

25 February 2020

Company Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

By electronic lodgement

HHY Fund (ASX: HHY)

Retail Entitlement Offer Booklet

The attached Offer Booklet will be mailed to eligible unitholders in relation to the retail component of HHY's accelerated non-renounceable pro-rata 1 for 1 entitlement offer announced on 25 February 2020.

Yours sincerely



Mark Briglia

Company Secretary



HHY Fund

ARSN 112 579 129

Entitlement Offer Booklet

Details of a 1-for-1 pro-rata accelerated non-renounceable Entitlement Offer of units in the HHY Fund at an Offer Price of A\$0.04 per New Unit

The Retail Entitlement Offer closes at 5.00pm (AEST) on 12 March 2020

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

If you are an Eligible Retail Unitholder, this is an important document that requires your immediate attention which is accompanied by a personalised Entitlement and Acceptance Form. It should be read in its entirety. This document is not a prospectus under the Corporations Act and has not been lodged with the Australian Securities and Investments Commission (**ASIC**). You should consult your stockbroker, solicitor, accountant or other professional adviser if you have any questions.

If you have any questions, we recommend that you seek advice from your stockbroker, accountant or other independent professional adviser. You may also call HHY on 1300 553 431 at any time between 8:30am and 5:00pm (AEST) on Monday to Friday during the Retail Entitlement Offer period.

IMPORTANT NOTICES

This Offer Booklet is dated 3 March 2020 and has been issued by Aurora Funds Management Limited as responsible entity for the HHY Fund (ARSN 112 579 129) (**HHY**). This Offer Booklet relates to the Entitlement Offer, which is part of the Entitlement Offer by HHY to raise up to \$3.25 million. Capitalised terms in this section have the meaning given to them in this Offer Booklet.

The Retail Entitlement Offer is made pursuant to section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84). This Offer Booklet is not a prospectus or a product disclosure statement under the Corporations Act and has not been lodged with ASIC. This Offer Booklet does not contain all of the information which would be required to be disclosed in a prospectus or product disclosure statement. As a result, it is important for you to read and understand the publicly available information on HHY and the Entitlement Offer (for example, the information available on HHY's website at www.aurorafunds.com.au/ or on the ASX's website at www.asx.com) prior to deciding whether to accept your Entitlement and apply for New Units. The information in this Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

If you have any questions, we recommend you contact your professional advisor or HHY on 1300 553 431 between 8:30am and 5:00pm (AEST) on Monday to Friday.

This Offer Booklet should be read in its entirety (including the accompanying Entitlement and Acceptance Form) before you decide to participate in the Retail Entitlement Offer. In particular, Section 4 of this Offer Booklet details important factors and risks that could affect the financial and operating performance of HHY and your decision to participate in the Entitlement Offer. In making an investment decision in connection with the Retail Entitlement Offer, it is essential that you consider these risk factors carefully in light of your individual personal circumstances, including financial and taxation issues (some of which have been outlined in Section 3 of this Offer Booklet).

In addition to reading this Offer Booklet in conjunction with HHY's other periodic and continuous disclosure announcements including and HHY's announcements to the ASX, you should conduct your own independent review, investigations and analysis of HHY and the New Units and obtain any professional advice you require to evaluate the merits and risks of an investment in HHY before making any investment decision.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Units through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Offer Booklet and you have acted in accordance with and agree to the terms of the Retail Entitlement Offer detailed in this Offer Booklet.

No overseas offering

This Offer Booklet and the accompanying Entitlement and Acceptance Form do 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. In particular, this Offer Booklet does not constitute an offer to Ineligible Retail Unitholders.

This Offer Booklet is not to be distributed in, and no offer of New Units is to be made, in countries other than Australia and New Zealand.

No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Units, or otherwise permit the public offering of the New Units, in any jurisdiction other than Australia and New Zealand.

The distribution of this Offer Booklet (including an electronic copy) outside Australia and New Zealand, is restricted by law. If you come into possession of the information in this Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Units is subject to all requisite authorities and clearances being obtained for HHY to lawfully receive your Application Monies.

New Zealand

The New Units are not being offered to the public within New Zealand other than to existing Unitholders of HHY with registered addresses in New Zealand to whom the offer of these securities is being made in HHY on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

United States disclaimer

None of the information in this Offer Booklet or the accompanying Entitlement and Acceptance Form constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States, or in any jurisdiction in which such an offer would be illegal. Neither this Offer Booklet (or any part of it), the accompanying ASX Announcements nor the accompanying Entitlement and Acceptance Form may be released or distributed directly or indirectly, to persons in the United States.

The Entitlements and the New Units have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up or exercised by, and the New Units may not be offered or sold to, directly or indirectly, any person, in the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States. The Entitlements and New Units to be offered and sold in the Retail Entitlement Offer may only be offered and sold in "offshore transactions" (as defined in Rule 902(h)) in compliance with Regulation S under the U.S. Securities Act.

Definitions, time and currency

Defined terms used in this Offer Booklet are contained in Section 6. All references to time are to AEST, unless otherwise indicated.

All references to '\$' are AUD unless otherwise noted.

Taxation

There will be tax implications associated with participating in the Entitlement Offer and receiving New Units. Section 3 provides for a general guide to the Australian income tax, goods and services tax and stamp duty implications of the Entitlement Offer for Eligible Unitholders. The guide does not take account of the individual circumstances of particular Eligible Unitholders and does not constitute tax advice. HHY recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

Privacy

HHY collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's unitholding in HHY.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to HHY (directly or through the Unitholders Registry). HHY collects, holds and will use that information to assess your Application. HHY collects your personal information to process and administer your shareholding in HHY and to provide related services to you. HHY may disclose your personal information for purposes related to your unitholding in HHY, including to the Unitholders Registry, HHY's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that HHY holds about you. To make a request for access to your personal information held by (or on behalf of) HHY, please contact HHY through the Unitholders Registry.

Governing law

This Offer Booklet, the Retail Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law of Victoria, Australia. Each Applicant submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

No representations

No person is authorised to give any information or to make any representation in connection with the Retail Entitlement Offer which is not contained in this Offer Booklet. Any information or representation in connection with the Retail Entitlement Offer not contained in the Offer Booklet may not be relied upon as having been authorised by HHY or any of its officers.

Past performance

Investors should note that HHY's past performance, including past unit price performance, cannot be relied upon as an indicator of (and provides no guarantee or guidance as to) HHY's future performance including HHY's future financial position or unit price performance.

Future performance

This Offer Booklet contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of HHY and certain plans and objectives of the management of HHY. Forward looking statements include those containing words such as: "anticipate", "believe", "expect", "estimate", "should", "will", "plan", "could", "may", "intends", "guidance", "project", "forecast", "target", "likely" and other similar expressions, and include, but are not limited to, statements regarding outcome and effects of the Retail Entitlement Offer. Any forward-looking statements, opinions and estimates provided in this Offer Booklet are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of HHY (and each of its affiliates, related bodies corporate (as that term is defined in the Corporations Act), and each of their respective directors, employees, officers, representatives, agents, partners, consultants and advisers). This includes any statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements may include projections, guidance on future revenues, earnings, dividends and estimates.

These forward-looking statements contained in this Offer Booklet involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither HHY, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, such forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of HHY. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. Investors should consider the forward-looking statements contained in this Offer Booklet in light of those disclosures.

The forward-looking statements are based on information available to HHY as at the date of this Offer Booklet. Except as required by law or regulation (including the Listing Rules), HHY is under no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Risks

Refer to the 'Key risks' described in Section 4 of this Offer Booklet for a summary of general and specific risk factors that may affect HHY. You should consider these risks carefully in light of your personal circumstances, including financial and taxation issues, before making an investment decision in connection with the Entitlement Offer.

