

19 December 2014

Keybridge to acquire the Aurora Funds Management business

Keybridge is pleased to announce that it has entered into a binding terms sheet with Aurora Funds Limited (Aurora) to acquire its funds management business for \$4.3 million.

The transaction will be subject to conditions, including, without limitation, Aurora shareholder approval, due diligence, third party consents and ASX listing rule 11.1.2, and is detailed below:

- 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). The collective retail funds under management are approximately \$180 million.
- \$4.3 million all cash consideration with \$3.5 million payable upfront and \$0.8 million deferred for 12 months subject to certain warranty adjustments.
- Purchase price to be adjusted for any net cash or liabilities to be assigned.
- All Aurora employees to be offered employment agreements at Keybridge.
- Business to continue under the Aurora brand.
- Contemporaneously with the sale transaction, Aurora will seek shareholder approval to return a significant amount of its pro-forma capital to shareholders, for which Keybridge will receive 20% as a result of its shareholding in Aurora.
- Subject to an independent expert's report and in the absence of a superior proposal, the transaction is unanimously supported by the Aurora Board of Directors, who also represent 53% of the Aurora shares after excluding Keybridge's shareholding and intend to vote in favour of the resolutions.
- The transaction is expected to deliver cost synergies and improve profitability for the Keybridge Group.

Keybridge's CEO, Nicholas Bolton commented "Aurora has established a long term track record of delivering risk adjusted returns through an economic cycle and this acquisition provides a strong opportunity to establish Keybridge as a growing, well capitalised Australian alternative funds management business. With high barriers to entry in domestic retail funds management this is a unique opportunity.

As Aurora's largest shareholder, Keybridge already has a strong relationship with the company, and we are all pleased to welcome this capable and experienced team of alternative asset managers into the Keybridge Group. With the support of Keybridge's strong balance sheet and investor networks, we believe that the Aurora business will be well positioned to build upon the current retail funds under management."

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