up to \$5,000,000 by way of a distribution of up to 5,000,000 CRPN to Shareholders on a pro-rata basis. In the Annual General Meeting on 28 November 2014, Shareholders approved the issue of the CRPN. To effect the reduction of capital and issuance of the CRPN:

- Keybridge will pay a capital distribution of \$0.028 per Ordinary Share (total distribution of up to \$5,000,000) to Eligible Shareholders and Keybridge will accordingly reduce its share capital account by up to \$5,000,000 (**Capital Return**); and
- all of the Capital Return will be compulsorily applied on behalf of Keybridge Shareholders to apply for CRPN, with each Shareholder receiving one CRPN for every 36 Ordinary Shares held (subject to the rounding down of fractional entitlements to CRPN).

With a reasonably strong balance sheet at present, Keybridge considers that a distribution of the CRPN is an equitable way to distribute value in Keybridge to its Shareholders. The distribution will facilitate a return of capital and Keybridge will otherwise continue to maintain a strong balance sheet position and a level of Shareholders' equity for prudent and efficient capital management. In addition, the creation of the CRPN will create advantages in respect of future capital management.

In the future, Keybridge may expand its underlying investment portfolio as part of its growth strategy and may require additional capital. The Directors consider that issuing the CRPN now will provide Keybridge a considerable degree of flexibility at the time that further funding is required as additional CRPN can be issued as part of any future capital raising. Further flexibility is provided at Maturity as Keybridge retains the discretion as to whether to redeem or convert the CRPN at that time).

3.2 ELIGIBILITY OF FOREIGN SHAREHOLDERS

Keybridge has determined that it would be unreasonable to issue the CRPN to Shareholders in countries other than Australia and New Zealand in connection with the In Specie Distribution, having regard to:

- the relatively small number of Shareholders in the other jurisdictions where the In Specie Distribution would be made;
- the number and value of CRPN for which such Shareholders would otherwise have been entitled; and
- the costs of complying with the legal and regulatory requirements in each other jurisdiction where the In Specie Distribution would be made.

Accordingly, Keybridge will not be issuing CRPN to Shareholders in countries outside Australia and New Zealand pursuant to the In Specie Distribution. In respect of such Shareholders, Keybridge has appointed Taylor Collison to act as a nominee (**Nominee**) to arrange for the sale of the CRPN that would have been issued to them. The Nominee will arrange for the net proceeds from the sale of the CRPN to be sent proportionally to each ineligible Shareholder.

3.3 HOW DO ELIGIBLE SHAREHOLDERS RECEIVE CRPN

If you hold Keybridge Shares as at 7:00pm Sydney time on 24 June 2015 (being the record date for determining Eligible Shareholders) and you have a registered address in Australia or New Zealand, you will receive beneficial interests in CRPN through the In Specie Distribution. You do not need to do anything, nor do you need to pay anything, for the beneficial interests in CRPN that you will receive.

If you have any questions in relation to the In Specie Distribution or the CRPN, please contact your legal, financial, tax or other professional adviser.

Section 4: Effect of the In Specie Distribution

4.1 HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

(a) Basis of Preparation

The financial information in Section 4.1(c) has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia.

The financial information in Section 4.1(c) is presented in an abbreviated form and does not contain all of the disclosures required by Australian Accounting Standards in an annual financial report prepared in accordance with the Corporations Act.

A complete version of Keybridge's financial report as at 31 December 2014 is available from Keybridge's website, www.keybridge.com.au or from ASX's website, www.asx.com.au.

The pro forma consolidated balance sheets as at 30 April 2015 have been approved by the Directors and assume completion of the transactions detailed in Section 4.1(c). The accounting policies used in preparation of the pro forma consolidated balance sheets are consistent with those set out in Keybridge's Annual Report for the year ended 30 June 2014.

(b) Pro forma Adjustments

The pro forma consolidated balance sheets adjust the historical consolidated balance sheet as at 30 April 2015 for the impact of the In Specie Distribution as if the In Specie Distribution was completed at 30 April 2015. Costs associated with the CRPN issue will be incurred on issuance of CRPN and will be amortised over their tenure.

(c) Historical and Pro Forma

Set out following is a summary of Keybridge's historical consolidated balance sheet as at 30 April 2015, together with pro forma adjustments and pro forma consolidated balance sheets as at 30 April 2015.

Pro Forma Balance Sheet

Prepared on the basis that the In Specie Distribution and issue of CRPN occurred on 30 April 2015.

Section 4: Effect of the In Specie Distribution continued

	Pro-forma immediately prior the In Specie Distribution (\$'000)	Pro-forma immediately after the In Specie Distribution (\$'000)
Cash and cash equivalents	5,970	5,970
Trading and Other Receivables	1,212	1,212
Available for sale investments	12,434	12,434
Other Assets	69	69
Loans and receivables - net	1,540	1,540
Derivative assets	137	137
Current Assets	21,362	21,362
Trading and Other Receivables ¹	3,686	3,686
Other Assets	3,797	3,797
Loans and receivables - net	17,242	17,242
Property plant and equipment	132	132
Non-current Assets	24,857	24,857
Total Assets	46,220	46,220
Payables	2,551	2,551
Total Current Liabilities	2,551	2,551
Loans and borrowings	2,027	2,027
Convertible Redeemable Promissory Notes ²	-	4,962
Non Current Liabilities	2,027	6,989
Total Liabilities	4,578	9,540
Net assets	41,642	36,680
Equity		
Share capital	258,459	253,497
Reserves	4,308	4,308
Retained earnings	(222,655)	(222,655)
Current Year Profit	1,529	1,529
Total equity	41,642	36,680

1. Includes loans to employees under the employment equity share scheme.

2. Based on 178,617,158 Ordinary Shares on issue.

Section 4: Effect of the In Specie Distribution continued

(d) Portfolio Market Value Movements since 31 December 2014

In accordance with Keybridge's accounting policies its investment portfolio is revalued to market value continuously. Investors should be aware that the market value of these portfolios has decreased from that reported at 31 December 2014 (disclosed above) to the date of this Prospectus. The net tangible asset backing per share as at 30 April 2015 was 23.3 cents compared to 23.5 cents at 31 December 2014. The net asset value backing per share is announced on a monthly basis to ASX.

4.2 FURTHER INFORMATION

Keybridge is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Keybridge is obliged to notify the ASX of any information about specific matters and events and, in particular, those matters which a reasonable person would expect to have a material effect on the price or value of Ordinary Shares.

Shareholders seeking further information on Keybridge are directed to the list of publicly available announcements on the ASX website (www.asx.com.au, company code 'KBC') or on the Keybridge website (www.keybridge.com.au). The information in these website does not form part of this Prospectus.

Section 5: Rights attaching to CRPN and Ordinary Shares

5.1 RIGHTS ATTACHING TO CRPN

The rights attached to the key terms of the CRPN are set out in the Terms, contained in the Appendix.

5.2 RIGHTS ATTACHING TO ORDINARY SHARES

Upon Conversion, the CRPN will convert to Ordinary Shares. The following is a summary of the more significant rights and liabilities attaching to the Ordinary Shares. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to the Ordinary Shares are set out in Keybridge's Constitution, a copy of which is available for inspection at Keybridge's registered office during normal business hours.

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of Keybridge.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Keybridge Constitution.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- on a poll, every person present who is Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Ordinary Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Ordinary Share, but in respect of partly paid Shares have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend Rights

The Directors may from time to time declare a dividend to be to the Shareholders entitled to the dividend. The dividend shall (subject to clause 4 of Keybridge's Constitution and to the rights of any preference Shareholders and to the rights of the holders of any Shares created or raised under any special arrangement as to dividends) be payable on all Ordinary Shares in accordance with the Corporations Act. The Directors may from time to time pay to the Shareholders such interim dividends as they may determine. No dividend shall carry interest as against Keybridge.

(d) Winding-Up

If Keybridge is wound up, the liquidator may, with the authority of a Special Resolution, divide among the Shareholders in kind the whole or any part of the property of Keybridge, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) Shareholder liability

As the Ordinary Shares will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of Ordinary Shares

Generally, Ordinary Shares in Keybridge are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention to or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

Section 5: Rights attaching to CRPN and Ordinary Shares continued

(g) Changes to Capital Structure

Subject to the Corporations Act and the ASX Listing Rules, the Directors may:

- increase Keybridge's share capital by the issue of new Shares;
- consolidate and divide all or any of Keybridge's share capital into Shares of larger amounts than its existing Shares;
- sub-divide all or any of Keybridge's Shares into Shares of smaller amounts than is fixed by the Constitution, but so that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each such Share of a smaller amount is the same as it was in the case of the Share from which the share of a smaller amount is derived: and
- cancel Shares that, at the relevant date, have not been taken or agreed to be taken by any person or have been forfeited and reduce its Share capital by the amount of the Shares so cancelled.

(h) Variation of Rights

Under section 246B of the Corporations Act, Keybridge may, with the sanction of a Special Resolution passed at a general meeting of Shareholders vary or abrogate the rights attaching to the Ordinary Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class), whether or not Keybridge is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued Shares of that class, or if authorised by a Special Resolution passed at a separate meeting of the holders of the Shares of that class.

Section 6: Investment Risks

6.1 OVERVIEW

There are a number of factors, both specific to Keybridge, to the CRPN and of a general nature, which may affect the future operating and financial performance of Keybridge and the value of an investment in Keybridge.

Some of these factors may be capable of mitigation but many are outside the control of Keybridge, are dependent on general economic and financial market conditions or otherwise cannot be mitigated. This section describes some of the risks associated with an investment in the CRPN and Keybridge, but does not purport to list every risk that may be associated with an investment in the CRPN and Keybridge now or in the future.

Before receiving the CRPN, Shareholders should consider carefully the following factors, as well as the other information contained in this Prospectus and, if they consider it appropriate, take professional advice from their legal, financial, tax or other professional adviser.

