

Appendix 4D

Half Year Report

for the half-year ended 30 June 2019

Half-year information provided to ASX under Listing Rule 4.2A

Name of entity	RNY Property Trust
ARSN	115 585 709
Reporting period	Half-year ended 30 June 2019
Previous corresponding period	Half-year ended 30 June 2018

Results for announcement to the market

Financial Performance

	A\$
Revenue/(loss) from ordinary activities	Up 25,275% to \$10,476,299
- Revenue for current half year includes \$10,066,222 share of profit from an equity accounted joint venture which was principally comprised of gains from property revaluations.	
Profit/(loss) from ordinary activities after tax attributable to unitholders	Up 2,640% to \$9,976,765
Net profit/(loss) for the year attributable to unitholders	Up 2640% to \$9,976,765

Net Tangible Asset Backing	Current Period	Previous Corresponding Period
Net tangible asset backing per unit	A\$0.05	A\$0.02

Distributions

Current Period	Amount Per Unit	Tax Deferred
Interim Distribution	Nil	N/A
Previous Corresponding Period:		
Interim Distribution	Nil	N/A

Record date for determining entitlement to the distribution for the half-year ended 30 June 2019	N/A
Date the June 2019 distribution is payable	N/A
Tax advantage component of the June 2019 distribution	N/A
The taxable component of the June 2019 distribution comprises:	
Australian sourced income	Nil%
Foreign sourced income	Nil%
Foreign tax credit per unit	Nil

The attached half year financial information should be read in conjunction with the annual Financial Report of RNY Property Trust for the year ended 31 December 2018.

RNY Property Trust

ARSN 115 585 709

Financial Report

For the Half Year Ended 30 June 2019

RNY PROPERTY TRUST

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The directors of Huntley Management Limited ('Huntley'), the Responsible Entity of RNY Property Trust ('RNY' or 'the Trust'), present their report together with the financial report of the Trust and its controlled entity, together known as 'the Group', for the half year ended 30 June 2019.

Directors

The names of the persons who served on the Board of Directors of the Responsible Entity at any time during or since the end of the financial period are:

John Knox
Stephen Law
Brian Silvia
Peter Krejci
Andrew Pointer (appointed 1 March 2019)

Huntley is incorporated in Australia and has its principal place of business at Level 3, 37 Bligh Street, Sydney, NSW 2000.

Principal activities

The Trust is a registered managed investment scheme domiciled in Australia and has its principal place of business at Level 3, 37 Bligh Street, Sydney, NSW 2000. The Trust has a 100% interest in RNY Australia LPT Corp. ('the US REIT'), which in turn has a 75% interest in RNY Australia Operating Company LLC ('the US LLC'), a Delaware Limited Liability Company that as at 30 June 2019 owned five commercial office properties (31 December 2018: five properties) in the New York Tri-State area in the United States (the 'US'), which is in accordance with the stated investment strategy as set out in the Product Disclosure Statement dated 15 August 2005.

Results

The consolidated net profit of the Group is presented in the Statement of Comprehensive Income. The net profit attributable to the members of the Group for the half-year ended 30 June 2019 was \$9,976,765 (30 June 2018: Loss \$392,793).

Distributions

No distributions were paid to unitholders for the half-year ended 30 June 2019 and no provision for distribution has been recognised in the financial statements.

Investment properties

CBRE Group Inc. valued the five investment properties held in the US LLC as at 20 August 2019. The directors have determined that this valuation is appropriate as at 30 June 2019. Refer to Note 5 in these accounts for further details. These valuations resulted in a 16.0% increase in the portfolio's value from 31 December 2018.

Significant changes in the state of affairs

As previously advised, the cash realisation strategy of the Trust's former responsible entity, RNY Australia Management Limited ('RAML'), has been discarded and a 'hold' strategy has been implemented. Aurora Funds Management Limited ('Aurora'), as investment manager, is currently working with various stakeholders to improve the properties.

During the year ended 31 December 2018, the US LLC paid down the existing ACORE loans using the cash reserves from its related entities, as well as loans from Aurora related entities, the US REIT and the Trust. This has resulted in the US LLC ceasing to pay distributions to the US REIT, who has ceased paying distributions to the Trust. As the Trust has ceased receiving distributions from the US REIT, the Trust and the US REIT are reliant on continued access to adequate cash distributions or repayment of amounts receivable from the US LLC to settle the liabilities within the respective entities. Absent this, the Trust is reliant upon the financial support provided by Aurora until 30 June 2020.

Significant changes in the state of affairs (continued)

On 8 February 2019 the ACORE loan Lender's requirements were satisfied resulting in the Amended and Restated Senior Loan Agreement extending the US LLC's loan facility for a further one (1) year term.

Further, CBRE, Inc was appointed as the property sub-manager, effective 8 March 2019, replacing Winthrop.

It is anticipated that the Trust will undertake a capital raise in order to repay the short-term funding and to support working capital requirements.

Matters subsequent to the end of the financial period

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial periods.

Likely developments and expected results of operations

A capital raise is contemplated to repay short term funding and to support the Trust's working capital requirements going forward.

Environmental Regulation

The Trust's operations are not subject to any significant environmental regulation under Commonwealth, State or Territory legislation. There have been no known significant breaches of any other environmental requirements applicable to the Trust

Units on issue

There were 263,413,889 units of the Trust on issue at 30 June 2019 (31 December 2018: 263,413,889 units).

Interests of Responsible Entity

The Responsible Entity held no units in the Trust at 30 June 2019 (31 December 2018: Nil).

