

19 January 2017

**BY ELECTRONIC LODGEMENT**

Company Announcements  
ASX Limited  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

**Off Market Takeover Bid for all the units in the HHY Fund**

In accordance with sections 630(5)(b) and 647(3)(b) of the Corporations Act 2001 (Cth), Aurora Funds Management Limited (ACN 092 626 885), in its capacity as responsible entity of the Aurora Global Income Trust (ARSN 127 692 406) (**Bidder**), attaches a copy of its first supplementary bidder's statement with the enclosed notice of variation (**First Supplementary Bidder's Statement**).

HHY Fund unitholders are encouraged to read the First Supplementary Bidder's Statement in its entirety as it:

- provides clarification as to the operation of the defeating condition set out in section 12.7(j) of the Original Bidder's Statement ("**NAV Condition**");
- advises HHY Unitholders of the Bidder's intentions in relation to freeing the bid from the NAV Condition; and
- advises HHY Unitholders of the Bidder's notice of variation which:
  - extends the Offer Period to Monday, 27 February 2017; and
  - sets Monday, 20 February 2017 as the new date for which the Bidder is required to give notice of the status of the Conditions.

A copy of the First Supplementary Bidder's Statement is dated 19 January 2017 and was lodged with ASIC on that date.

Yours sincerely,



John Patton  
Managing Director  
Aurora Funds Management Limited as  
Responsible entity for  
Aurora Global Income Trust

# First Supplementary Bidder's Statement

## 1. Introduction

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This document is a supplementary bidder's statement under section 643 of the *Corporations Act 2001* (Cth). It is the first supplementary bidder's statement ("**First Supplementary Bidder's Statement**") issued by Aurora Funds Management Limited (ACN 092 626 885) in its capacity as responsible entity of the Aurora Global Income Trust (ARSN 127 692 406) ("**Bidder**") in relation to its off-market takeover bid to acquire all Units in the HHY Fund (ARSN 112 579 129). This First Supplementary Bidder's Statement supplements, and should be read together with, the Bidder's Statement dated and lodged with ASIC on 18 November 2016 ("**Original Bidder's Statement**").

Unless the context otherwise requires, all terms defined throughout the Original Bidder's Statement have the same meaning as in this First Supplementary Bidder's Statement. A copy of this First Supplementary Bidder's Statement has been lodged with ASIC on 19 January 2017. Neither ASIC nor any of its officers takes any responsibility for the contents of this First Supplementary Bidder's Statement. All important notices and information set out in the Bidder's Statement are also applicable to this First Supplementary Bidder's Statement.

## 2. What is the purpose of this document?

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The purpose of this document is to:

- provide clarification as to the operation of the defeating condition set out in section 12.7(j) of the Original Bidder's Statement ("**NAV Condition**");
- advise HHY Unitholders of the Bidder's intentions in relation to freeing the bid from the NAV Condition on the Status Date; and
- advise HHY Unitholders of the Bidder's notice extending the Offer Period and the date of which the Bidder is required to give notice of the status of the Conditions.

If you have already accepted the Offer for all of your HHY Units you do not need to take any further action as you are automatically eligible to receive the consideration set out in section 12.5 of the Original Bidder's Statement subject to the terms and conditions set out in section 12 of the Original Bidder's Statement.

**If you have not accepted the Offer for all of your HHY units, you are encouraged to accept the Offer without delay.** To accept the Offer, please follow the instructions set out in Section 6 of this First Supplementary Bidder's Statement.

This is an important document and requires your immediate attention. If you are in doubt about how to deal with this document, or have any questions about the Offer, or how to accept the Offer, you should contact your broker, financial adviser, legal adviser or other professional adviser immediately.

If you have any questions about the First Supplementary Bidder's Statement, please call the AIB Offer Information Line on 1300 556 635 (callers within Australia) or +61 3 9909 9909 (callers outside of Australia).