6.2 GENERAL RISKS

General risk factors outside the control of Keybridge which may have a significant impact on the future performance of Keybridge include but are not limited to the following:

- i. economic conditions in Australia and internationally, which may have a negative impact on capital markets;
- ii. the effect of major structural issues faced in many economies (particularly high sovereign debt levels);
- iii. markets are liable to remain volatile for some time based on current international financial conditions;
- iv. general weakness in Australian economic conditions negatively impacting corporate earnings;
- v. a slowdown in emerging markets (including China) which may impact economic growth in Australia;
- vi. changes in investor sentiment and perceptions in local and international stock markets;
- vii. changes in interest rates, exchange rates and the rate of inflation;
- viii. changes in domestic or international fiscal, monetary, regulatory and other government policies, including changes to the taxation of company income and the dividend imputation system in Australia; and
- ix. geo-political conditions such as acts or threats of terrorism, military conflicts or international hostilities.

In addition, Shareholders should be aware that there are risks associated with any investment in listed securities and should recognise that the trading price of CRPN and Ordinary Shares may fall as well as rise with movements in the equity capital markets in Australia and internationally.

It should be noted that there is no guarantee that the CRPN will trade at or above Face Value or that any Ordinary Shares will trade at or above the Conversion Price. It should also be noted that the historic share price performance of Keybridge's Ordinary Shares provides no guidance as to its future CRPN or Ordinary Share price performance. Further, the market price of CRPN may be more sensitive than that of Ordinary Shares to changes in interest rates, credit margins and other market prices.

As a listed investment company, the market value of CRPN and Ordinary Shares in Keybridge may be adversely affected by the volume of CRPN and/or Ordinary Shares being bought or sold at any point in time. Where there are relatively fewer buyers, the price at which an investor may be able to sell its CRPN or Ordinary Shares in Keybridge may be adversely impacted.

6.3 SPECIFIC COMPANY RISKS

Key risks relating to Keybridge are set out below. It is not, however, possible to describe all the risks to which Keybridge may become subject and which may impact adversely on Keybridge's prospects and performance. Specific risk factors which may have a significant impact on the future performance of Keybridge include the following:

(a) Portfolio Performance

The market value of Keybridge's investment portfolio may fall as the result of a very broad range and combination of circumstances. As an investment company, specific risk factors include:

- the success (or otherwise) of Keybridge's investment strategies;

Section 6: Investment Risks continued

- the performance of specific companies in which Keybridge has invested in or may invest in in the future;
- the level of funds under management in its Aurora business;
- the level of dividends and/or returns of capital made by the companies in which Keybridge invests;
- the market prices of the securities in which Keybridge invests;
- the market liquidity of the securities in which Keybridge invests; and
- the size its investment portfolio and the ability to diversify risk.

(b) Credit

Keybridge is exposed to credit risk in the event that a counterparty fails to meet its contractual obligations in relation to Keybridge's investments or deposits with banks and other financial institutions. Keybridge manages ongoing credit risk by monitoring closely the performance of investments, the cyclical impact of the underlying asset class, the financial health of counterparties (including lessee and charter parties, banks and other financial institutions) and compliance with senior debt terms and conditions where Keybridge is a mezzanine or equity investor.

(c) Asset Valuations

The value and income from Keybridge's real property assets are dependent on the expected income from those assets. Income and capital values are affected by a number of factors including the cost of maintenance, insurance and operations (including taxes) and potential environmental and other liabilities.

(d) Reliance on Key Personnel

The responsibility of day to day management and the strategic management of Keybridge is concentrated within a small number of key persons, especially its senior management.

There can be no guarantee that Keybridge will be able to retain such key personnel, or that Keybridge will be able to attract and retain personnel of sufficient experience and expertise to manage the investments in their place. If any one of these key personnel ceases their engagement with Keybridge, this may have a detrimental impact on Keybridge's operations and performance.

(e) Interest Rates

The financial performance of Keybridge is affected by fluctuations in interest rates. Failure to manage interest rate risk and fluctuations in interest rates may have a material adverse effect on the business, financial position or financial performance of Keybridge.

(f) Foreign Exchange Risk

Certain of Keybridge's current and proposed investments relate (or will relate) to assets held in the United States, Spain, and New Zealand. Keybridge does not currently hedge its foreign exchange exposures and therefore Keybridge's incomes and asset base is subject to foreign exchange movements, both positive and negative.

(g) Financing and Capital

Keybridge's continued ability to implement effectively its business strategy over time may depend in part on its ability to raise additional funds. There can be no assurance that any equity or debt funding will be available to Keybridge on favourable terms or at all. Increases in the level of debt or other financial commitments assumed by Keybridge may also detrimentally affect the value of its issued securities.

(h) Regulatory and Legislative Changes

Any changes in the laws and regulations (including foreign laws and regulations) under which Keybridge operates, or which govern its overseas investments, may adversely impact Keybridge's activities, planned projects and financial results. The impact of future regulatory and legislative changes on the business of Keybridge cannot be predicted. In addition, if the amount and complexity of the regulation increases, so too may the cost of compliance and the risk of non-compliance. These laws and regulations include laws requiring permits and licences, environmental regulations and health and safety laws and regulations. It is possible that adverse changes to taxation or regulation applicable to Keybridge or investors in CRPN or Ordinary Shares may make investment in CRPN or Ordinary Shares less attractive than expected and accordingly influence the market price of the same.

6.4 RISKS ASSOCIATED WITH INVESTING IN CRPN

Persons who are initially issued with CRPN or who subsequently purchase CRPN will assume certain risks, some of which are set out below.

(a) Return of capital

Payments made to holders of CRPN as part of either a distribution of income or, where applicable, the Redemption or Conversion of the CRPN upon Maturity or another trigger event, will be payments which may

Section 6: Investment Risks continued

require a reduction of the capital of Keybridge and are therefore potentially subject to the requirements of s 256B(1) of the Corporations Act. Creditors or members of Keybridge may seek to challenge any such capital reduction.

(b) Interest Payments

Keybridge expects to make Interest Payments using available cash balances and cash flow from its investments. Keybridge's ability to generate cash flows from its operations will depend substantially on the performance of its investments. The Interest Payments on the CRPN are not guaranteed by Keybridge or any other entity.

While the Directors currently anticipate that interest will be paid on the CRPN quarterly in arrears, the Terms provide that if the Suspension Condition is satisfied in respect of an Interest Payment Date, then interest will not be paid on that Interest Payment Date. Interest will accrue on any such unpaid interest on a daily basis (and compound on a quarterly basis) from (and including) the relevant Interest Payment Date to (but excluding) the actual date of payment at a rate equal to the Interest Rate and any such unpaid interest so accrued is due and payable on the next Interest Payment Date.

Keybridge may deduct from any interest or other amount payable to a Holder the amount of any withholding or other tax, duty or levy as required by law to be deducted. If any such deduction has been made and the amount of the deduction accounted for by Keybridge to the relevant revenue authority and the balance of the amount payable has been paid to the Holder concerned, then the full amount payable to such Holder will be deemed to have been duly paid and satisfied by Keybridge.

Further, Keybridge may, in its absolute discretion withhold any (interest or other) payments where required to do so under applicable law and may deal with such payments and the CRPN in accordance with such applicable law or the requirements of any government or regulatory authority and shall not be liable for any costs or loss suffered by a Holder in exercising this discretion.

(c) Interest Rate Risk

Interest on the CRPN is fixed. No adjustment will be made to the rate of interest paid to Holders as other market based interest rates rise or fall. The market price of CRPN on ASX may fluctuate due to changes in interest rates generally, credit spreads on other corporate securities or investor sentiment toward Keybridge.

(d) Inflation Rate Risk

An increase in the inflation rate may erode in real terms the value of the CRPN. It may also negatively impact the profitability of companies in which Keybridge invests and the market value of the shares of those companies.

(e) Financial Market Conditions

The market price of CRPN will fluctuate due to various factors, including worldwide economic conditions, interest rates, credit spreads on other corporate securities, general movements in the Australian and international equity markets, movements in the market price of Ordinary Shares, factors which may affect Keybridge's financial position and earnings, and investor sentiment.

The market price of CRPN may be more sensitive than that of Ordinary Shares to changes in interest rates, and CRPN could trade on ASX at a price below their Face Value.

Any Ordinary Shares held as a result of any conversion of CRPN will, following Conversion, rank equally with existing Ordinary Shares. Accordingly, their value after any Conversion date will depend on the market price of Ordinary Shares.

(f) Conversion

Keybridge has absolute discretion as to whether to redeem or convert any remaining CRPN at the Maturity Date. A risk to Holders therefore is that Keybridge may assess that Conversion of such CRPN may no longer be desirable. As such, Holders have no guarantee that they will have the benefit of converting their CRPN at the Maturity Date.

Any Ordinary Shares held by Holders following Conversion of their CRPN will have the same rights as other Ordinary Shares, which are different from the rights attached to the CRPN. The market price of Ordinary Shares may fluctuate over time as a result of many factors.

(g) Redemption Risk

To the extent that any CRPN are redeemed, Keybridge expects to be able to redeem CRPN using the proceeds from future debt or equity raisings, cash flows from operations (if available), dividends from its investments or proceeds from the sale of investments. There is a risk that Keybridge would not be able to procure or raise sufficient cash resources from these sources and would, in that instance, have insufficient cash flows to redeem

Section 6: Investment Risks continued

the CRPN at the Maturity Date. None of Keybridge or any other entity have guaranteed the Redemption of the CRPN.

(h) Early Redemption or Conversion

CRPN may be redeemed or converted early by Keybridge in certain circumstances. If redeemed, the amount payable to Holders may be less than the previously prevailing market price of the CRPN. Additionally, in the event of an early Redemption of CRPN, Holders may not receive the returns they expected to achieve on their CRPN (if held until the Maturity Date) by investing the proceeds in alternative investment opportunities at that time.

(i) Ranking

CRPN are debt instruments and not shares in Keybridge. They do not confer on Holders any rights as a member or Shareholder of Keybridge, including voting rights (unless the ASX Listing Rules or the Corporations Act provide otherwise). As such, Holders of CRPN will not have a right to participate in influencing the management or direction of Keybridge.

If Keybridge is wound up, Holders will rank behind secured creditors of Keybridge and equally with other unsecured and unsubordinated creditors of Keybridge and ahead of Shareholders. If there is a shortfall of funds on winding-up, there is a risk that Holders will not receive a full (or any) repayment of the Repayment Amount or payment of unpaid interest.