Indemnification and Insurance of Officers and Auditors

The Responsible Entity has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Responsible Entity has paid premiums:

- to insure directors and officers against legal defence costs resulting from a claim alleging a wrongful act arising from their conduct whilst acting in good faith on behalf of the Responsible Entity; and
- to indemnify directors and officers to the extent permitted by the *Corporations Act 2001* against losses, which are legally insurable, resulting from alleged wrongful acts whilst acting in good faith on behalf of the Responsible Entity.

The above coverage is provided as part of an insurance package, the premiums payable in respect of that insurance package are not to be disclosed.

The Responsible Entity has not, during or since the end of the financial period, indemnified or agreed to indemnify an auditor of the Responsible Entity or of any related body corporate against a liability incurred as auditor.

The Trust has not directly indemnified or insured officers of the Responsible Entity or the auditor.

Audit Independence

A copy of the auditor's independence declaration as required under section 307c of the *Corporations Act 2001* is set out on page 6.

This Directors' report is signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors of the Responsible Entity, Huntley Management Limited:

A handwritten signature in black ink, appearing to read 'JOHN H KNOX', with a stylized flourish at the end.

JOHN H KNOX

Director

Date: 11 December 2019



**Building a better
working world**

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Huntley Management Limited as Responsible Entity for RNY Property Trust

As lead auditor for the review of the half-year financial report of RNY Property Trust for the half-year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of RNY Property Trust and the entities it controlled during the financial period.

Ernst & Young

Anthony Ewan
11 December 2019

**Statement of Comprehensive Income
for the half year ended 30 June 2019**

		Consolidated	
	Note	30 Jun 2019	30 Jun 2018
		\$	\$
CONTINUING OPERATIONS			
Share of net profit/(loss) of US LLC	4(b)	10,066,222	(41,903)
Total share of net profit/(loss) from US LLC		10,066,222	(41,903)
Interest income		260,077	289
Other income		150,000	-
Total gain/(loss) and other income		10,476,299	(41,614)
Expenses			
Administration expenses		(185,763)	(188,648)
Finance costs		(51,728)	-
Management fees		(163,240)	(162,531)
Expected credit losses		(98,803)	-
Total expenses		(499,534)	(351,179)
Profit/(loss) from continuing operations before tax expense		9,976,765	(392,793)
US withholding tax		-	-
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS AFTER TAX		9,976,765	(392,793)
OTHER COMPREHENSIVE INCOME – RECYCLABLE			
Foreign currency translation difference (net of tax)		(14,812)	300,000
Other comprehensive profit/(loss) for the period, net of tax		(14,812)	300,000
TOTAL COMPREHENSIVE GAIN/(LOSS) FOR THE PERIOD		9,961,953	(92,793)
Basic and diluted earnings/(loss) per unit from continuing operations (cents)		3.79	(0.15)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Balance Sheet
as at 30 June 2019

		Consolidated	
	Note	30 Jun 2019	31 Dec 2018
		\$	\$
Current assets			
Cash and cash equivalents		17,008	15,650
Trade and other receivables		19,845	12,826
Other financial assets – related parties	3	615,453	587,663
Other current assets		2,500	2,500
Total current assets		654,806	618,639
Non-current assets			
Other financial assets – related parties	3	3,003,494	2,854,988
Investment held in US LLC	4(a)	12,501,816	2,445,607
Total non-current assets		15,505,310	5,300,595
TOTAL ASSETS		16,160,116	5,919,234
Current liabilities			
Trade and other payables		898,595	729,191
Interest bearing loans and borrowings	6	863,507	761,380
Total current liabilities		1,762,102	1,490,571
Non-current liabilities			
Interest bearing loans and borrowings	6	119,589	112,828
Preferred shares	7	178,012	177,375
Total non-current liabilities		297,601	290,203
TOTAL LIABILITIES		2,059,703	1,780,774
NET ASSETS		14,100,413	4,138,460
Unitholders' Equity			
Units on Issue	8	251,376,587	251,376,587
Reserves	9	2,132,308	2,147,120
Accumulated deficit		(239,408,482)	(249,385,247)
TOTAL EQUITY		14,100,413	4,138,460

The above Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Cash Flows
for the half year ended 30 June 2019

	Consolidated	
	30 Jun 2019	30 Jun 2018
	\$	\$
Cash flows from operating activities		
Income received from US LLC	-	1,180,834
Receipt from related party	150,000	
Payments to suppliers	(208,434)	(678,786)
Interest received	-	289
Financing costs paid	(49,320)	-
Net cash (outflow)/inflow from operating activities	(107,754)	502,337
Cash flows from investing activities		
Net cash flow from investing activities	-	-
Cash flows from financing activities		
Proceeds from related party	109,224	-
Net cash inflow from financing activities	109,224	-
Net increase in cash and cash equivalents	1,470	502,337
Cash and cash equivalents at beginning of period	15,650	5,206,405
Net foreign exchange differences	(112)	21,563
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17,008	5,730,305

