RNY Property Trust
ARSN 115 585 709

2019 ANNUAL REPORT

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RNY Property Trust

ARSN 115 585 709

Financial Report
For the Year Ended 31 December 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 subsidiary, together known as the 'Group', for the year ended 31 December 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 year are:

John Knox
Stephen Law (resigned 31 December 2019)
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.

Details of director's qualifications, experience and special responsibilities together with details of meetings held and attendances are contained in the Corporate Governance section of the Annual Report.

Company Secretary of the Responsible Entity
Stephen Law (ceased 31 December 2019)
William Foxall

Relevant Interests in the Trust
At the date of this report, none of the directors of Huntley held units directly or indirectly in the Trust.

The directors are not party to any contract to which the directors may be entitled to a benefit that confers a right to call for or deliver interests in the Trust.

Principal activity
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 of 31 December 2019 owned 5 office properties (31 December 2018: 5 office properties) in the New York Tri-State area. The principal activity during the financial year has been holding investments in the commercial office markets of 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.

Distributions
No distributions were paid to unitholders for the year ended 31 December 2019 and no provision for distribution has been recognised in the financial statements.

Review of Operations

Results
The consolidated profit of the Group is presented in the Statement of Comprehensive Income. Net profit attributable to the members of the Group for the year ended 31 December 2019 was $8,334,509 (2018: Loss $1,494,730).

Trust Assets
At 31 December 2019, the Trust's total assets held amounted to $15,045,632 (31 December 2018: $5,919,234). The basis for valuation of these assets is disclosed in Note 2 of the financial statements.

Units on issue
The Trust had 263,413,889 fully paid units on issue at 31 December 2019 (31 December 2018: 263,413,889 fully paid units).

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 replaced with a 'hold' strategy. Aurora Funds Management Limited ('Aurora'), as investment manager, is currently working with various stakeholders to improve the properties.

In the prior year, the US LLC paid down a portion of the senior ACORE loans using cash reserves from its related entities, as well as loans from Aurora and its 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 31 December 2020.

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. As announced, the Amended and Restated Loan Agreement has been extended from February 2020 to 8 April 2020 to allow Aurora and ACORE additional time to finalise terms of a longer dated loan extension.

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

Likely developments and expected results of operations
It was anticipated that the Group would seek additional debt financing from HHY Fund ARSN 112 579 129 ('the HHY Fund') in order to repay a portion of the short-term funding and to support the RNY Group's working capital requirements. Aurora acts as responsible entity of the HHY Fund. Please see Matters Subsequent to the End of the Financial Year.

In December 2019, following the lodgement of the Financial Statements for the half-year ended 30 June 2019, Huntley commenced the process to change the auditors of RNY, with Ernst & Young having been appointed since the Initial Listing on the ASX in 2005. The change of auditor to Grant Thornton Audit Pty Ltd was completed on 6 March 2020.

On 1 April 2019, RNY was suspended from trading on the ASX, pending the release of its audited Financial Statements for the year ended 31 December 2018. Following the release of the Financial Statements for the year ended 31 December 2018 on 5 November 2019 and the Financial Statements for the half-year ended 30 June 2019 on 11 December 2019, the suspension has still not been lifted. Huntley has been working with ASX to have the suspension lifted.

Matters subsequent to the end of the financial year
On 25 February 2020, the HHY Fund announced a capital raising of $3.25 million. Aurora acts as responsible entity of the HHY Fund. The proceeds from the HHY Fund capital raising were to be used to provide debt financing to the Group.

On 16 March 2020, the HHY Fund cancelled the capital raising after considering the current heightened market volatility. The Group will continue to rely on the financial support provided by Aurora – see Note 2 (e)(ii) Going Concern.

Matters subsequent to the end of the financial year (continued)
In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus ('COVID-19') as a pandemic, which continues to spread throughout the United States. The spread of COVID-19 has caused significant volatility in the United States and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to the COVID-19, as well as its impact on the United States and international economies. The Group cannot reasonably estimate the length or severity of this pandemic, but management currently anticipates a material adverse impact on the Group's consolidated financial position, consolidated results of operations and consolidated cash flows in fiscal 2020.

On 6 March 2020, Grant Thornton Audit Pty Ltd replaced Ernst & Young as auditor of the Group. Grant Thornton Audit Pty Ltd audited these financial statements.

