

22 October 2020

Mr James Gerraty
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Dear James

Aurora Funds Management Limited ('AFML'): Keybridge bid for RNY Property Trust

Thank you for your letter dated 15 October 2020. Aurora Funds Management Limited (AFML) provides the following responses to each of the questions raised by the ASX (which are repeated in bold below).

1. ASX notes that AFML does not appear to have previously disclosed an increase in its relevant interests in RNY units under section 671B of the Corporations Act in relation to the 7,900,000 RNY units held by Credit Suisse.

In light of this:

a) Please explain the background to AFML's relevant interest in the 7,900,000 RNY units held by Credit Suisse.

AFML acquired a relevant interest in the RNY units by virtue of AFARF acquiring a relevant interest on 5 March 2019.

In the Form 604 lodged on 7 March 2019 (refer Attachment A), AFML did not disclose the relevant interest in the 7,900,000 RNY units held by Credit Suisse in the 'Change in relevant interests' (section 3) and the 'Present relevant interest' (section 4) on the substantial holder form. This omission was inadvertent, however there was no substantive change to the voting interests held by AFML and AFARF.

In section 2 of the Form 604, AFML did disclose:

*"AFARF has an economic interest in an additional 7,900,000 (3.00%) RNY shares. The 3.00% economic interest arises under a facility provided to Aurora by Invast Financial Services Pty Ltd under its terms of business as set out in its PDS dated 26 October 2018
https://www.invast.com.au/wp-content/uploads/2018/11/Invast_Global_PDS_Fee_Schedule_20181026b.pdf"*

b) When did AFML acquire this interest?

As above, on 5 March 2019, AFML and AFARF acquired its interest in 7,900,000 RNY units by virtue of the Invast swap facility, with Credit Suisse Equities Australia Ltd also acquiring a relevant interest.

c) Is this interest held on behalf of one of AFML's funds? If the answer to this question is 'yes', for which fund is it held?

Yes, AFARF had this interest

2. Please explain the background to the increase in AFARF's interest in RNY units (by 2,954,545 units) and the corresponding decrease in AUP's interest in RNY units sometime between 7 March 2019 and 12 October 2020 (see paragraph E above).

On 31 October 2019, AUP sold 2,954,545 RNY units to AFARF, via off-market transfer, for liquidity purposes. The full Aurora board approved the off-market transfer prior to it being completed and the Compliance Committee (who meet quarterly) were provided with details of the transfer at the next Committee meeting. The consideration was \$130,000. As there was no change in AFML's relevant interest at that time, there was no requirement to lodge a substantial shareholding notification.

3. **ASX notes that the threshold for the application of Listing Rule 10.1 has been exceeded in relation to AFML's acceptances into the Bid for AIB and AFARF/ABW (see paragraphs G and I above). In light of this, does AFML consider that Listing Rule 10.1 applied to its acceptances into the Bid for:**

a) AIB?

Yes, although we note that AIB did not exceed the permitted threshold under Listing Rule 10.1, as evidenced by the ASX calculations in clause G. AIB's acceptance into the Keybridge takeover bid equated to \$34,223 (being 3,111,225 RNY units at 1.1 cents per unit) vs the ASX calculated threshold of \$44,549.

It is worth noting that the prior non-AFML acceptances into the Keybridge takeover bid were the catalyst for AFML's revaluation of RNY units down to 1.1 cents per unit. Details of the revaluation of AFML's direct investments in RNY is set out in an ASX Announcement dated 30 September 2020, released onto the MAP on 1 October 2020.

b) AFARF/ABW?

No.

4. **Does AFML consider that Listing Rule 10.1 applied to acceptances (if any) into the Bid for AUP?**

Yes, although we note that AUP did not accept into the Keybridge takeover bid.

5. **If the answer to any of questions 3a), 3b) or 4 above is 'no', why not?**

AFARF is an unlisted managed investment scheme and AFML is an unlisted public company. As such, they not subject to the ASX Listing Rules.

Whilst ABW is a listed investment trust, it is an investor in AFARF.