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

**Statement of Changes in Equity
for the half year ended 30 June 2019**

	Note	Units on Issue	Accumulated Deficit	Reserves	Total Equity
		\$	\$	\$	\$
CONSOLIDATED					
At 1 January 2018		251,376,587	(247,890,517)	1,384,558	4,870,628
Foreign currency translations taken to equity					
- recyclable		-	-	300,000	300,000
Loss for the year		-	(392,793)	-	(392,793)
Total comprehensive gain/(loss) for the year, net of tax		-	(392,793)	300,000	(92,793)
Distributions		-	-	-	-
At 30 June 2018		251,376,587	(248,283,310)	1,684,558	4,777,835
At 1 January 2019		251,376,587	(249,385,247)	2,147,120	4,138,460
Foreign currency translations taken to equity					
- recyclable		-	-	(14,812)	(14,812)
Profit for the year		-	9,976,765	-	9,976,765
Total comprehensive gain for the year, net of tax		-	9,976,765	(14,812)	9,961,953
Distributions		-	-	-	-
At 30 June 2019		251,376,587	(239,408,482)	2,132,308	14,100,413

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the half year ended 30 June 2019

1. Corporate Information

The financial report of RNY Property Trust ('RNY' or 'the Trust') for the half-year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on the date of signing the directors' report.

The Trust was constituted on 2 August 2005. The Responsible Entity of the Trust is Huntley Management Limited ('Huntley'). Huntley was appointed Responsible Entity on 2 July 2018. The Responsible Entity's registered office is at Level 3, 37 Bligh Street, Sydney 2000.

RNY is a trust limited by units incorporated in Australia. These units are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Trust are described in Note 12.

2. Basis of Preparation of the Half Year Financial Report

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of RNY for the year ended 31 December 2018.

It is also recommended that the half-year financial report be considered together with any public announcements made by RNY, its controlled entities and its associates during the half-year ended 30 June 2019 in accordance with the continuous disclosure obligations arising under the Australian Stock Exchange Listing Rules.

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Trust and its wholly owned subsidiary, RNY Australia LPT Corporation ('the US REIT'), together known as 'the Group', as at 30 June 2019.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Apart from any changes in accounting standards shown in Note 2(c) below, the accounting policies and methods of computation are the same as those adopted in the most recent financial report.

(b) Basis of Accounting

This general purpose condensed financial report for the half-year ended 30 June 2019 has been prepared in accordance with the Trust's Constitution, AASB 134 *Interim Financial Reporting* and other mandatory financial reporting requirements.

The financial report is prepared in accordance with the historical cost convention except for investment properties that are held at fair value and debt financial assets and liabilities which have been measured at amortised cost.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The financial report is presented in Australian dollars.

2. Basis of Preparation of the Half Year Financial Report (continued)

(b) Basis of Accounting (continued)

Going Concern

The financial report has been prepared on a going concern basis because the Trust expects to be able to pay its debts as and when they fall due in the ordinary course of business for the next twelve months. As at 30 June 2019, the Group's current liabilities exceeded current assets by \$1,107,296, and the Trust does not have sufficient liquid assets nor does it generate sufficient free cash flows to meet its current and ongoing requirements. Given this, RNY and its consolidated subsidiary, the US REIT, are reliant on continued access to adequate cash distributions or repayment of amounts receivable from the underlying investment in RNY Australia Operating Company LLC ('the US LLC'), the joint venture investment, to settle the liabilities within the respective entities. Absent this, RNY is reliant upon the financial support provided by Aurora Funds Management Limited ACN 092 626 885 AFSL 222110 for an amount of \$500,000 in addition to commitments by Aurora to defer payment of asset management fees and lenders not to call on any debt due and payable. This amount is considered to be sufficient to meet the current and ongoing obligations of the Trust for a period of 12 months from the date of these financial statements based on cash flow projections prepared by the Responsible Entity.

The US LLC has a debt facility that is due to mature in February 2020. All secured borrowings are non-recourse loans with exposure being limited to the properties pledged for each loan facility. The Responsible Entity is of the view that the US LLC will be able to refinance the expiring facility, however, there can be no guarantee that this will happen. Management will seek to extend, and improve conditions of, the loan with the lender or refinance the loan.

If the US LLC is not able to refinance the loan, a material uncertainty exists that may cast doubt over the US LLC's ability to pay cash distributions or repay liabilities due to the US REIT and RNY in order for RNY to realise its assets and discharge its liabilities in the ordinary course of business at the amounts stated in the financial report. Notwithstanding this, the directors are of the view that as at 30 June 2019, the US LLC will have sufficient liquidity to maintain distributions or repay liabilities to the US REIT and RNY in order to pay their debts as and when they fall due.

(c) New Standards

The Trust has adopted the following Standards as of 1 January 2019. Adoption of these Standards did not have any material effect on the financial position or performance of the Trust:

AASB 16 *Leases* - contains requirements about lease classification and the recognition, measurement and presentation and disclosures of leases for lessees and lessors. The effective date of the amendment is reporting periods beginning on or after 1 January 2019.

AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures - Clarifies that an entity applies AASB 9 *Financial Instruments* to financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The effective date of the amendment is reporting periods beginning on or after 1 January 2019.

**Notes to the Financial Statements
for the half year ended 30 June 2019**

2. Basis of Preparation of the Half Year Financial Report (continued)

(d) Foreign currencies

The functional currency of the US REIT and US LLC is United States dollars. As at the reporting date the US currency amounts are translated into Australian dollars as follows:

- the assets and liabilities of these entities are translated at the rate of exchange ruling at the balance sheet date of A\$1.00 = US\$0.70 (31 December 2018: A\$1.00 = US\$0.70); and
- the Statement of Comprehensive Income of these entities are translated at the average rate for the period of A\$1.00 = US\$0.71 (30 June 2018: A\$1.00 = US\$0.77).

Any exchange differences are taken directly to foreign currency translation reserve.

