

HHY Fund

ARSN 112 579 129

Interim Financial Report

For the half-year ended 31 December 2020

Contents

| | Page |
|---|------|
| Directors' report | 2 |
| Auditor's independence declaration | 6 |
| Condensed Consolidated statement of profit or loss and other comprehensive income | 7 |
| Condensed Consolidated statement of financial position | 8 |
| Condensed Consolidated statement of changes in equity | 9 |
| Condensed Consolidated statement of cash flows | 10 |
| Notes to the financial statements | 11 |
| Directors' declaration | 21 |
| Independent auditor's report | 22 |

Director's Report

The Directors of Aurora Funds Management Limited (AFML) (ABN 69 092 626 885), (the "Responsible Entity") of HHY Fund ("the Trust"), present their half year report together with the condensed consolidated financial statements of HHY Fund, consisting of the Trust and the entity it controlled at the end of, or during, the 6 months ending 31 December 2020, and auditor's report thereon.

Principal activities

The principal activities of the Trust during the financial half-year were investing the Trust monies in accordance with its investment objectives and guidelines as set out in the investment strategy and in accordance with the provisions of the Trust Constitution.

On 1 October 2020, a loan of \$780,000 was provided by HHY Fund to RNY Australia Operating Company LLC (RAOC) which matures on 1 October 2023. The annual interest rate of 15% is calculated on the principal drawn down only. At the date of this agreement, there is no Guarantor.

The Trust did not have any employees during the half-year.

The Trust is currently listed on the Australian Securities Exchange (ASX: HHY). The securities of the Trust have been suspended from quotation since 27 February 2020. AFML has been working with the ASX to have the suspension lifted.

There were no significant changes in the nature of the Trust's activities during the half-year.

Directors

The following persons held office as directors of Aurora Funds Management Limited during the half-year and up to the date of this report, unless otherwise stated:

John Patton
Victor Siciliano
Anthony Hartnell AM

Units on issue

| | 31 December 2020 | 30 June 2020 |
|----------------|---------------------|-----------------|
| Units on issue | 81,008,608 | 81,008,608 |

Review and results of operations

During the half-year, the Trust continued to invest in accordance with the target asset allocations as set out in the documents of the Trust and in accordance with the provisions of the Trust Constitution.

Financial results for the half-year

The performance of the Trust, as represented by the results of its operations, was as follows:

| | Half-year ended | |
|--|---------------------|---------------------|
| | 31 December 2020 | 31 December 2019 |
| | \$ | \$ |
| Operating profit/(loss) before finance costs attributable to unitholders | 733,944 | 279,112 |
| Distributions paid and payable | - | - |
| Distribution (cents per unit) 30 September | - | - |
| Distribution (cents per unit) 31 December | - | - |

Director's Report

Financial position

Net Tangible Assets (NTA) per unit as disclosed to the ASX are shown as follows:

| | 31 December 2020 \$ | 30 June 2020 \$ |
|---------------------|---------------------------|-----------------------|
| At reporting period | 0.0581 | 0.0490 |
| High during period | 0.0581 | 0.0578 |
| Low during period | 0.0480 | 0.0315 |

Information on Underlying Performance

The performance of the Trust is subject to the performance of the Trust's underlying investment portfolio. There has been no change to the investment strategy of the Trust during the year, and the Trust continues to invest in accordance with target asset allocations as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Constitution.

Strategy and Future Outlook

The Trust continues to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Constitution.

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Trust and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Trust.

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Trust that occurred during the half-year.

Matters subsequent to the end of the financial year

On 5 February 2021, Mr Patton was appointed to the Board of Yowie Group Limited as a Non-Executive Director.

On 19 February 2021, HHY Fund acquired 13,636,363 units in RNY Property Trust for a total consideration of \$150,000.

Other than the changes mentioned above, no other matters or circumstances have arisen since 31 December 2020 that have significantly affected, or may significantly affect:

- (i) the operations of the Trust in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Trust in future financial years.

Indemnity and insurance of Aurora Funds Management Limited

No insurance premiums have been paid for out of the assets of the Trust in relation to insurance cover provided to either the officers of Aurora Funds Management Limited or the auditors of the Trust. So long as the officers of Aurora Funds Management Limited act in accordance with the Trust Constitution and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

Director's Report

Indemnity of auditors

The auditors of the Trust are in no way indemnified out of the assets of the Trust.