(j) Liquidity

The market for CRPN is likely to be less liquid than the market for Ordinary Shares and there is no guarantee that investors will be able to buy or sell CRPN on the ASX. Keybridge will seek quotation of the CRPN to permit on market trading in those instruments.

(k) Volatility of Market Price of Ordinary Shares

The market price of Ordinary Shares may be volatile. The volatility in the market price of Ordinary Shares may cause volatility in the price of CRPN and affect the ability of Holders to sell the CRPN at an acceptable price. Additionally, this may result in greater volatility in the market price of the CRPN than would be expected for non-convertible debt securities.

(l) Further Issues of Securities

Keybridge may issue further securities with the same or different Terms as the CRPN. Keybridge may issue other securities, including further CRPN, that rank for interest, redemption or payment in a winding-up of Keybridge ahead of, equally with or behind the CRPN without the approval of Holders.

(m) Dividends on Ordinary Shares

Payments of any dividends on Ordinary Shares is at the discretion of the Directors. Holders whose CRPN are converted after the record date for a dividend will have no entitlement to that dividend. Directors may only declare or determine a dividend if there are funds legally available to pay dividends. CRPN will not be entitled to participate in any dividends on the Ordinary Shares.

(n) Change in the Australian Tax System

Holders should be aware that any future changes in Australian tax law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of the acquisition, holding and disposal of the CRPN.

Section 7: Australian Tax consequences for Holders

Australian tax consequences of holding CRPN

Outlined below is a summary of the Australian income tax and Capital Gains Tax (CGT) consequences for Australian tax resident Holders of CRPN (Resident CRPN Holders) who acquire their CRPN via the In Specie Distribution and hold them on capital account for tax purposes. This summary is based on Australian tax legislation and interpretations of that legislation as at the date of this Prospectus.

This summary does not consider tax considerations which may arise for Resident CRPN Holders who hold their CRPN as trading stock or revenue assets, participate in an Early Conversion or Redemption, or are subject to the taxation of financial arrangements (TOFA) rules in Division 230 of the Income Tax Assessment Act 1997 (Cth).

In addition, the summary does not consider tax implications which may arise for Holders of CRPN who are not tax residents of Australia or who are partnership or trustee investors.

Keybridge has applied for a public class ruling (**Class Ruling**) from the Australian Taxation Office for confirmation of certain tax consequences for Resident CRPN Holders as discussed in this summary. The Class Ruling cannot be relied on until it is published and notice of it is published in the Government Notices Gazette.

When issued, copies of the Class Ruling will be available free of charge from the ATO (www.ato.gov.au).

1. Interest paid on CRPN

Provided a Resident CRPN Holder is a 'qualified person' (refer to section 3 of this Taxation Summary) in relation to their CRPN holding, the below is a summary of the Australian income tax consequences with respect to interest paid on CRPN:

- 1) For Australian income tax purposes, a CRPN is an 'equity interest' in Keybridge, and interest paid in respect of the CRPN is a 'non-share dividend'.
- 2) It is expected that Keybridge will pay fully or substantially franked interest on CRPN. Accordingly, all Resident CRPN Holders should include in their assessable income the amount of the interest together with any attached franking credits. To the extent that the interest on CRPN is unfranked, an extra amount will be payable to compensate for the unfranked component (which must also be included in a Resident CRPN Holder's assessable income).
- 3) The Resident CRPN Holder should be entitled to a tax offset equal to the amount of the franking credits attached to the interest. To the extent that the tax offset attributable to the franking credits on interest exceeds the income tax liability for an income year of a Resident CRPN Holder who is an individual or complying superannuation entity, the excess tax offset may be refunded to the Resident CRPN Holder. Excess franking credits cannot be carried forward to a later income year.
- 4) Resident CRPN Holders that are companies should be entitled to a credit in their franking account equal to the amount of franking credits attached to the interest.
- 5) Resident CRPN Holders that are companies or non-complying superannuation entities are not entitled to refunds of tax offsets.

2. Disposal of CRPN

Below is a summary of the Australian income tax and CGT consequences with respect to a disposal of CRPN.

- 1) A sale of CRPN by a Resident CRPN Holder will give rise to a capital gain if the sale proceeds exceed the cost base of the CRPN. Conversely, a capital loss will result if the reduced cost base of CRPN exceeds the sale proceeds.

The cost base of a CRPN will be its Face Value (being the amount of the capital return applied on behalf of the relevant Holder to subscribe for the CRPN), as well as any incidental costs (e.g. broker fees) associated with the acquisition and disposal of the CRPN.

The CRPN should be taken to have been acquired by a Resident CRPN Holder at the time the CRPN were issued.

If CRPN have been owned for at least 12 months prior to the sale (excluding the days of acquisition and disposal), a Resident CRPN Holder (other than a company) may be entitled to receive CGT discount treatment in respect of any gain arising on disposal of CRPN, such that a percentage of the gain is not included in assessable income. The discount percentage is applied to the amount of the capital gain after offsetting any current year or carried forward capital losses. The discount percentages are 50%, 50% and

Section 7: Australian Tax consequences for Holders continued

331/3% for Resident CRPN Holders who are individuals, trusts and complying superannuation entities respectively.

Resident CRPN Holders who dispose of CRPN within 12 months of acquiring them, or who dispose of CRPN under an agreement entered into within 12 months of acquiring them, will not receive CGT discount treatment. Companies are not entitled to obtain CGT discount treatment in respect of any gain arising on disposal of CRPN.

- 2) On a Conversion at Maturity, each CRPN will convert into a specified number of Ordinary Shares calculated under the Terms. Conversion should not result in a full or partial disposal of CRPN for CGT purposes. Furthermore, the Ordinary Shares allotted on Conversion should not be treated as a dividend or assessable income.

The Ordinary Shares allotted on Conversion will be CGT assets for CGT purposes. The cost base (or reduced cost base) of those Ordinary Shares will be determined by spreading the cost base (or reduced cost base) of the CRPN across all of those Ordinary Shares. Further, for CGT purposes, those Ordinary Shares will be taken to be acquired by a Resident CRPN Holder on Conversion.

- 3) Keybridge must redeem all outstanding CRPN at the Maturity Date that are not subject to Conversion. On Redemption, Keybridge will pay such Holder the Repayment Amount (separately, any Outstanding Interest will also be paid). The payment of the Repayment Amount should not be treated as a dividend to the extent to which it is debited to Keybridge's non-share capital account.

Redemption of CRPN will constitute a disposal of a traditional security. It will also constitute a disposal for CGT purposes. However, a Resident CRPN Holder is not expected to be required to include an amount in assessable income or to be entitled to a deduction under the traditional securities provisions. Neither is a Resident CRPN Holder expected to make a capital gain or capital loss on Redemption. This is on the basis that, if the CRPN is redeemed at the Maturity Date then the CRPN must be redeemed for Face Value and, for the reasons given above, Holders' cost base (and reduced cost base) in CRPN will be the Face Value of the CRPN (subject to any subsequent transactions affecting these amounts).

3. Qualification for franking credits - 'Qualified Person'

A Resident CRPN Holder is not required to include the amount of the franking credits in their assessable income and is not entitled to the tax offset unless the Resident CRPN Holder is a "qualified person" in relation to an Interest Payment. A Resident CRPN Holder is a "qualified person" if the "holding period" and "related payments" rules are satisfied in respect of the Interest Payment.

In relation to the "holding period" rule, a Resident CRPN Holder must have held CRPN "at risk" for a continuous period of at least 90 days (excluding the days of acquisition and disposal, and any days on which the Holder has materially diminished risks of loss or opportunities for gain in respect of the CRPN or Interest Payment) within a period beginning on the day after the date on which the Resident CRPN Holder acquired CRPN and ending on the 90th day after the date on which the CRPN start to trade ex Interest Payment.

If the "related payments" rule applies, a Resident CRPN Holder is required to hold CRPN "at risk" for at least 90 days (excluding the days of acquisition and disposal, and any days on which the Holder has materially diminished risks of loss or opportunities for gain in respect of the CRPN or Interest Payment) within a period beginning 90 days before and ending 90 days after the date on which the CRPN start to trade ex Interest Payment. Broadly speaking, the related payments rule would apply where a Resident CRPN Holder makes a payment which passes the benefit of an Interest Payment to another person.

Alternatively, a Resident CRPN Holder is automatically taken to be a qualified person in relation to Interest Payments if the total amount of the tax offsets in respect of all franked distributions to which the Resident CRPN Holder would be entitled in an income year is \$5,000 or less. This is referred to as the "small shareholder rule". However, a Resident CRPN Holder will not be a "qualified person" by virtue of the small shareholder rule if related payments have been made, or will be made, in respect of an Interest Payment.

4. Pay-as-you-go withholding tax on Interest Payments

Resident CRPN Holders may, if they choose, notify Keybridge of their tax file number (TFN), Australian Business Number (ABN), or a relevant exemption from withholding tax with respect to an Interest Payment.

In the event that Keybridge is not so notified, tax will be automatically deducted at the highest marginal tax rate (including Medicare levy) from the cash amount of the unfranked part (if any) of the Interest Payment. The rate of withholding is currently 49% (after taking into account the 2% temporary budget repair levy that is in effect for the 2014-15, 2015-16 and 2016-17 financial years).

Keybridge is required to withhold and remit to the Australian Tax Office such tax until such time as the relevant TFN, ABN or exemption notification is given to it. Resident CRPN Holders will be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on the Interest Payment in their income tax returns.

Section 8: Additional Information

8.1 RIGHTS AND LIABILITIES ATTACHING TO ORDINARY SHARES

Any Shares issued on Conversion of the CRPN will be Ordinary Shares and will rank equally with all existing Ordinary Shares. The rights and liabilities attaching to Ordinary Shares are set out in Keybridge's Constitution and are also regulated by the Corporations Act, the ASX Listing Rules and other laws.

The following is a broad summary of the key rights attaching to Ordinary Shares. It is not intended to be an exhaustive or definitive summary of the rights attaching to Ordinary Shares.

(a) Voting Rights

Subject to the Constitution, the ASX Listing Rules and any rights or restrictions for the time being affecting any Shareholder or any class or classes of Shares, at a meeting of Shareholders each Shareholder entitled to attend and vote may attend and vote in person or by proxy or attorney or, being a corporation, by a duly authorised representative, and has one vote on a show of hands and one vote per Ordinary Share on a poll.