	Consolidated	
	30 Jun 2019	31 Dec 2018
	\$	\$
<hr/>		
3. Other Financial Assets - Related Parties		
<i>Financial Assets at Amortised Cost:</i>		
<i>Current</i>		
Trade debtor - related party	-	3,127
Amounts owing from related parties	806,219	761,589
	<hr/> 806,219	<hr/> 764,716
Allowance for expected credit loss	(190,766)	(177,053)
Total Current	<hr/> 615,453	<hr/> 587,663

During the year ended 31 December 2018, the Trust lent funds to the US LLC totalling AUD\$750,000. Interest is charged at 12% of the daily loan balance. The loan is unsecured and was repayable on 15 November 2019. Subsequent to balance date, the repayment date has been extended to 1 July 2020. As at 30 June 2019, total loan funds of AUD\$750,000 and total interest of AUD\$56,219 is receivable from the US LLC by the Trust (31 December 2018: loan funds of AUD\$750,000 and total interest of AUD\$11,589).

Non-Current

Trade debtor – related party	143,549	143,035
Amount owing from related party – amortised cost	3,743,727	3,510,645
	<hr/> 3,887,276	<hr/> 3,653,680
Allowance for expected credit loss	(883,782)	(798,692)
Total Non-Current	<hr/> 3,003,494	<hr/> 2,854,988

During the year ended 31 December 2018, the US REIT provided funds to US LLC totalling AUD\$6,094,678 at nil interest rate. The loan is unsecured and is repayable on 30 August 2023. The loan was adjusted to fair value on initial recognition using the effective interest rate of 12% p.a. with the difference reclassified to the carrying value of the investment in the US LLC. Interest of \$215,447 using the effective interest rate was recognised on the loan for the half-year ended 30 June 2019 (31 December 2018: \$140,072). As at 30 June 2019, total interest of \$355,519 using the effective interest rate had been recognised on the loan.

**Notes to the Financial Statements
for the half year ended 30 June 2019**

	Consolidated	
	30 Jun 2019	31 Dec 2018
	\$	\$
4. Investment in Joint Venture		
Investment in joint venture	12,501,816	2,445,607

Other details are as follows:

Entity	Date Acquired	Payment Consideration	Country of incorporation	Ownership interest
RNY Australia Operating Company LLC (‘the US LLC’)	21 Sep 05	Cash	United States	75%

The Trust has a 100% interest in RNY Australia LPT Corp. (‘the US REIT’), which in turn has a 75% interest in RNY Australia Operating Company LLC (‘the US LLC’), a Delaware Limited Liability Company that, as of 30 June 2019, owned 5 office properties (31 December 2018: 5 office properties) in the New York Tri-State area. The owner of the remaining 25% interest is an affiliate of Aurora Funds Management Limited ACN 092 626 885, AFSL 222110 (‘Aurora’). Aurora is the responsible entity of the Aurora Property Buy-Write Income Trust (‘the Aurora AUP Trust’) which is the Trust’s largest unitholder with 81% of the Trust’s units.

Under the structure created above, the Trust (through the US REIT) and Aurora exercise joint control over the property investments held in the US LLC.

The Group has adopted the equity method of accounting for its investment in the US LLC.

(a) Summarised Statement of Investment Held in US LLC

The following table illustrates summarised financial information relating to the investment in RNY Australia Operating Company LLC (‘US LLC’):

	Consolidated	
	30 Jun 2019	31 Dec 2018
	\$	\$
<i>Movements in carrying amounts</i>		
Carrying amount at the beginning of the period	2,445,607	1,053,668
Distributions received	-	(1,219,010)
Share of profit/(loss) of joint venture	10,066,222	(352,428)
Investment in joint venture entities	-	2,884,045
Effect of changes in exchange rates	(10,013)	79,332
Carrying amount at the end of the period	12,501,816	2,445,607

**Notes to the Financial Statements
for the half year ended 30 June 2019**

4. Investment in Joint Venture (continued)

(a) Summarised Statement of Investment Held in US LLC (continued)

		Consolidated	
		30 Jun 2019	31 Dec 2018
	Note	\$	\$
<i>Balance Sheet of US LLC</i>		<i>@ 100%</i>	<i>@ 100%</i>
<u>Current assets</u>			
Cash and cash equivalents ⁽ⁱ⁾		4,422,929	4,532,244
Trade and other receivables		385,432	241,186
Other current assets		1,688,532	1,237,375
		<u>6,496,893</u>	<u>6,010,805</u>
<u>Non-current assets</u>			
Investment properties	5	113,643,161	97,627,148
		<u>113,643,161</u>	<u>97,627,148</u>
Total Assets		<u>120,140,054</u>	<u>103,637,953</u>
 Current liabilities ⁽ⁱⁱ⁾		 95,502,494	 90,880,162
Non-current liabilities		8,371,538	9,905,989
Total Liabilities		<u>103,874,032</u>	<u>100,786,151</u>
 Equity in US LLC		 <u>16,266,022</u>	 <u>2,851,802</u>
 Proportion of the Group's ownership		 75%	 75%
Group's ownership share @ 75%		12,199,514	2,138,851
Additional investment by RNY ⁽ⁱⁱⁱ⁾		302,302	306,756
Carrying amount of the investment		<u>12,501,816</u>	<u>2,445,607</u>

(i) Certain cash included above is subject to control by certain lenders. Refer to Note 4(c) for further details.

