

8 January 2020

Company Announcements
ASX Limited
Level 6, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

ASX ANNOUNCEMENT – TAKEOVER BID

Aurora Dividend Income Trust announces off-market takeover bid for Keybridge Capital Limited (ASX: KBC)

Takeover Bid overview

- Aurora Dividend Income Trust (ARSN 151 947 732) (**ADIT** or **Fund**) intends to make an off-market takeover bid for the fully paid ordinary shares in Keybridge Capital Limited (ACN 088 267 190) (**KBC**)¹ at an all cash bid price of 6.6 cents for each fully paid ordinary share (**Bid**);
- The Bid represents an 8.9% premium to KBC's most recent net tangible asset backing of 6.06 cents per share as at 31 October 2019², and a premium of 1.5% to the takeover offer already announced by WAM Active Limited (ACN 126 420 719)³; and
- The Bid provides accepting KBC shareholders with the ability to sell their KBC shares off-market for cash consideration at a premium to KBC's most recent NTA and WAM Active's takeover offer.

Takeover Bid for KBC shares

Aurora Funds Management Limited (**Aurora**), as responsible entity of ADIT, is pleased to announce ADIT's intention to make an off-market takeover bid for the fully paid ordinary shares in KBC at an all cash bid price of 6.6 cents for each share (**Bid**).

The shares in KBC have not traded on the ASX since being suspended on 16 July 2019. The Bid consideration represents an 8.9% premium to KBC's most recent net tangible asset backing of 6.06 cents per share as at 31 October 2019 and a premium of 1.5% to the takeover offer made by WAM Active Limited

It has been resolved that ADIT will enter into funding agreements with HHY Fund (**HHY**) and Aurora Fortitude Absolute Return Fund (**AFARF**) which, if called upon, will ensure the cash requirements of the Bid are able to be satisfied.

The Bid and ADIT's obligation to make the Bid is subject to a range of conditions which are set out in the Annexure attached to this announcement.

Investors in both ADIT and KBC do not need to take any action in relation to the Bid at the present time. The indicative timetable in relation to the Bid is set out below:

¹ Australian Style Group and Mr Nicholas Bolton have both independently advised that they will not be accepting the Bid.

² As per the ASX Announcement dated 29 November 2019, released on to the ASX Market Platform on 2 December 2019.

³ As per WAM Active's Bidder's Statement, dated 3 January 2020.

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Key Event	Date
Lodgement of ADIT's Bidder's Statement with ASIC, ASX and KBC	Mid January 2020
Dispatch of Bidder's Statement	Late January 2020
ADIT's Bid opens	Late January 2020
ADIT's Bid closes (unless extended)	Late February 2020

KBC shareholders

The Bid provides KBC shareholders with a value accretive exit strategy⁴ for cash consideration of 6.6 cents for each fully paid ordinary share in KBC.

ADIT unitholders

The Bid will strengthen ADIT's asset base and Aurora considers the Bid price will provide ADIT with the potential for future capital growth. The increased asset base will also provide an improved ability to grow the investment portfolio returns after costs on a measured and sustainable basis leading to enhanced distributions growth without significant increased risk. Further, the opportunity to gain access to the franking credits within Keybridge would be valuable for ADIT unitholders.

By virtue of the benefits of economies of scale, the enlarged entity also has the capacity to reduce the management expense ratios currently charged to ADIT unitholders on an enduring basis as the fixed costs will be spread over a larger unitholder base. It is also reasonable to anticipate the potential for operating synergies over the medium term including in relation to administration and overhead expenses.

The Bid may cause ADIT to exceed the concentration limits as set out in ADIT's PDS. As such, Aurora hereby gives notice that the concentration limits will be removed, in relation to KBC only, to ensure the Bid can proceed.

Further information

If you have any queries in relation to the Bid, please contact Aurora on 1300 553 431.

Yours faithfully



Mark Briglia
Company Secretary | Aurora Funds Management Limited

⁴ Compared to the most recent NTA position at 31 October 2019, as released on the ASX Market Platform on 2 December 2019.