(b) Dividends

Any shares issued on Conversion of the CRPN will rank in all respects equally with the existing Ordinary Shares and will rank for dividends declared or determined by Keybridge on its Ordinary Shares after (but not before) the date of Conversion.

The Directors may from time to time determine or declare that a dividend is payable. The Directors may fix the amount, the time for payment and the method of payment of a dividend. The method of payment may include the payment of cash, the issue of shares, the grant of options and the transfer of assets, including shares or other securities in another body corporate (or any combination of them). No dividend bears interest against Keybridge. Subject to any special rights and restrictions attached to any Shares, every dividend on a Share in Keybridge is to be paid as follows, unless otherwise determined by the Directors:

- if the Share to which a particular dividend relates is fully paid and was fully paid during the whole period in respect of which the dividend is to be paid, that dividend is equal to the dividend paid on each other Share which was fully paid during the whole period in respect of which the dividend is to be fully paid; and
- if the Share to which a particular dividend relates is partly paid, or is fully paid but was not fully paid during the whole of the period in respect of which the dividend is to be paid, that dividend is apportioned, and paid proportionately to the amounts paid (not credited) on the Share in respect of which the dividend is to be paid with respect to the issue price of the Share (excluding amounts credited) during any part or parts of the period in respect of which the dividend is to be paid.

(c) Transfer

While the Ordinary Shares are quoted on the ASX, Shareholders will generally be able to sell or transfer their Ordinary Shares without restriction. This is subject to the limitations set out in the Constitution, Corporations Act, the ASX Listing Rules and ASX Settlement Operating Rules and the Directors' ability to decline to register a transfer in certain limited circumstances.

(d) Winding Up

If Keybridge is wound up, whether voluntarily or otherwise, the liquidator may divide among all or any of the contributories as the liquidator thinks fit, in kind any part of the assets of Keybridge, and may vest any part of the assets of Keybridge in trustees on any trusts for the benefit of all or any of the contributories as the liquidator thinks fit. Any division may be otherwise than in accordance with the legal rights of the contributories and, in particular, any class may be given preferential or special rights or may be excluded altogether or in part, but if any division otherwise than in accordance with the legal rights of the contributories is determined, any contributory who would be prejudiced by the division has a right to dissent and ancillary rights as if the determination were a Special Resolution passed under the Corporations Act relating to the sale or transfer of Keybridge's assets by a liquidator in a voluntary winding up.

(e) Variation of Rights

The rights, privileges and restrictions attaching to the Ordinary Shares can only be varied by a Special Resolution passed at a meeting of Shareholders by those Shareholders present at the meeting or by proxy who hold at least 75 per cent of the votes attaching to Ordinary Shares.

Section 8: Additional Information continued

8.2 DIRECTORS' INTERESTS

Other than as set out below or elsewhere in this Prospectus:

- no Director has, or has had in the two years prior to lodgement of this Prospectus with ASIC, an interest in
 - (a) the formation or promotion of Keybridge;
 - (b) any property acquired, or proposed to be acquired, by Keybridge in connection with:
 - its formation or promotion; or
 - the In Specie Distribution; or
 - (c) the In Specie Distribution; and
- no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit, to any Director or any proposed Director or to any firm in which any Director or proposed Director is or was a partner:
 - (a) to induce that person to become, or to qualify as, a Director of Keybridge; or
 - (b) for services provided by that person or by the firm in which that person is or was a partner in connection with the formation or promotion of Keybridge or the In Specie Distribution.

(a) Holdings of Ordinary Shares

The Directors have the following interests in Ordinary Shares, either directly or indirectly:

Name of Director	Number of Ordinary Shares
Nicholas Bolton ¹	47,211,735
Antony Sormann ²	7,293,919
Andrew Moffat ³	3,991,543
Bill Brown ⁴	245,000
Craig Coleman ⁵	3,440,000

(b) Remuneration

Non-Executive Directors' fees not exceeding an aggregate of \$525,000 have been approved by Keybridge in general meeting. Total Non-Executive Directors' fees for the year ending 30 June 2014 were \$264,266.

The Managing Director, Executive Director and Company Secretary are remunerated as executives and details of their remuneration can be found in Keybridge's remuneration report contained in the annual report.

(c) Indemnities and Insurance

Keybridge pays a premium each year in respect of Directors' and Officers' insurance. In accordance with normal commercial practice, disclosure of the premium payable under, and the nature of the liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract.

(d) Directors' Participation

The Directors (and their associates) will receive CRPN issued pursuant to this Prospectus commensurate with their existing holding of Ordinary Shares.

¹ Shares held by two distinct entities in which Mr Nicholas Bolton has an interest: (i) NFJB Superannuation Fund, whose Trustee is Australian Style Holdings Pty Ltd and (ii) Australian Style Group Pty Ltd 9,117,739 shares subject to holding restrictions under the Keybridge Capital Executive Share Plan approved by Shareholders on 28 November 2014 and subject to holding restrictions.

² 1,114,389 shares held indirectly by three entities: (i) Zorita Nominees Pty Ltd, (ii) Jetsville Pty Ltd and (iii) Generation Wise Pty Ltd which may act upon direction from Mr Antony Sormann. 6,078,492 shares subject to holding restrictions under the Keybridge Capital Executive Share Plan approved by Shareholders on 28 November 2014 and subject to holding restrictions.

³ 3,991,543 shares held indirectly by Cowoso Superannuation Fund, whose Trustee is Cowoso Capital Pty Ltd, which may act upon direction from Mr Andrew Moffat.

⁴ 245,000 shares held indirectly by WCB Superannuation Fund, whose Trustee is WCB Super Pty Ltd, which may act upon direction from Mr Bill Brown.

⁵ 3,440,000 shares held indirectly by Fatty Holdings Pty Ltd, which may act upon direction from Mr Craig Coleman.

Section 8: Additional Information continued

8.3 INTERESTS OF ADVISERS

Other than as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (each, a relevant person) holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of Keybridge;
- the In Specie Distribution; or
- any property acquired or proposed to be acquired by Keybridge in connection with its formation or promotion of the In Specie Distribution.

Other than as set out in this Prospectus, no relevant person has paid or agreed to pay any amount or given or agreed to give any benefits for services provided by a relevant person in connection with the formation or promotion of Keybridge or the In Specie Distribution.

The amounts set out below are exclusive of GST and disbursements.

Atanaskovic Hartnell has acted as Australian legal adviser to Keybridge in connection with the CRPN. Keybridge has paid, or agreed to pay, an amount of approximately \$130,000 (inc. taxes) for these services to the date of this Prospectus. Further amounts may be paid to Atanaskovic Hartnell in accordance with its time based charges.

KPMG has acted as Australian tax adviser to Keybridge in connection with the CRPN. Keybridge has paid, or agreed to pay, an amount of approximately \$122,000 (inc. taxes) for these services to the date of this Prospectus. Further amounts may be paid to KPMG in accordance with its terms of engagement.

8.4 CONSENTS

None of the parties referred to below have authorised or caused the issue of this Prospectus or made or purported to have made any statement that is included in this Prospectus or any statement on which a statement made on this Prospectus is based, other than as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for any part of, this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that party, as specified below.

Atanaskovic Hartnell has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to being named in this Prospectus in the form and context in which it is named.

KPMG has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to being named in this Prospectus in the form and context in which it is named.

8.5 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance and issue of the CRPN are governed by the laws applicable in New South Wales, Australia and each Holder submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

8.6 CONSENT TO LODGEMENT

Each Director has given, and not withdrawn, his consent to the lodgement of this Prospectus with ASIC under the Corporations Act.

Section 9: Glossary

The following is a glossary of key terms and abbreviations used throughout this Prospectus. For the meaning of defined terms not listed below, please refer to clause 19.1 of the Terms in Appendix A.

A\$ or \$	means Australian currency.
Australian Accounting Standards	means the accounting standards as developed and issued by the Australian Accounting Standards Board.
Australian Auditing Standards	means the auditing standards as developed and issued by the Australian Auditing and Assurance Standards Board.
Directors	means the directors of Keybridge as at the date of this Prospectus and from time to time.
Eligible Shareholders	means those persons or entities who were holders of Ordinary Shares as at 24 June 2015, with a registered address in Australia or New Zealand.
Exposure Period	means the period during which this Prospectus is circulated to be examined by market participants prior to the In Specie Distribution.
In Specie Distribution	means the in-specie distribution of CRPN approved by Shareholders on 28 November 2014 and to be made to Eligible Shareholders.
Maturity	means the Maturity Date.
Notice of Meeting	means the notice of annual general meeting of Keybridge dated 29 October 2014 including the explanatory statement sent to Shareholders.
Prospectus	means this prospectus dated 17 June 2015 for the issue of up to 5,000,000 CRPN by Keybridge.
Shareholder	means each person who is registered in the Share Register as a holder of shares in Keybridge.
Share Register	means the register of Shareholders maintained by the Share Registry.
Share Registry	means Registry Direct (ABN 35 160 181 840) or any other registry that Keybridge appoints to maintain the Share Register.
US Securities Act	means the Securities Act of 1933 in the US, as amended from time to time.

Section 10: Corporate Directory

Directors

Andrew Moffat (Chairman, Non-Executive Director)
Nicholas Bolton (Managing Director)
Antony Sormann (Executive Director)
Bill Brown (Non-Executive Director)
Craig Coleman (Non-Executive Director)

Australian Legal Adviser

Atanaskovic Hartnell
Atanaskovic Hartnell House
75-85 Elizabeth Street
Sydney NSW 2000

Company Secretary

Adrian Martin

Australian Tax Adviser

KPMG
10 Shelley Street
Sydney NSW 2000

Share Registry

Registry Direct
Level 2, 120 Collins Street
Melbourne Vic 3000

Registered Office

Level 4, 1 Alfred Street
Sydney NSW 2000

Annexure A: CRPN Terms

1. DEFINED TERMS

Words and expressions defined in clause 19 have the meanings given to them in that clause when used in these Terms.

2. FORM AND FACE VALUE

2.1. Form

‘Convertible Redeemable Promissory Notes’ (**CRPN**) are redeemable, unsecured, convertible promissory notes in the capital of Keybridge. They are issued, and may be Converted or Redeemed, on the terms and conditions set out in these Terms.

