

Appendix 4E

Preliminary Final Report To the Australian Securities Exchange

Name of Entity	Aurora Global Income Trust
ARSN:	127 692 406
Financial Year Ended:	30 June 2018
Previous Corresponding Reporting Period:	30 June 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2018 \$'000	Percentage increase /(decrease) over corresponding period
Revenues from continuing operations	(1,874)	-1,239.47%
Loss for the year	(2,412)	-231.57%
Net loss for the year attributable to members	(2,412)	-231.57%

Distribution information	Cash per unit	Franked amount per unit
2018 final distribution	\$0.0023	\$0.0000
2018 interim distribution	\$0.0360	\$0.0000

Final distribution dates

Ex-entitlement date	28 June 2018
Record date	29 June 2018
Last election date for the DRP	2 July 2018
Payment date	15 August 2018

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) is in operation and the final distribution of \$0.0023 per unit qualifies. The number of units received from the distribution is based on dividing the distribution by the DRP price as at 30 June 2018.

Unit holders may change their participation in the DRP at any time. However, in order to be valid, the election form to change participation must be submitted to the unit registry by the last election date.

Net Tangible Asset Backing

	30 June 2018	30 June 2017
Net tangible assets per security	\$0.2554	\$0.6220

This report is based on the financial statements which are in the process of being audited. This document comprises the information as required by Listing Rule 4.3A.

Appendix 4E Contents and checklist of requirements

1. Reporting period and corresponding period.	Refer to Page 1 of this Appendix 4E.
2. Results for announcement to the market.	Refer to Page 1 of this Appendix 4E.
3. Statement of comprehensive income.	Refer to Page 3 of this Appendix 4E.
4. Statement of financial position.	Refer to Page 4 of this Appendix 4E.
5. Statement of cash flows.	Refer to Page 6 of this Appendix 4E.
6. Statement of changes in equity.	Refer to Page 5 of this Appendix 4E.
7. Details of dividends or distributions.	Refer to Page 1 of this Appendix 4E.
8. Details of dividend or distribution reinvestment plans in operation and the last date of receipt of an election notice for participation in any dividend or distribution reinvestment plan.	Refer to Page 1 of this Appendix 4E.
9. Net tangible assets per security.	Refer to Page 1 of this Appendix 4E.
10. Details of entities over which control has been gained or lost during the period.	Not applicable.
11. Details of joint venture entities and associated entities.	Not applicable.
12. Any other information needed by an investor to make an informed assessment of the entity's financial performance and financial position.	Refer to Pages 7-11 of this Appendix 4E.
13. Accounting standards used in compiling reports by foreign entities.	Not applicable.
14. A commentary on the results for the period.	Refer to Page 7 of this Appendix 4E.
15. A statement as to whether the report is based on accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed.	This report is based on financial statements which are in the process of being audited.
16. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification a description of the likely dispute or qualification.	At this stage, it is likely that the audit report will be unqualified.
17. If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification.	Not applicable.

Financial Statement

Statement of profit or loss and other comprehensive income For the year ended 30 June 2018

	2018 \$	2017 \$
Investment Income		
Interest income	1,507	37,505
Dividend and distribution income	55,105	87,551
Other income	78,771	-
Net foreign currency gains/(losses)	(11,523)	-
Net losses on financial instruments held at fair value through profit or loss	(1,998,160)	(264,984)
Total net investment (loss)/income	(1,874,300)	(139,928)
Expenses		
Dividend expense	3,086	9,084
Interest expense	7,079	10,060
Management fees	50,338	61,295
Responsible entity fees	67,773	-
Transaction costs	4,300	7,294
Other operating expenses	158,962	221,728
Legal costs	245,700	-
Takeover costs	-	162,679
Takeover panel costs	-	97,329
Unitholder meeting costs	-	17,908
Total operating expenses	537,238	587,377
Operating profit/(loss) for the year	(2,411,538)	(727,305)
Finance costs attributable to unitholders		
Distributions to unitholders	(284,505)	(415,834)
Decrease in net assets attributable to unitholders	2,696,043	1,143,139
Profit/(loss) for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
Earnings/(loss) per unit (basic/ diluted)	(0.314)	(0.111)

Financial Statement

Statement of financial position As at 30 June 2018

	2018 \$	2017 \$
Assets		
Cash and cash equivalents	1,062	963,371
Receivables	18,128	19,403
Due from brokers - receipts for securities sold	-	46,693
Financial assets held at fair value through profit or loss	1,989,713	4,555,916
Total assets	2,008,903	5,585,383
Liabilities		
Bank overdrafts	-	264,545
Distributions payable	16,768	119,090
Due to brokers - payable for securities purchased	-	276,251
Financial liabilities held at fair value through profit or loss	-	587,383
Other payables	129,925	97,247
Total liabilities (excluding net assets attributable to unitholders)	146,693	1,344,516
Net assets attributable to unitholders – liability	1,862,210	4,240,867
Liabilities attributable to unitholders	(1,862,210)	(4,240,867)
Net assets	-	-