No cooling off

Cooling off rights do not apply to an investment in New Units. You cannot withdraw an Application once it has been accepted.

Trading New Units

HHY will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Units they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by HHY or the Unitholders Registry or otherwise, or who otherwise trade or purport to trade New Units in error or which they do not hold or are not entitled to.

No Entitlements trading

Entitlements are non-renounceable and cannot be traded on ASX or any other exchange, nor can they be privately transferred.

Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Offer Booklet. Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by HHY, or its related bodies corporate in connection with the Retail Entitlement Offer.

If you are in any doubt as to these matters, you should first consult with your stockbroker, solicitor, accountant or other professional adviser.

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A. LETTER FROM COMPANY

3 March 2020

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Dear Unitholder,

On behalf of the directors of Aurora Funds Management Limited as the responsible entity of HHY Fund (**HHY**), I am pleased to invite you to participate in a 1-for-1 pro-rata accelerated non-renounceable entitlement offer of new fully paid ordinary units in HHY (**New Units**) at an offer price of \$0.04 (**Offer Price**) per New Unit to raise approximately \$3.25 million (**Entitlement Offer**).

Purpose of Funding

The proceeds of the Entitlement Offer are intended to be used to provide debt financing to entities within the RNY Property Trust (ASX: RNY) (**RNY Financing**) group.

Further details on the proposed use of funds are available at section 1.10 below. Please also refer to other key risks and disclosures in relation to the Entitlement Offer at section

Entitlement Offer

The Entitlement Offer comprises an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**), as announced on 25 February 2020.

Under the Retail Entitlement Offer, Eligible Retail Unitholders (as defined in Section 1.2) are being offered the opportunity to subscribe for 1 New Unit for every 1 existing fully paid ordinary units in HHY (**Units**) held at 7.00pm (AEST) on 27 February 2020 (the **Record Date**), at the Offer Price of \$0.04 per New Unit, which is the same price as paid by the institutional investors who participated in the Institutional Entitlement Offer. The Offer Price of \$0.04 per New Unit represents an approximate 4.2% discount to the volume-weighted average pricing of the existing units over the 90 days ending on the date immediately preceding the Announcement Date and a 30.8% discount to the unaudited after-tax net tangible asset backing per Unit as at 31 January 2020.

Under the Retail Entitlement Offer, Eligible Retail Unitholders that take up their full Entitlement may also apply for additional New Units in excess of their Entitlement (**Oversubscribing Unitholders**), for New Units that are not taken up by Eligible Retail Unitholders, at the Offer Price (**Oversubscription Facility**). Additional New Units will only be available under the Oversubscription Facility to the extent that there are Entitlements under the Retail Entitlement Offer that are not taken up by Eligible Retail Unitholders.

Where Eligible Unitholders apply for more additional New Units than are available under the Oversubscription Facility, the additional New Units shall be allocated to Oversubscribing Unitholders in accordance with their respective unitholding (see Section 2.2 of this Offer Booklet for further information). Directors of HHY are not entitled to participate in the Oversubscription Facility.

If after allotment of Entitlements to Unitholders applying under the Oversubscription Policy, any Entitlements remain unaccepted, those unaccepted Entitlements shall automatically lapse.

The Entitlement Offer is non-renounceable and the Entitlements will not be tradeable on the ASX or otherwise transferable. Unitholders who do not take up their Entitlement in full will not receive any value in respect of those Entitlements they do not take up. I encourage you to consider this offer carefully.

Other information

This Offer Booklet relates to the Entitlement Offer. This Offer Booklet contains important information about the Retail Entitlement Offer and HHY's business under the following headings:

- Key Dates for the Entitlement Offer;
- Overview of the Entitlement Offer;
- Instructions on How to Apply, detailing how to accept all or part of your Entitlement in the Retail Entitlement Offer if you choose to do so;

- Australian taxation considerations;
- ASX announcements; and
- Important information.

Accompanying this Offer Booklet is your personal Entitlement and Acceptance Form which contains details of your Entitlement. It is important that you determine whether to take up or do nothing in respect of your Entitlement. If you choose to not take up your Entitlement, no further action is required.

The Retail Entitlement Offer closes at 5:00pm (AEST) on 12 March 2020.

To participate, you need to ensure that you have completed your application by paying the Offer Price multiplied by the number of New Units (including any additional Units which you may subscribe for under the Oversubscription Facility) you are applying for (**Application Monies**) by BPAY®, or by lodging your personal Entitlement and Acceptance Form with your Application Monies paid by cheque, bank draft or money order so that they are received on time and in the manner described in Section 2 of this Offer Booklet.

Please carefully read this Offer Booklet in its entirety before you invest and consult your stockbroker, solicitor, accountant or other professional adviser before making your investment decision. In particular, you should read and consider the "Key risks" described in Section 4 of this Offer Booklet which contains a summary of some of the key risks associated with an investment in HHY.

If you have any questions or are uncertain about any aspect of the Entitlement Offer, you should seek advice from your stockbroker, accountant or other independent professional adviser, or call HHY on +1300 553 431 (from within Australia) or +61 3 9415 4356 (from outside Australia) at any time between 8:30am and 5:00pm (AEST) on Monday to Friday during the Retail Entitlement Offer Period.

On behalf of the board of HHY, I encourage you to consider this investment opportunity and thank you for your ongoing support of HHY.

Yours sincerely,



Mark Briglia

Company Secretary on behalf of
Aurora Funds Management Limited as the responsible entity of HHY Fund

B. KEY DATES FOR THE ENTITLEMENT OFFER

Activity	Date
Announcement of the Entitlement Offer	25 February 2020
Institutional Entitlement Offer opens	25 February 2020
Institutional Entitlement Offer closes	27 February 2020
Shares recommence trading / Announcement of results of Institutional Entitlement Offer	27 February 2020
Record Date	27 February 2020
Retail Entitlement Offer Open Date	3 March 2020
Offer Booklet and Entitlement and Acceptance Form despatched	3 March 2020
Settlement of the Institutional Entitlement Offer	5 March 2020
Allotment and commencement of trading of New Shares under the Institutional Entitlement Offer	5 March 2020
Retail Entitlement Offer closes (5:00pm AEST)	12 March 2020
Settlement of the Retail Entitlement Offer	19 March 2020
Commencement of trading of New Units issued under the Retail Entitlement Offer and despatch of holding statements for New Units issued under the Retail Entitlement Offer	20 March 2020

Note: The timetable above is indicative only and subject to change. HHY reserves the right to amend any or all of these events, dates and times subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, HHY reserves the right to extend the closing date of the Entitlement Offer, to accept late applications either generally or in particular cases or to withdraw the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the allotment date of New Units. HHY also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to allotment and issue of the New Units. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

Enquiries

If you have any questions, please call HHY on +1300 553 431 (from within Australia) at any time between 8:30am and 5:00pm (AEST) on Monday to Friday during the Retail Entitlement Offer period, or consult your stockbroker, accountant or other independent professional adviser.

1. OVERVIEW OF THE ENTITLEMENT OFFER

1.1 Entitlement Offer

The Entitlement Offer is an offer of approximately 81,153,538 New Units at the Offer Price of \$0.04 per New Unit. All Eligible Institutional Unitholders and all Eligible Retail Unitholders are entitled to subscribe for 1 New Unit for every 1 Units held at 7.00pm (AEST) on the Record Date. The Entitlement Offer is expected to raise \$3.25 million.