2.2. Face Value and Issue Price

- (a) Each CRPN will be issued by Keybridge as fully paid for such issue price as is determined by Keybridge prior to their date of issue.
- (b) Each CRPN will have a face value of \$1 (**Face Value**).

2.3. Currency

CRPN are denominated in Australian dollars.

2.4. No Certificates

No certificates will be issued to Holders unless Keybridge determines that certificates should be available or are required by any applicable law.

3. QUOTATION

Keybridge must use all reasonable endeavours and furnish all such documents, information and undertakings as may reasonably be necessary in order to procure that the CRPN are, and until Redemption or Conversion remain, quoted on the financial market operated by ASX.

4. RANKING AND SUBORDINATION

4.1. Ranking and subordination

- (a) The CRPN are direct, unsecured and unsubordinated debt obligations of Keybridge and rank without preference or priority among themselves and at least equally with all present and future unsubordinated and unsecured debt obligations of Keybridge (subject to laws and principles of equity generally affecting creditors’ rights or as provided by operation of law). The ranking of CRPN is not affected by the date of

registration of any Holder in the Notes Register.

- (b) In the event of Keybridge being wound up, Holders will be entitled to receive a repayment of the issue price of the CRPN plus any accrued interest before any distributions are made to ordinary or preference shareholders of Keybridge.

4.2. No Security Interest

Nothing in these Terms creates a Security Interest over any asset of Keybridge.

4.3. Status

Each Holder, by accepting an issue of one or more CRPN:

- (a) agrees to be bound by these Terms; and
- (b) acknowledges that it has contractual rights against Keybridge as set out in these Terms but that the CRPN do not (until any Conversion) confer on it any right as a member or shareholder of Keybridge, including voting rights (unless the Corporations Act or the ASX Listing Rules provide otherwise).

5. INTEREST

5.1. Interest

Subject to these Terms, each CRPN bears interest on its Face Value at the Interest Rate from (and including) the Issue Date to (but excluding) the Maturity Date or any Early Redemption Date or any Early Conversion Date.

5.2. Payment of Interest

Subject to clauses 9.5 and 9.7, interest is due and payable by Keybridge on the CRPN in arrears on each Interest Payment Date for the relevant Interest Period, unless the Suspension Condition is satisfied in respect of an Interest Payment Date (other than the Maturity Date or an Early Redemption Date or an Early Conversion Date) in which case Keybridge’s obligation to pay interest will be suspended in accordance with clause 5.3.

5.3. Suspension of Interest

Interest on a CRPN which is otherwise due and payable on any Interest Payment Date (other than the Maturity Date or any Early Redemption Date or any Early Conversion Date) (including any Suspended Interest arising as a consequence of any prior operation of this clause 5.3) that is not due and payable by Keybridge on that date as a

result of the provisions of clause 5.2 or clause 5.4 is automatically suspended and will fall due for payment on the earlier of:

- (a) the next Interest Payment Date on which the Suspension Condition is not satisfied;
- (b) the date that any principal in respect of the CRPN is due and payable in accordance with these Terms;
- (c) the Early Conversion Date; and
- (d) the Maturity Date.

5.4. Cumulative Interest

Interest accrues on any interest that is due and payable but unpaid on a daily basis and compounds on a quarterly basis from (and including) the relevant Interest Payment Date to (but excluding) the actual date of payment at a rate equal to the Interest Rate. Interest accrued under this clause 5.4 is due and payable on the next Interest Payment Date after the non-payment of the relevant interest.

5.5. Restrictions on distributions

While any CRPN are outstanding, Keybridge must not announce the payment of, or make any distribution to, its ordinary shareholders or to holders of preference shares, in each case in their capacity as holder of such security, or in respect of other securities or any similar indebtedness, the rights to which, by the terms of their creation or issue or law, is or is expressed to be subordinated to the CRPN, or buy-back any ordinary shares off-market or preference shares or such other security or indebtedness (in each case other than a Permitted Distribution), if on such day:

- (a) any amount in respect of interest on any CRPN is due and payable but unpaid;
- (b) any amount in respect of interest on any CRPN is suspended in accordance with clause 5.3;
- (c) any amount in respect of any principal on any CRPN is due and payable but unpaid; or
- (d) an Event of Default is subsisting.

5.6. Payment of Outstanding Interest

Subject to clause 5.7, Keybridge may pay all or any Outstanding Interest on all, but not some, of the CRPN to the Holders at any time, provided that the Suspension Condition is not then in effect and subject to Keybridge notifying the Holders at least 5 Business Days prior to any such payment of the date of payment and the amount of such interest to be paid in respect of each CRPN.

5.7. Priority of Interest Payments

Any payment of interest by Keybridge must be applied:

- (a) first, in payment of any interest accrued on any Suspended Interest under clause 5.3 which has not been paid or otherwise satisfied in full at that time;
- (b) secondly, in payment of any Suspended Interest; and
- (c) lastly, in payment of any other Outstanding Interest.

5.8. Calculation of Interest

Interest will be calculated on the basis of a 365 day year and the number of days elapsed. All calculations of interest will be rounded to four decimal places. Any fraction of a cent in the payment of any interest in respect of a Holder's aggregate holdings of the CRPN will be disregarded.

5.9. Franking Adjustments

Keybridge anticipates that the interest on the CRPN due and payable by Keybridge pursuant to these Terms will be fully franked. Should any interest on the CRPN due and payable to any Holder not be franked to 100% under Part 3-6 of the Tax Act (or any provisions that revise or replace that Part), then (subject always to clause 9.7), Keybridge's payment to such Holder shall be calculated according to the following formula:

$$\frac{I}{(1-[\text{Tax Rate} \times (1-\text{Franking Rate})])}$$

where:

I is the amount of interest due and payable to such Holder on the relevant Interest Payment Date pursuant to these Terms (save for this clause 5.9);

Tax Rate (expressed as a decimal) means the Australian corporate tax rate applicable to the franking account of Keybridge as at the relevant Interest Payment Date; and

Franking Rate (expressed as a decimal) means the franking percentage (within the meaning of Part 3-6 of the Tax Act or any provisions that revise or replace that Part) applicable to the franking account of Keybridge as at the relevant Interest Payment Date.

6. CONVERSION

6.1. Conversion Right

Each Holder may, by serving written notice on Keybridge by no later than the date being the

date 2 months prior to the Maturity Date, request the Conversion of its CRPN at the Maturity Date (**Holder Conversion Request**). A Holder Conversion Request is irrevocable.

6.2. Keybridge may Convert or Redeem

- (a) In the event that Keybridge receives a Holder Conversion Request from a Holder then Keybridge may (but is not obliged to) elect to convert the CRPN of such Holder into Ordinary Shares at the Maturity Date on the terms and subject to the conditions in each case set out in this clause 6.
- (b) In the event that any CRPN remain outstanding at the Maturity Date, then Keybridge may (but is not obliged to) elect to convert all outstanding CRPN into Ordinary Shares at the Maturity Date on the terms and conditions in each case set out in this clause 6.

6.3. Keybridge elects or is required to Convert

In the event that Keybridge elects, or is required, to convert the CRPN of a Holder into Ordinary Shares pursuant to clause 6.2 or clause 8.1, then it must:

- (a) pay such Holder any Outstanding Interest;
- (b) redeem each of those CRPN for an amount equal to the Repayment Amount; and
- (c) apply the whole of such amount in 6.3(b) by subscribing, on behalf of the Holder, for the number of Ordinary Shares calculated under clause 6.4.

6.4. Conversion Number

- (a) The number of Ordinary Shares to which a Holder is entitled upon Conversion of its CRPN is determined by the following formula:

$$\text{Number of Ordinary Shares} = \text{ARA/Conversion Price}$$

where:

ARA is the aggregate of the Repayment Amount of the CRPN of such Holder being converted by Keybridge; and

Conversion Price is, subject to any adjustments thereto pursuant to clauses 6.5 to 6.7 (inclusive):

- (i) in the case of a Conversion resulting from receipt by Keybridge of a Holder Conversion Request or a Tax Event or a Change of Law Event or an Event of Default, a 2.5% discount to the VWAP of

Ordinary Shares traded during the Conversion VWAP Period; or

- (ii) in the case of a Conversion resulting from an election by Keybridge pursuant to clause 6.2(b), a 5% discount to the VWAP of Ordinary Shares traded during the Conversion VWAP Period.

- (b) Where the number of Ordinary Shares to be issued to a Holder pursuant to clause 6.4(a) includes a fraction, that fraction will be disregarded.

6.5. Adjustments to VWAP

For the purposes of calculating the VWAP of Ordinary Shares in these Terms:

- (a) where, on some or all of the Business Days in the relevant Conversion VWAP Period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement which is not extended to the Holder, and the CRPN will convert into Ordinary Shares after the date those Ordinary Shares no longer carry that entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted cum dividend, or cum any other distribution or entitlement shall be reduced by any amount (**Cum Value**) equal to:

- (i) in the case of a dividend or other distribution, the amount of that dividend or distribution. No value is included for any franking credits;

- (ii) in the case of any other entitlement that is not a dividend or other distribution under clause 6.5(a)(i) which is traded on ASX on any of those Business Days, the volume weighted average price of all such entitlements sold on ASX during the relevant Conversion VWAP Period on the Business Days on which those entitlements were traded; or

- (iii) in the case of any other entitlement which is not traded on ASX during the relevant Conversion VWAP Period, the value of the entitlement as reasonably determined by the Directors; and

- (b) where, on some or all of the Business Days in the relevant period, Ordinary Shares have been quoted ex dividend, or ex any other distribution or entitlement, and CRPN will convert into Ordinary Shares which would be entitled to receive

the relevant dividend, distribution or entitlement, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement shall be increased by the Cum Value.

6.6. Adjustments to VWAP for divisions and similar transactions

Where during the Conversion VWAP Period there is a change in the number of the Ordinary Shares on issue as a result of a division, consolidation or reclassification of Keybridge's share capital (not involving any cash payment or other distribution to Ordinary Shareholders) (a Reorganisation), in calculating the VWAP for that Conversion VWAP Period the daily VWAP applicable on each day in the Conversion VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reorganisation basis shall be adjusted by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of Ordinary Shares immediately before the Reorganisation; and

B means the aggregate number of Ordinary Shares immediately after the Reorganisation.