Cost recovery and interests held in the Trust by the Responsible Entity or its associates

Costs recovered by the Responsible Entity and its associates out of Trust property during the half-year are disclosed in the Statement of Profit or Loss and Other Comprehensive Income.

No fees were paid out of Trust property to the Directors of the Responsible Entity during the half-year.

The number of interests in the Trust held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 8 to the financial statements.

Interests in the Trust

The movement in units on issue in the Trust during the year is disclosed in Note 5 of the financial statements.

The values of the Trust's assets and liabilities are disclosed in the Statement of Financial Position and derived using the basis set out in Note 2 of the financial statements.

Environmental regulation

The operations of the Trust are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Trust or intervene in any proceedings to which the Trust is a party for the purpose of taking responsibility on behalf of the Trust for all or any part of those proceedings. The Trust was not a party to any such proceedings during the half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



John Patton
Managing Director
31 March 2021
Melbourne

Auditor's Independence Declaration

To the Directors of Aurora Funds Management Limited as the responsible entity of HHY Fund

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of HHY Fund for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 31 March 2021

Financial Statement

Condensed Consolidated statement of Profit or Loss and Other Comprehensive Income For the half-year ended 31 December 2020

| | Note | Consolidated Half-year ended | |
|---|------|---------------------------------|---------------------------|
| | | 31 December 2020 \$ | 31 December 2019 \$ |
| Investment income | | | |
| Interest income | | 50,525 | 3,849 |
| Dividend and distribution income | | 70 | 264 |
| Net foreign currency gains/(losses) | 10 | 19,048 | 67 |
| Net gains/(losses) on financial instruments held at fair value through profit or loss | 10 | 773,822 | 397,944 |
| Total net investment income/(loss) | | 843,465 | 402,124 |
| Expenses | | | |
| Recoverable costs of Responsible Entity | 8 | 62,559 | 62,559 |
| Audit and tax fees | | 13,815 | 15,900 |
| Other operating expenses | 9 | 33,147 | 44,553 |
| Total operating expenses | | 109,521 | 123,012 |
| Operating profit/(loss) for the half-year | | 733,944 | 279,112 |
| Finance costs attributable to unitholders | | | |
| Distributions to unitholders | | - | - |
| Decrease/(increase) in net assets attributable to unitholders | 5 | (733,944) | (279,112) |
| Profit/(loss) for the half-year | | - | - |
| Other comprehensive income for the half-year | | - | - |
| Total comprehensive income for the half-year | | - | - |
| Earnings/(loss) per unit (basic/ diluted) | | 0.009 | 0.003 |

Financial Statement

Condensed Consolidated Statement of Financial Position As at 31 December 2020

| | | Consolidated | |
|---|------|---------------------------|-----------------------|
| | | As at | |
| | Note | 31 December 2020 \$ | 30 June 2020 \$ |
| Assets | | | |
| Cash and cash equivalents | | 174,546 | 371 |
| Receivables | 6 | 1,208,543 | 1,435,617 |
| Financial assets held at fair value through profit or loss | 7 | 3,358,114 | 2,602,076 |
| Total assets | | 4,741,203 | 4,038,064 |
| Liabilities | | | |
| Other payables | | 36,120 | 66,926 |
| Total liabilities (excluding net assets attributable to unitholders) | | 36,120 | 66,926 |
| Net assets attributable to unitholders – liability | | 4,705,083 | 3,971,138 |
| Liabilities attributable to unitholders | | (4,705,083) | (3,971,138) |
| Net assets | | - | - |

Financial Statement

Condensed Consolidated Statement of Changes in Equity For the half-year ended 31 December 2020

| | Note | Consolidated Half-year ended | |
|--|------|---------------------------------|---------------------------|
| | | 31 December 2020 \$ | 31 December 2019 \$ |
| Balance at the beginning of the financial year | | - | - |
| Profit/(loss) for the year | | - | - |
| Other comprehensive income | | - | - |
| Total comprehensive income | | - | - |
| Transactions with unitholders in their capacity as unitholders | | - | - |
| Total operating expenses | | - | - |
| Total equity at the end of the period | | - | - |

Under Australian Accounting Standards, net assets attributable to unitholders are classified as liability rather than equity. As a result, there was no equity at the start or end of the financial half-year.