### 3. Defeating condition that Net Asset Value of HHY does not fall

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Section 12.7(j) of the Original Bidder's Statement ("**NAV Condition**") sets out a defeating condition which states as follows:

*"(j) Net Asset Value does not fall*

*The NAV of the HHY Fund does not fall below \$0.124 per HHY Unit between the Announcement Date and end of the Offer Period".*

If the net asset value ("**NAV**") of HHY, at any time from the Announcement Date to the time that the Bidder is required to give notice as to the status of the conditions (being 20 February 2017<sup>1</sup>) ("**Status Date**") has been less than \$0.124 per HHY Unit, this will trigger the NAV Condition. If the Bidder has not declared the Offer to be free of the NAV Condition at that time, any contracts resulting from acceptances of the Offer by HHY Unitholders will automatically terminate.

On 14 December 2016, HHY announced to the ASX that the net tangible asset backing of HHY as at 30 November 2016 was \$0.1214 per HHY Unit. On 10 January 2017, HHY announced to the ASX that the net tangible asset backing of HHY as at 30 December 2016 was \$0.1226 per HHY Unit.<sup>2</sup> Accordingly, the NAV Condition has been triggered by each of these announcements ("**Triggering Events**"). As a result of the Triggering Events, the NAV Condition has not been fulfilled and will result in the Offer (and all acceptances of the Offer) not proceeding unless the Bidder declares the Offer free of the NAV Condition.

In section 12.5 of the Original Bidder's Statement, the following statement (the "**Section 12.5 Statement**") is made:

*Aurora (in its capacity as responsible entity of HHY) has acquired HHY Units through a buy-back scheme and the highest price paid for those Units in the four months prior to the date of this Offer has been \$0.125 per unit. Accordingly, as required by section 621(3) of the Corporations Act, the above calculation is subject to a minimum such that the NAV of HHY per HHY Unit, that is  $\frac{NAV_1}{A}$ , must be no less than \$0.125.*

The Bidder intended that the Section 12.5 Statement would explain the reason for the inclusion of the NAV Condition, which was to ensure compliance with section 621(3) of the Corporations Act. The Bidder does however recognise that some confusion may exist as to the operation of the NAV Condition and the circumstances under which the Bidder will rely upon the NAV Condition to not proceed with the Offer and as to whether the effect of the NAV Condition and the Section 12.5 Statement is to provide an effective minimum value of \$0.125 per HHY Unit to accepting Unitholders. In light of the confusion that may have been caused, and bearing in mind the occurrence of the Triggering Events, the Bidder now clarifies its intentions in relation to the circumstances in which it will declare the Offers free of the NAV Condition.

HHY Unitholders will appreciate that the Bidder is required by the Corporations Act to comply with the AIB constitution and to act in the best interests of its Unitholders and fairly as between its Unitholders. One aspect of this relates to the price at which the Bidder may issue AIB Units. This is discussed in section 4 below.

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<sup>1</sup> Section 12.8(v) of the Original Bidder's Statement disclosed that 20 January 2017 was the date for giving the notice as to the status of the Conditions. However, as explained in section 5 of this Supplementary Bidder's Statement, and as a result of the notice at Attachment One to this Supplementary Bidder's Statement (in accordance with section 630(2) of the Corporations Act), the Status Date has been set as 20 February 2017 (or a later date if the Offer is further extended).

<sup>2</sup> For the avoidance of doubt, the terms "net tangible asset backing" and "net asset value" are used interchangeably in the context of HHY.

The Bidder's intention in relation to declaring the Offers (and any contracts arising from acceptance of Offers) free of the NAV Condition are formulated in this First Supplementary Bidder's Statement so that the Offers will proceed if the issue price for the AIB Units issued as a consequence of acceptances of the Offers would:

1. comply with the AIB's constitutional provisions; and
2. provide accepting HHY Unitholders with value of \$0.125 per HHY Unit.

The Bidder informs HHY Unitholders that other than in the circumstances described in section 4 below, it does not intend to rely upon the Triggering Events as a basis for terminating the Offer (nor the contracts arising as a result of HHY Unitholders accepting the Offers).

