

28 February 2018

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

RNY Property Trust (ASX:RNY) files Preliminary Full-Year Financial Accounts for the Period Ended 31 December 2017

RNY Australia Management Limited (RAML) as responsible entity of RNY Property Trust (the Trust) reported that it has filed its preliminary full-year financial accounts, via ASX, for the year-ended 31 December 2017. Such financial accounts can be reviewed at www.asx.com.au and www.rnypt.com.au. Some of the highlights and material items of note during the period include the following:

Highlights for the Portfolio/Trust

- As of 31 December 2017, the Trust owns a 75% interest in 5 assets, and there is no equity in this portfolio, based on internal valuations versus the debt on these assets;
- Reported leasing activity of 180,000 square feet, including 26,452 square feet of new leasing and 153,548 of renewals during the period;
- Adjusted for property sales during the period, occupancy at period end of 75.6%, down from 78.3% at 30 June 2017;
- Internal valuations of all 5 assets result in current valuations (in total) remaining approximately the same as 30 June 2017 valuations;
- On 27 July 2017, the lender of the mortgage debt encumbering the Trust's 5 remaining assets issued notice that such debt was in default and the lender asserted various legal claims; management disagrees with the lender's claims; the loan remains in default and lender has the right to start foreclosure proceedings; in August 2017 management and the lender mutually agreed to discontinue settlement discussions regarding such claims to wait for the outcome of Aurora Funds Management Ltd (Aurora)(the Trust's largest unitholder with 81% of the Trust's units) attempt to become, or install Huntley Management Ltd (Huntley) as, Responsible Entity (RE) of the Trust;
- On 12 February 2018 at a unitholder meeting requested by Aurora, resolutions were passed to remove RAML, and appoint Huntley, as RE of the Trust; however, such change of RE will not be lodged with ASIC until Huntley receives a license variation from ASIC; management is unsure how long it will take Huntley to obtain such license variation, or if Huntley will be successful in obtaining such license variation;
- If Huntley is not successful in becoming RE of the Trust, management will have no choice but to assume it will remain RE of the Trust, and that it should act on its long-standing view as to what is in the interest of unitholders, which is to wind-up the Trust; the sale of any asset or transfer to the lender, or combination thereof, in connection with the completion of such strategy, is subject to the approval of the mortgage lender;
- If Huntley is successful in becoming RE of the Trust, management expects that Huntley will act on Aurora's publicly stated intent to maintain ownership of the existing properties and not wind-up the Trust;

As previously announced, the Trust has suspended distributions to unitholders in order to strengthen its capital position, increase liquidity, and reduce debt.

The Trust is managed by RAML, an Australian licensed responsible entity which is an affiliate of RXR. 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.

Certain statement herein relate to the Trust's future performance ("forward looking statements"). Although RAML believes such statements are based on reasonable assumptions, forward-looking statements are not guarantees of results and no assurance can be given that the expected results will be delivered. Such forward-looking statements are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those expected. Among those risks, trends and uncertainties are the general economic climate, including the conditions affecting industries in which principal tenants compete; financial condition of tenants; changes in the supply of and demand for office properties in the New York Tri-State area; changes in interest rate levels and changes in credit ratings and changes in the cost of and access to capital.

For further information:

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