Financial Statement

Condensed Consolidated Statement of Cash Flows For the half-year ended 31 December 2020

| | Note | Consolidated Half-year ended | |
|--|------|---------------------------------|---------------------------|
| | | 31 December 2020 \$ | 31 December 2019 \$ |
| Cash flows from operating activities | | | |
| Net proceeds/(payments) from purchase or sale of financial instruments held at fair value through profit or loss | | 36,833 | 558,481 |
| Dividends and distributions received | | 70 | 264 |
| Interest received | | - | 27 |
| GST recovered | | 4,533 | 127 |
| Recoverable costs of Responsible Entity | | (62,559) | (62,559) |
| Other operating expenses paid | | (77,768) | (60,454) |
| Net cash inflow/(outflow) from operating activities | | (98,891) | 435,886 |
| Cash flows from investing activities | | | |
| Proceeds from return of Capital - Yowie Group Limited | | 1,053,066 | - |
| Loans Advanced to RNY Australia Operating Company | | (780,000) | (350,000) |
| Proceeds from unlisted loan security repayment | | - | - |
| Net cash inflow/(outflow) from investing activities | | 273,066 | (350,000) |
| Cash flows from financing activities | | | |
| Payments for share buy backs | | - | (4,727) |
| Net cash inflow/(outflow) from financing activities | | - | (4,727) |
| Net increase/(decrease) in cash and cash equivalents | | 174,175 | 81,159 |
| Cash and cash equivalents at the beginning of the period | | 371 | 37,860 |
| Cash and cash equivalents at the end of the period | | 174,546 | 119,019 |

Notes to Financial Statements

Contents

| | |
|----|---|
| 1 | General information |
| 2 | Summary of significant accounting policies |
| 3 | Use of estimates and judgements |
| 4 | Fair value measurement |
| 5 | Net assets attributable to unitholders |
| 6 | Receivables |
| 7 | Financial assets held at fair value through profit or loss |
| 8 | Related party transactions |
| 9 | Other operating expenses |
| 10 | Net (losses)/gains on financial instruments held at fair value through profit or loss |
| 11 | Parent entity financial information |
| 12 | Contingent assets and liabilities |
| 13 | Events after the reporting period |

Notes to Financial Statements

Note 1. General information

These condensed consolidated interim financial statements cover HHY Fund (the "Trust") as an individual entity together with its subsidiaries (the Group). The Trust commenced operations on 19 January 2005, and is domiciled in Australia.

The Responsible Entity of the Trust is Aurora Funds Management Limited (the "Responsible Entity"). The Responsible Entity's registered office is Suite 613, Level 6, 370 St Kilda Road, Melbourne VIC 3004. The financial statements are presented in Australian currency.

The Investment Manager of the Trust is Aurora Funds Management Limited.

On 31 July 2007, HHY International Holdings 1 Pty Ltd was incorporated in Australia as a company limited by shares. It has been 100% owned since the date of incorporation by the Trust.

It is recommended that these condensed interim financial statements are considered together with current ASX announcements and in accordance with the provisions of the governing documents of the Trust, and any public announcements made by the Trust during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

The principal activities of the Trust during the half-year were investing the Trust monies in accordance with its investment objectives and guidelines as set out in the investment strategy and in accordance with the provisions of the Trust Constitution.

The condensed interim financial statements were authorised for issue by the directors of the Responsible Entity as at the date the directors' report. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

Note 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of this condensed interim financial report are set out below.

These policies have been consistently applied to all periods presented, unless otherwise stated.

(a) New and amended standards

The Trust has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(b) Basis of preparation

The accounting policies applied by the Trust in this condensed interim financial report are the same as those applied by the Trust in its Financial Report as at, and for, the year ended 30 June 2020.

Receivables

The Trust recognizes an allowance for Expected Credit Losses (ECLs) for all receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Trust expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Loan receivables are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less expected credit losses (ECLs) if any. AASB 9's impairment requirements use more forward looking information to recognize ECLs – the 'expected credit losses model'. Instruments within the scope of the new requirements loans and other debt-type financial assets measured at amortised cost, and trade receivables.

Notes to Financial Statements

Note 2. Summary of significant accounting policies (continued)

(b) Basis of preparation (continued)

The Trust considers a broader range of information when assessing credit risk and measuring expected credit losses, events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected the financial instrument.

Other receivables may include amounts for dividends, interest, trust distributions and securities sold where settlement has not yet occurred. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment. Amounts are generally due for settlement within 30 days of being recorded as receivables. For other receivables, the Trust applies a simplified approach in calculating ECLs. Therefore, the Trust does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

Statement of compliance

The condensed consolidated interim financial statements are a general purpose financial report prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

The interim financial report does not include all the information required for a full annual financial report and should be read in conjunction with the annual financial report as at, and for, the year ended 30 June 2020.