#### **4. Declaring the Offers free from the NAV Condition**

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When AIB Units are being utilised as scrip consideration for an off-market takeover offer, the constitution of AIB requires that, subject to the discretion discussed below, the issue price of those AIB Units be equal to the NAV of AIB (per AIB Unit) at the time of issue. The constitution of AIB provides that the Bidder has discretion to issue those consideration AIB Units for a different price so long as:

- that price is within 1% or 10 cents of the NAV of AIB per AIB Unit; and
- the Bidder complies with the conditions of the *ASIC Corporations (Managed investment product consideration) Instrument 2015/847* allowing the inclusion of this facility in the AIB constitution, which includes the requirements that the Bidder:
  - must act reasonably in exercising its discretion under this facility;
  - has a documented policy dealing with how it proposes to exercise that discretion; and
  - provides an explanation of why it was reasonable to exercise the discretion in the way it was exercised.

The Bidder informs HHY Unitholders that it proposes to assess all of the circumstances and available information prevailing immediately before the giving of the notice in relation to the status of the conditions on the Status Date as required by section 630 of the Corporations Act. Only once the Bidder has undertaken this assessment will it determine whether it intends to declare the Offer (and contracts arising from acceptances of the Offer) to be free from the NAV Condition.

In formulating its decision as it relates to the NAV condition, the Bidder highlights that there are likely to be two possible scenarios that will exist as at the Status Date:

1. that the HHY NAV per HHY Unit is \$0.125 or more – in which case the AIB Units issued will have a NAV equivalent to the HHY NAV prevailing then; or
2. that the HHY NAV per HHY Unit is less than \$0.125 – in which case the AIB Units issued will be issued on the basis that the HHY Units have a value of \$0.125.

In the case of the later (i.e. where the HHY NAV is less than \$0.125), the Bidder will only declare the Offer to be free of the NAV Condition where the following criteria is met:

- a. the issue price of the consideration AIB Units using that NAV of HHY Units (on a NAV for NAV basis) is within 1% or \$0.10 of the issue price of AIB Units as if it were determined using \$0.125 as the NAV of those HHY Units; and

- b. there are benefits to the Bidder making that issue of the consideration AIB Units which outweigh the detriments which would be suffered by the Bidder and the AIB Unitholders if the issue were to be made at that different price.

In relation to the Bidder forming a determination concerning the balance of benefits and detriments, this will require a consideration of a variety of factors and their effects in light of the circumstances prevailing immediately prior to the Status Date. Accordingly, it is neither possible, nor prudent of the Bidder, to provide any meaningful guidance as to how the consideration of those factors would proceed at the Status Date at this time. However, the likely factors that the Bidder will take into account include (but are not limited to):

1. the difference between the \$0.125 and the NAV of HHY Units – even if this would result in an issue price of AIB Units permissible under AIB’s constitution, this will likely be detrimental to the Bidder and the existing AIB Unitholders and so the benefits to the Bidder and the existing AIB Unitholders will need to be correspondingly greater in order for the Bidder to exercise the discretion to issue AIB Units at an issue price based upon a differing NAV;
2. the number of HHY Units the subject of acceptances of the Offer at that time – on the one hand this will increase the detriment to the Bidder and its Unitholders, however on the other hand it may increase the benefits to the Bidder and its Unitholders of proceeding with the Offer (for example, if the level of acceptances would mean that the Bidder could proceed to compulsory acquisition and obtain ownership of 100% of the HHY Units, the Bidder would obtain access to the tax benefits of HHY which would have a real benefit for its Unitholders); and
3. the extent of the benefits that would be enjoyed by the Bidder and its Unitholders from the increase in the size of the AIB, such as the benefits which would likely arise in a larger, more diversified and complementary portfolio as discussed in section 2.3 of the Original Bidder’s Statement.