The Entitlement Offer comprises:

- the **Institutional Entitlement Offer** – Eligible Institutional Unitholders were invited to take up their Entitlements and Entitlements not taken up by Eligible Institutional Unitholders under the Institutional Entitlement Offer, as well as Entitlements of certain Ineligible Institutional Unitholders were offered in a bookbuild process to Eligible Institutional Unitholders who applied for New Units in excess of their Entitlement, as well as to certain other Institutional Investors.
- the **Retail Entitlement Offer** – Eligible Retail Unitholders are now being invited to take up all or part of their Entitlements. Eligible Retail Unitholders who take up their full Entitlement may also participate in the Oversubscription Facility by applying for additional New Shares in excess of their Entitlement at the Offer Price.

If all New Units offered under the Entitlement Offer are taken up, approximately \$3.246 million will be raised.

The Entitlement Offer is non-renounceable, which means that Entitlements are non-transferable and cannot be sold or traded.

The Retail Entitlement Offer closes at 5.00pm (AEST) on 12 March 2020.

New Units will be issued on a fully paid basis and will rank equally with existing Units on issue.

1.2 Who is eligible to participate in the Retail Entitlement Offer?

Under the Retail Entitlement Offer, Eligible Retail Unitholders are being offered the opportunity to subscribe for 1 New Unit for every 1 Units held as at the Record Date (7:00pm (AEST) on 27 February 2020), at the Offer Price of \$0.04 per New Unit.

Eligible Retail Unitholders are those Unitholders who:

- (a) are not Eligible Institutional Unitholders or Ineligible Institutional Unitholders;
- (b) are registered as a holder of Units as at the Record Date, being 7:00pm (AEST) on 27 February 2020;
- (c) as at the Record Date, have a registered address in Australia or New Zealand;
- (d) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent they are holding Units for the account or benefit of such person in the United States); and
- (e) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus, product disclosure statement or offer document to be lodged or registered.

HHY may (in its absolute sole discretion) extend the Retail Entitlement Offer to any institutional unitholder who was eligible to participate in the Institutional Entitlement Offer but was not invited to, or able to, participate in the Institutional Entitlement Offer and was not treated as an Eligible Unitholder under the Entitlement Offer (subject to compliance with applicable laws).

1.3 What is your Entitlement?

Your Entitlement is set out on the accompanying personal Entitlement and Acceptance Form and has been calculated as 1 New Unit for every 1 Units you held as at the Record Date,

7:00pm (AEST) on 27 February 2020. If the result is not a whole number your Entitlement will be rounded up to the nearest whole number. If you have more than one registered holding of Units, you will be sent more than one personal Entitlement and Acceptance Form and you will have separate Entitlements for each separate registered holding.

Any New Units not taken up by the Closing Date may be made available to those Eligible Retail Unitholders who took up their full Entitlement and applied for additional New Units under the Oversubscription Facility at the Offer Price. There is no guarantee that Eligible Retail Unitholders will receive the number of additional New Units applied for under the Oversubscription Facility, or any. Additional New Units will only be allocated to Eligible Retail Unitholders under the Oversubscription Facility if available and then only in accordance with the allocation policy described in section 2.2. Directors of HHY are not entitled to participate in the Oversubscription Facility.

Note: The Entitlement stated on your personal Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up; for example, you are not permitted to take up an Entitlement to the extent you are holding Units for the account or benefit of a person in the United States (see definition of Eligible Unitholders in Section 1.2 of this Offer Booklet).

1.4 **Can you trade your Entitlement?**

Your Entitlement is personal and cannot be traded on ASX, transferred, assigned or otherwise dealt with. If you do not take up your entitlement by the Closing Date, being 5.00pm (AEST) on 12 March 2020, your rights will lapse.

By allowing your Entitlement to lapse you will forgo any exposure to increases or decreases in the value of the New Units had you taken up your Entitlement. Your interest in HHY will also be diluted.

1.5 **Reconciliation**

The Entitlement Offer may require reconciliation or verification of the number of existing Units. If reconciliation or verification is required and it is established that a small quantity of additional New Units (**Top-Up Units**) is required to be issued to ensure all Eligible Unitholders receive their full Entitlement, HHY will issue these Top-Up Units at the Offer Price.

1.6 **ASX quotation**

Subject to approval being granted, quotation of the New Units is expected to commence on:

- 5 March 2020 for New Units issued under the Institutional Entitlement Offer (on a normal settlement basis); and
- 20 March 2020 for New Units issued under the Retail Entitlement Offer (on a normal settlement basis).

Holding statements will be despatched in accordance with the Listing Rules. It is the responsibility of each applicant to confirm their holding before trading in New Units. Any applicant who sells New Units before receiving confirmation of their holding in the form of a holding statement will do so at their own risk. HHY disclaims all liability (to the maximum extent permitted by law) to persons who trade New Units before receiving their holding statements, whether on the basis of confirmation of the allocation provided by HHY, the Unitholders Registry or otherwise.

1.7 **Ineligible Unitholders**

All Unitholders, who are not Eligible Retail Unitholders, Eligible Institutional Unitholders or Ineligible Institutional Unitholders are ineligible Unitholders (**Ineligible Unitholders**). Ineligible Retail Unitholders will not be entitled to participate in the Retail Entitlement Offer.

HHY has determined that it would be unreasonable on this occasion to extend the Retail Entitlement Offer to Ineligible Retail Unitholders, having regard to the number of securities held by Ineligible Retail Unitholders, the number and value of New Units that they would

be offered and the costs of complying with the legal and regulatory requirements which would apply to an offer of securities to Ineligible Retail Unitholders in those places.

1.8 **Restrictions on exercise of Entitlements**

The Entitlements may not be taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of persons in the United States.

In order to take up or exercise those Entitlements and subscribe for New Units you:

- must be an Eligible Retail Unitholder; and
- must not be in the United States or acting for the account or benefit of a person in the United States.

In the event that holders are not able to take up their Entitlements, those Entitlements will be offered for sale in the Oversubscription Facility and holders may receive no value for them.

1.9 **Rights of HHY in relation to adjustments**

Adjusting Entitlements

HHY reserves the right (in its absolute sole discretion) to reduce the number of New Units allocated to Eligible Retail Unitholders, or persons claiming to be Eligible Retail Unitholders, if their claims prove to be overstated or they fail to provide information to substantiate their claims.

1.10 **Use of Funds**

The Entitlement Offer is expected to result in proceeds of up to \$3,246,142 (rounded). That amount will be raised if all the Units subject to the Entitlement Offer are taken up by Eligible Unitholders. There is no guarantee that the Entitlement Offer will be fully taken up.

HHY intends to use the proceeds from the Entitlement Offer to provide debt financing to RNY (**RNY Financing**). The terms remain subject to finalisation, but the key proposed terms are set out below:

Term	5 years
Interest Rate	15%
Other terms	Subordinated to senior lenders to RNY

Subject to closing such terms, the proposed use of funds advanced to RNY under the RNY Financing will be utilised to:

- fund working capital requirements for RNY Australia Operating Company LLC, a US entity within the RNY group, to support market-based tenant incentives to new and renewing lessees, with a view to increasing Portfolio occupancy;
- funding ASX-listed RNY working capital; and
- repayment of short-term loans provided to RNY by Aurora and other parties.

See also section 4.3 for other uses of HHY's existing funds.

About RNY

RNY is an Australian listed property trust (ASX:RNY) which holds a 75% indirect interest in a portfolio of 5 commercial office properties (Portfolio) located in the New York Tri-State area. RNY's primary strategy is investing in the real estate markets of the New York Tri-State area in the United States (US), comprising five key sub-markets, which include New York City, Westchester County (New York), Fairfield County (Connecticut), Long Island (New York) and Northern New Jersey. Huntley Management Limited (Huntley) is the responsible entity of RNY. Aurora Funds Management Limited is both the Investment Manager and Asset Manager of RNY and its underlying US property assets.