(ii) Included in this balance is a loan due to ACORE of \$86,421,609 (31 Dec 18: \$85,410,629). The ACORE loan was negotiated as a non-recourse loan with exposure being limited to the properties pledged for the loan facility. There are no set-off arrangements involving the other assets of the Group. The borrowings are not subject to any gearing covenants.

The ACORE Loan, which matured in February 2019 but was extended to 2020 during the period ended 30 June 2019 under the Loan Extension), contains four (under the Loan Modification) 1-year extension options, bears interest at a variable rate of LIBOR plus weighted average rate of 4.7% per annum, with a minimum LIBOR rate of 25 basis points, and requires monthly payments of interest only during the initial 3-year term. In addition, the ACORE Loan is subject to customary financial covenants.

All secured borrowings are non-recourse loans with exposure being limited to the properties pledged for each loan facility.

(iii) Relates to reclassification of fair value adjustment to loan on initial recognition on the loan between the US LLC and its related parties.

**Notes to the Financial Statements
for the half year ended 30 June 2019**

4. Investments in Joint Venture (continued)

(b) Summarised Statement of Comprehensive Income of US LLC

	Consolidated	
	30 Jun 2019	30 Jun 2018
	\$	\$
	@ 100%	@ 100%
Revenue & other income		
Rental income from investment properties	9,248,448	9,567,520
Gain on investment property revaluations	16,319,419	674,667
Other income	427,913	32,635
Total revenue	25,995,780	10,274,822
Expenses		
Property expenses	(7,356,651)	(7,156,486)
Borrowing costs	(3,744,866)	(5,521,895)
Other expenses	(1,472,633)	(742,867)
Total expenses	(12,574,150)	(13,421,248)
Net profit/(loss) of US LLC before income tax	13,421,630	(3,146,426)
Income tax expense	-	-
Net profit/(loss) from continuing operations after income tax	13,421,630	(3,146,426)
 Proportion of the Group's ownership:	75%	75%
Group's share of profit/(loss) of US LLC for the half year	10,066,222	(2,359,819)
 Add: adjust for Group's share of losses not recognised for the prior half year ⁽ⁱ⁾	-	(2,317,916)
Group's share of profit/(loss) for the half year	10,066,222	(41,903)

- (i) In the prior half year, equity accounting was discontinued to the extent that the Group's share of joint venture losses exceeds the carrying value of Group's investment in the US LLC.

(c) Current Funding of Joint Venture

At 30 June 2019, with regards to the ACORE Loan, the US LLC held the following amounts in cash. Such amounts are reflected in share of US LLC's other assets in the accompanying Balance Sheet.

US LLC Cash held	US \$ @ 100% 30 Jun 2019	US \$ @ 100% 31 Dec 2018	AUD \$ @ 100% 30 Jun 2019	AUD \$ @ 100% 31 Dec 2018
Lender controlled cash account ⁽ⁱ⁾	765,647	693,871	1,090,358	984,602
Lender controlled reserve accounts ⁽ⁱⁱ⁾	1,176,635	1,316,874	1,675,645	1,868,643
Tenant security deposits	1,023,150	1,022,025	1,457,068	1,450,253
Unrestricted cash	140,340	161,202	199,858	228,746
Total	3,105,772	3,193,972	4,422,929	4,532,244

- (i) The lender controlled cash account is used to fund operating expenses, debt service and reserve accounts on a monthly basis.
- (ii) The lender controlled reserve accounts are used to fund real estate taxes, insurance, capital improvements and tenanting costs.

**Notes to the Financial Statements
for the half year ended 30 June 2019**

4. Investments in Joint Venture (continued)

(d) Commitments and Contingencies of Joint Venture

(i) Capital Commitments

As at 30 June 2019, the US LLC had one commitment to complete landlord works under a tenant lease. The value of the works to be undertaken were US\$628,938 (AUD\$895,670) (31 December 2018: US\$391,188 (AUD\$555,095)). No other future capital commitments existed at balance date (31 December 2018: \$Nil).

(ii) Contingent liabilities

The US LLC had no contingent liabilities existing at balance date (31 December 2018: \$Nil).

5. US LLC's Investment Properties

	Consolidated	
	30 Jun 2019	31 Dec 2018
	\$	\$
	<i>@ 100%</i>	<i>@ 100%</i>
Investment properties – at fair value	113,643,161	97,627,148
Total Investment Properties	113,643,161	97,627,148
Proportion of the Group's ownership	75%	75%
Group's ownership share @ 75%	85,232,371	73,220,361
Investment properties held in equity accounted investments	85,232,371	73,220,361

All of the joint venture's properties are pledged as security for the joint venture's borrowings.

5. US LLC's Investment Properties (continued)

Property Address	Date of Acquisition	Region	Fair Value At 30 Jun 19 @75% US \$	Fair Value At 30 Jun 19 @75% AUD \$	Book Value At 31 Dec 18 @75% AUD \$
<i>Investment Properties</i>					
55 Charles Lindbergh Blvd, Long Island	21 Sep 05	Long Island	19,200,000	27,342,715	24,584,162
560 White Plains Rd, Westchester County	21 Sep 05	Westchester	5,100,000	7,262,909	5,214,822
6800 Jericho Turnpike, Long Island	6 Jan 06	Long Island	15,975,000	22,749,994	20,752,864
6900 Jericho Turnpike, Long Island	6 Jan 06	Long Island	9,300,000	13,244,128	9,791,095
580 White Plains Rd, Westchester County	6 Jan 06	Westchester	10,275,000	14,632,625	12,877,418
Total US LLC Investment Properties			59,850,000	85,232,371	73,220,361

- (i) CBRE performed appraisals for the five joint venture properties at 20 August 2019. The Responsible Entity determined that these valuations were appropriate as at 30 June 2019.
- (ii) Cushman and Wakefield performed appraisals for the five joint venture properties at 30 June 2018. The Responsible Entity determined that these valuations were appropriate as at 31 December 2018.