6. **If the answer to any of questions 3a), 3b) or 4 above is 'yes', please advise what corrective action AFML proposes to take in accordance with the Listing Rules.**

N/A, for the reasons set out above.

7. **Please confirm that AFML is complying with the Listing Rules and, in particular, Listing Rule 3.1.**

Yes, AFML is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

8. **Please confirm that AFML's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of AFML with delegated authority from the board to respond to ASX on disclosure matters.**

The above responses to the questions raised by the ASX have been authorised and approved by the Board of Directors of AFML.

Yours faithfully,
Aurora Funds Management Limited



John Patton
Company Secretary

4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (6)	Class and number of securities	Person's votes
Aurora as responsible entity of AUP.	BNP Paribas Nominees Pty Ltd <IB AU NOMS RETAILCLIENT DRP>	BNP Paribas Nominees Pty Ltd <IB AU NOMS RETAILCLIENT DRP>	Relevant interest under section 608(1)(b) and/or 608(1)(c) of the Corporations Act 2001, being a relevant interest arising from having the power to control the exercise of the right to vote attached to securities and/or to control the exercise of the power to dispose of the securities (in its capacity as responsible entity of a managed investment scheme).	179,842,642 Units	179,842,642
Aurora as responsible entity of AOD.	Aurora Funds Management Limited <AURORA DIVIDEND INCOME A/C>	Aurora as responsible entity of AOD	Relevant interest under section 608(1)(b) and/or 608(1)(c) of the Act, being a relevant interest arising from having the power to control the exercise of the right to vote attached to securities and/or to control the exercise of the power to dispose of securities (in its capacity as responsible entity of a managed investment scheme).	26,153,846 Units	26,153,846
Aurora as responsible entity of AIB	BNP Paribas Nominees Pty Ltd <IB AU NOMS RETAILCLIENT DRP>	BNP Paribas Nominees Pty Ltd <IB AU NOMS RETAILCLIENT DRP>	Relevant interest under section 608(1)(b) and/or 608(1)(c) of the Corporations Act 2001, being a relevant interest arising from having the power to control the exercise of the right to vote attached to securities and/or to control the exercise of the power to dispose of the securities (in its capacity as responsible entity of a managed investment scheme).	3,111,225 Units	3,111,225
Aurora as responsible entity of AFARF.	BNP Paribas Nominees Pty Ltd <IB AU NOMS RETAILCLIENT DRP>	BNP Paribas Nominees Pty Ltd <IB AU NOMS RETAILCLIENT DRP>	Relevant interest under section 608(1)(b) and/or 608(1)(c) of the Act, being a relevant interest arising from having the power to control the exercise of the right to vote attached to securities and/or to control the exercise of the power to dispose of securities (in its capacity as responsible entity of a managed investment scheme).	4,157,045 Units	4,157,045
Seventh Orion.	All of the above	All of the above	Relevant interest under section 608(3)(a) and/or 608(3)(b) of the Act, being a relevant interest arising as a result of Seventh Orion having a voting power of above 20% in a body corporate (Aurora) and/or held through a body corporate (Aurora) that Seventh Orion controls.	All of the above	All of the above

5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	N/A

6. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Aurora in its personal capacity and as responsible entity of AUP, AFARF, AIB and AOD.	Suite 613, Level 6, 370 St Kilda Road, Melbourne VIC 3004.
Seventh Orion	Suite 613, Level 6, 370 St Kilda Road, Melbourne VIC 3004.
BNP Paribas Nominees Pty Ltd	Level 7, 60 Castlereagh Street, Sydney NSW 2000.

Signature

print name Adrian Tilley capacity Company Secretary

sign here

Date: 7 March 2019

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 6 of the form.
- (2) See the definition of 'associate' in section 9 of the Corporations Act 2001.
- (3) See the definition of 'relevant interest' in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (6) Include details of:
 - (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of 'relevant agreement' in section 9 of the Corporations Act 2001.
- (7) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write 'unknown'.
- (9) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.



