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19 December 2014

For release under AFV and KBC

Aurora Funds Limited and Keybridge Capital Limited enter into a binding term sheet for the sale of the funds management business

Aurora Funds Limited (ASX Code: AFV) (Aurora) is pleased to announce that it has entered into a binding term sheet for Keybridge Capital Limited (ASX Code: KBC) to acquire the funds management business of Aurora.

The binding term sheet requires the parties to enter into formal sale agreements by 12 February 2015. The sale will be subject to approval by AFV shareholders. The terms of the sale are detailed below:

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- Keybridge to acquire Aurora Funds Management Limited (AFM), a wholly owned subsidiary of Aurora. AFM comprises the Responsible Entity and Investment Manager for the Aurora Fortitude Absolute Return Fund, the Aurora Absolute Return Fund (ASX:ABW), the Aurora Dividend Income Trust (ASX:AOD), the Aurora Global Income Trust (ASX:AIB) and the Aurora Property Buy-Write Income Trust (ASX:AUP).
 - Aurora will receive a cash consideration of \$4.3 million. \$3.5 million payable upfront with \$0.8 million deferred for 12 months subject to certain warranty adjustments.
 - Aurora will seek to return a significant amount of its pro-forma capital to Aurora shareholders. It is expected that this will equate to an estimated \$0.52 per share on completion of the transaction with an estimated additional \$0.07 per share in 12 months subject to certain warranty adjustments.
 - The purchase price and any capital return may be adjusted for any net cash or liabilities to be assigned.
 - All Aurora employees are to be offered employment agreements at Keybridge.
 - Keybridge has Net Tangible Assets excluding intangibles of \$37.1m as at 30 November 2014.
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Subject to an independent expert determining that the sale of the funds management business is in the best interests of Aurora shareholders, the Directors of Aurora (who collectively represent 53% of the shares, excluding Keybridge's existing holding) unanimously support and intend to vote shares in favour of the proposed sale, in the absence of a superior offer.

Aurora Managing Director, Simon Lindsay commented "Aurora has seen significant growth in its retail funds under management over the last twelve months and the strong balance sheet of Keybridge will provide the business with the financial support to invest in additional resources to accelerate this growth. With high barriers to entry in the retail funds management market this partnership provides the opportunity for Aurora to be a leading provider of alternative investment strategies."

Both parties are working together to complete the transaction in late February or early March.

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