6.7. Other Adjustments to Conversion Price

If Keybridge determines that an adjustment should be made to the Conversion Price where the effect of any of the adjustment provisions set out in clauses 6.5 to 6.6 (inclusive) is not appropriate in any particular circumstances, Keybridge shall, at its own expense and acting reasonably, request a Financial Adviser to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment should take effect, and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this clause 6.7 if such Financial Adviser is so requested to make such a determination not more than 21 Business Days after the date on which the relevant circumstance arises and if the adjustment would result in a reduction to the Conversion Price.

6.8. Deemed Amendment

Any adjustment made by Keybridge in accordance with clauses 6.5, 6.6 or 6.7 will be effective and binding on Holders under these Terms and these Terms will be construed accordingly. Any such adjustment will promptly be notified to all Holders.

6.9. On Market Buy-Backs

No adjustment to the Conversion Price shall occur as a result of an on market buy-back of Ordinary Shares.

6.10. Rights upon Conversion

Any Ordinary Shares issued upon Conversion (whether pursuant to clause 6 or pursuant to clause 8) will rank in all respects equally with the existing Ordinary Shares of Keybridge and will rank for dividends declared or determined by Keybridge on its Ordinary Shares after (but not before) the date of Conversion.

6.11. Quotation upon Conversion

Keybridge will, provided that its then existing Ordinary Shares remain quoted on the financial market operated by ASX at the time that any Ordinary Shares are issued upon Conversion (whether pursuant to this clause 6 or pursuant to clause 8), apply for quotation of such Ordinary Shares issued upon Conversion on the financial market operated by ASX at the same time as such Ordinary Shares are issued.

7. REDEMPTION AT THE MATURITY DATE

7.1. Final Redemption

In the event that Keybridge does not elect to convert the CRPN of a Holder into Ordinary Shares pursuant to clause 6.2, then Keybridge must at the Maturity Date redeem all of the CRPN of such Holder by paying such Holder:

- (a) any Outstanding Interest on such CRPN; and
- (b) the Repayment Amount.

7.2. Holder action

Where the CRPN of a Holder are to be redeemed pursuant to clause 7.1, the Holder must, if required by Keybridge to enable Keybridge to effect such redemption:

- (a) vote in favour (to the extent the Holder is entitled to do so) or otherwise abstain from any required resolution;
- (b) provide all documentation and execute any authorisation or power necessary; and
- (c) take all other action which Keybridge considers necessary or desirable.

7.3. Meaning of Redemption

All CRPN redeemed by Keybridge pursuant to these Terms will thereupon be cancelled and may not be reissued.

8. EARLY REDEMPTION OR EARLY CONVERSION

8.1. Early Redemption or Conversion by Keybridge

- (a) **(Early Redemption Keybridge call option)** Keybridge may, on any date after the Issue Date, redeem all or part (pro rata across Holders) of the CRPN at the greater of (i) the Early Redemption Amount plus any Outstanding Interest and (ii) the VWAP Adjusted Redemption Amount plus any Outstanding Interest, by giving not less than 28 days notice of the same to the Holders. Keybridge may make more than one redemption in accordance with the provisions of this clause 8.1(a). If the redemption notice given under this clause 8.1(a) states that the redemption is conditional on completion of an event, including an exit or refinancing event, then if the event does not proceed and Keybridge advises Holders that the event will not proceed, the notice of redemption issued by Keybridge will lapse. However, if the relevant event does proceed then the redemption notice will be valid. A redemption pursuant to this clause 8.1(a) will take effect on the later of the date specified in the redemption notice, and completion of the event specified in the redemption notice (if any).
- (b) **(Early Redemption or Conversion for Tax Event)** Keybridge may (at its election and in its absolute discretion) redeem or convert the CRPN at any time after the occurrence of a Tax Event. In the event that Keybridge elects to so redeem the CRPN, such Redemption shall be for the greater of (i) the Repayment Amount plus any Outstanding Interest and (ii) the VWAP Adjusted Redemption Amount plus any Outstanding Interest. In the event that Keybridge elects to so convert the CRPN, such Conversion shall be on the terms of clauses 6.3 and 6.4.
- (c) **(Early Redemption or Conversion for Change of Law Event)** Keybridge may (at its election and in its absolute discretion) redeem or convert the CRPN at any time after the occurrence of a Change of Law Event. In the event that Keybridge elects to so redeem the CRPN, such Redemption shall be for the greater of (i) the Repayment Amount plus

any Outstanding Interest and (ii) the VWAP Adjusted Redemption Amount plus any Outstanding Interest. In the event that Keybridge elects to so convert the CRPN, such Conversion shall be on the terms of clauses 6.3 and 6.4.

- (d) **(Clean-up call for small value of CRPN)** Keybridge may at any time redeem the CRPN for the Repayment Amount plus any Outstanding Interest on the date of redemption if the aggregate value of the CRPN on issue is less than \$500,000.
- (e) **(Events of Default)** In the event of the occurrence of an Event of Default, then Keybridge must give written notice of its occurrence to each Holder as soon as reasonably practicable after such occurrence (**EOD Notice**). In the event that a Holder serves written notice on Keybridge within 10 Business Days of the date of the EOD Notice requesting the Redemption or Conversion of its CRPN, then Keybridge must (at its election in its absolute discretion, and notwithstanding the preference of the Holder), within 30 Business Days of the date of the EOD Notice (if the Event of Default has not, if capable of remedy, been remedied by the relevant time) redeem or convert the CRPN of such Holder. Any Redemption of such CRPN shall be for the Repayment Amount plus any Outstanding Interest on the date of redemption. Any Conversion of such CRPN shall be on the terms of clauses 6.3 and 6.4.

8.2. Mechanics to apply to Early Redemption

In the event that Keybridge redeems all or part of the CRPN pursuant to clause 8.1, then it must:

- (a) pay such Holder any Outstanding Interest; and
- (b) redeem each of those CRPN for an amount that is equal to the Early Redemption Amount or VWAP Adjusted Redemption Amount or Repayment Amount, as applicable.

8.3. Notice of certain events

Keybridge must give notice to the Holders as soon as reasonably practicable after it becomes aware of the occurrence of a Tax Event or a Change of Law Event.

9. PAYMENTS

9.1. Record Dates

For the purposes of determining a Holder's entitlement to payments of interest on the CRPN in respect of any Interest Period, only those persons who are registered as Holders at 7.00 p.m. on the Record Date in respect of such Interest Period shall be entitled to receive the payment.

9.2. Deductions

Keybridge may deduct from any interest or other amount payable to a Holder the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount. If any such deduction has been made and the amount of the deduction accounted for by Keybridge to the relevant revenue authority and the balance of the amount payable has been paid to the Holder concerned, then the full amount payable to such Holder shall be deemed to have been duly paid and satisfied by Keybridge. Keybridge shall pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring penalty under the applicable law and shall, if required by any Holder, deliver to that Holder the relevant receipt issued by the revenue authority without unreasonable delay after receipt of the same by Keybridge.

9.3. No Set-off

A Holder has no right to set off any amounts owing to it by Keybridge against claims owing by Keybridge to the Holder.

9.4. Payment method

Any amount which is payable to a Holder in respect of the CRPN in accordance with these Terms will, unless Keybridge and such Holder otherwise agree, be paid by direct credit to a nominated account at an Australian financial institution.

9.5. Payment days

If an amount is due and payable in respect of any CRPN on a day which is not a Business Day, that amount will be due and payable on the next Business Day. Such delay in payment will not constitute a default by Keybridge for any purpose, and no additional amount of interest will be payable with respect to such delayed payment.

9.6. Unclaimed Payments

All amounts payable but unclaimed may be invested by Keybridge as it thinks fit for its benefit until claimed or until required to be

dealt with in accordance with any law relating to unclaimed monies.

9.7. Withholding Payments

Keybridge, in its absolute discretion, may withhold payment to a Holder where it is required to do so under any applicable law, including any law prohibiting dealings with terrorist organisations or money laundering, or any other type of sanction, or where it has reasonable grounds to suspect that the Holder may be subject to any such law or sanction or involved in acts of terrorism or money laundering, and may deal with such payment and the Holder's CRPN in accordance with such applicable law or the requirements of any relevant government or regulatory authority. Keybridge shall not be liable for any costs or loss suffered by a Holder in exercising its discretion under this clause, even where a Holder later demonstrates that they were not subject to such law or sanction.

10. HOLDING STATEMENTS

A Holder is entitled to receive such statements of its holdings of CRPN as Keybridge is required to give pursuant to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules.

11. TRANSFER OF CRPN

11.1. Forms of transfer

A Holder may transfer any CRPN it holds by

- (a) a Proper ASTC Transfer or any other method of transferring or dealing in the CRPN introduced by ASX or operated in accordance with the ASX Settlement Operating Rules or the ASX Listing Rules and, in any such case, recognised under the Corporations Act; or
- (b) a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX, that is otherwise permitted by law.

11.2. Registration of transfer

A transferor of any CRPN remains the owner of such CRPN transferred until the transfer is registered and the name of the transferee is entered in the Notes Register in respect of the CRPN, and the transferee of the CRPN on being entered on the Notes Register shall have all the rights and obligations which the transferor had and all the rights and obligations of a Holder under these Terms.

11.3. Transfers which are not Proper ASTC transfers

The following provisions apply to instruments of transfer referred to in clause 11.1(b):

- (a) unless the instrument of transfer is otherwise a sufficient transfer under the Corporations Act, the instrument must be signed by, or executed by or on behalf of, the transferor and, (if required by Keybridge), the transferee.
- (b) the instrument of transfer duly stamped will be left at the place where the Notes Register is kept; and
- (c) the instrument of transfer must be endorsed or accompanied by an instrument executed by the transferee to the effect that the transferee agrees to accept the CRPN subject to the terms and conditions on which the transferor held them, to become a Holder and to be bound by these Terms.

11.4. Directors to register transfers

Subject to clauses 11.3 and 11.5, for so long as the Notes Register is maintained by Keybridge, the Directors will not refuse to register or fail to register or give effect to a transfer of the CRPN.