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Schedule

Proposed defeating conditions

(a) **No prescribed occurrences between Announcement Date and service of bidder's statement**

During the period starting on the Announcement Date and ending at the end of the day before Aurora's Bidder's Statement is given to KBC, none of the occurrences listed below happens:

- (1) KBC declares, or distributes any dividend, bonus or other share of its profits or assets except for a dividend by a wholly-owned subsidiary of KBC;
- (2) KBC alters the rights attached to any of its shares or other securities or proposes to do so;
- (3) KBC makes any change to its constitution or passes any special resolution or proposes to do so;
- (4) KBC gives or agrees to give any encumbrance (including a security interest or mortgage) over any of its assets otherwise than in the ordinary course of business;
- (5) KBC converts all or any of its shares into a larger or smaller number of shares;
- (6) KBC or a subsidiary of KBC resolves to reduce its share capital in any way;
- (7) KBC or a subsidiary of KBC:
 - (A) enters into a buy-back agreement; or
 - (B) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (8) KBC or a subsidiary of KBC issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (9) KBC or a subsidiary of KBC issues, or agrees to issue, convertible notes;
- (10) KBC or a subsidiary of KBC disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (11) KBC or a subsidiary of KBC charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (12) KBC or a subsidiary of KBC resolves to be wound up;
- (13) the appointment of a liquidator or provisional liquidator of KBC or of a subsidiary of KBC;
- (14) a court makes an order for the winding up of KBC or of a subsidiary of KBC;
- (15) an administrator of KBC, or of a subsidiary of KBC, is appointed under section 436A, 436B or 436C of the Corporations Act;

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- (16) KBC or a subsidiary of KBC executes a deed of company arrangement; or
- (17) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of KBC or of a subsidiary of KBC.

(b) **No prescribed occurrences between service of bidder's statement and end of Offer Period**

During the period starting on the day before Aurora's Bidder's Statement is given to KBC and ending at the end of the Offer Period, none of the occurrences listed in paragraph (a) above happens.

(c) **No material transactions**

Except for any proposed transaction reasonably full details of which are publicly announced by KBC before the Announcement Date, none of the following events occurs during the period starting on the Announcement Date and ending at the end of the Offer Period without the written consent of Aurora:

- (1) KBC, or any subsidiary of KBC, acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in any single transaction of more than A\$0.5 million or an amount in aggregate in any series of transactions of more than A\$0.5 million, or makes an announcement about such an acquisition or acquisitions;
- (2) KBC, or any subsidiary of KBC, disposes or agrees to dispose of one or more companies or assets (or an interest in one or more companies or assets), including without exception, any investment in Molopo Energy Limited, Metgasco Ltd, Yowie Group Limited, HHY Fund, Manly Sebel Property and Foundation Life;
- (3) KBC, or any subsidiary of KBC, enters into, offers to enter into or announces that it proposes to enter into any joint venture, partnership or dual listed company structure involving a commitment of greater than A\$0.5 million in any single transaction or an amount in aggregate in any series of transactions of more than A\$0.5 million, or makes an announcement about such a commitment; or
- (4) KBC, or any subsidiary of KBC, incurs or commits to, or grants to another person a right the exercise of which would involve KBC or any subsidiary of KBC incurring or committing to any capital expenditure or liability for one or more related items of greater than A\$0.5 million, or makes an announcement about such a commitment.

(d) **No material adverse change**

During the period starting on the Announcement Date and ending at the end of the Offer Period, no change occurs, is discovered (including where Aurora becomes aware that information publicly filed is, or is likely to be, incomplete, incorrect or untrue or misleading) or becomes public which has or could reasonably be expected to have a material adverse effect on the assets, liabilities, financial position, performance, profitability or prospects of KBC.

(e) **No material failings in filings**

Aurora does not become aware, during the period starting on the Announcement Date and ending at the end of the Offer Period, that:

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- (1) any document filed by or on behalf of KBC with ASX, ASIC or any other regulator contains a statement which is incorrect or misleading in any material particular or from which there is a material omission; or
 - (2) there has been an omission by KBC to give any material information to ASX, ASIC or any other regulator required by the ASX Listing Rules, the Corporations Act or any other applicable law.

