

Aurora Property Buy-Write Income Trust (AUP)

Performance ¹	1 month	3 months	FYTD
Aurora Property Buy-Write Income Trust	0%	0%	-100%
Benchmark	0.43%	1.30%	4.04%
Outperformance	-0.43%	-1.30%	-104.04%

Investment Objective

The Aurora Property Buy-Write Income Trust ("Fund") seeks to provide investors with capital growth and income through owning a portfolio of ASX-listed property securities, and actively selling call options over the portfolio.

Investment Strategy

The Fund seeks to capture returns from investing in a portfolio of Australian ASX listed property securities. Income generated may be supplemented by implementing a call option selling ('writing') strategy. Where a call option strategy is implemented, a proportion of the income received from selling the call options may be used to purchase put options to reduce capital risk.

The Fund will invest in opportunities that are considered to offer attractive risk return characteristics with a focus on potential catalysts that seek to generate a profitable return regardless of the market direction.

Fund Overview

NAV per Unit	\$0.00
Structure	Fund
Investment Universe	Domestic
Inception Date	26 July 2007
Management fee (incl.GST)	1.03%
Performance fee (incl.GST)	10.25%
Buy / sell spread	+/- 0.10%
Entry / Exit fees	Nil
Benchmark	RBA Cash Rate plus 1%
Distributions	2.0% ^a pa, semi-annually

Fund Update

Aurora Funds Management Limited (Aurora), in its capacity as responsible entity for the Aurora Property Buy-Write Income Trust (AUP) provides the following market update, where applicable, in relation to the Funds' investments in RNY Property Trust (RNY).

This Fund Update is supplementary to, and should be read in conjunction with, the earlier Fund update provided on 23 February 2023.

RNY Property Trust update

RNY Property Trust (RNY) is an Australian unlisted property trust with five (5) commercial property assets located in the tri-state area of New York, USA, with 3 properties located in Long Island and 2 properties located in Westchester County, collectively having 830,000 sq feet of lettable office space. Huntley Management Limited is the responsible entity for RNY and Aurora Funds Management Limited is the investment manager.

In August 2021, RNY's US lender to RNY Australia Operating Company (US LLC), ACORE Capital ('the Lender'), advised that it would not extend the Loan facility through to October 2022, as contracted, as the Lender considered that documents relating to the net worth test were not administratively executed to its satisfaction and constituted an event of default. Aurora refutes the position adopted by the Lender and notes that the Lender nonetheless continues to rely upon the documents.

In late 2022, the Lender took steps to enforce its security by seeking to commence foreclosure action, seeking to appoint a receiver, and selling the mezzanine debt in the US properties through a Uniform Commercial Code (UCC) auction process. ACORE also advised that default interest of circa US\$11 million was due under the loan, however provided no formal paperwork to support this was claim. The UCC auction process was ultimately cancelled after RNY's related entity, RAOC, acquired the mezzanine debt and paid the associated fees (circa US\$1 million).

In March 2023, the Supreme Court of the State of New York County of Nassau (in Long Island) appointed a Rent Receiver over the five RNY properties, being a party independent of the party nominated by the Lender. The Rent Receiver posted a bond and filed an Oath with the Court around 11 April 2023, thereby formalising his appointment. Notwithstanding this appointment, CBRE continues to manage the RNY properties.

Based on recent discussions with the Rent Receiver:

- ♣ The strong leasing activity and Letters of Leasing Intent at Tarrytown prior to the Rent Receivers appointment, as mentioned in the last Fund Update of 23 February 2023, have not materialised and no new leases have been executed since March 2023; and
- ♣ The Rent Receiver's remuneration is based on a % of cash receipts and expenditures (including operating costs and capital expenditure) rather than a time-based arrangement.

Aurora denies that the Group was in breach of the loan obligations and continues to defend the enforcement actions taken by the Lender. In the meantime, the additional expenses associated with the Rent Receiver represent a permanent diminution in value for RNY unitholders.