Further, if the NAV of HHY is less than \$0.125 per HHY Unit when the AIB Units are issued, this would have a corresponding dilutive effect on the value of AIB Units. The dilution will be greater as the difference between the NAV of HHY Units and \$0.125 increases. Based on the current issued Units of the Bidder and HHY, and AIB’s current NAV of \$0.77 per AIB Unit, the following table summarises the extent of that dilution, in terms of the reduction of the NAV of AIB Units for different NAVs of HHY Units, on the assumption that acceptances of the Offers are received in respect of *all* HHY Units on issue:

| <b>NAV of HHY Units (cents)</b> | <b>Resulting NAV of AIB Units (cents)</b> |
|---------------------------------|---|
| 12.5                            | 77.00                                     |
| 12.4                            | 76.60                                     |
| 12.2                            | 75.79                                     |
| 12.0                            | 74.98                                     |

Accordingly, the more that the prevailing NAV of HHY Units is below \$0.125, the greater will the benefits to the Bidder and its Unitholders need to be in order for the Bidder to form the view that it is in the interests of all AIB Unitholders for the Offers to proceed.

The approach set out in this section 4 in relation to the Bidder determining the Offer free from the NAV Condition ensures, firstly, that the Bidder is in a position to arrive at an informed decision which does not detriment any particular group of AIB Unitholders, including the existing AIB Unitholders and the HHY Unitholders who become AIB Unitholders as a result of accepting the Offer and, secondly, that the Bidder remains compliant with the duties imposed upon it as the responsible entity of AIB as required by *ASIC Corporations (Managed*

investment product consideration) Instrument 2015/847 and Part 5C.2 Division 1 of the Corporations Act, including the requirements of sections 601FC(1)(c) and 601FC(1)(m).

## 5. Extension of Offer Period

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The Bidder notes the Offer is scheduled to close on 30 January 2017 and recognises HHY Unitholders may require a further opportunity to consider the above clarifications in relation to Section 12.5 Statement and NAV Condition and to obtain any further independent advice they may require. Additionally, the Target may also opt to dispatch a supplementary Target's Statement to provide HHY Unitholders with further clarification deemed to be necessary.

Accordingly, the Bidder has decided to provide HHY and HHY Unitholders with additional time by extending the Offer Period until 7:00pm (Melbourne time) on Monday, 27 February 2017 (unless the Offer is otherwise extended or withdrawn) ("**Extension of the Offer Period**"). Attachment One to this First Supplementary Bidder's Statement is a notice declaring:

- the Extension of the Offer Period in accordance with sections 650C and 650D of the Corporations Act and section 12.2 of the Original Bidder's Statement; and
- the new date the Bidder is required to give a notice of the status of the Conditions is Monday, 20 February 2017 as a result of the Extension of the Offer Period and in accordance with section 630(2)(b) of the Corporations Act and section 12.8(v) of the Original Bidder's Statement (unless the Offer is otherwise extended).

## 6. How to accept the Offer

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Acceptances for the Offer must be received before the close of the Offer Period. There are different ways to accept the Offer depending on how you hold Your HHY Units.

### For CHESSE Holdings

You may accept the Offer by:

- instructing Controlling Participant (usually your broker) to initiate acceptance of the Offer on your behalf in sufficient time for the Offer to be accepted before the end of the Offer Period; or
- completing and signing the Acceptance Form provided to you with the Bidder's Statement in accordance with the instructions on that form and within the Bidder's Statement to direct the Bidder to instruct the Controlling Participant (on your behalf) to accept the Offer.

### For Issuer Sponsored Holdings

Complete and sign the Acceptance Form provided to you with the Bidder's Statement in accordance with the instructions on that form and with the Bidder's Statement.

### Where to send your Acceptance Form

|   |                 |   |
|---|-----------------|---|
| By hand:  | By facsimile:   | By mail:  |
| Level 6, 2 Russell Street<br>Melbourne VIC 3000 | +61 3 9111 5652 | Aurora Funds Management Limited<br>C/- Registry Direct<br>PO Box 18366<br>Collins Street<br>East Vic 8003 |

## 7. Timetable and process

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The Offer by Bidder is scheduled to close at 7:00pm (Melbourne Time) on Monday, 27 February 2017 (unless extended or withdrawn).

HHY Unitholders who have any questions about the First Supplementary Bidder's Statement, should call the AIB Offer Information Line on 1300 556 635 (callers within Australia) or +61 3 9909 9909 (callers outside of Australia).