RNY Background

- RNY was originally listed on the ASX in 2005 with a portfolio of 25 properties across the New York Tri-state area;
- Following the 2019 global financial crisis (GFC), RNY's US properties suffered material reductions in the portfolio valuation resulting in a material decline in RNY's underlying Net Assets;
- Prior to Aurora's takeover bid for RNY, its previous managers believed that certain industry dynamics had changed and that suburban office assets were no longer desirable for tenants;
- RNY's previous managers then resolved to dispose of all RNY's remaining underlying assets and wind up the trust, which would have resulted in 0.0c to 1.5c per share outcome for RNY unitholders (being the RXR Asset Realisation strategy);
- Aurora purchased its first substantial holding in RNY in February 2017 and followed with a takeover offer later that year which resulted in Aurora (and its related entities) holding over 80% of RNY units;
- Following its takeover, Aurora worked with ACORE Capital, RNY's US Lender (Lender), to execute a loan modification deed, which included the waiving of US\$4.6m in accrued default interest and a US\$16.6m loan facility to fund proposed capital improvements and leasing related costs; and
- The Portfolio is currently valued at US\$79.8m (73.2% occupancy) versus its historic cost base of US\$120.7m (2005).

RNY Strategy

Aurora's turnaround strategy is focused on increasing portfolio occupancy through a capital improvement plan designed to reposition the underlying properties with a view to increasing occupancy, increasing base rents and ultimately increasing the portfolio underlying net operating income. Currently, the Portfolio occupancy (% of total sqf) is approximately 73.2% whilst the current total Portfolio was valued at US\$79.8m as at June 30, 2019. Aurora's turnaround strategy is focused on improving Portfolio occupancy and free cash flow over the short-medium term via its funded capital improvement plan, pursuant to the loan modification deed executed on 30 August 2018.

RNY Progress

Since August 30, 2018 Aurora has delivered the following key outcomes in executing its turnaround plan:

- Successfully engaged with ACORE Capital, RNY's US Lender (Lender), to execute loan modification deed on commercial terms, which included the waiving of US\$4.6m in accrued default interest and a US\$16.6m loan facility to fund proposed capital improvements and leasing related costs;
- Renewed key lease for 10 years with major long-standing tenant who represented 11% of total Portfolio;
- Successfully reduced Real Estate Taxes by ~\$560k pa, resulting in a uplift in Portfolio's Net Operating Income;
- Replaced Property Sub-Management with CBRE, Inc who are now managing the portfolio day-to-day operations;
- Replaced House Brokers with Cushman Wakefield (Tarrytown) and JLL (Long Island) who are now acting on behalf the properties;
- New brokers successfully executed 40k RSF in expansion space in Tarrytown;
- New brokers successfully executed 9k RSF in expansion space in Long Island;
- New brokers have driven 95%+ renewal rate of rolling leases across Portfolio; and
- Achieved further cost savings across the portfolio costs, including staff wages and other key service providers.

Portfolio Overview

Address	Market	Rentable Area (Square Feet, sqf)	Occupancy (% of sqf)	Valuation (USD)
55 Charles Lindbergh Boulevard	Long Island	214,622	100.0%	\$25,600,000
6900 Jericho Turnpike	Long Island	102,168	86.9%	\$12,400,000
6800 Jericho Turnpike	Long Island	213,583	72.8%	\$21,300,000
580 White Plains Road	Westchester County	174,406	53.6%	\$13,700,000
560 White Plains Road	Westchester County	129,693	45.3%	\$6,800,000
Total		834,472	73.2%	\$79,800,000

Note: Occupancy rates are based on unaudited internal management reports and the values are based on external valuations as at 30 June 2019

1.11 Acknowledgement

By accepting their Entitlement, Unitholders irrevocably acknowledge and agree to do any of the above as required by HHY in their absolute discretion.

Unitholders also acknowledge that:

- there is no time limit on the ability of HHY to require any of the actions set out above; and
- where HHY exercise their right to correct a Unitholder's Entitlement, the Unitholder is treated as continuing to accept or not take up any remaining Entitlement.

2. HOW TO APPLY

2.1 What you may do – choices available

If you have any questions or are uncertain about any aspect of the Entitlement Offer, you should seek advice from your stockbroker, accountant or other independent professional adviser, or call HHY on +1300 553 431 at any time between 8:30am and 5:00pm (AEST) on Monday to Friday during the Retail Entitlement Offer period. You should also refer to section 4 for a description of the key risks and disclosures relevant to your participation in the Entitlement Offer.

The number of New Units to which Eligible Retail Unitholders are entitled is shown on the accompanying Entitlement and Acceptance Form. If you are an Eligible Retail Unitholder, you may do any one of the following:

- take up all of your Entitlement in full;
- take up part of your Entitlement, in which case the balance of the Entitlement would lapse (see Section 2.3 of this Offer Booklet); or
- do nothing and let your Entitlement lapse (see Section 2.4 of this Offer Booklet).

You should note that if you do not take up all or part of your Entitlement, your percentage unitholding in HHY will be diluted.

The Closing Date for acceptance of the Retail Entitlement Offer is 5:00pm (AEST) on **12 March 2020** (however, that date may be varied by HHY, in accordance with the Listing Rules).

2.2 If you wish to take up all of your Entitlement or take up all of your Entitlement and participate in the Oversubscription Facility

If you decide to take up **all** of your Entitlement and you wish to pay by cheque, bank draft or money order you should:

- complete the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form;
- attach payment for the full amount payable (being the Offer Price multiplied by the number of New Units comprising your Entitlement) to the form; and
- return the Entitlement and Acceptance Form together with payment to the Unitholders Registry so that it is received by 5.00pm (AEST) on 12 March 2020.

If you wish to take up **all** of your Entitlement and you wish to pay by BPAY® you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of New Units comprising your Entitlement) so that it is received by 5.00pm (AEST) on 12 March 2020. If you choose to pay by BPAY® you are not required to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form.

If you apply to take up **all** of your Entitlement, you may also apply for additional New Units under the Oversubscription Facility at the Offer Price. You may apply for additional New Units available under the Oversubscription Facility, as you indicate in your acceptance form.

Any Application Monies received for more than your full Entitlement of New Units will be treated as applying for as many additional New Units as the excess Application Monies will pay for in full.

Any New Units referable to Entitlements not taken up by the Closing Date may be made available to those Eligible Retail Unitholders who took up their full Entitlement and applied for additional New Units under the Oversubscription Facility.

If you apply for additional New Units under the Oversubscription Facility, and if your application is successful (in whole or in part), your additional New Units will be issued to you at the same time and on the same terms that other New Units are issued under the Entitlement Offer. If you apply for additional New Units, there is no guarantee that you will be allocated any additional New Units.

Additional New Units will only be allocated to Eligible Retail Unitholders if available, and subject to the Corporations Act, Listing Rules and other applicable laws and regulations.

If Eligible Retail Unitholders apply for more additional New Units than available under the Oversubscription Facility, HHY shall allocate the additional New Units available under the Oversubscription Facility to Oversubscribing Unitholders having regard to the pro-rata Entitlement of Oversubscribing Unitholders. Directors of HHY are not entitled to participate in the Oversubscription Facility.