Fees paid to the Responsible Entity
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 $360,066 (GST exclusive) for the year ended 31 December 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 is entitled to receive $90,594 (GST exclusive) to act as Responsible Entity for the year ended 31 December 2019 from Aurora under the Investment Management Agreement. Huntley is 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.

Corporate Governance
The directors of the Responsible Entity support the principles of corporate governance. The Responsible Entity's corporate governance statement is contained in the Corporate Governance section of the Annual Report.

Board Committees
At the date of this report, the Responsible Entity had an Audit and Risk Management Committee and a Compliance Committee. The responsibilities of these committees are described in the Corporate Governance Statement included in the Annual Report.

Interests of Responsible Entity
The Responsible Entity held no units in the Trust at the year end.

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.

Indemnification and Insurance of Officers and Auditors (continued)
The Responsible Entity has not, during or since the end of the financial year, 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.

Auditor Independence and Non-Audit Services
On 6 March 2020, Grant Thornton Audit Pty Ltd replaced Ernest & Young as auditor of the Group.

A copy of the auditor's independence declaration as required under section 307c of the *Corporations Act 2001* immediately follows this report.

Details of non-audit services provided by the Trust's previous auditor, Ernst & Young, are set out in Note 25 to the financial statements. The directors are satisfied that the provision of non-audit services provided by Ernst & Young as the external auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of the non-audit services provided did not compromise the auditor independence requirements of the Corporations Act.

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:

JOHN H KNOX
Director
Sydney NSW
Date: 31 March 2020

Grant Thornton

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Auditor's Independence Declaration

To the Directors of Huntley Management Limited as the Responsible Entity of RNY Property Trust

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of RNY Property Trust for the year ended 31 December 2019, I declare that, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton.

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 31 March 2020

Statement of Comprehensive Income
year ended 31 December 2019

	Note	Consolidated 2019 $	2018 $
CONTINUING OPERATIONS			
Share of net profit/(loss) of US LLC	6(b)	8,714,354	(352,428)
Total share of net profit/(loss) from US LLC		**8,714,354**	**(352,428)**
Interest income		537,065	152,035
Other income		150,000	791,952
Total profit and other income		**9,401,419**	**591,559**
Expenses			
Administration expenses		(432,382)	(849,365)
Finance costs		(110,013)	(20,196)
Management fees		(360,066)	(240,983)
Expected credit losses	5	(164,449)	(975,745)
Total expenses		**(1,066,910)**	**(2,086,289)**
Profit/(loss) from continuing operations before tax expense		**8,334,509**	**(1,494,730)**
US withholding tax	3	-	-
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS AFTER TAX		**8,334,509**	**(1,494,730)**
OTHER COMPREHENSIVE INCOME – MAY BE RECLASSIFIED TO PROFIT OR LOSS			
Foreign currency translation difference		9,381	759,562
Other comprehensive profit for the year, net of tax		**9,381**	**759,562**
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		**8,343,890**	**(735,168)**
Basic and diluted profit/(loss) per unit from continuing operations (cents)	15	3.16	(0.57)

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

Balance Sheet
as at 31 December 2019

	Note	Consolidated 2019 $	2018 $
Current assets			
Cash and cash equivalents	14(b)	19,087	15,650
Trade and other receivables	4	22,363	12,826
Other financial assets – related parties	5	648,988	587,663
Other current assets		-	2,500
Total current assets		**690,438**	**618,639**
Non-current assets			
Other financial assets – related parties	5	3,166,360	2,854,988
Investment held in US LLC	6	11,188,834	2,445,607
Total non-current assets		**14,355,194**	**5,300,595**
TOTAL ASSETS		**15,045,632**	**5,919,234**
Current liabilities			
Trade and other payables	8	1,081,740	729,191
Interest bearing loans and borrowings	9	1,177,809	761,380
Total current liabilities		**2,259,549**	**1,490,571**
Non-current liabilities			
Interest bearing loans and borrowings	9	125,914	112,828
Preferred shares	10	177,819	177,375
Total non-current liabilities		**303,733**	**290,203**
TOTAL LIABILITIES		**2,563,282**	**1,780,774**
NET ASSETS		**12,482,350**	**4,138,460**
Unitholders' Equity			
Units on Issue	11	251,376,587	251,376,587
Reserves	12	2,156,501	2,147,120
Accumulated deficit		(241,050,738)	(249,385,247)
TOTAL EQUITY		**12,482,350**	**4,138,460**

