

ASX Announcement

16 April 2019

UPDATE FROM 8EC IN RESPONSE TO AURORA'S INTENTION TO MAKE UNSOLICITED OFF-MARKET TAKEOVER BID

On 5 April 2019, Aurora Funds Management Limited (**Aurora**), as responsible entity of the Aurora Dividend Income Trust (**ADIT**), announced its intention to make an off-market scrip takeover bid for all of the issued shares in 8iP Emerging Companies Limited (ASX: 8EC) (**8EC** or the **Company**) in exchange for ADIT units equal to the value of \$0.75 per share (**Bid**).

8EC provides this update to shareholders having now had the opportunity to further consider the Bid.

The ADIT Bid is unsolicited, subject to many conditions and in 8EC's view is poorly conceived. It purports to offer 8EC shareholders a premium to the current 8EC trading price yet in 8EC's view this is both illusory and unfunded. Also, ADIT's purported scrip offer value of \$0.75 per 8EC share is substantially below 8EC's last reported post-tax NTA of \$0.89 per share¹.

In 8EC's opinion, ADIT's announcement on its face exposes 8EC securityholders to substantial undisclosed risks. It simply leaves too many key questions unanswered to enable it to be properly assessed by shareholders.

8EC shareholders should be aware that ADIT is a significantly smaller entity than 8EC, with total net assets of only \$4.6m² including cash and accruals of only \$68,376³. Furthermore 88% of its current investment portfolio³ is represented by ADIT's shareholding in 8EC. This means that on completion of the Bid accepting 8EC shareholders may have in substance simply swapped their 8EC shares for units in an unlisted fund having assets substantially comprised of 8EC shares.

There are many key questions not answered in the 5 April announcement by Aurora, including:

- What will ADIT units be worth given their value will be primarily driven by the market price of 8EC shares?
- How will ADIT fund the exit of 8EC shareholders from ADIT, given ADIT's nominal cash balance and the minimal cash balances currently held in other Aurora funds?
- What is the likely exit price for those 8EC shareholders who seek to redeem their ADIT units?
- How will the price differ in certain circumstances and what are the relevant risks?
- Will 8EC shareholders be able to exit ADIT? In this regard, 8EC shareholders should note that in December 2018, Aurora had its approval as an AQUA product issuer revoked by the ASX for failure to comply with various ASX Rules. This means that the only exit mechanism available for 8EC shareholders might be through the redemption of ADIT units in accordance with the ADIT Constitution, which does allow for the suspension of the unit redemption mechanism.

These are some of the important questions that must be answered by Aurora so that 8EC shareholders are fully informed about the Bid. Currently this is not the case.

The 8EC Board will provide its formal recommendation to 8EC shareholders, along with the Company's Target Statement, in due course following receipt of the Bidder's Statement from ADIT (which according to Aurora's announcement is expected to be lodged in early May).

In the meantime, the 8EC Board advises shareholders to **TAKE NO ACTION** whatsoever regarding their shares in response to the Bid.

Jonathan Sweeney
Chairman

¹ 8EC ASX announcement 11 April 2019

² As per ADIT's most recent published financial statements (for the half year ended 31 December 2018)

³ As per ADIT's most recent published Portfolio Update (28 February 2019)