No interest will be paid to applicants on any Application Monies received or refunded. Refund amounts, if any, will be paid in Australian dollars. You will be paid either by direct credit to the nominated bank account as noted on the Unitholders Register as at the Closing Date or by cheque sent by ordinary post to your address as recorded on the Unitholders Register (the registered address of the first-named in the case of joint holders).

Any remaining Entitlements that are not taken up by Eligible Unitholders under the Entitlement Offer (including under the Oversubscription Facility) shall automatically lapse.

If you take up and pay for your Entitlement before the Closing Date, you will be allotted your New Units on 19 March 2020. HHY's decision on the number of New Units allotted to you will be final.

2.3 **If you wish to take up part of your Entitlement**

If you decide to take up **part** of your Entitlement and reject the balance and you wish to pay by cheque, bank draft or money order you should:

- complete the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form indicating the number of New Units you wish to take up. This will be less than your Entitlement as specified on the Entitlement and Acceptance Form;
- attach payment for the full amount payable (being the Offer Price multiplied by the number of New Units you are taking up – you will need to calculate this number yourself) to the form; and
- return the Entitlement and Acceptance Form together with payment to the Unitholders Registry so that it is received by 5.00pm (AEST) on 12 March 2020.

If you wish to take up **part** of your Entitlement and reject the balance and you wish to pay by BPAY® you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of New Units you are taking up – you will need to calculate this number yourself). If you choose to pay by BPAY® you are not required to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form.

If you take up and pay for your Entitlement before the Closing Date, you will be allotted your New Units on 19 March 2020. HHY's decision on the number of New Units allotted to you will be final.

2.4 **If you do not wish to take up your Entitlement**

If you do not wish to take up all or any part of your Entitlement, do not take any further action and all or that part of your Entitlement will lapse.

2.5 **Consequences of not taking up all or part of your Entitlement**

If you do not take up all or part of your Entitlement in accordance with the instructions set

out above, your Entitlements will lapse and those New Units for which you would have otherwise been entitled under the Retail Entitlement Offer (including New Units that relate to the portion of your Entitlement that has not been taken up) may be acquired by Eligible Retail Unitholders under the Oversubscription Facility.

By allowing your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Units had you taken up your Entitlement and you will not receive any value for your Entitlement. Your interest in HHY will also be diluted to the extent that New Units are issued under the Entitlement Offer.

2.6 **Payment**

General

The Offer Price of \$0.04 per New Unit accepted is payable on acceptance of your Entitlement. You can pay in the following ways:

- BPAY®; or
- cheque, bank draft or money order.

Cash payments will not be accepted. Receipts for payment will not be issued.

Application Monies received from Eligible Retail Unitholders will be held in the HHY Entitlement Offer Account solely for the purpose of holding the Application Monies.

Subject to the requirements of the Corporations Act and the Listing Rules, HHY reserves the right to cancel the Entitlement Offer at any time prior to the allocation of New Units under the Institutional Entitlement Offer. If the Entitlement Offer is cancelled, all Application Monies will be refunded without interest. To the fullest extent permitted by law, each Eligible Retail Unitholder agrees that any Application Monies paid by them to HHY will not entitle them to any interest against HHY and that any interest earned in respect of Application Monies will belong to HHY. This will be the case, whether or not all or none (if the Entitlement Offer is withdrawn) of the New Units applied for by a person are issued to that person.

HHY will treat you as applying for as many New Units as your payment will pay for in full up to your Entitlement.

Any Application Monies received for more than your final allocation of New Units will be refunded as soon as practicable after the close of the Entitlement Offer. No interest will be paid to Applicants on any Application Monies received or refunded.

Payment by BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the biller code and your unique reference number). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure to use the specific Biller Code and unique Customer Reference Number on your Entitlement and Acceptance Form. If you have multiple holdings and receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings, please only use the Customer Reference Number specific to the Entitlement on that form. If you do not use the correct Customer Reference Number specific to that holding, or inadvertently use the same Customer Reference Number for more than one of your Entitlements, your application will not be recognised as valid.

Please note that should you choose to pay by BPAY®:

- **you do not need to submit the personalised Entitlement and Acceptance Form** but are taken to have made the statements on that personalised Entitlement and Acceptance Form; and

- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Units which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Unitholders Registry by no later than 5.00pm (AEST) on 12 March 2020 (subject to variation). You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment.

Payment by cheque, bank draft or money order

It is your responsibility to ensure that your payment by cheque, bank draft or money order is received by the Unitholders Registry by no later than 5.00pm (AEST) on 12 March 2020. You must ensure that cleared funds are held in your account as your cheque, bank draft or money order will be banked as soon as it is received. You should consider postal and cheque clearance timeframes in order to meet this deadline.

Your cheque, bank draft or money order must be:

- for an amount equal to \$0.04 multiplied by the number of New Units (and additional New Units under the Oversubscription Facility, if applicable) that you are applying for;
- in Australian currency drawn on an Australian branch of a financial institution; and
- payable to "Aurora Funds Management Ltd as the responsible entity for the HHY Fund" and crossed "Not Negotiable".

If you wish to pay by cheque, bank draft or money order, you must also complete your personalised Entitlement and Acceptance Form in accordance with the instructions set out on that form and return it to the Unitholders Registry accompanied by a cheque, bank draft or money order.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque, bank draft or money order will be processed on the day of receipt. If the amount of your cheque, bank draft or money order for Application Monies (or the amount for which the cheque, bank draft or money order clears in time for allocation) is insufficient to pay in full for the number of New Units you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Units and additional New Units under the Oversubscription Facility, if applicable, as your cleared Application Monies will pay for (and to have specified that number of New Units on your personalised Entitlement and Acceptance Form). Alternatively, your Application will not be accepted.

2.7 Mail delivery

Unitholders who make payment via cheque, bank draft or money order should send their completed personalised Entitlement and Acceptance Form together with Application Monies to:

Aurora Funds Management Limited
as the responsible entity for HHY
c/o Boardroom Limited
GPO Box 3993, Sydney NSW 2001

2.8 Entitlement and Acceptance Form is binding

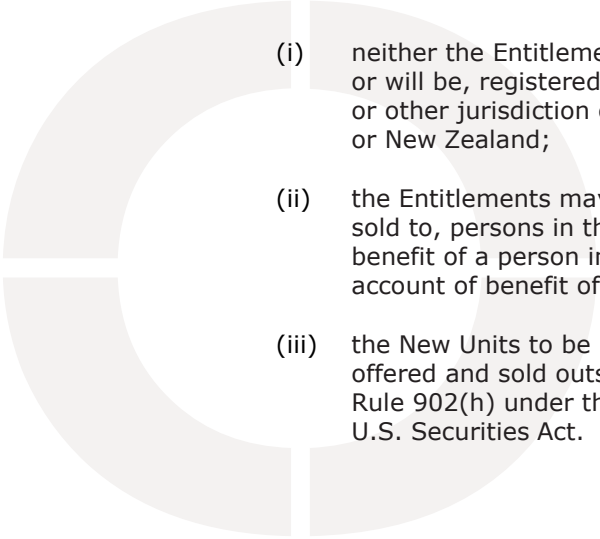
A payment made through BPAY® or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite Application Monies constitutes a binding offer to acquire New Units on the terms and conditions set out in this Offer Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid Application for New Units. HHY's decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, or otherwise applying to participate in the Entitlement Offer, you:

- (a) declare that:
 - (i) all details and statements made in the personalised Entitlement and Acceptance Form are complete and accurate;
 - (ii) you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Retail Entitlement Offer;
 - (iii) you were the registered holder(s) at the Record Date of the Units indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- (b) acknowledge that:
 - (i) once HHY receives the Entitlement and Acceptance Form with the requisite Application Monies or your payment by BPAY®, you may not withdraw it except as allowed by law;
 - (ii) you have read and understood this Offer Booklet and the personalised Entitlement and Acceptance Form; and
 - (iii) the information contained in this Offer Booklet is not investment advice or a recommendation that the New Units are suitable for you, given your investment objectives, financial situation or particular needs;
- (c) agree to:
 - (i) apply for, and be issued with up to, the number of New Units that you apply for at the Offer Price of \$0.04 per New Unit; and
 - (ii) be bound by the terms of this Offer Booklet and the provisions of the trust deed governing the affairs of HHY;
- (d) authorise HHY to register you as the holder of New Units and authorise HHY and its officers or agents to do anything on your behalf necessary for the New Units to be issued to you, including to act on instruction of HHY's Unitholders Registry by using the contact details set out in the personalised Entitlement and Acceptance Form;
- (e) represent and warrant that:
 - (i) the law of any place (other than Australia and New Zealand) does not prohibit you from being given this Offer Booklet or making an application for New Units; and
 - (ii) you are an Eligible Retail Unitholder.