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

Statement of Cash Flows
year ended 31 December 2019

	Note	Consolidated 2019 $	2018 $
Cash flows from operating activities			
Payments to suppliers		(468,995)	(883,719)
Distributions received from US LLC		-	1,219,010
Receipt from related party		150,000	-
Interest received		-	373
Financing costs paid		(98,464)	-
Net cash (used in)/provided by from operating activities	**14(a)**	**(417,459)**	**335,664**
Cash flows from investing activities			
Investment in joint venture entities		-	(2,884,045)
Net cash flow used in investing activities		**-**	**(2,884,045)**
Cash flows from financing activities			
Proceeds from borrowings		241,973	750,000
Proceeds from related party borrowings		178,853	102,559
Advances to related parties		-	(4,120,576)
Net cash flow provided by/(used in) financing activities		**420,826**	**(3,268,017)**
Net increase/(decrease) in cash and cash equivalents		**3,367**	**(5,816,398)**
Cash and cash equivalents at beginning of year		15,650	5,206,405
Net foreign exchange differences		70	625,643
CASH AND CASH EQUIVALENTS AT END OF YEAR	**14(b)**	**19,087**	**15,650**

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

	Note	Units on Issue	Accumulated Deficit	Reserves	Total Equity
		$	$	$	$
CONSOLIDATED					
At 31 December 2017		251,376,587	(247,890,517)	1,387,558	4,873,628
Foreign currency translations taken to equity - may be reclassified to profit or loss	12	-	-	759,562	759,562
Loss for the year		-	(1,494,730)	-	(1,494,730)
Total comprehensive gain/(loss) for the year, net of tax		**-**	**(1,494,730)**	**759,562**	**(735,168)**
Distributions		-	-	-	-
At 31 December 2018		**251,376,587**	**(249,385,247)**	**2,147,120**	**4,138,460**
Foreign currency translations taken to equity - may be reclassified to profit or loss	12	-	-	9,381	9,381
Profit for the year		-	8,334,509	-	8,334,509
Total comprehensive gain for the year, net of tax		**-**	**8,334,509**	**9,381**	**8,343,890**
Distributions		-	-	-	-
At 31 December 2019		**251,376,587**	**(241,050,738)**	**2,156,501**	**12,482,350**

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

1. Corporate Information

The RNY Property Trust ('RNY' or the 'Trust'), constituted on 2 August 2005, is a trust limited by units incorporated in Australia. These units are publicly traded on the Australian Stock Exchange.

The Responsible Entity of the Trust is Huntley Management Limited ABN 52 089 240 513 AFSL 229754 ('Huntley'). Huntley's registered office is at Suite 301, Level 3, 37 Bligh Street, Sydney, NSW 2000.

The financial report of the Trust for the year ended 31 December 2019 was authorised for issue in accordance with a resolution of the directors on the date of signing of the Directors' Declaration.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with the requirements of the Trust Constitution, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

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

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.

The financial report is presented in Australian dollars.

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board.

(b) Basis of Consolidation

The Group's financial statements consolidate those of the Trust and its subsidiary, the US REIT, as of 31 December 2019. The US REIT has a reporting date of 31 December.

All transactions and balances between Group entities are eliminated on consolidation, including unrealised gains and losses on transactions between Group entities. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(c) Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new accounting standards that became effective from 1 January 2019. The Group has applied AASB 16 *Leases* for the first time for these consolidated financial statements. Changes to the Group's key accounting policy with regard to leases are described below. Other than the gross-ups of the lease assets and liabilities within the US LLC, the adoption did not affect the amounts recognised in previous periods.

2. Summary of Significant Accounting Policies (continued)

(d) Standards & Interpretations on issue not yet adopted

Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective which may have an impact, but have not been adopted by the Group for the annual reporting period ended 31 December 2019 are as follows:

AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections - Addresses a conflict between the requirements of AASB 128 *Investments in Associates and Joint Ventures* and AASB 10 *Consolidated Financial Statements* and clarifies that in a transaction involving an associate or joint venture, the extent of gain or loss recognised depends on whether the assets sold or contributed constitute a business. The effective date of the amendment is reporting periods beginning on or after 1 January 2022. The Group is still assessing the impact to the Group's accounting for its investment in the joint venture.