Financial Statement

Consolidated statement of changes in equity For the year ended 30 June 2018

	Consolidated	
	2018 \$	2017 \$
Balance at the beginning of the financial year		
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Transactions with unitholders in their capacity as unitholders	-	-
Total equity at the end of the financial year	-	-

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

Financial Statement

Statement of cash flows For the year ended 30 June 2018

	2018 \$	2017 \$
Cash flows from operating activities		
Proceeds from sale of financial instruments held at fair value through profit or loss	2,459,197	9,232,864
Purchase of financial instruments held at fair value through profit or loss	(2,719,612)	(11,759,247)
Transaction costs on sale and purchase of financial instruments	(3,086)	(7,649)
Dividends and distributions received	55,105	94,086
Dividends and distributions paid	-	(7,669)
Other income received	78,771	
Interest received	1,507	31,089
GST recovered/(paid)	1,275	-
Management fees paid	(50,659)	(68,542)
Responsible entity fees paid	(25,057)	(68,810)
Other expenses paid	(429,271)	(416,900)
Net cash (outflow)/inflow from operating activities	(631,830)	(2,970,778)
Cash flows from financing activities		
Proceeds from applications by unitholders (excluding treasury units)	1,643,819	1,878,845
Payments for redemptions by unitholders (excluding treasury units)	(1,326,433)	(1,284,093)
Payments for share buy backs	-	(241,491)
Distributions paid	(386,827)	(373,196)
Other	3,507	-
Net cash (inflow)/outflow from financing activities	(65,934)	(19,935)
Net (decrease)/increase in cash and cash equivalents	(697,764)	(2,990,713)
Cash and cash equivalents at the beginning of the year	698,826	3,689,539
Cash and cash equivalents at the end of the year	1,062	698,826
Non-cash financing activities	75,892	33,541

1. Principal activities

The principal activities of the Trust during the financial year were managing its investment strategy in accordance with the provision of the Trust Constitution and the Product Disclosure Statement.

The Trust did not have any employees during the year.

The Trust is currently listed on the Australian Securities Exchange (ASX: AIB).

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

2. Review and results of operations

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

3. Financial results for the year

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

	2018 \$	2017 \$
Operating profit before finance costs attributable to unitholders	(2,411,538)	(727,305)
Distributions paid and payable	284,505	415,834
Distribution (cents per unit) 30 September	1.24	1.53
Distribution (cents per unit) 31 December	1.23	1.53
Distribution (cents per unit) 31 March	1.13	1.54
Distribution (cents per unit) 30 June	0.23	1.54

4. Financial position

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

	2018 \$	2017 \$
At 30 June	0.25	0.62
High during period	0.61	0.84
Low during period	0.25	0.62

5. Information on Underlying Performance

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

6. Strategy and Future Outlook

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

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

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

7. Significant changes in state of affairs

Molopo Energy Limited

As at 30 June 2018, AIB held an investment in the ordinary shares of MPO, which was suspended from trading on the Australian Stock Exchange on 27 July 2017 and remains suspended as at the date of this report.

On 12 September 2017, Aurora Fortitude Absolute Return Fund ("AFARF") announced an off-market takeover bid for 100% of the shares in Molopo at a price of \$0.135 (13.5 cents) per share through a combination of cash (capped at \$5 million) and units in AFARF.

On 8 May 2018, Molopo disclosed a number of transactions which were in excess of the 'no material transaction or series of transactions of more than \$2 million' defeating condition of AFARF's bid, specifically:

- "On 30 January 2018, Orient redeemed all of the JV Partner's shares in Orient for a redemption amount of USD\$7 million (Orient Redemption), resulting in the shares of the JV Partner in Orient being cancelled and Orient becoming a wholly-owned subsidiary of Molopo";
- "Following completion of the Orient Redemption, Molopo has sole funded the remaining amounts required by the Orient Project, in accordance with its current budget for the project, in an aggregate amount of USD\$21 million (Orient Funding)";
- "On 21 February 2018, Orient entered into a contribution agreement with Drawbridge Energy Holdings Ltd (Drawbridge) pursuant to which it agreed to (i) transfer its 100% interest in Orient FRC (US) LLC (Orient US), a wholly owned subsidiary of Orient; and (ii) assign Orient's interest in the Orient Project to Orient US at completion, in consideration for a 30% interest in Drawbridge (Combination Transaction)"; and
- USD\$21 million was funded by way of intercompany loan from Orient to Orient US. Following completion of the Combination Transaction on or about 7 March 2018, the loan from Orient to Orient US was extinguished.