By completing and returning your Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY® or otherwise applying to participate in the Retail Entitlement Offer you will also be treated as:

- (f) having represented and warranted that:
 - (i) you are not in the United States and are not applying for New Units on behalf of, or for the account or benefit of, a person in the United States;
 - (ii) you and each person on whose account you are acting are not engaged in the business of distributing securities;
 - (iii) you and each person on whose account you are acting have not and will not send any materials relating to the Entitlement Offer, including this Offer Booklet and the Entitlement and Acceptance Form, to any person that is in the United States or that is acting for the account or benefit of a person in the United States; and
- (g) acknowledge on your own behalf and on behalf of each person on whose account you are acting that:

- 
- (i) neither the Entitlements nor the New Units offered in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States, or in any other jurisdiction outside Australia or New Zealand;
 - (ii) the Entitlements may not be taken up by, and the New Units may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States (to the extent they are holding Units for the account or benefit of a person in the United States); and
 - (iii) the New Units to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in “offshore transactions” (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

3. AUSTRALIAN TAXATION CONSIDERATIONS

Set out below is a general summary of the potential Australian tax implications of the Retail Entitlement Offer for Eligible Retail Unitholders who are residents of Australia for tax purposes and who hold their Units on capital account.

The summary below does not deal with the tax implications for Eligible Retail Unitholders who are not residents of Australia for tax purposes. It also does not deal with the tax implications for Eligible Retail Unitholders that do not hold their Units on capital account or who are subject to special tax rules, such as Unitholders:

- (a) who hold their Units (or will hold their New Units) as revenue assets or trading stock such as banks, insurance companies and taxpayers carrying on a business of share trading;
- (b) who have acquired their Units (or will hold their New Units) for the purposes of resale at a profit;
- (c) who are subject to the Taxation of Financial Arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in respect of Units or New Units.
- (d) who acquired their Units (or will hold their New Units) under an arrangement that constitutes an 'employee share scheme' for Australian tax purposes.

It is intended as a general guide only and is not an authoritative or complete statement of all potential tax implications for each Eligible Retail Unitholder.

The summary below is not advice and should not be relied on as such. It also does not take account of any individual circumstances of any particular Eligible Retail Unitholder. Taxation is a complex area of law and the taxation consequences for each Eligible Retail Unitholder may differ depending on their own particular circumstances. Accordingly, Eligible Retail Unitholders should seek specific advice applicable to their own particular circumstances from their own financial or tax advisers.

The summary below is based on the law in effect as at the date of this Offer Booklet. Future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect taxation treatment of an investment in Units or the holding and disposal of Units.

3.1 Issue of Entitlement

The issue of the Entitlement should not itself result in any amount being included in the assessable income of an Eligible Retail Unitholder.

3.2 Exercise of Entitlement and applying for additional New Units under the Oversubscription Facility

If you exercise all or part of your Entitlement and, to the extent relevant, participate in the Oversubscription Facility, you will be allocated New Units. In this case:

- (a) the Entitlement will cease to exist and a CGT event will occur, but any capital gain or loss made on the exercise of the Entitlement should be disregarded for tax purposes;
- (b) the New Units acquired as a result of exercising the Entitlement will be treated for CGT purposes as having been acquired on the day on which the Entitlement is exercised;
- (c) the New Units acquired as a result of participating in the Oversubscription Facility will be treated for CGT purposes as having been acquired on the day on which those New Units are issued; and

- (d) the New Units should have a cost base for CGT purposes equal to:
 - (i) for New Units acquired through participation in the Oversubscription Facility and for New Units acquired as a result of exercising an Entitlement where your existing Units were acquired (or are taken to be acquired) on or after 20 September 1985, the Offer Price payable by you for those New Units plus certain non-deductible incidental costs you incur in acquiring them; or
 - (ii) for New Units acquired as a result of exercising an Entitlement where your existing Units were acquired (or are taken to be acquired) before 20 September 1985, the sum of the market value of the Entitlement when it was exercised and the Offer Price payable by you for those New Units plus certain non-deductible incidental costs you incur in acquiring them.

3.3 **New Units**

If you exercise all or some of your Entitlement and, to the extent relevant, participate in the Oversubscription Facility, you will acquire New Units. Any future dividends or other distributions made in respect of those New Units will be subject to the same taxation treatment as dividends or other distributions made on Units held in the same circumstances.

On any future disposal of New Units, you may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of those units. The cost base of those units is described above.

Any capital gain arising to Eligible Retail Unitholders who are individuals and trusts (other than trusts that are complying superannuation funds) can generally be reduced by 50% (after first offsetting current year or prior year capital losses from other asset disposals) if the New Units are held for at least 12 months between the date the New Units are treated as having been acquired (as outlined in part 3.1 above) and the date of disposal. For Eligible Retail Unitholders which are complying superannuation funds, any capital gain can generally be reduced by one-third (after first offsetting current year or prior year capital losses from other asset disposals) if the New Units are held for at least 12 months between the date the New Units are treated as having been acquired (as outlined in part 3.1 above) and the date of disposal. The CGT discount is not available to Eligible Unitholders that are companies. Trustees should seek specific advice in relation to making distributions attributable to any capital gain to which the CGT discount applies.

3.4 **Other Australian taxes**

No GST or stamp duty is payable in respect of the grant or exercise of the Entitlements or the acquisition of New Units. You may be charged GST on costs (such as adviser fees) incurred relating to the acquisition, redemption or disposal of the Units or New Units. You should seek independent professional tax advice in relation to your individual circumstances.

4. KEY RISKS AND DISCLOSURES

Eligible Retail Unitholders should consider their participation in the Retail Entitlement Offer in the context of their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Eligible Retail Unitholder should consult their own stockbroker, solicitor, accountant or other professional adviser before deciding whether to participate in the Retail Entitlement Offer.

An investment in New Units should be regarded as very speculative and involves many risks. The New Units carry no guarantee with respect to the payment of distributions, returns of capital or the market value of those Units.

The following list is not intended to be an exhaustive list of the risk factors to which the Company is exposed and Unitholders should have regard to those risk factors that may be relevant to their own personal circumstances before deciding to participate in the Retail Entitlement Offer.

4.1 Key Risks of Participating

(a) **No guarantee of fundraising**

There is no guarantee of the amount which the Company may raise under the Entitlement Offer.

(b) **Default Risk**

Proceeds from the Entitlement Offer will be provided to RNY under unsecured debt financing. There is no guarantee that RNY will be able to repay funds lent and HHY may not have recourse to RNY's assets in any recovery action.