March 2025

RNY owns 100% of RNY Australia LPT Corp (Maryland REIT) which in turn owns 75% of RNY Australia Operating Company LC (US LLC), which in turn owns the five RNY properties in separately held subsidiaries. Aurora and parties associated with it, including its Funds, own 79.9% of the units in RNY, with Keybridge Capital Limited (ASX: KBC) holding 17.3% and the remaining unitholders holding 2.8%.

Since the last Fund Update, attempts have been made to resolve the deadlock situation with the Lender. Until this matter is satisfactorily resolved, and a new debt facility can be agreed, there is significant uncertainty regarding the valuation of the subordinated loans and equity interests in RNY.

The Lender has, on several occasions, expressed interest in taking over ownership of the RNY properties, however, has stated that it would only be prepared to offer token consideration.

Based on the uncertainty created by the Lenders actions as outlined above, including unsupported claims for default interest, the Aurora Board considers it appropriate to fully impair to nil the carrying value of its equity investments in RNY and the subordinated loans it has advanced to RAOC, until such time as the impasse with the Lender can be resolved.

The fair value of the RNY equity investments and subordinated loans is based on significant estimates and judgements adopted by the Board of Aurora based on all available information about RNY as at the current date. The Aurora Board is aware of the material impact this decision will have on Aurora and its Funds.

Further, Aurora notes that RNY's second largest unitholder, Keybridge, has fully impaired the carrying values of its 17.3% equity investment in RNY as well as the subordinated loan it advanced to RAOC (which was used to acquire the mezzanine debt in the US properties). Keybridge has stated that the recoverability of its interests in RNY is dependent upon the prevailing market value of the underlying US properties less the senior debt. Further, given the state of the broader market, expectations on property values and the status of the dispute with RNY's Lender, Keybridge considers its subjective valuation to be appropriate.

The Aurora Board considered the range of possible values and determined that the fair value of the RNY equity investments and subordinated loans held by Aurora and its Funds should now be valued at nil.

Aurora will continue to pursue its options to resolve the deadlock with the Lender.

About Aurora

Aurora Funds Management Limited ("Aurora") is the Responsible Entity and Investment Manager of the Fund. Aurora is an Australian-based alternative asset manager that specialises in managing absolute-return strategies for high net worth, retail, and institutional investors. Aurora specialises in value-orientated event-driven investments that aim to provide investors with positive risk-adjusted returns that are independent of benchmarks or investment cycles.

Aurora is also the Responsible Entity of the:

- Aurora Fortitude Absolute Return Fund (APIR Code: AFM0005AU)
- Aurora Absolute Return Fund (ABW)
- Aurora Dividend Income Trust (Managed Fund) (APIR Code: AFM0010AU)
- Aurora Global Income Trust (AIB)
- HHY Fund (HHY)

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1. This number represents a cumulative return and assumes reinvestment of distributions and is generated with compounded monthly returns/net of fees.
^2.0% pa of distributable taxable income.

Disclaimer: This information has been prepared by Aurora Funds Management Ltd (ABN 69 092 626 885 AFSL 222110) in its capacity as Responsible Entity for the Fund (ARSN 125 153 648). It has been prepared without taking into account the objectives, financial situation or needs of any investor, which should be considered before investing. Investors should carefully review the Product Disclosure Statement (PDS) for the Fund and seek their own financial advice prior to investing in the Fund. The information in this Performance Report is of a summary nature only and does not constitute advice of any kind, nor is it an offer of any financial product. Past performance is not a reliable indication of future performance. The investment objective for the Fund is expressed after the deduction of fees and before taxation. See the PDS for details on taxation. The investment objective is not intended to be a forecast, and is only an indication of what the investment strategy aims to achieve over the medium to long term. While the Fund will aim to achieve the objective, the objective and returns are not guaranteed. The payment of franking credits to investors is subject to the Fund achieving a taxable profit in that year.