

4 August 2017

ASX Limited  
Level 6, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000  
Attention: Company Announcements

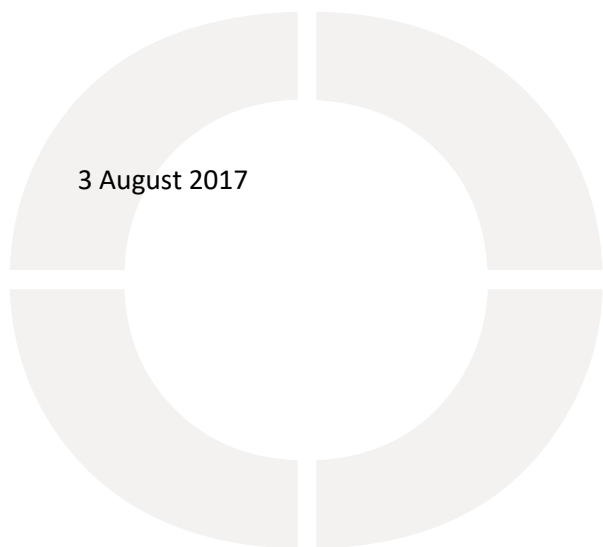
**Letter to RNY Shareholders**

Please find attached a copy of a letter dispatched to RNY shareholders today.

Yours faithfully  
**Aurora Funds Management Limited**  
as Responsible Entity for  
**Aurora Property Buy-Write Income Trust**



Betty Poon  
**Company Secretary**



3 August 2017

Dear fellow unitholder,

**AURORA FUNDS MANAGEMENT LIMITED REQUISITIONS MEETING TO CHANGE RESPONSIBLE ENTITY OF RNY PROPERTY TRUST**

We understand that you are a fellow unitholder of the RNY Property Trust (**RNY**). Aurora Funds Management Limited (**Aurora**) currently holds 19.9% of the units of the RNY Property Trust (**RNY**) and has requisitioned a meeting of the unitholders of RNY to consider a change in its responsible entity from RNY Australia Management Limited (**RAML**) to Aurora.

We thought it as important that we communicate with you as a fellow unitholder in relation to why Aurora took this step. Aurora has previous tried to engage constructively with RNY about Aurora's concerns, including by putting forward a potential recapitalisation proposal aimed at delivering unit holder value. As those attempts were unsuccessful, Aurora carefully considered all its options to enhance and protect the value of its investment in RNY, and concluded that the best way to achieve this is to change the management of RNY.

We believe changing the management of RNY is in the best interests of investors for these reasons:

- RAML has overseen a 97% - 99% reduction in unit holder value since listing, with RAML recently estimating the net asset value of a unit in RNY at 1-3 cents, compared to its initial listing price of \$1.00.
- RAML appears to intend to exit RNY's residual properties in an accelerated manner, reducing the potential returns for RNY's unit holders. Aurora is of the view that implementing a 'hold strategy' for the properties and deferring any sale process would result in superior returns.
- While market fundamentals in the Westchester and Long Island property markets (the location of RNY's key residual properties) have experienced challenging conditions, recent independent research on each of these regions identifies that market fundamentals are now improving or stabilised as former excess supply has been absorbed.
- RAML and related entities (which provide services to the RNY property portfolio, such as property management and leasing) appear to have charged \$84.7m\* in direct and indirect fees to RNY over the last 12 years. Aurora is of the view that appointing tenancy and asset managers that are unrelated to the responsible entity of RNY would likely result in improved tenancy results as well as lower costs for unit holders. Aurora is also of the view that there is opportunity to reduce RNY's ongoing overhead costs.
- Aurora has been in discussions with US based financiers that have provided indications they would support a refinancing of the key properties on conditions more favourable than current. RAML previously rejected a proposal by Aurora to recapitalise RNY to allow it to retain these properties.

Aurora notes that entities related to RAML have entered into 'poison pill' arrangements that could be exercised if RAML is removed as responsible entity and, if exercised, could trigger a liquidation of RNY's properties that would be expected to further impact unit holder returns. RAML should let unit holders know immediately of its

\* Aurora notes that it requested RXR confirm these estimates of indirect charges that are not disclosed in RNY financial reports but has not yet received a response

intentions in this regard, and how RAML managed the potential for conflict of interest when these arrangements were put in place and how it intends to avoid its obvious self-interest if these arrangements are enlivened.

Aurora also notes that it is possible that the meeting requisition may encourage RAML to provide an alternate proposal to generate value for RNY unit holders, and Aurora remains open to considering such a proposal.

Aurora has also established a website ([www.rnyREchange.net](http://www.rnyREchange.net)) where unit holders can subscribe to an email list and receive ongoing updates to ensure they are fully informed in relation to what is being proposed.

