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The Manager  
Company Announcements  
Australian Stock Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

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### **RNY Property Trust (ASX:RNY) – Update to RNY Unitholders**

**RNY Australia Management Limited (RAML) as responsible entity (RE) of RNY Property Trust (RNY)** announces that it is considering a sale of a subsidiary entity which owns its five remaining properties to Aurora Funds Management Limited in its own capacity and as trustee for the Aurora Property Buy-Write Income Trust (Aurora). No binding sale has been agreed at this stage. If the sale is to proceed, it will be submitted to RNY unitholders for approval and neither Aurora nor its associates will be entitled to vote.

Based on the non-binding terms under consideration, the sale price consideration would be equal to the debt owed on the properties (to be assumed by the buyer) plus US\$100,000 in cash payable to the seller, plus the buyer is to cover the seller's costs. RNY indirectly owns a 75% interest in the properties and therefore would receive 75% of such purchase price.

The benefits to RNY are therefore limited but they are considered sufficient to justify taking this proposal forward, compared to a foreclosure by the lender which management believes is the most likely alternative at this point.

#### **Background**

Aurora currently holds 80.96% of the RNY Units following its takeover. Since the takeover, Aurora has been unable to obtain ASIC approval for an amendment to its AFSL Licence to allow it to become the responsible entity (RE) of RNY. Aurora identified Huntley Management Ltd (Huntley) as an alternative RE but Huntley was also unable to obtain ASIC approval for an amendment to its AFSL Licence to allow it to become the RE of RNY. RAML would have preferred to be replaced by either Aurora or Huntley as RE following the takeover.

The result is that

- RNY's major unitholder, Aurora, has not been able to become directly or indirectly the RE (ie manager) of RNY and
- RAML remains as RE despite wishing to be replaced.

RAML remains of the view that the remaining properties cannot be retained in a manner which would be likely to add value for RNY and its unitholders and that any remaining excess cash should be returned to Unitholders and RNY wound up (***RAML Strategy***). On 10 April 2018 the lender issued foreclosure notices in relation to the remaining properties.

Aurora believes that the properties should be recapitalized and retained with the intention that they can add equity and the assets' value increases over time to exceed the value of the associated debt (the ***Aurora Strategy***).

A sale to Aurora of the remaining properties is a compromise which allows Aurora to pursue the Aurora Strategy while also allowing RAML to pursue the RAML Strategy. Unitholders should note that in both Strategies the remaining properties will cease to be owned by RNY entities.

Any sale of the remaining properties to Aurora will be subject to approval of RNY unitholders, by ordinary resolution of unitholders other than Aurora and its associates. An expert report would also be provided for the benefit of RNY unitholders. Aurora is to pay the associated costs.

The sale is also subject to the approval of the lender. In this regard Aurora has signed a conditional letter of intent with the lender.

The RAML Board Committee (consisting of the Independent Directors), on balance, supports progressing the sale of all remaining properties to Aurora. There is, however, no guarantee such sale will be successfully completed. In such a case the properties will likely be lost to the lender either by foreclosure or some other similar process.

If a binding sale agreement is signed a further announcement will be made and the notice of meeting will set out more details.

The Trust is managed by RAML, an Australian licensed responsible entity which is an affiliate of RXR Realty. Other affiliates of RXR serve as property manager, leasing agent, asset manager, and construction manager and provide other services to the properties in the Trust portfolio. RXR is one of the New York Tri-State area's leading real estate companies, specializing in the acquisition, leasing, financing, property and asset management, design and development, and construction of commercial properties.

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