(e) Significant accounting judgments, estimates and assumptions

(i) Significant accounting judgments

Management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Accounting for Investment in US LLC

Under the control model established in Accounting Standard *AASB 10: Consolidated Financial Statements,* management has determined that the Group does not have control of its joint venture investment, RNY Australia Operating Company LLC ('the US LLC'), as, while the Group has sole responsibility for managing the business and affairs of the US LLC on a day-to-day basis, Major Decisions must be made jointly by the Group and the owner of the remaining 25% interest, in accordance with the Amended and Restated Limited Liability Company Agreement of the US LLC. As the Group does not have control of its joint venture investment, the Group is unable to consolidate the US LLC. Accordingly, the US LLC is accounted for using the equity method of accounting.

Classification of leases as operating leases - Lessor

Space in each of the investment properties owned by the US LLC is leased to third parties. The US LLC retains all the significant risks and rewards of ownership of these properties and has accordingly classified the leases as operating leases.

(ii) Significant Estimates and Assumptions

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 31 December 2019, the Group's current liabilities exceeded current assets by $1,569,111, 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, US REIT, are reliant on continued access to adequate cash distributions or repayment of amounts receivable from the underlying investment in 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. The amount of $500,000 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.

2. Summary of Significant Accounting Policies (continued)

(e) Significant accounting judgments, estimates and assumptions (continued)

(ii) Significant estimates and assumptions (continued)

Going Concern (continued)

The US LLC has a debt facility that is due to mature on 8 April2020 (extended from 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, in light of the COVID-19 pandemic, there can be no guarantee that this will happen. Management will seek to extend the loan with the lender or refinance the loan.

If the US LLC is not able to refinance the loan, then doubt may be cast 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 31 December 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.

Provision for expected credit losses

In estimating the expected credit loss ('ECL') provision, the underlying risks of the financial asset are considered. The expected credit losses for financial assets at amortised cost are calculated by considering the credit rating of the borrower to determine the probability of default, loss given default and the exposure at default:

- Probability of default is the likelihood of a default happening and is based on external market evidence of default rates.
- Loss given default is the percentage that could be lost in the event of default. Where the loan is unsecured a higher proportion of the outstanding balance may be assumed.
- Exposure at default is the outstanding balance of the loan. Loan balances have initially been recorded at net present value, which includes an assumption of the appropriate discount rate.

The probability of default, loss given default and the exposure at default are significant estimates. The Group's assessment of the probability of default, loss given default and the exposure at default may not be representative of actual default in the future.

Fair Value Measurements

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. There are no key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period apart from the fair value of investment properties held by US LLC – refer Note 2(m) and Note 7.

(f) Provision for distribution

A provision for distribution is recognised in the Balance Sheet if the distribution has been declared or publicly recommended on or before balance date.

(g) Cash and cash equivalents

Cash at bank and short term deposits are stated at nominal values. For the purpose of the Statement of Cash Flows, cash includes deposits at call, which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

2. Summary of Significant Accounting Policies (continued)

(h) Trade and other receivables

Trade receivables are recorded at fair value less a provision for impairment. The carrying value of the trade receivable approximates their fair values, as a result of their short-term nature. Impairment is calculated by measuring the expected credit loss. The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The calculation is based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and economic environment.

(i) Creditors and accruals

Liabilities are recognised for amounts to be paid in the future for services received, whether or not billed. Creditors are normally settled within 30 days. Liabilities for creditors are classified and measured at amortised cost.

(j) Borrowing costs

All borrowing costs are expensed in the period in which they occur as the Group and the joint venture do not hold qualifying assets. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(k) Investments in controlled entities

The Trust's direct investment in its subsidiary, the US REIT, is carried at cost in the parent entity, less any adjustment for impairment. Balances and transactions between the Trust and US REIT have been eliminated in preparing the consolidated financial statements.

(l) Investments in joint ventures

The Trust holds an indirect investment in its joint venture, the US LLC, through its subsidiary, the US REIT. The US LLC is a joint venture in which the Trust has joint control and is accounted for using the equity method of accounting in the consolidated financial statements.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since acquisition date.

The Statement of Comprehensive Income reflects the Group's share of the results of operations of the joint venture. Any change in the Other Comprehensive Income of the investee is presented as part of the Group's Other Comprehensive Income. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises a share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss from continuing operations after tax of the joint venture is shown on the face of the Statement of Comprehensive Income as "Share of net gain/(loss) of US LLC". The joint venture's share of other comprehensive income or loss is detailed in Note 6(b) to these accounts.

2. Summary of Significant Accounting Policies (continued)

(l) Investments in joint ventures (continued)

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in the joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is evidence, the Group calculates the amount of the impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss in calculating the "Share of net gain/(loss) of US LLC" in the Statement of Comprehensive Income.