RAML is required to convene the meeting and despatch notice of the meeting together with a proxy form for unit holders to consider. A copy of the statement prepared by Aurora that will accompany the notice of meeting is available on the [www.rnyREchange.net](http://www.rnyREchange.net) website.

We believe it is important that RAML is held to account for the performance of RNY as well provide the best opportunity for RNY unitholders to maximise the value of their investment. We accordingly encourage all unitholders to participate in the upcoming meeting.

RNY unit holders can contact me directly with any questions in relation to this proposal on +61 411 241 272 or [bnorman@aurorafunds.com.au](mailto:bnorman@aurorafunds.com.au). We have provided additional information on the Aurora team in Appendix 1 to this document

Yours faithfully

A handwritten signature in dark ink, appearing to read 'B. Norman', written in a cursive style.

**Ben Norman**  
Chief Operating Officer  
Aurora Funds Management Limited

## **APPENDIX 1: KEY AURORA TEAM**

### **John Patton – Aurora, Managing Director**

#### Qualifications and memberships

Bachelor or Economics (Monash University), Chartered Accountant, Fellow of Financial Services Institute of Australasia

#### Experience

John is a senior executive with extensive finance experience in the corporate and professional services sectors and is currently the Managing Director of boutique investment manager Aurora Funds Management Limited. Previously, John was a partner with Ernst & Young in the Transactions Advisory Services division and owned his own consulting business.

With over 25 years of professional services and industry experience, John has extensive corporate finance credentials, having been involved in over 200 corporate transactions, including mergers & acquisitions (lead advisory), structuring, debt & equity raisings, IPO's, management buy-outs, valuations (including Independent Expert Reports), due diligence, financial modelling, restructuring and corporate advisory.

### **Ben Norman – Aurora, Chief Operating Officer**

#### Qualifications and memberships

BBus Accounting, BBus Banking and Finance (Monash University), GradDip(CA), Chartered Accountant, Professional Member of restructuring and turnaround organisation ARITA

#### Experience

Ben Norman is a qualified Chartered Accountant, with over 16 years of professional and industry experience. From April 2017 Ben has acted as Chief Operating Officer of boutique investment manager Aurora Funds Management Limited. Prior to joining Aurora, Ben was a Director in global advisory firm EY's Transaction Advisory Services practice, where he spent over 9 years and was involved in numerous due diligence, performance improvement, restructuring, turnaround, financial modelling and transaction integration engagements working with clients in all industry sectors. While at EY, Ben advised senior lenders and companies that held over \$1.5bn of property assets in relation to turnaround and realisation strategies. Prior to joining EY, Ben held a senior finance position with gas transmission business Epic Energy (which was owned by an ASX listed fund backed by Westpac Banking Corporation) and worked in taxation and advisory services at an accounting firm that later merged with PwC.

### **Jeffrey E. Schwarz – Aurora, Non-Executive Director (appointed July 2017)**

#### Qualifications and memberships

Jeffrey is a Summa Cum Laude graduate of the University of Pennsylvania's Wharton School, B.S. in Economics and an M.B.A. with a concentration in Finance. Jeffrey is a member of the Board of Overseers for the Graduate School of Education at the University of Pennsylvania

#### Experience

Jeffrey was the co-founder of Metropolitan Capital Advisors, Inc., a New York-based money management firm. He served as its Chief Investment Officer from the firm's inception in 1992 until 2012. Jeffrey serves as the Co-Chairman of the Board of Bogen Corporation, a telecommunications equipment provider (formerly publicly traded, now privately held); and as the Co-Chairman of the Board of Bogen Communications International Inc., which is the ultimate corporate parent of Speech Design GmbH, a global provider of messaging services to telecom carriers. Jeffrey previously served as the Chairman of the Board of Molopo Energy Limited, an Australian Stock Exchange listed oil and gas exploration company and as a member of the Board of Directors of Cyberonics Inc., a NASDAQ listed medical device company.

**Victor Siciliano – Aurora, Portfolio Manager**Qualifications and memberships

B Bus (Banking & Finance) and Master of Applied Finance (Investment Management)

Experience

Mr Siciliano joined Aurora as a Portfolio Manager in July 2016.

Victor has over 9 years' equity market experience, most recently as portfolio manager of the HHY Fund at Keybridge Capital Limited. Prior to this, Victor was employed as an assistant portfolio manager at boutique fund manager Sterling Equity and as an investment advisor at Macquarie Group.

Through these roles Victor was responsible for undertaking detailed company analysis on Australian and International listed companies, implementing investment strategies and making investment decisions.