Following completion of the Combination Transaction, Molopo reported that it had \$16.904 million of cash as at 31 March 2018.

On 11 May 2018, Aurora submitted an application to the Takeovers Panel in relation to the affairs of Molopo seeking a Declaration of Unacceptable Circumstances in relation to the Orient / Drawbridge Transactions. Amongst other things, Aurora submitted:

1. that:

- (a) the transactions and events described in the 8 May 2018 ASX announcement constituted frustrating actions and should have been subject to shareholder approval;
- (b) there were disclosure deficiencies in Molopo's Target Statement and Supplementary Target Statements;
- (c) Molopo failed to comply with its continuous disclosure obligations; and
- (d) the conduct of Molopo's (now former) directors in relation to, and the nature of, the transactions, and other circumstances, gave rise to serious concerns regarding the transactions.

2. the cumulative effect of the transactions and events was to inhibit the acquisition of control over voting shares in Molopo taking place in an efficient, competitive and informed market.
3. it appeared that Molopo had misled the Takeovers Panel in prior Takeover Panel proceedings regarding the urgency and use of the US\$4.5 million shareholder loan to Orient.
4. in relation to the Orient / Drawbridge Transactions, that certain circumstances “point to the transaction being a sham”, including the uncommercial structure of the transaction, the speed at which and the secrecy with which it had been consummated, the lack of oil and gas experience of the Former Directors and the disregard for the ASX Listing Rules.
5. it sought an order that all transactions that are capable of being unwound be unwound. If that order was not made (or complied with) and Aurora withdrew its bid due to the frustrating actions, it sought an order for costs associated with its bid.

On 8 June 2018, the Takeovers Panel made a Declaration of Unacceptable Circumstances in relation to the Orient / Drawbridge Transactions and subsequently ordered Molopo to pay a portion of the costs necessarily, properly and reasonably incurred by Aurora, however did not order that the Drawbridge /Orient transaction be unwound.

On 1 August 2018, the new Molopo Board, who were elected at the Company’s Annual General Meeting on 31 May 2018, made the following comments in the recent Quarterly Activities Report released by Molopo:

“Following a detailed review of the Orient/Drawbridge Transactions, the current Directors of Molopo cannot see any logical or commercial reason for entering into these transactions.

*The Transactions resulted in the Company’s cash reserves being depleted from **A\$66.2 million** at 30 June 2017 to **A\$15 million** as at 30 June 2018.*

The Former Directors proceeded with these transactions without seeking shareholder approval, resulting in a breach of ASX Listing Rules, as well as breaching ASX continuous disclosure obligations and the Corporations Act.”

On 10 August 2018, Aurora made an ASX Announcement advising of its decision to not declare AFARF’s takeover bid free from its defeating conditions and therefore to withdraw the AFARF takeover bid.

In light of the above, Aurora considers that the actions of the former Molopo directors have substantially and adversely affected the value of Molopo’s assets. As such, Aurora has considered the carrying value of its investment in Molopo and has decided to write the value of its investment down from 13.5 cents to 3.6 cents. The rationale for this decision is summarised below:

- Today, Molopo’s primary assets comprise its cash reserves (A\$15 million as at 30 June 2018) and its shareholding in Drawbridge. Molopo’s shareholding in Drawbridge, being a 30% shareholding with no voting rights and limited rights to appoint a representative director, was reported to have gross cash of US\$14.07 million, investment and other assets of US\$4.41 million, current liabilities of US\$0.29 million and net assets of US\$18.2 million (A\$24.06 million) as at 31 March 2018; against which the projected cash outflows for the 6 month period between April and September 2018 was estimated to be US\$6.61 million (gross) or US\$1.1 million (A\$1.46 million) per month. Molopo’s 30% share of the net balance equates to A\$5.235 million.
- Given the uncertainty around the recoverability of the money invested in Drawbridge, coupled with the lack of available audited information at this time, Aurora has taken 50% of A\$5.235 million for the purpose of ascribing a value for Molopo’s shareholding in Drawbridge, being A\$2.62 million. This estimate may change as more information regarding Drawbridge’s financial position is made available over the coming months.
- Molopo’s primary liability relates to a long-standing legal action in Canada concerning the Company and Molopo Energy Canada Ltd (“MECL”), a wholly owned subsidiary of the Company. According to the most recent financial statements released by Molopo, being the annual audited financial statements for the year ended 31 December 2017, which were released by Molopo on 8 May 2018, there was no change to the long standing provision of A\$8.6 million, with the following commentary being provided:

In March 2011, MECL was served with a statement of claim by a former joint venture partner (3105682 Nova Scotia ULC) "310 ULC" claiming MECL breached various agreements relating to the relevant joint venture, including breach of fiduciary duties, trust and good faith. 310 ULC has sought declarations, accountings, damages of 25% revenue, C\$35.0 (A\$35.9) million general damages, C\$1.0 (A\$1.0) million punitive and aggravated damages, interest, GST and indemnity costs.