## **8. Approval of First Supplementary Bidder's Statement**

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A copy of this First Supplementary Bidder's Statement that is to be lodged with ASIC has been approved by a resolution passed by the directors of Aurora Funds Management Limited on 19 January 2017.

Signed by John Patton for and on behalf of Aurora Funds Management Limited in accordance with section 351 of the Corporations Act.

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

John Patton  
Managing Director  
19 January 2017



**ATTACHMENT ONE**

19 January 2017

Dear HHY Unitholder,

**Off Market Takeover Bid for all units in the HHY Fund  
Notice of extension of Offer Period**

As you are aware, Aurora Funds Management Limited (ACN 092 626 885), as responsible entity of the Aurora Global Income Trust (ARSN 127 692 406) ("**Bidder**") made an offer for all of the ordinary Units in the HHY Fund (ARSN 112 579 129) ("**Target**") as set out in the Bidder's Statement dated 18 November 2016 and First Supplementary Bidder's Stated dated 19 January 2017 ("**Bidder's Statement**").

Words defined in the Bidder's Statement have the same meaning in this document unless the context requires otherwise.

In accordance with sections 650C, 650D and 630(2) of the *Corporations Act 2001* (Cth) ("**Corporations Act**"), the Bidder hereby encloses a notice stating:

1. Bidder has today extended the Offer Period to 7:00pm (Melbourne Time) Monday, 27 February 2017 ("**Extension of the Offer Period**"); and
2. confirming the new date for giving of the notice of the status of the Conditions is Monday, 20 February 2017 as a result of the Extension of the Offer Period.

Yours sincerely



John Patton  
Managing Director  
Aurora Funds Management Limited as  
Responsible entity for  
Aurora Global Income Trust  
19 January 2017



**NOTICE OF VARIATION – EXTENSION OF OFFER PERIOD  
SECTIONS 650C, 650D & 630(2)(b) OF THE CORPORATIONS ACT 2001 (CTH)**

- To:
1. HHY Fund (ARSN 112 579 129).
  2. Australian Securities and Investments Commission.
  3. Australian Securities Exchange.
  4. Each person to whom Offers were made under the takeover offer referred to in this notice.

Aurora Funds Management Limited (ACN 092 626 885), as responsible entity of the Aurora Global Income Trust (ARSN 127 692 406) (“**Bidder**”) hereby gives notice that the offers under its off-market takeover bid for all of the ordinary Units in the HHY Fund (“**Offers**”), pursuant to its Bidder’s Statement dated 18 November 2016 and First Supplementary Bidder’s Statement dated 19 January 2017 (“**Bidder’s Statement**”) is varied by extending the period during which the Offer will remain open so that the Offer will now close at 7:00pm (Melbourne time) on Monday, 27 February 2017 (unless otherwise extended or withdrawn in accordance with the requirements of the Corporations Act) (“**Extension of the Offer Period**”).

As a result of the Extension of the Offer Period, Bidder gives notice under section 630(2)(b) of the Corporations Act that:

- (a) the new date that the Bidder is required to give notice as to the status of the Conditions, as required by section 630(1) of the Corporations Act, is Monday, 20 February 2017 (subject to any further extension of the Offer Period in accordance with section 630(2) of the Corporations Act); and
- (b) the Offers presently remain subject to all of the Conditions set out in the Bidder’s Statement.

This notice is dated, and a copy of this notice was lodged with ASIC and the ASX on, 19 January 2017. Neither ASIC nor any of its officers takes any responsibility for the contents of this notice.

This notice has been approved by a resolution passed by the directors of Aurora Funds Management Limited as responsible entity of the Aurora Global Income Trust on 19 January 2017.

Signed by John Patton and Betty Poon for and on behalf of Aurora Funds Management Limited, in its capacity as responsible entity of the Aurora Global Income Trust, in accordance with sections 351 and 650D(3) of the Corporations Act.



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John Patton  
Managing Director  
19 January 2017



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Betty Poon  
Director  
19 January 2017