Representative market capitalisation rates and discount rates for each of the geographical regions in which the Group owns properties are as follows:

Region	Market Capitalisation Rate		Discount Rate	
	30 Jun 19	31 Dec 18	30 Jun 19	31 Dec 18
Westchester	8.00%	10.00%	11.17%	12.00%
Long Island	7.37%	7.89%	8.18%	8.67%

**Notes to the Financial Statements
for the half year ended 30 June 2019**

Consolidated	
30 Jun 2019	31 Dec 2018
\$	\$

6. Interest Bearing Loans & Borrowings

Current

Borrowings	757,410	761,380
Amount owing to related party	106,097	-
Total Current	863,507	761,380

Non-Current

Amount owing to related party	119,589	112,828
Total Non-Current	119,589	112,828

On 15 November 2018, the Trust borrowed funds from an external party totalling AUD\$750,000. Interest is charged at 12% of the daily loan balance. The loan is secured and was repayable on 15 November 2019. Subsequent to balance date, the repayment date was extended to 1 July 2020. As at 30 June 2019, total loan funds of AUD\$750,000 and total interest payable of AUD\$7,410 is accrued (31 December 2018: loan funds of AUD\$750,000, interest payable AUD\$11,380).

During the half-year ended 30 June 2019, RNY received funds totalling AUD\$106,097 from Aurora Funds Management Limited to fund working capital. No interest is payable on these funds.

On 2 July 2018, RNY received US\$75,000 (AUD\$106,425) from the Aurora Property Buy-Write Income Trust. The principal and accrued interest is repayable on 2 July 2023. Interest is accrued on the daily balance of the loan at a rate of 12% p.a.

7. Preferred shares

Preferred shares	178,012	177,375
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To comply with US regulations relating to US REITs, on 31 January 2006 an additional 125 persons were allotted shares in the US REIT at US\$1,000 per share. The preferred shares are not convertible into shares of any other class or series. An annual coupon rate of 12.5% applies to these shares. In accordance with Australian accounting standards, the preferred stock has been classified as long-term debt and the amounts paid or payable to the preferred shareholders are included in interest expense.

8. Units on Issue

Consolidated	
30 Jun 2019	31 Dec 2018
Units	Units

Ordinary Units

(a) Movements in Ordinary units on issue

Units on issue at beginning of the period – fully paid	263,413,889	263,413,889
Units on issue at the end of the period – fully paid	263,413,889	263,413,889

**Notes to the Financial Statements
for the half year ended 30 June 2019**

8. Units on Issue (continued)

	Consolidated	
	30 Jun 2019	31 Dec 2018
	\$	\$
(b) Movement in issued equity		
Issued equity at the beginning of the period	251,376,587	251,376,587
Issued equity at the end of the period	<u>251,376,587</u>	<u>251,376,587</u>

Each unit ranks equally with all other ordinary units for the purpose of distributions and on termination of the Trust. Ordinary units entitle the holder to one vote, either in person or by proxy, at a meeting of the Trust.

9. Reserves

Foreign currency translation reserve	2,132,308	2,147,120
	<u>2,132,308</u>	<u>2,147,120</u>
<i>Movement in foreign currency translation reserve (i)</i>		
Balance at the beginning of the period	2,147,120	1,387,558
Profit/(loss) on translation of controlled foreign entities	(14,812)	759,562
Balance at end of the period	<u>2,132,308</u>	<u>2,147,120</u>

- (i) The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations.

10. Earnings per unit

	Consolidated	Consolidated
	30 Jun 2019	30 Jun 2018
	Cents	Cents
Basic and diluted earnings/(loss) per unit	<u>3.79</u>	<u>(0.15)</u>

Earnings per unit are calculated by dividing the net loss attributable to unitholders for the period by the weighted average number of ordinary units on issue during the period. The weighted average number of units used in the calculation of earnings per unit is 263,413,889 (31 December 2018: 263,413,889).

11. Commitments and Contingencies

Commitments, contingent liabilities and impairment losses relating to the joint venture are detailed in Note 4(d). There are no other commitments, contingent liabilities or impairment losses existing at balance date.

**Notes to the Financial Statements
for the half year ended 30 June 2019**

12. Segment reporting

The Group has identified its operating segment based on internal reports that are reviewed and used by the Board of Directors of the Responsible Entity (the chief operating decision makers) in assessing the performance and in determining the allocation of resources.

The Group's management has determined that RNY has one operating segment, represented by the investment in the US LLC.

RNY's income is derived from indirect investments in commercial office properties located outside Australia, held via the US LLC and from short-term deposits and money market securities which are held for and are incidental to those property investments. Except for cash deposits held in Australia, all such investments are located in the United States.

The performance measures used by management differ from those disclosed in the Statement of Comprehensive Income as certain adjustments are made to arrive at an adjusted net profit or loss which better facilitates the decision making of the chief operating decision makers.

Segment revenues are derived from a broad tenant base across the 5 operating properties owned by the US LLC.

13. Fair values

Management assessed the fair values of the Group's financial assets and liabilities are approximately equal to that of their carrying values.