Subsequent to the filing of the statement of defence, the Company undertook an extensive examination of the transactions that gave rise to the amounts in dispute. This examination resulted in the Company applying a provision in the accounts in 2012 of a net C\$5.0 (A\$5.1) million. In early 2013, the JV Partner settled a counterclaim by making a payment of C\$3.4 (A\$3.5) million to the Company, at which time the Company increased the provision to C\$8.4 (A\$8.6) million.

The matter is continuing in the ordinary course with the Court. No court date has yet been set and the standard preparatory litigation processes are being undertaken.

The movement in the past two years in the provision for legal claim arises solely from fluctuations in foreign exchange rates in the period. The Board is satisfied that the progress of the litigation process has not provided evidence to suggest the C\$8.4 (A\$8.6) million provision is inappropriate. The Board therefore considers the provision to be appropriate.

- Molopo currently has 249,040,648 ordinary shares on issue;
- Based on the above, Aurora considers the appropriate carrying value of its investment in Molopo to be calculated as follows:
 - cash reserves of \$15 million; plus
 - 50% of Molopo's 30% of Drawbridge estimated value \$2.62 million; less
 - litigation provision of \$8.6 million;
 - divided by 249,040,648 ordinary shares on issue;
 - the total estimated value equates to a value of **3.6 cents per share**
- As more information is released by Molopo on the Drawbridge shareholding as well as the Canadian litigation, it may be appropriate for Aurora to revisit the carrying value of its Molopo investment.

The fair value of Aurora's investment in Molopo is based on significant estimates and judgements adopted by management of Aurora based on all available information about Molopo as at the date of the 30 June 2018 financial report.

In addition to the application made by Aurora to the Takeovers Panel, Aurora is pursuing other avenues to recover value that has been lost by the former directors of Molopo.

RNY Property Trust (ASX: RNY)

On 30 June 2018, Aurora's total voting right is 80.96% of which AIB owns 1.18% of the units in RNY.

Over the last nine months, Aurora has been working to preserve the value of its investment in RNY by negotiating with the US lender of the underlying five (5) US commercial properties held by RNY.

RNY has been valued at 1.3 cents per unit in the financial statements of AUP, rather than the most recently traded prices, due to the following:

- In the period from 1 January 2018 to 30 June 2018, a total of less than \$20,000 has been traded on the ASX. Accordingly, Aurora considers that the recently traded prices have not occurred in a liquid market and therefore do not provide adequate price discovery; and
- The current terms of the loan provided to RNY Australia Operating Company LLC (US LLC) is non-recourse to the US LLC and RNY. As at 30 June 2018, RNY had unencumbered cash of approximately USD \$4.2 million. After allowing for creditors, in excess of 1.3 cents was available to RNY unitholders.

Further details are set out in the subsequent events note below.

8. Matters subsequent to the end of the financial year

RNY Property Trust

On 2 July 2018, Huntley Management Limited ("HML") replaced RNY Australia Management Limited (RAML) as responsible entity (RE) of RNY. Following the change of RE, HML appointed Aurora Funds Management Limited as the investment manager of RNY.

Aurora, in its capacity as Investment Manager of RNY, has negotiated a letter of intent with RNY's financier, Acore Capital, in relation to the Loan Modification, the terms of which are still subject to negotiation. RNY will disclose the terms once the agreed Loan Modification has been completed which may have an impact on the carrying value of the units held in RNY.

Other than the changes mentioned above, no other matters or circumstances have arisen since 30 June 2018 that have significantly affected, or may significantly affect:

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

9. Significant accounting policies

These financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial statements have been prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

10. Net assets attributable to unitholders

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

	2018 No.	2017 No.	2018 \$	2017 \$
Opening balance	6,940,077	6,528,658	4,240,867	4,997,204
Applications	2,544,088	2,363,578	1,567,927	1,878,845
Redemptions	(2,334,264)	(1,534,235)	(1,326,433)	(1,166,739)
Buy backs	-	(461,461)	-	(358,845)
Units issued upon reinvestment of distributions	140,677	43,537	75,892	33,541
Increase/(decrease) in net assets attributable to unitholders	-	-	(2,696,043)	(1,143,139)
Closing balance	7,290,578	6,940,077	1,862,210	4,240,867