15 October 2020

Reference: 26031

Mr John Patton
Company Secretary
Aurora Funds Management Limited
Suite 613
370 St Kilda Road
Melbourne VIC 3004

By email: jpatton@aurorafunds.com.au

Dear Mr Patton

Aurora Funds Management Limited ('AFML'): Keybridge bid for RNY Property Trust

ASX Limited ('ASX') refers to the following:

- A. ASX's query letter to Keybridge Capital Limited ('KBC') dated 5 August 2020 and KBC's response dated 12 August 2020, released together on the ASX market announcements platform ('MAP') on 12 August 2020. The query letter noted the relationships between KBC and AFML that appear to establish that Listing Rule 10.1 would apply to the acquisition of a substantial asset by KBC (namely units in RNY Property Trust ('RNY') in connection with the KBC bid for RNY ('Bid')).

KBC did not confirm the application of Listing Rule 10.1 in its response, and instead advised that AFML had made a "truth in takeovers" statement that AFML would not accept into the Bid more than 41,450,000 RNY units such that Listing Rule 10.1 would not be triggered for KBC as a result of AFML's acceptances into the Bid.

Just as Listing Rule 10.1 would apply to the acquisition by KBC of RNY units from AFML under the Bid, where AFML is the responsible entity, Listing Rule 10.1 would also apply to a listed entity's disposal of RNY units to KBC under the Bid (see paragraphs F to I below).

- B. AFML's announcement in its capacity as the responsible entity of the Aurora Property Buy-Write Income Trust ('AUP'), Aurora Fortitude Absolute Return Fund ('AFARF'), Aurora Global Income Trust ('AIB') and Aurora Dividend Income Trust ('AOD') titled 'RNY Property Trust revaluation' released on MAP on 30 September 2020 that AFML had accepted *'a portion of its Funds holdings into the Keybridge Offer. Consistent with its previous "truth in takeovers" statement, Aurora has limited its acceptances into the Keybridge Offer at 41,450,000 RNY units'*.

- C. AFML's Form 603 Notice of initial substantial holder for KBC lodged on 13 August 2020, which disclosed that it had become a substantial holder on 12 August 2020 and held 13,541,437 ordinary shares in KBC ('KBC Shares').

ASX notes that AFML has not subsequently lodged an ASIC Form 604 notice of change of interest of substantial holders for KBC.

- D. AFML's ASIC Form 604 for RNY lodged on 7 March 2019, which disclosed that AFML's funds held the following interests in RNY units:

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- AUP: 179,842,642
 - AFARF: 4,157,045
 - AIB: 3,111,225
 - AOD: 26,153,846

AFML's funds held a total of 213,264,758 units representing 80.96% of RNY's total units on issue.

- E. AFML's ASIC Form 604 for RNY lodged on 13 October 2020, which disclosed the following:
- a. AFML's funds now hold the following interests in RNY units:
 - AUP: 176,888,097
 - AFARF: 2,826,661
 - b. AFML's funds accepted the Bid in relation to the following interests in RNY units:
 - AIB: 3,111,225 units in consideration for 497,796 KBC Shares
 - AOD: 26,153,846 units in consideration for 4,184,615 KBC Shares
 - AFARF: 4,284,929 units in consideration for 685,588 KBC Shares
 - Credit Suisse Equities Australia Ltd ('Credit Suisse'): 7,900,000 units in consideration for 1,264,000 KBC Shares.

ASX further notes that it appears that the following changes occurred sometime between 7 March 2019 and 12 October 2020:

- AUP reduced its interest in RNY units by 2,954,545 units; and
 - AFARF increased its interest in RNY units by 2,954,545 units.
- F. AUP's statement of financial position as at 31 December 2019 which disclosed that it had net assets attributable to unitholders of \$12,664,988 and 5% of that amount is \$633,249. Based on the valuation of 4.4 cents per RNY unit, it would appear that the maximum number of RNY units that AFML can accept into the Bid as responsible entity for AUP and not trigger the application of Listing Rule 10.1 to the disposal of a substantial asset (for AUP) to a related party (KBC) is 14,392,032 RNY units.
- G. AIB's statement of financial position as at 31 December 2019 which disclosed that it had net assets attributable to unitholders of \$890,985 and 5% of that amount is \$44,549. Based on the valuation of 4.4 cents per RNY unit, it would appear that the maximum number of RNY units AFML could have accepted into the Bid as responsible entity for AIB and not triggered the application of Listing Rule 10.1 to the disposal of a substantial asset (for AIB) to its related party (KBC) is 1,012,483 RNY units.
- H. The sole investment of Aurora Absolute Return Fund ('ABW') being in the AFML managed unlisted fund, AFARF.
- I. ABW's statement of financial position as at 31 December 2019 which disclosed that it had net assets attributable to unitholders of \$1,489,104 and 5% of that amount is \$74,455. Based on the

valuation of 4.4 cents per RNY unit, it would appear that the maximum number of RNY units AFML could have accepted into the Bid as responsible entity for AFARF and not triggered the application of Listing Rule 10.1 to the disposal of a substantial asset (for ABW) to a related party (KBC) is 1,692,164 RNY units.

J. Listing Rule 10.1, which provides:

'An entity (in the case of a trust, the responsible entity) must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, any of the following persons without the approval of holders of the entity's ordinary securities.

10.1.1 A related party of the entity.

10.1.2 A child entity of the entity.

10.1.3 A person who is, or was at any time in the 6 months before the transaction or agreement, a substantial (10%+) holder in the entity.

10.1.4 An associate of a person referred to in rules 10.1.1 to 10.1.3.

10.1.5 A person whose relationship to the entity or a person referred to in rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the transaction should be approved by security holders.'

Compliance with Listing Rule 10.1

Having regard to the above, ASX asks AFML to respond to the following questions and requests for information:

1. ASX notes that AFML does not appear to have previously disclosed an increase in its relevant interests in RNY units under section 671B of the Corporations Act in relation to the 7,900,000 RNY units held by Credit Suisse.

In light of this:

- a) Please explain the background to AFML's relevant interest in the 7,900,000 RNY units held by Credit Suisse.
- b) When did AFML acquire this interest?
- c) Is this interest held on behalf of one of AFML's funds? If the answer to this question is 'yes', for which fund is it held?

2. Please explain the background to the increase in AFARF's interest in RNY units (by 2,954,545 units) and the corresponding decrease in AUP's interest in RNY units sometime between 7 March 2019 and 12 October 2020 (see paragraph E above).

3. ASX notes that the threshold for the application of Listing Rule 10.1 has been exceeded in relation to AFML's acceptances into the Bid for AIB and AFARF/ABW (see paragraphs G and I above).

In light of this, does AFML consider that Listing Rule 10.1 applied to its acceptances into the Bid for:

-
- a) AIB?
 - b) AFARF/ABW?
4. Does AFML consider that Listing Rule 10.1 applied to acceptances (if any) into the Bid for AUP?
 5. If the answer to any of questions 3a), 3b) or 4 above is 'no', why not?
 6. If the answer to any of questions 3a), 3b) or 4 above is 'yes', please advise what corrective action AFML proposes to take in accordance with the Listing Rules.
 7. Please confirm that AFML is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 8. Please confirm that AFML's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of AFML with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

Please note that ASX reserves its right under Listing Rule 18.7A to release this letter and AFML's response to the market. Accordingly, AFML's response should address each question separately and be in a format suitable for release to the market.

Unless the information is required immediately under Listing Rule 3.1, a response is requested as soon as possible and, in any event by no later than **9:30 am AEDT on Tuesday, 20 October 2020**.

Any response should be sent to me by return email. It should not be sent to the ASX Market Announcements Office.

Please note that ASX may require AFML to answer further questions under Listing Rule 18.7 in relation to this matter. ASX also reserves the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Enquiries

If you have any queries regarding any of the above, please contact me.

Yours sincerely

James Gerraty
Senior Manager, Listings Compliance (Melbourne)