14. Subsequent Events

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial periods.

15. Related Party Disclosures

(i) Investment in Controlled Entity and Joint Venture

The condensed consolidated financial statements include the financial statements of RNY and its subsidiary, the US REIT. The US REIT in turn holds an interest in the US LLC, a jointly controlled entity owning properties in the New York Tri State area. The Group's interest in the US LLC is accounted for using the equity method of accounting.

A summary of these investments is as follows. See Note 6 for further details.

Name	Country of Incorporation	Equity interest		Investment	
		2019 %	2018 %	30 Jun 2019 \$	31 Dec 2018 \$
RNY Australia LPT Corp ('US REIT')	United States	100	100		
At cost				252,529,331	252,529,331
Less: impairment ⁽ⁱ⁾				(237,240,695)	(247,421,949)
				<u>15,288,636</u>	<u>5,107,382</u>

(i) The Trust's investment in the US REIT has been adjusted in both the current and prior year to its net asset value which is the best estimate of its recoverable amount. At balance date an impairment provision exists which was decreased in the current half-year.

15. Related Party Disclosures (continued)

(ii) Responsible Entity & Associates

The Responsible Entity of the Trust is Huntley Management Limited ACN 089 240 513 ('Huntley'), a wholly owned subsidiary of BRI Ferrier (NSW) Pty Ltd ACN 128 947 848, a company incorporated in Australia. Huntley was appointed as Responsible Entity on 2 July 2018.

The Responsible Entity of the Trust for the period 1 January 2018 to 2 July 2018 was RAML ACN 114 294 281, a wholly owned subsidiary of RXR Co Australia RE Holdings, Inc, a company incorporated in Delaware, USA. RXR Co Australia RE Holdings, Inc. is an affiliate of RXR Realty LLC ('RXR'), a private enterprise founded by Messrs. Rechler, Maturo and Barnett (three of the directors of the previous Responsible Entity).

On 29 October 2018, Huntley appointed Huntley Custodians Limited ACN 082 237 241 to act as Custodian of the Trust. Huntley Custodians Limited is also a wholly owned subsidiary of BRI Ferrier (NSW) Pty Ltd.

The manager of RNY's indirect investments in the US LLC was RNY Australia Asset Manager LLC, a company organised in the United States.

Aurora Funds Management Limited is the Responsible Entity of the Aurora Property Buy-Write Income Trust which holds 81% of the Trust's units. On 2 July 2018, Huntley appointed Aurora Funds Management Limited as the Investment Manager of RNY. Aurora Asset Management Corp, a company controlled by Aurora Funds Management Limited, was appointed as the manager of RNY's indirect investments in the US LLC.

(iii) Transactions with Related Parties

The following tables provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Related party	Interest owing (receivable) on related party loans AUD \$	Purchases (income) from related parties AUD \$	Distributions received from related parties AUD \$	Amounts owed by related parties AUD \$	Amounts owed to related parties AUD \$
<i>For the half-year ended 30 June 2019</i>					
<i>Consolidated</i>					
Huntley Management Ltd:					
- Responsible Entity fees	-	163,240	-	-	361,281
Huntley Custodians Ltd:					
- custodian fees	-	5,000	-	-	2,750
Loan from RNY to US LLC	(56,219)	-	-	615,453 ⁽ⁱⁱ⁾	-
Loan from US REIT to US LLC	(355,519) ⁽ⁱⁱ⁾	-	-	3,003,494 ⁽ⁱⁱ⁾	-
Loan from Aurora ⁽ⁱ⁾ to RNY	12,782	-	-	-	225,686
<i>Parent</i>					
Huntley Management Ltd:					
- Responsible Entity fees	-	163,240	-	-	361,281
Huntley Custodians Ltd:					
- custodian fees	-	5,000	-	-	2,750
Distribution received by RNY from US REIT	-	-	-	-	-
Expense recovery received by RNY from US REIT	-	(150,000)	-	-	-
Loan from RNY to US LLC	(56,219)	-	-	615,453 ⁽ⁱⁱ⁾	-
Loan from Aurora ⁽ⁱ⁾ to RNY	12,782	-	-	-	225,686

15. Related Party Disclosures (continued)

(iii) Transactions with related parties (continued)

Related party	Interest owing (receivable) on related party loans AUD \$	Purchases from related parties AUD \$	Distributions received from related parties AUD \$	Amounts owed by related parties AUD \$	Amounts owed to related parties AUD \$
<u>For the year ended 31 December 2018</u>					
<i>Consolidated</i>					
RNY Australia Management Ltd:					
- asset management fees	-	75,786	-	-	-
RNY Australia Asset Manager LLC					
- asset management fees	-	-	-	-	-
Huntley Management Ltd:					
- Responsible Entity fees	-	165,197	-	-	181,717
Huntley Custodians Ltd:					
- custodian fees	-	1,753	-	-	4,679
Loan from RNY to US LLC	(11,589)	-	-	584,536 ⁽ⁱⁱ⁾	-
Loan from US REIT to US LLC	(140,072) ⁽ⁱⁱ⁾	-	-	2,854,988 ⁽ⁱⁱ⁾	-
Loan from Aurora ⁽ⁱ⁾ to RNY	6,403	-	-	3,127	112,828
<i>Parent</i>					
RNY Australia Management Ltd:					
- asset management fees	-	75,786	-	-	-
Huntley Management Ltd:					
- Responsible Entity fees	-	165,197	-	-	181,717
Huntley Custodians Ltd:					
- custodian fees	-	1,753	-	-	4,679
Distribution received by RNY from US REIT	-	-	191,118	-	-
Loan from RNY to US LLC	(11,589)	-	-	584,536 ⁽ⁱⁱ⁾	-
Loan from Aurora ⁽ⁱ⁾ to RNY	6,403	-	-	3,127	112,828

(i) 'Aurora' includes Aurora Funds Management Limited and its related parties.