(c) **Currency Risk**

While RNY is an Australian-listed property trust, a material proportion of funds will be onlent to its U.S. subsidiary. The ability of its U.S. subsidiary to repay funds to RNY may be subject to the risk of fluctuations in foreign exchange markets and subsequently impact the ability to repay funds provided to it under the RNY Financing.

(d) **Regulatory risks**

The U.S. entity to which funds will be ultimately lent is subject to a foreign jurisdiction. Changes in laws and regulations concerning or occurring in foreign jurisdictions may impact expected returns.

4.2 Key Risks of not taking up all your Entitlement

If you do not take up all or part of your Entitlement:

- (a) your Entitlements will lapse; and
- (b) by allowing your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Units had you taken up your Entitlement and you will not receive any value for your Entitlement; and
- (c) to the extent that New Units are issued under the Entitlement Offer, your interest in HHY will also be diluted. This could significantly dilute your holding and result in other Unitholders increasing their percentage holdings in HHY.

4.3 Other material disclosures

In addition to HHY, Aurora Funds Management Limited is also the responsible entity for other funds, including the:

- (a) Aurora Absolute Return Fund (**AFARF**);
- (b) Aurora Fortitude Absolute Return Fund;
- (c) Aurora Dividend Income Trust (**ADIT**);

- (d) Aurora Global Income Trust; and
- (e) Aurora Property Buy-Write.

On 8 January 2020, ADIT announced its intention to make a bid to acquire shares in Keybridge Capital Limited (ASX: KBC). ADIT's bidder's statement lodged 7 February 2020 (the **Bid**) described funding arrangements it had entered into with both HHY and AFARF (**Bid Funding Arrangement**) in respect of the Bid.

The key terms on which HHY has agreed to provided funding to ADIT in respect of the Bid is as follows:

Drawdown	Following acceptances under the Bid
Principal	Up to \$3 million
Term	12 months
Interest Rate	10% p.a. (or 20% if a default occurs)

The directors of HHY confirm that the proceeds of this Entitlement Offer will not be applied to the funding arrangements described in this section. Nevertheless investors should take HHY's participation in the Bid Funding Arrangement into account in considering HHY's financial position and for the purpose of considering the Entitlement Offer.

5. IMPORTANT INFORMATION

5.1 Responsibility for Offer Booklet

This Offer Booklet (including the ASX Announcements and the enclosed personalised Entitlement and Acceptance Form) has been prepared by HHY. This Offer Booklet is dated 3 March 2020 (other than the ASX Announcements, which were published on the ASX website on 25 February 2020 and 27 February 2020).

No party other than HHY has authorised or caused the issue of this Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Offer Booklet.

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Offer Booklet. Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by HHY, or its related bodies corporate in connection with the Entitlement Offer.

5.2 Status of Offer Booklet

The Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) which allow rights issues to be conducted without a prospectus.

Neither this Offer Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC. This Offer Booklet is not a prospectus under the Corporations Act and no prospectus for the Entitlement Offer will be prepared. These documents do not contain, or purport to contain, all of the information that a prospective investor may require in evaluating an investment in HHY. They do not contain all the information which would be required to be disclosed in a prospectus.

As a result, it is important for Eligible Retail Unitholders to carefully read and understand the information on HHY and the Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement. In particular, please refer to this Offer Booklet, and other announcements made available at <http://www.asx.com.au/>.

This Offer Booklet does not contain financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. HHY is not licensed to provide financial product advice in respect of the New Units. Before deciding whether to apply for New Units, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Offer Booklet, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant or other independent professional adviser.

5.3 Offer Booklet availability

Eligible Retail Unitholders in Australia and New Zealand can obtain a copy of this Offer Booklet during the period of the Entitlement Offer by accessing the ASX website. Persons who access the electronic version of this Offer Booklet should ensure that they download and read the entire Offer Booklet. The electronic version of this Offer Booklet on the ASX website and the HHY website will not include a personalised Entitlement and Acceptance Form.

A replacement personalised Entitlement and Acceptance Form can be requested by calling HHY on +1300 553 431 at any time between 8:30am and 5:00pm (AEST) on Monday to Friday during the Retail Entitlement Offer period.

This Offer Booklet (including the accompanying personalised Entitlement and Acceptance Form) may not be distributed or released to, or relied upon by, persons in the United States or that are acting for the account or benefit of a person in the United States.

5.4 **Notice to nominees and custodians**

The Retail Entitlement Offer is being made to all Eligible Retail Unitholders. Nominees and custodians with registered addresses in the eligible jurisdictions, irrespective of whether they participate under the Institutional Entitlement Offer, may also be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold existing Units, provided that the applicable beneficiary would satisfy the criteria for an Eligible Retail Unitholder.

If HHY believes you hold Units as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer from HHY.

Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to:

- (a) beneficiaries on whose behalf they hold Existing Units who would not satisfy the criteria for an Eligible Retail Unitholder;
- (b) Eligible Institutional Unitholders who received an offer to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not);
- (c) Ineligible Institutional Unitholders who were ineligible to participate in the Institutional Entitlement Offer; or
- (d) Unitholders who are not eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

In particular, persons acting as custodians or nominees must not take up Entitlements or apply for New Units on behalf of, or for the account or benefit of, a person in the United States and must not send any document relating to the Retail Entitlement Offer to, any person that is in the United States or that is acting for the account or benefit of any person in the United States.

HHY is not required to determine whether or not any registered holder is acting as a nominee or custodian or the identity or residence of any beneficial owners of Units.

Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws. Eligible Retail Unitholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed.

5.5 **No cooling off**

Cooling off rights do not apply to an investment in New Units. You cannot withdraw your Application once it has been made.

5.6 **Withdrawal of the Entitlement Offer**

Subject to applicable law, HHY reserves the right to withdraw or vary all or part of the Entitlement Offer at any time, in which case HHY will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to Applicants. In circumstances where allotment under the Institutional Entitlement Offer has occurred, HHY may only be able to withdraw the Entitlement Offer with respect to New Units to be issued under the Retail Entitlement Offer.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to HHY will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to HHY.

5.7 **Privacy Statement**

If you complete an application for New Units, you will be providing personal information to HHY (directly or through the Unitholders Registry). HHY collects, holds and will use that information to assess your Application, service your needs as a Unitholder and to facilitate distribution payments and corporate communications to you as a Unitholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Unitholders Registry.

You can access, correct and update the personal information that is held about you. If you wish to do so please contact the Unitholders Registry at the relevant contact numbers set out in the Corporate Directory of this Offer Booklet.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if the information required on the Entitlement and Acceptance Form is not provided, HHY may not be able to accept or process your Application.

5.8 **Governing Law**

This Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement Offers pursuant to the personalised Entitlement and Acceptance Forms are governed by the laws applicable in Victoria, Australia. Each applicant for New Units submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

5.9 **Foreign Jurisdictions**

This Offer Booklet has been prepared to comply with the requirements of the securities laws of Australia.

The Entitlements and New Units being offered under the Entitlement Offer are being offered to Unitholders with registered addresses in New Zealand in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. This Offer Booklet is not a product disclosure statement under the Financial Markets Conduct Act 2013 (**FMCA**) or other similar offering or disclosure document under New Zealand law and has not been registered, filed with, or approved by any New Zealand regulatory authority or under or in accordance with the FMCA or any other relevant law in New Zealand. It does not contain all the information that a product disclosure document, under New Zealand law, is required to contain.

This Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Units or otherwise permit the public offering of the New Units in any jurisdiction other than Australia and New Zealand.