The condensed consolidated interim financial statements comply with IAS 34 Interim Financial Reporting.

The condensed consolidated interim financial statements were authorised for issue by the directors as at the date of the directors' report. The Directors of the Responsible Entity have the power to amend and reissue the condensed interim financial statements.

(c) Basis of consolidation

The condensed consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Trust as at 31 December 2020 and the results of all subsidiaries for the half-year then ended. The Trust and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

All transactions (including gains and losses) and balances between entities in the consolidated group are eliminated.

Unrealised losses are also eliminated, unless the transaction provides evidence of the impairment of the assets transferred.

The condensed consolidated financial statements of subsidiaries are prepared for the same reporting period as the Trust, accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

(d) Parent entity financial information

The financial information for the Trust, as disclosed in Note 11, has been prepared on the same basis as the consolidated financial statements.

Notes to Financial Statements

Note 3. Use of estimates and judgements

In preparing these interim financial statements, management may make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

RNY Australia Operating Company LLC

HHY has loans outstanding to RNY Australia Operating Company LLC ("US LLC"). The Directors have judged the loans to RAOC to be fully recoverable.

Aurora Funds Management being the investment manager of the RNY Property Trust engaged expert third party valuers (CBRE) to update valuations for the property portfolio in response to the outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020.

The expert third party valuations included the following Market Uncertainty relating to the Novel Coronavirus:

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore being reported as being subject to material valuation uncertainty.

Consequently, less certainty - and a higher degree of caution - should be attached to our valuation than would normally be case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review. For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above. Does not mean that the valuation cannot be relied upon. Rather the declaration has been included to ensure transparency of the fact that - in the current extraordinary circumstances - less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

Note 4. Fair value measurement

The Trust measures and recognises the following assets and liabilities at fair value on a recurring basis through profit or loss (FVTPL).

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

Fair value hierarchy

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Trust values its investments in accordance with the accounting policies within this note to the financial statements. For the majority of its investments, the Trust relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Trust is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Trust holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Notes to Financial Statements

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3) (continued)

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Trust holds.

Recognised fair value measurements

The following tables detail the Trust's assets and liabilities, measured or disclosed at fair value as at the half-year ended 31 December 2020 and the year ended 30 June 2020, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

| | Level 1 | Level 2 | Level 3 | Total |
|--|-----------|---------|---------|-----------|
| | \$ | \$ | \$ | \$ |
| 31 December 2020 | | | | |
| Financial assets | | | | |
| Financial assets designated at fair value through profit or loss: | | | | |
| Listed equity securities | 3,358,114 | - | - | 3,358,114 |
| Unlisted convertible securities | - | - | - | - |
| Total financial assets | 3,358,114 | - | - | 3,358,114 |
| Financial liabilities | | | | |
| Financial liabilities designated at fair value through profit or loss: | | | | |
| Listed equity securities sold short | - | - | - | - |
| Total financial liabilities | - | - | - | - |
| 30 June 2020 | | | | |
| Financial assets | | | | |
| Financial assets designated at fair value through profit or loss: | | | | |
| Listed equity securities | 2,602,076 | - | - | 2,602,076 |
| Unlisted convertible securities | - | - | - | - |
| Total financial assets | 2,602,076 | - | - | 2,602,076 |
| Financial liabilities | | | | |
| Financial liabilities designated at fair value through profit or loss: | | | | |
| Listed equity securities sold short | - | - | - | - |
| Total financial liabilities | - | - | - | - |

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities and certain listed unit trusts.

Notes to Financial Statements

Note 5. Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the half-year and previous financial year were as follows:

| | 31 December 2020 No. | 30 June 2020 No. | 31 December 2020 \$ | 30 June 2020 \$ |
|---|-------------------------------------|---------------------------------|------------------------------------|--------------------------------|
| Opening balance | 81,008,608 | 81,153,538 | 3,971,138 | 4,260,241 |
| Buy backs | - | (144,930) | - | (5,985) |
| Increase/(decrease) in net assets attributable to unitholders | - | - | 733,944 | (283,118) |
| Closing balance | 81,008,608 | 81,008,608 | 4,705,082 | 3,971,138 |

As stipulated within the Trust Constitution, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust.