(ii) See Note 5. Other Financial Assets – Related Parties

Terms and conditions of transactions with related parties

Unless otherwise stated, all transactions were made on normal commercial terms and conditions and at market rates. Interest is charged on loans between the parties at commercial rates. Please see Note 3. Other Financial Assets – Related Parties and Note 6. Interest Bearing Loans & Borrowings for terms and conditions of loans between related parties.

Outstanding balances at year-end are unsecured and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables.

For the half-year ended 30 June 2019, the Group recognised additional expected credit losses of \$98,803 relating to amounts owed by related parties (year ended 31 December 2018: \$975,745)

15. Related Party Disclosure (continued)

(iv) Responsible Entity fees and other transactions

RNY Australia Management Limited

The previous Responsible Entity was entitled to receive Asset Management Fees of \$75,786 (GST exclusive) from the Trust for the period 1 January 2018 to 2 July 2018 (GST exclusive). The previous Responsible Entity was not entitled to receive any Asset Management Fees for the period 3 July 2018 to 31 December 2018 or the half-year ended 30 June 2019.

Huntley Management Limited ('Huntley')

Huntley was appointed as Responsible Entity on 2 July 2018. Also, as of such date, Huntley appointed Aurora Funds Management Limited ('Aurora') as the Investment Manager of the Trust. Under the Investment Management Agreement, Aurora is entitled to receive the Asset Management Fees payable to Huntley under the Trust Constitution and Huntley will receive \$100,000 p.a. (GST exclusive) plus expense reimbursement.

Aurora was entitled to receive Asset Management Fees of \$163,240 (GST exclusive) for the half-year ended 30 June 2019. Aurora was entitled to receive Asset Management Fees of \$165,197 (GST exclusive) for the period 2 July 2018 to 31 December 2018. Due to the timing of the change of Responsible Entity, there was no entitlement to receive any fees for the period prior to 2 July 2018.

Huntley was entitled to receive \$45,000 (GST exclusive) to act as Responsible Entity for the half-year ended 30 June 2019 from Aurora under the Investment Management Agreement. Huntley was entitled to receive \$44,897 (GST exclusive) to act as Responsible Entity for the period 2 July 2018 to 31 December 2018 from Aurora under the Investment Management Agreement.

Huntley Custodians Limited was entitled to receive custodian fees of \$5,000 (GST exclusive) for the half-year ended 30 June 2019 to act as custodian of the trust property from Huntley. Huntley Custodians Limited was entitled to receive custodian fees of \$1,753 (GST exclusive) for the period 29 October 2018 to 31 December 2018 to act as custodian of the trust property from Huntley. Due to the timing of the change of custodian, Huntley Custodians Limited was not entitled to receive any fees for the period prior to 29 October 2018.

In accordance with the Trust Constitution, the Responsible Entity is entitled to claim reimbursement for all expenses reasonably and properly incurred in connection with the Trust or in performing its obligations under the Constitution.

Loans to related parties

During the year ended 31 December 2018, the Trust lent funds to the US LLC totalling AUD\$750,000. Interest is charged at 12% of the daily loan balance. The loan was repayable on 15 November 2019. Subsequent to balance date, the repayment date was extended to 1 July 2020. As at 30 June 2019, total loan funds of AUD\$750,000 and total interest of AUD\$56,219 is receivable from the US LLC by the Trust (31 December 2018: loan funds of AUD\$750,000 and total interest of AUD\$11,589).

During the year ended 31 December 2018, the US REIT provided funds to US LLC totalling AUD\$6,094,678 at nil interest rate. The loan is unsecured and repayable on 30 August 2023. The loan was adjusted to fair value on initial recognition using the effective interest rate of 12% p.a. with the difference reclassified to the carrying value of the investment in the US LLC. Interest of \$215,447 using the effective interest rate was recognised on the loan for the half-year ended 30 June 2019 (31 December 2018: \$140,072). As at 30 June 2019, total interest of \$355,519 using the effective interest rate had been recognised on the loan.

Directors Declaration

In accordance with a resolution of the directors of Huntley Management Limited, the Responsible Entity of RNY Property Trust, the Directors declare that:

- a) the interim financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and the performance for the half year ended on that date; and
 - ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Huntley Management Limited ABN 52 089 240 513



JOHN H KNOX
Sydney

Date: 11 December 2019

Independent Auditor's Review Report to the Members of RNY Property Trust

Report on the Half year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of RNY Property Trust (the Trust) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration by Huntley Management Limited, as Responsible Entity of the Trust.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of the Group is not in accordance with the Corporations Act 2001, including:

- a) Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the half year ended on that date; and
- b) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) in the financial report, which indicates that the Group's current liabilities exceeded its current assets by \$1,107,296. As stated in Note 2(b), these events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half year Financial Report

The directors of the Responsible Entity are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half year financial report is not in accordance with the Corporations Act 2001 including: giving a true and



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fair view of the Group's consolidated financial position as at 30 June 2019 and its consolidated financial performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Ernst & Young

Ernst & Young

A Ewan

Anthony Ewan
Partner
Sydney
11 December 2019