11.5. Refusal to register transfers other than Proper ASTC Transfer

The Directors may refuse to register any transfer of the CRPN (other than a Proper ASTC Transfer) where the ASX Listing Rules permit Keybridge to do so. The Directors will refuse to register any transfer of the CRPN (other than a Proper ASTC Transfer) where the Corporations Act or the ASX Listing Rules require Keybridge to do so, or the transfer is in breach of the ASX Listing Rules.

11.6. Notice of refusal to register

- (a) Where the Directors refuse to register a transfer of the CRPN pursuant to clause 11.5, Keybridge will give written notice of the refusal and the reasons for the refusal to the transferee and the person who lodged the transfer, if not the transferee, within 5 Business Days after the date on which the transfer was lodged with Keybridge.
- (b) Failure by Keybridge to give notice under clause 11.6(a) will not invalidate the refusal to register the transfer in any way

11.7. Clearing System

CRPN or interests in CRPN held through a Clearing System will be transferable only in accordance with the rules and regulations of that Clearing System. The rules and

regulations of that Clearing System prevail over this clause 11 with respect to those CRPN, or interest in CRPN, to the extent of any inconsistency.

11.8. Registrar

If Keybridge appoints a registrar to maintain the Notes Register, then Keybridge will procure the registrar to comply with the provisions of this clause 11 as if references to "Keybridge" or "the Directors" were references to "the registrar".

12. JOINT HOLDERS

12.1. Payment to one Holder effective discharge

If several persons are entered in the Notes Register as joint Holders in respect of a CRPN, the payment to any one of such persons of any monies from time to time payable to the joint Holders will be an effective discharge to Keybridge for the monies so paid.

12.2. More than three joint Holders

Subject to the ASX Settlement Operating Rules, Keybridge will not be bound to register more than 3 persons as the joint Holders of the CRPN. A CRPN registered in the name of more than one person is held by those persons as joint tenants.

12.3. Actions of joint Holders

All of the joint Holders in respect of any CRPN must join in the transfer of the relevant CRPN.

13. NON-RESIDENT HOLDERS

- (a) Where the CRPN are held by, or on behalf of, a person resident outside Australia, then, despite anything to the contrary contained in or implied by these Terms, it is a condition precedent to any right of the Holder to receive payment of any monies in respect of those CRPN that all necessary authorisations (if any) and any other statutory requirements which may then be in existence are obtained at the cost of the Holder and satisfied.
- (b) For the purposes of clause 13(a), authorisation includes any consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisisation, certificate, permission, licence, approval, direction, declaration, authority or exemption from, by or with any government or any governmental agency.

14. INDEMNITY TO KEYBRIDGE

- (a) Whenever in consequence of:

- (i) the death of a Holder;
- (ii) the non-payment of any Tax payable by a Holder;
- (iii) the non-payment of any stamp or other duty by the legal personal representatives of a Holder or their estate; or
- (iv) any other act or thing in relation to a CRPN or a Holder, any law for the time being of any country or place, imposes or purports to impose any liability of any nature whatever on Keybridge to make any payments to any governmental agency, Keybridge will in respect of that liability be indemnified by that Holder and his legal personal representatives and any monies paid by Keybridge in respect of that liability may be recovered from that Holder and/or his legal personal representatives as a debt due and owing to Keybridge and Keybridge will have a lien in respect of those monies upon the CRPN held by that Holder or his legal personal representatives and shall be entitled to set off those monies against any monies payable by it in respect of those CRPN.

- (b) Nothing in clause 14(a) will prejudice or affect any right or remedy which any such law may confer or purport to confer on Keybridge.

15. DEATH OR LEGAL DISABILITY

15.1. Death or Legal Disability

If a Holder dies, becomes subject to a legal disability, becomes bankrupt or is liquidated, the survivor (in the case of joint Holders), the legal personal representative or the person entitled to the CRPN as a result of the death, disability, bankruptcy or liquidation of the Holder or the making of vesting orders by a court or other judicial or quasi judicial body or authority will be recognised, on providing such evidence of that person's title, as Keybridge sees fit, as having an enforceable claim to the CRPN registered in the Holder's name.

15.2. Transfer, Transmission under clause 15.1

Subject to the ASX Listing Rules, Keybridge need not register any transfer or transmission under clause 15.1 unless the transferee provides an indemnity in favour of Keybridge in a form determined by or satisfactory to Keybridge in respect of any consequence arising from the transfer or transmission.

15.3. Two or More Persons Jointly Entitled

Where two or more persons are jointly entitled to any CRPN in consequence of the death of the registered holder of that CRPN, for the purposes of these Terms they will be deemed to be joint holders of that CRPN.

15.4. Monies Payable in Respect of the CRPN

The Directors will be entitled to retain any monies payable in respect of any of the CRPN to which any person under this clause 15 is entitled until such person is registered or has duly transferred the CRPN in accordance with these Terms.

16. AMENDMENT OF THESE TERMS

16.1. Amendment without consent

Subject to complying with all applicable laws, Keybridge may, without the authority, assent or approval of CRPN Holders, amend these Terms:

- (a) if Keybridge is of the opinion that the amendment is:
 - (i) of a formal, minor or technical nature;
 - (ii) made to cure any ambiguity;
 - (iii) made to correct any manifest error;
 - (iv) expedient for the purpose of enabling the CRPN to be listed for quotation or to retain listing on any stock exchange or to be offered for, or subscription for, sale under the laws for the time being in force in any place and it is otherwise not considered by Keybridge to be materially prejudicial to the interests of CRPN Holders as a whole; or
 - (v) necessary to comply with the provisions of any statute, the requirements of any statutory authority, the ASX Listing Rules or the listing or quotation requirements of any stock exchange on which the CRPN are quoted; or
- (b) generally, in any case where such amendment is considered by Keybridge not to be materially prejudicial to the interests of CRPN Holders as a whole.

16.2. Amendment with consent

Without limiting clause 16.1, Keybridge may amend these Terms if the amendment has been approved by a Special Resolution.

16.3. Meanings

In this clause 16 “amend” includes modify, cancel, alter or to add to, and “amendment” has a corresponding meaning.

17. NOTICES

17.1. Service of Notices

- (a) Without limiting anything else in these Terms, a notice may be given by Keybridge to any Holder, or in the case of joint Holders to the Holder whose name appears first in the Notes Register, personally, by leaving it at the Holder’s registered address or by sending it by prepaid post (airmail if posted to a place outside Australia) or facsimile transmission addressed to the Holder’s registered address or, in any case, by other electronic means determined by the Directors. If the notice is signed, the signature may be original or printed.
- (b) A notice given by a Holder to Keybridge must:
- (i) be in writing; and
 - (ii) be left at, or sent by prepaid post (airmail if posted from a place outside Australia) to the address below or the address last notified by Keybridge, or sent by email transmission to the email address specified below or the email address last notified by Keybridge:

Keybridge Capital
Limited
Level 4, 1 Alfred Street,
Sydney NSW 2000
Australia

Attention: Adrian Martin,
Company Secretary

Email:
amartin@keybridge.com.au

With a copy to:

Registry Direct
Level 2
120 Collins Street
Melbourne Vic 3000

Attention: Martina Daly

Email:
mdaly@registrydirect.com.au

17.2. When Notice Considered to be Received

Any notice is taken to be given:

- (a) if served personally or left at the intended recipient’s address, when delivered;

(b) if sent by post, on the second Business Day after it is mailed in a prepaid envelope to the intended recipient’s address (or the fifth Business Day if mailed to or from a place outside Australia); and

(c) if sent by electronic transmission, on production of a report by the machine or other system by which the transmission is sent indicating that the transmission has been made in its entirety to the correct transmission address and without error.

17.3. Notice to Transferor Binds Transferee

Every person who, by operation of law, transfer or any other means, becomes entitled to be registered as a Holder is bound by every notice which, prior to such person’s name and address being entered in the Notes Register, was properly given to the person from whom such person derived title to the CRPN.

17.4. Service on Deceased Holders

A notice served in accordance with this clause 17 is (despite the fact that the Holder is then dead and whether or not Keybridge has notice of the Holder’s death) considered to have been properly served in respect of any of the CRPN, whether held solely or jointly with other persons by the Holder, until some other person is registered in the Holder’s place as the Holder or joint Holder. The service is sufficient service of the notice or document on the Holder’s legal personal representative and any person jointly interested with the Holder in the CRPN.

18. GOVERNING LAW AND JURISDICTION

18.1. Governing Law

The CRPN and these Terms are governed by the laws of New South Wales, Australia.

18.2. Jurisdiction

Keybridge and each Holder irrevocably submits to the exclusive jurisdiction of the courts exercising jurisdiction in New South Wales, Australia in connection with matters concerning the CRPN or these Terms, and waives any right they have to object to object to an action being brought in those courts, or to claim that the action has been brought in an inconvenient forum, or to claim that those courts do not have jurisdiction.

19. DEFINITIONS AND INTERPRETATION

19.1. Definitions

The following words and expressions in bold have these meanings in these Terms:

Annexure A: CRPN Terms *continued*

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the market it operates.

ASX Listing Rules means the listing rules of ASX, as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

ASX Settlement means ASX Settlement Pty Ltd (ABN 49 008 504 532).

ASX Settlement Operating Rules means the operating rules of ASX Settlement, as amended or replaced from time to time, except to the extent of any express written waiver by ASX Settlement.

Business Day has the same meaning as in the ASX Listing Rules.

Change of Law Event means the introduction of, or a change in, any law, official directive, ruling or request or a change in its interpretation or application that materially increases the costs to Keybridge of the CRPN that existed prior to such event or which makes it illegal or impossible for Keybridge to perform its obligations under these Terms. If such event does not have the force of law, it must be one with which responsible Australian banks would comply.

Clearing System means:

- (a) the Clearing House Electronic Subregister System (CHESSE) operated by ASX Settlement;
- (b) the Austraclear system owned and operated by Austraclear Limited (ABN 94 002 060 773); or
- (c) any other securities trading and/or clearance system.

Conversion means conversion of the CRPN (or any of them) into Ordinary Shares pursuant to these Terms.

Conversion VWAP Period means:

- (a) in the case of a Conversion resulting from a Tax Event or a Change of Law Event, the period of 15 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the date of the relevant Tax Event or Change of Law Event, as the case may be; or
- (b) in the case of a Conversion resulting from an Event of Default, the period of 15 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the date of the EOD Notice; or

- (c) in the case of any other Conversion, the period of 15 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the date on which Conversion is to occur in accordance with these Terms.