Note 6. Receivables

| | As at | |
|---|------------------------------------|--------------------------------|
| | 31 December 2020 \$ | 30 June 2020 \$ |
| Loan to RNY Australia Operating Company LLC - Principal | 1,130,000 | 350,000 |
| Loan to RNY Australia Operating Company LLC - Interest | 75,207 | 24,683 |
| Return of Capital from Yowie Group Limited | - | 1,053,066 |
| Other Receivables | 3,336 | 7,868 |
| Total Receivables | 1,208,543 | 1,435,617 |

On the 28 November 2019, a loan of \$350,000 was provided by HHY Fund to RNY Australia Operating Company LLC (RAOC) (which matures on 28 November 2022. The annual interest rate of 12% is calculated on the principal drawn down only. At the date of this agreement, there is no Guarantor.

On 1 October 2020, a loan of \$780,000 was provided by HHY Fund to RNY Australia Operating Company LLC (RAOC) which matures on 1 October 2023. The annual interest rate of 15% is calculated on the principal drawn down only. At the date of this agreement, there is no Guarantor.

RAOC's primary asset is its investment in 5 US commercial properties. As at 30 June 2020 an independent valuation had valued the properties at US\$83.4 million. This valuation was conducted during the COVID pandemic. The senior debt drawn at the time of the Loan Modification (being 6 October 2020) was US\$64.6 million. As such, the net equity is US\$18.8

The spread of COVID-19 has caused significant volatility in Australian and international markets. There is considerable uncertainty regarding the breadth and duration of the business disruptions related to COVID-19. The Trust continues to monitor the performance of its investments closely, and in-particular the investment in units issued by RNY Property Trust ("RNY"), and loans receivable from the RNY Australia Operating Company LLC ("RAOC"). RNY and RAOC have specific exposure to the United Commercial Property Market. The underlying five (5) US commercial properties held by RNY Property Trust ("RNY") were by independent third party valuation experts at 30 June 2020, noting no decline in valuation. RNY owns 100% of RNY Australia Corp, which in turn owns 75% of RAOC.

Notes to Financial Statements

Note 7. Financial assets held at fair value through profit or loss

| | As at | |
|---|---------------------------|-----------------------|
| | 31 December 2020 \$ | 30 June 2020 \$ |
| Financial assets held at fair value through profit or loss | | |
| Australian listed equity securities | 3,135,189 | 2,426,103 |
| Contracts for difference | 222,345 | 175,333 |
| International equity securities | 580 | 640 |
| Total financial assets | 3,358,114 | 2,602,076 |

Note 8. Related party transactions

Responsible Entity

The Responsible Entity of HHY Fund is Aurora Funds Management Limited.

Key management personnel unitholdings

As at 31 December 2020, Victor Siciliano holds a direct interest in 237,655 (30 June 2020: 237,655) units in the Trust.

As at 31 December 2020, Victor Siciliano holds an indirect interest in 241,500 (June 30 2020 241,500) units in the Trust.
via VFS Superannuation Fund

As at 31 December 2020, Anthony Hartnell AM, Non-Executive Director, holds 360,369 (30 June 2020: 360,369) units in the Trust.

Key management personnel compensation

Key management personnel are paid by Aurora Funds Management Limited. Payments made from the Trust to Aurora Funds Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

Notes to Financial Statements

Note 8. Related party transactions (continued)

Other related party information

Aurora Corporate

Aurora Corporate Pty Ltd (formerly Seventh Orion Pty Ltd) as Trustee for the Aurora Investments Unit Trust (Aurora Corporate) owns 100% of the ordinary shares of Aurora Funds Management Limited, being the Responsible Entity of HHY Fund.

Aurora Corporate Pty Ltd (formerly Seventh Orion Pty Ltd) is 50% owned by John Patton, the Managing Director of Aurora Funds Management Limited, with the other 50% owned by Victor Siciliano, Executive Director and Portfolio Manager.

Directorships

Mr John Patton was appointed to the Boards of the following listed entities held by other managed investment schemes also managed by the Responsible Entity:

- Mr Patton was appointed to the Board of Keybridge Capital Limited as a Non-Executive Director on 10 August 2016 and was subsequently appointed to the role of Executive Chairman on 13 October 2016. Further:
 - Until 18 July 2019, Keybridge Capital Limited was Investment Manager of the Trust; and
 - Keybridge Capital Limited holds 25,238,986 (June 2020: 25,238,986) units in the Trust; and
- On 21 January 2020, Mr Patton retired from his position as director and chairman of Keybridge Capital Limited.
- Mr Patton was appointed to the Board of Metgasco Limited as a Non-Executive Director on 19 September 2016. The Trust holds an investment in Metgasco Limited of \$1,097,790 (June 2020: \$1,200,315).
- Mr Patton was appointed to the Board of Yowie Group Limited as a Non-Executive Director on 5 February 2021. The Trust holds an investment in Yowie Group Limited of \$1,000,412 (June 2020: \$921,433).