(f) **No break/inducement fees**

During the period starting on the Announcement Date and ending at the end of the Offer Period, none of KBC and any body corporate which is or becomes a subsidiary of KBC, pays or provides or agrees (whether conditionally or contingently) to pay or provide any benefit to any person, or foregoes or otherwise reduces any payment or benefit or agrees to forgo or reduce any payment or benefit to which it would otherwise be entitled, in connection with any person making or agreeing to participate in, or enter into negotiations concerning:

- (1) a takeover bid for KBC or any body corporate which is or becomes a subsidiary of KBC; or
- (2) any other proposal to acquire any interest (whether equitable, legal, beneficial or economic) in shares in, or assets of, KBC or any body corporate which is or becomes a subsidiary of KBC, or to operate KBC as a single economic entity with another body corporate;

except for a payment, benefit or agreement:

- (3) for providing professional advisory services to KBC;
- (4) which is approved in writing by Aurora;
- (5) which is approved by a resolution passed at a general meeting of KBC; or
- (6) which is made to, provided to, owed by or made with Aurora.

(g) **No force majeure event**

During the period starting on the Announcement Date and ending at the end of the Offer Period, no act of war (whether declared or not) or terrorism, mobilisation of armed forces, civil commotion or labour disturbance, fire or natural disaster, or other event beyond the control of KBC or the relevant subsidiary occurs which has an adverse effect or is likely to have an adverse effect on the assets, liabilities, financial position, performance, profitability or prospects of KBC and its subsidiaries taken as a whole.

(h) **No superior alternative proposal**

No superior alternative proposal to Aurora's takeover bid is announced during the Offer Period that:

- (1) is recommended by any KBC director; or
- (2) offers consideration that is equal or higher than the consideration offered under the bid valued, as far as practicable, in accordance with the principles applying under section 621(3) of the Corporations Act and ASIC Regulatory Guide 9: Takeover bids.

(i) **NTA Floor**

During the period starting on the Announcement Date and ending at the end of the Offer Period, the reported after-tax NTA of KBC does not fall below 5.75 cents per share.

(j) **Market movement (10% fall)**

During the period starting on the Announcement Date and ending at the end of the Offer Period:

- 1) The All Ordinaries Index is 10% or more below its level as at the close of trading immediately preceding the Announcement Date; or
- 2) The S&P/ASX 200 Index is 10% or more below its level as at the close of trading immediately preceding the Announcement Date;

for a duration of longer than 3 consecutive ASX trading days.

(k) **No material litigation**

During the period starting on the Announcement Date and ending at the end of the Offer Period:

- (1) none of KBC and any body corporate which is or becomes a subsidiary of KBC has threatened or commenced against it any material claims or proceedings in any court or tribunal (and a claim or proceeding is taken to be material if it may reasonably result in a judgment of A\$100,000 or more), other than that which has been fully and fairly publicly disclosed to ASX prior to the Announcement Date;
- (2) the consideration under the Bid is required to be increased or Aurora or an associate of Aurora is required or reasonably likely to be required to pay any amount to any one or more KBC shareholders in connection with the Bid as a result of:
 - (A) any litigation that is commenced, is threatened to be commenced, announced or is made known to KBC (whether or not becoming public); or
 - (B) any preliminary or final decision or order of any regulator or other government agency, other than as a result of Aurora publicly undertaking to increase the consideration under the Bid or Aurora lodging a notice of variation under section 650D of the Corporations Act relating to an increase of the consideration under the Bid; or

the aggregate liability of KBC and any body corporate which is a subsidiary of KBC under or in connection with any existing claim or proceeding in any court or tribunal is or is likely to be materially more than the provision made for the claim or proceeding in KBC's last audited annual financial statements or, if no provision has been made, is or likely to be more than A\$100,000.

Further information regarding the Bid and the conditions will be provided to KBC shareholders in Aurora's Bidder's Statement.