

ASX ANNOUNCEMENT

29 June 2017

By ASX Online

ASX Market Announcements Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Target's statement in response to off-market takeover bid

In accordance with section 647(3) of the *Corporations Act 2001* (Cth), on behalf of Aurora Funds Management Limited as responsible entity of the HHY Fund (**HHY**), a copy of HHY's first supplementary target's statement in response to the off-market takeover bid by Australian Global Income Trust (**AIB**) for all of the units in HHY is attached.



Jim Hallam

Independent Chairman
Aurora Funds Management Limited as responsible entity of the HHY Fund

First supplementary target's statement

by Aurora Funds Management Limited ABN 69 092 626 885 as responsible entity of the HHY Fund ARSN 112 579 129

1. Introduction

This first supplementary target's statement is made by Aurora Funds Management Limited ABN 69 092 626 885 as responsible entity of the HHY Fund ARSN 112 579 129 under section 644 of the Corporations Act. It supplements, and should be read in conjunction with, the Original Target's Statement dated and lodged with ASIC on 13 December 2016. All important notices and information set out in the Original Target's Statement apply to this first supplementary target's statement.

This first supplementary target's statement is dated, and a copy was lodged with ASIC on, 29 June 2017. ASIC takes no responsibility for the contents of this first supplementary target's statement.

A number of terms used in this first supplementary target's statement are defined in section 6 (glossary).

2. What is the purpose of this document?

The purpose of this document is to inform you of a material new development that has arisen in relation to AIB which may have an impact on your decision about whether to accept the offer by AIB for all of your HHY Units on the terms set out in the Bidder's Statement.

This statement should be read in conjunction with the Original Target's Statement and independent expert report scheduled to that statement, as well as the Bidder's Statement.

3. New circumstance relating to valuation of AIB Units

The consideration under AIB's offer for your HHY Units is to be satisfied by AIB issuing to you AIB Units having a net asset value equal to the net asset value of the HHY Units for which you accept the offer (subject to a minimum value). In the circumstances, the determination of the net asset value of an AIB Unit is an important factor for holders of HHY Units in deciding whether or not to accept the offer.

Since the Original Target's Statement was issued, the circumstances relating to the determination of the net asset value of an AIB Unit have changed. In particular:

- (a) AIB has acquired a significant shareholding in an ASX listed company called Molopo Energy Limited (ASX code: MPO) (**Molopo**);
 - (b) Molopo entered into a trading halt on 29 May 2017, following which its shares were voluntarily suspended from quotation;
 - (c) no Molopo shares have traded on market since that time;
 - (d) on 31 May 2017 the Takeovers Panel (**Panel**) made a declaration of unacceptable circumstances in relation to the acquisition of Molopo shares by AIB;
 - (e) on 14 June 2017 the Panel made orders for AIB's Molopo shares to be vested in the Commonwealth and sold by a broker appointed by ASIC within 6 months;
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- (f) these orders are currently stayed pending the outcome of applications to review the underlying decision of the Panel on which the orders are based and a review of the orders;
- (g) the review Panel has yet to make a decision in relation to the applications before it;
- (h) on 20 June 2017 AIB announced to ASX that:
 - (1) the estimated net asset value of an AIB Unit as at 19 June 2017 was \$0.674;
 - (2) AIB valued its Molopo shareholding for this purpose at its last trading price of \$0.145 per share, in accordance with AIB's constitution and valuation and unit pricing policy;
 - (3) at that valuation, AIB's investment in Molopo represented approximately 39% of the value of the assets of AIB; and
 - (4) there is currently an inherent uncertainty in the calculation of the net asset value of AIB, due to the inability of Aurora to calculate accurately the value of AIB's exposure to Molopo until such time as MPO shares are once again quoted on ASIC and the proceedings before the Panel are resolved.

4. Independent Chairman's recommendation

In view of the factors mentioned in section 3 above, the Independent Chairman considers that currently:

- (a) the net asset value of an AIB unit is inherently uncertain; and
- (b) until the uncertainty is resolved and AIB is then able to calculate accurately its net asset value, he can no longer recommend that HHY Unit Holders accept AIB's offer.

In the circumstances, the Independent Chairman now recommends that HHY Unit Holders reject the offer. If circumstances change this could lead to a further change in the Independent Chairman's recommendation and a further supplementary target's statement.

5. Withdrawal of acceptance and extension of offer period

On 23 June 2017 AIB gave to ASIC, ASX and HHY a notice of variation, extending the offer period under AIB's takeover bid for HHY to 7:00pm (Melbourne time) on Friday 21 July 2017 (**notice of variation**). HHY Unit Holders should also receive a copy the notice of variation.

As a result of the extension of the offer period, all HHY Unit Holders who had accepted AIB's offer on or before 23 June 2017 have a right under section 650E of the Corporations Act to withdraw their acceptance of the offer.

If you wish to exercise your withdrawal right, you must notify AIB within 1 month commencing on the day you received the notice. Details of how to withdraw are included in section 2 of the notice of variation.

6. Glossary

6.1 Definitions

In this first supplementary target's statement, unless the context otherwise requires:

AIB means Aurora Global Income Trust ARSN 127 692 406 or Aurora as its responsible entity, whichever is relevant;

AIB Unit means a fully paid ordinary unit in AIB;

ASIC means Australian Securities and Investments Commission;

ASX means ASX Limited or the Australian Securities Exchange operated by ASX Limited, whichever is relevant;

Aurora means Aurora Funds Management Limited ABN 69 092 626 885;

Bidder's Statement means the Original Bidder's Statement as supplemented by the First Supplementary Bidder's Statement;

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

First Supplementary Bidder's Statement means the first supplementary bidder's statement dated 19 January 2017 issued by Aurora as responsible entity of AIB;

HHY means HHY Fund ARSN 112 579 129 or Aurora as its responsible entity, whichever is relevant;

HHY Unit means a fully paid ordinary unit in HHY;

HHY Unit Holder means a person that holds an HHY Unit;

Independent Chairman means Jim Hallam, being the director of Aurora delegated the powers of the directors of Aurora as responsible entity of HHY in relation to HHY's response to AIB's takeover bid, including the preparation of this target's statement;

Original Bidder's Statement means the bidder's statement dated 18 November 2016 issued by Aurora as responsible entity of AIB, including the offer to acquire all of the HHY Units on the terms set out in that statement;

Original Target's Statement means the target's statement dated 13 December 2016 issued by Aurora as responsible entity of HHY in response to the Original Bidder's Statement;

Responsible Entity means Aurora as responsible entity of HHY.

6.2 Interpretation

The interpretation provisions of section 7.2 of the Original Target's Statement also apply to this first supplementary target's statement. Additionally, in this first supplementary target's statement, unless the context otherwise requires, a reference to you or your HHY units has the same meaning those terms have in the Bidder's Statement and the Original Target's Statement.

Approval of first supplementary target's statement

This first supplementary target's statement has been approved by a resolution passed by the directors of the Responsible Entity.

Signed for and on behalf of **Aurora Funds Management Limited** as responsible entity of the **HHY Fund**



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Jim Hallam
Independent Chairman