This Offer Booklet, and any accompanying ASX announcements and the Entitlement and Acceptance Form, does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this Offer Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. Neither the Entitlements nor the New Units offered in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Units may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States.

The New Units to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

Any non-compliance with these restrictions may contravene applicable securities laws.

5.10 **Regulatory consents**

ASX has granted HHY confirmation that the Timetable is acceptable to ASX.

6. GLOSSARY

\$ or cents means Australian dollars or cents.

Affiliate has the meaning given to that term in Rule 501(b) under the U.S. Securities Act and also includes, in respect of any person, any other person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such person; and in this Agreement **control** (including in the terms **controlled by** and **under common control** with) means the possession, direct or indirect, of the power to direct or cause the direction of the management, policies or activities of a person, whether through the ownership of securities, by contract or agency or otherwise.

Applicant means an Eligible Retail Unitholder who has submitted a valid Application.

Application means the arranging for payment of the relevant Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form or the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies.

Application Monies means the aggregate amount payable for the New Units applied for through BPAY® or in a duly completed Entitlement and Acceptance Form, being the consideration for New Units under the Retail Entitlement Offer.

Approved U.S. Investors means up to 20 persons that are not Shareholders as at the Record Date that are located in the United States and that St Barbara and the Administration Agent have pre-identified and have determined to be either:

- (a) a QIB; or
- (b) an Eligible U.S. Fund Manager.

Approved U.S. Securityholders means those Institutional Shareholders (including those persons on whose account or for whose benefit such Institutional Shareholders are acting, as applicable) that are Institutional Shareholders as at the date of the Underwriting Agreement and as at the Record Date and that St Barbara and the Administration Agent have pre-identified and have determined to be either:

- (c) a QIB; or
- (d) an Eligible U.S. Fund Manager.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or, where the context requires, the securities exchange operated by it on which the Units are quoted.

ASX Announcements means the initial announcement in relation to the Entitlement Offer released to the ASX on 25 February 2020, and the announcement in relation to the completion of the Institutional Entitlement Offer released to the ASX on 27 February 2020, enclosed with this Offer Booklet.

Bid has the meaning given in section 4.3.

Bid Funding Arrangement had the meaning given in section 4.3.

CGT means capital gains tax.

Closing Date means 5:00pm (AEST) on 12 March 2020, the day the Retail Entitlement Offer closes.

Corporations Act means the *Corporations Act 2001* (Cth).

Eligible Institutional Shareholder means, in accordance with sections 708(8) and (11) of the Corporations Act, respectively, a sophisticated or professional Shareholder on the Record Date who:

- (a) is not an Ineligible Institutional Unitholder; and
- (b) is not in the United States unless it is an Approved U.S. Securityholder or an Approved U.S. Investor.

Eligible Retail Unitholders has the meaning given in Section 1.2 of the Offer Booklet.

Eligible Unitholders means all Eligible Institutional Unitholders and all Eligible Retail Unitholders.

Eligible U.S. Fund Manager means a dealer or other professional fiduciary organised or incorporated in the United States and acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not "U.S. persons" (as defined in Regulation S under the U.S. Securities Act) for which such Investor has and is exercising investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the U.S. Securities Act.

Entitlement means the number of New Units for which an Eligible Unitholder is entitled to subscribe under the Entitlement Offer, being 1 New Unit for every 1 Unit held at the Record Date.

Entitlement and Acceptance Form means the personalised form accompanying this Offer Booklet to be used to make an Application in accordance with the instructions set out on that form.

Entitlement Offer means the pro-rata accelerated non-renounceable entitlement offer of New Units to Eligible Unitholders to raise approximately \$3.25 million at the Offer Price on the basis of 1 New Unit for every 1 Existing Units held on the Record Date, and comprised of the Institutional Entitlement Offer and the Retail Entitlement Offer.

GST means goods and services tax, as defined in the GST Act.

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

HHY means Aurora Funds Management Limited as responsible entity for HHY Fund (ARSN 112 579 129)

Ineligible Institutional Unitholder means a Shareholder who is an institutional or sophisticated Shareholder on the Record Date with a registered address outside the Permitted Jurisdictions or to whom ASX Listing Rule 7.7.1(a) applies.

Ineligible Retail Unitholders has the meaning given in Section 1.7 of this Offer Booklet.

Institutional Entitlement Offer means the pro-rata accelerated non-renounceable entitlement offer to Eligible Institutional Shareholders under the Entitlement Offer.

Listing Rules means the official listing rules of the ASX.

New Units means the new fully paid ordinary units in HHY to be allotted and issued under Entitlement Offer.

NTA means HHY's unaudited after-tax net tangible asset backing as announced to the ASX on 4 February 2020, being \$0.056 per unit as at 31 January 2020.

Offer Booklet means this offer booklet in relation to the Entitlement Offer, including the enclosed ASX Announcements and the personalised Entitlement and Acceptance Form accompanying the offer booklet.

Offer Price means \$0.04 being the price payable per New Unit under the Entitlement Offer.

Open Date means 9:00am (AEST) on 3 March 2020, the day the Retail Entitlement Offer is open for acceptance.

Oversubscribing Unitholders means those Eligible Unitholders who have taken up all of their Entitlement and have elected to participate in the Oversubscription Facility.

Oversubscription Facility means the opportunity for Eligible Unitholders who take up all of their Entitlement to also apply for additional New Units in excess of their Entitlement.

Portfolio has the meaning given in section 100.

QIB means a "qualified institutional buyer" as that term is defined in Rule 144A under the U.S. Securities Act.

Record Date means 7:00pm (AEST) on 27 February 2020.

Retail Entitlement Offer means the pro-rata accelerated non-renounceable entitlement offer to Eligible Retail Unitholders under the Entitlement Offer.

Retail Entitlement Offer Period means the period commencing from the Open Date and ending on the Closing Date.

RNY means the RNY Property Trust (ASX: RNY), for which Huntley Management Limited (ABN 52 089 240

513) acts as the responsible trustee.

RNY Financing has the meaning given in section A.

Unit means a fully paid ordinary unit in HHY.

Unitholders Registry means Boardroom Limited.

Unitholder means a holder of a Unit.

Timetable means the indicative table set out in the "Key dates for the Entitlement Offer" section of this Offer Booklet.

U.S. Securities Act means the United States Securities Act 1933 (as amended).

Corporate Directory

**Aurora Funds Management as
responsible entity for HHY Fund
ARSN 112 579 129**

DIRECTORS OF RESPONSIBLE ENTITY

John Patton – Managing Director
Victor Siciliano – Executive Director
Anthony Hartnell AM – Non Executive Director

COMPANY SECRETARIES

Mark Briglia
John Patton

REGISTERED OFFICE

Suite 613, Level 6, 370 St Kilda Road
Level 10, 432 St Kilda Road
Melbourne, VIC 3004 Australia

LEGAL ADVISER TO HHY FUND

W Advisers
Level 5, 151 Macquarie Street
Sydney NSW 2000 Australia

AUDITOR AND TAX ADVISOR

Grant Thornton
Collins Square, Tower 5
727 Collins Street
Melbourne, VIC 3000

UNITHOLDER REGISTRY

Boardroom Limited
GPO Box 3993, Sydney NSW 2001
Ph (Australia): 1300 737 760
Ph (International): +61 9290 9600

STOCK EXCHANGE LISTING

HHY Fund units are listed on the Australian
Securities Exchange (ASX code: HHY)

WEBSITE

Corporate information and the HHY Annual Report can be found via HHY's website at
www.aurorafunds.com.au/.

Open between 8:30am and 5:00pm (AEST) on Monday to Friday during the Entitlement Offer Period.