Corporations Act means the Corporations Act 2001 (Cth).

CRPN means the convertible, redeemable promissory notes to be issued by Keybridge on these Terms.

Director means a director of Keybridge at any time and from time to time.

Early Conversion Date means, in relation to a CRPN, the date of its Conversion in advance of the Maturity Date pursuant to clause 8.

Early Redemption Amount means in respect of any CRPN;

- (a) in respect of any Early Redemption Date falling from (and including) the Issue Date to (and including) the date that is 12 months after the Issue Date, 105% of the Face Value of such CRPN;
- (b) in respect of any Early Redemption Date falling from (but excluding) the date that is 12 months after the Issue Date to (and including) the date that is 24 months after the Issue Date, 103% of the Face Value of such CRPN;
- (c) in respect of any Early Redemption Date falling from (but excluding) the date that is 24 months after the Issue Date to (and including) the date that is 36 months after the Issue Date, 101% of the Face Value of such CRPN; and
- (d) in respect of any Early Redemption Date falling from (but excluding) the date that is 36 months after the Issue Date to (and including) the Maturity Date, 100% of the Face Value of such CRPN.

Early Redemption Date means, in relation to a CRPN, the date of its Redemption in advance of the Maturity Date pursuant to clause 8.

EOD Notice has the meaning given to that term in clause 8.1(e).

Event of Default means any of the following:

- (a) Keybridge failing to pay within 20 Business Days after the due date any interest on any CRPN (save in the event that such non-payment is as a result of the operation of the Suspension Condition);
- (b) the Ordinary Shares and/or the CRPN being suspended from trading on the

ASX for more than 20 consecutive Business Days;

- (c) a takeover bid is made to acquire all of the Ordinary Shares and the offer under such bid is, or becomes, unconditional and the bidder has a Relevant Interest in more than 50% of the Ordinary Shares on issue; and
- (d) a court approves a proposed scheme of arrangement under Part 5.1 of the Corporations Act which, when implemented, will result in a person having a Relevant Interest in more than 50% of the Ordinary Shares on issue.

Face Value has the meaning given to that term in clause 2.2(b).

Financial Adviser means an independent financial adviser, holding a relevant Australian financial services licence, appointed by Keybridge.

Group means Keybridge and its Subsidiaries.

Holder means a person whose name is for the time being registered in the Notes Register as the holder of that CRPN.

Holder Conversion Request has the meaning given to that term in clause 6.1.

Interest Payment Date means, in relation to a CRPN, 20 March, 20 June, 20 September and 20 December, commencing on 20 September 2015 and ending on the earlier of:

- (a) the Maturity Date;
- (b) the Early Redemption Date; and
- (c) the Early Conversion Date.

Interest Period means, in respect of a CRPN:

- (a) the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date; and
- (b) thereafter, the period from (and including) each Interest Payment Date to (but excluding) the next Interest Payment Date.

Interest Rate means 7% per annum.

Issue Date means the date of issue of the CRPN.

Keybridge means Keybridge Capital Limited (ABN 16 088 267 190).

Maturity Date means the date being sixty months after the Issue Date.

Notes Register means the register of Holders and, where appropriate, includes:

- (a) a sub-register conducted by or for Keybridge pursuant to the Corporations

Act, the ASX Listing Rules or ASX Settlement Operating Rules; and

- (b) any branch register.

Ordinary Shares means an ordinary fully paid share in the capital of Keybridge.

Outstanding Interest means, in relation to a CRPN at any time, the aggregate of:

- (a) any Suspended Interest in respect of that CRPN at that time; and
- (b) any other unpaid interest which is due and payable in respect of that CRPN at that time (including any interest accrued or compounded under clause 5.4).

Permitted Distribution means:

- (a) a distribution by one member of the Group to another member of the Group;
- (b) the payment of fees under monitoring or advisory arrangements or other payments, provided that the aggregate amount payable under this paragraph (b) does not exceed \$1,500,000 in any financial year;
- (c) payments for corporate finance, mergers and acquisitions and transaction advice actually provided to the Group with respect to completed transactions on bona fide arms' length commercial terms of up to 1.50% of the aggregate consideration for the relevant transaction; and
- (d) any payments to fund withholding tax in an aggregate amount not to exceed \$2,500,000 in any financial year (provided further that Keybridge has procured that all reasonable endeavours are used to utilise any available exemptions for any such interest withholding tax).

Proper ASTC Transfer has the meaning given in regulation 1.0.02 of the Corporations Regulations 2001 (Cth).

Record Date means, in relation to an Interest Period, the date that is 8 calendar days (or such other period as is determined by the Directors from time to time in compliance with the ASX Listing Rules) before the Interest Payment Date in respect of that Interest Period.

Redemption means redemption of the CRPN (or any of them) pursuant to these Terms.

Redemption VWAP means the average of the daily volume weighted average sale prices of CRPN sold on ASX during the period specified in these Terms on which CRPN were trading on ASX, excluding any transaction defined in the ASX Settlement Operating

Rules as 'special' crossings prior to the commencement of normal trading, crossings during the afterhours adjust phase and any overseas trades or exchange traded option exercises.

Redemption VWAP Period means;

- (a) in the case of a Redemption pursuant to clause 8.1(a), the period of 15 Business Days on which trading in CRPN took place immediately preceding (but not including) the date of the redemption notice issued pursuant to clause 8.1(a); or
- (b) in the case of a Redemption resulting from a Tax Event or a Change of Law Event, the period of 15 Business Days on which trading in CRPN took place immediately preceding (but not including) the date of the relevant Tax Event or Change of Law Event, as the case may be.

Relevant Interest has the meaning given to that term in section 9 of the Corporations Act.

Repayment Amount means, in relation to a CRPN, an amount equal to its Face Value.

Security Interest means any mortgage, pledge, lien or charge or any security or preferential interest or arrangement of any kind and includes:

- (a) any right of or arrangement with any creditors to have a claim satisfied in priority to other creditors with or from the proceeds of any asset; and
- (b) retention of title (other than in the ordinary course of day-to-day trading) and a deposit of money by way of security.

Special Resolution means:

- (a) a resolution passed at a meeting of CRPN Holders by a majority of at least 75% of the votes validly cast by CRPN Holders in person or by proxy and entitled to vote on the resolution; or
- (b) the written approval of CRPN Holders holding at least 75% of the CRPN.

Subsidiary has the meaning given in the Corporations Act.

Suspended Interest means, at any time, any interest deferred under clause 5.3 which has not been paid at that time.

Suspension Condition means the Directors having determined that Keybridge would not be entitled to pay a dividend on its Ordinary Shares in the same amount as the proposed payment of interest pursuant to these Terms.

Tax means any charge, deduction, duty (including stamp duty, financial institutions duty, transaction duty and bank account debt tax), fee, impost, levy, tax (including any consumption tax, goods and services tax and value added tax) and withholding (together with any interest, penalties, fines and expenses in connection with any of them).

Tax Act means (a) the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth), as the case may be (and a reference to any section of the Income Tax Assessment Act 1936 (Cth) includes a reference to that section as rewritten in the Income Tax Assessment Act 1997 (Cth)); and (b) any other act setting the rate of income tax payable and any regulation promulgated under it.

Tax Event means where, on or after the Issue Date, Keybridge receives an opinion of a nationally recognised legal counsel or other tax adviser in a relevant tax jurisdiction, experienced in such matters that, any payment of interest, the principal amount outstanding or the Early Redemption Amount is, or may be, subject to an amount of withholding or deduction in respect of any Taxes or other governmental charges for which Keybridge must pay any additional amount.

Terms means these terms and conditions of issue.

VWAP means the average of the daily volume weighted average sale prices of Ordinary Shares sold on ASX during the period specified in these Terms on which Ordinary Shares were trading on ASX, excluding any transaction defined in the ASX Settlement Operating Rules as 'special', crossings prior to the commencement of normal trading, crossings during the afterhours adjust phase and any overseas trades or exchange traded option exercises, subject to the adjustments as provided for in these Terms.

VWAP Adjusted Redemption Amount means, in respect of any CRPN, a 1% premium to the Redemption VWAP of CRPN traded during the Redemption VWAP Period.

19.2. Interpretation

The following rules of interpretation apply in these Terms unless the contrary intention appears or the context otherwise requires:

- (a) Unless otherwise specified, the Directors may exercise all powers of Keybridge under these Terms as are not, by the Corporations Act, ASX Listing Rules or by Keybridge's constitution, required to be exercised by Keybridge in general meeting.

Annexure A: CRPN Terms continued

- (b) Notices may be given by Keybridge to a Holder in the manner prescribed by these Terms.
- (c) A reference to a clause is a reference to a clause of these Terms.
- (d) If a calculation is required under these Terms, the calculation will be rounded to four decimal places.
- (e) If a payment is required to be made under these Terms, the payment will be made in Australian dollars only.
- (f) Calculations, elections and determinations made by Keybridge under these Terms are binding on Holders in the absence of manifest error.
- (g) Headings and the contents page are for convenience only and do not affect the interpretation of these Terms.
- (h) The singular includes the plural and vice versa, and a gender includes other genders.
- (i) A reference to the word 'include' or 'including' is to be interpreted without limitation.
- (j) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (k) If an event under these Terms must occur on a stipulated day which is not a Business Day, then the event will be done on the next Business Day.
- (l) A reference to \$, dollars or cents is a reference to the lawful currency of Australia.
- (m) A reference to time in these Terms is a reference to Sydney, New South Wales, Australia time.
- (n) A reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity.
- (o) A reference to a person includes a reference to the person's executors, administrators, successors and permitted assigns and substitutes.
- (p) A reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time.
- (q) If any provision of these Terms is prohibited or unenforceable in its terms but would not be prohibited or

unenforceable if it were read down, and is capable of being read down, that provision must be read down accordingly. If, despite this clause, a provision is still prohibited or unenforceable, if the provision would not be prohibited or unenforceable if a word or words were omitted, the relevant words must be severed and, in any other case, the whole provision must be severed. However, the remaining provisions of the Terms are of full force and effect.