Investments

The Trust did not hold any investments in any schemes which are also managed by the Responsible Entity.

Responsible entity's cost reimbursement

Under the terms of the Trust Constitution, the Responsible Entity is entitled to be reimbursed for expenses and costs incurred in performing its role as Responsible Entity.

The transactions during the year and amounts payable at half-year end between the Trust and the Responsible Entity were as follows:

| | Half-year ended | |
|--|---------------------------|---------------------------|
| | 31 December 2020 \$ | 31 December 2019 \$ |
| Recoverable costs of Responsible Entity for the year paid/payable by the Trust to the Responsible Entity | 62,559 | 62,559 |
| Balance owing to the Responsible Entity at the end of the reporting period | 18,186 | 17,056 |

No amounts were paid by the Trust directly to the key management personnel of Aurora Funds Management Limited.

Notes to Financial Statements

Note 9. Other operating expenses

| | Half-year ended | |
|---------------------------------------|---------------------------|---------------------------|
| | 31 December 2020 \$ | 31 December 2019 \$ |
| Registry fees | - | 12,456 |
| Bank fees | 102 | 82 |
| ASIC/ASX fees | - | 267 |
| Interest expense | 3,543 | 5,921 |
| Other expenses | 29,502 | 25,827 |
| Total other operating expenses | 33,147 | 44,553 |

The Trust incurred operating expenses in the preparation of accounting records and the maintenance of the unit register in accordance with the Trust Constitution.

Note 10. Net (losses)/gains on financial instruments held at fair value through profit or loss

| | 31 December 2020 \$ | 31 December 2019 \$ |
|--|---|---------------------------|
| | Net gains/(losses) on financial instruments held at fair value through profit or loss | 773,822 |
| Net foreign exchange gains on cash and cash equivalents | 19,048 | 67 |
| Total net gains/(losses) on financial instruments held at fair value through profit or loss | 792,870 | 398,011 |

Notes to Financial Statements

Note 11. Parent entity financial information

| | 31 December 2020 \$ | 30 June 2020 \$ |
|---|---------------------------|-----------------------|
| Total assets | 4,741,203 | 4,038,064 |
| Total liabilities | (36,120) | (66,926) |
| Net assets attributable to unitholders | 4,705,083 | 3,971,138 |

Note 12. Contingent assets and liabilities

There were no contingent assets and liabilities at 31 December 2020 (30 June 2020: Nil).

Note 13. Events occurring after the reporting period

On 5 February 2021, Mr Patton was appointed to the Board of Yowie Group Limited as a Non-Executive Director.

On 19 February 2021, HHY Fund acquired 13,636,363 units in RNY Property Trust for a total consideration of \$150,000.

RNY Property Trust ('RNY') was removed from the Official List of ASX Limited at the close of trading Friday, 26 February 2021, in accordance with Listing Rule 17.11 after security holders resolved to remove RNY from the Official List.

Other than the changes already mentioned, no significant events have occurred since the end of the reporting period which would impact on the financial position of the Trust disclosed in the Condensed Consolidated Statement of Financial Position as at 31 December 2020 or on the results and cash flows of the Trust for the half-year ended on that date.

The most recent Net Asset Value (NAV) per unit disclosed to the ASX is 6.41 cents per unit as at 28 February 2021.

Director's Declaration

The Directors of the Responsible Entity declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;
- (b) In the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards as stated in Note 2 to the condensed consolidated financial statements;
- (c) In the directors' opinion, the attached condensed consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- (d) The directors have been given the declarations of the Responsible Entity made pursuant to s295(5) of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Responsible Entity, Aurora Funds Management Limited.



John Patton
Managing Partner
31 March 2021

Independent Auditor's Review Report

To the Unitholders of HHY Fund

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of HHY Fund (the Fund) and its subsidiaries (the Group), which comprises the consolidated condensed statement of financial position as at 31 December 2020, and the consolidated condensed statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated condensed statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of HHY Fund does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the HHY Fund's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of Matter – Valuation uncertainty

We draw attention to Note 3 in the financial report, which indicates that the property valuation reports performed by the external valuer, CBRE, on each of the five properties owned by the Fund's debtor, RNY Australia Operating Company, contain market uncertainty clauses. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 31 March 2021