(m) Investment Properties held by joint venture

The joint venture's investment properties are carried at fair value. Independent valuations of investment properties are obtained at intervals of not more than three years from suitably qualified property valuers. Such valuations are reflected in the carrying value of the associate. Notwithstanding, the directors of the US REIT and the Responsible Entity assess the carrying value of each investment property at each reporting date to ensure that the carrying value does not materially differ from its fair value. Where the carrying value differs from fair value, the relevant assets are adjusted to their fair value. The joint venture's properties held for sale are carried either at contracted sales price where a contract for sale has been entered into or at fair value as detailed above where no contract for sale exists.

The prime valuation methodology used by the property valuers in determining fair value, is to discount the expected net cash flows to their present value using a market determined risk-adjusted discount rate applicable to the respective asset. Changes in fair value of an investment property are recorded in the Statement of Comprehensive Income as part of the share of net income or loss from the US LLC. At 30 June 2019, independent valuations were obtained for the joint venture's five investment properties. The Responsible Entity has determined that this valuation plus the capitalised expenditure since valuation date is appropriate as at 31 December 2019.

Expenditure capitalised to properties include the costs of acquisition, capital and refurbishment additions. Land and buildings are considered to have the function of an investment and are therefore regarded as a composite asset. The buildings and components thereof (including plant and equipment) are not depreciated.

(n) Recognition of Operating Leases in the Joint Venture

AASB 16 *Leases* replaced AASB 117 *Leases* for all financial years commencing after 1 January 2019, removing the distinction between operating and financing leases. Primarily impacting the accounting by lessees, the new standard requires the recognition of almost all leases on the Balance Sheet. The Group has adopted this standard from 1 January 2019 and applied the simplified approach, which does not require restatement of comparative information. The new standard does not materially impact the Trust. The only lease impacted is held by the US LLC, which is accounted for using the equity method of accounting.

2. Summary of Significant Accounting Policies (continued)

(o) Financial Instruments – Initial Recognition and Subsequent Measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ('OCI'), and fair value through profit or loss. At 31 December 2019, the Group has classified its financial assets at amortised cost. The Group initially measures a financial asset at its fair value plus transaction costs for those financial assets that are subsequently measured at amortised cost.

Financial assets at amortised cost (debt instruments)
The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest ('EIR') method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Impairment of financial assets
The Group recognises an allowance for expected credit losses ('ECLs') for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

(p) Financial Liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement
The measurement of financial liabilities depends on their classification as either loans and borrowing or as financial liabilities at fair value through profit or loss. The Group has not designated any financial liability as at fair value through profit or loss.

2. Summary of Significant Accounting Policies (continued)

(p) Financial Liabilities (continued)

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income. For non-substantial modifications, the net present value of the modified debt is calculated using the original effective interest rate, and any difference is recognised immediately in the Statement of Comprehensive Income.

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

The category generally applies to interest- bearing loans and borrowings.

(q) Impairment of Assets
The directors of the Responsible Entity, US REIT and US LLC assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, an estimate is made of the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and written down to its recoverable amount.

(r) Foreign currencies
Translation of foreign currency transactions
The functional and presentation currency of the parent entity is Australian dollars.

Transactions in foreign currencies are converted to local currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date are translated using the spot rate at the reporting date. At 31 December 2019, a spot rate of A$1.00 = US$0.70 was used (31 December 2018: A$1.00 = US$0.70).

Exchange differences arising from amounts payable and receivable are treated as operating revenue or expense in the period in which they arise.

Translation of financial reports of foreign operations
The functional currency of RNY's subsidiary and equity accounted investment is United States dollars.

As at the reporting date, the assets and liabilities of these entities are translated into the presentation currency of RNY at the rate of exchange ruling at the balance sheet date and the Statement of Comprehensive Income is translated at the average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to the foreign currency translation reserve.

2. Summary of Significant Accounting Policies (continued)

(s) Revenue

Rental income in the joint venture

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of Comprehensive Income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Other revenue in subsidiary (forgiveness of asset management fees)

Other revenue relates to recovery of expenses recognised in the prior period and recognised in the period they are recovered.

(t) Earnings per unit ('EPU')

Basic EPU is calculated as net profit attributable to members divided by the weighted average number of ordinary units. Diluted EPU is calculated as the net profit attributable to members divided by the weighted average number of ordinary units adjusted for the effects of all dilutive potential ordinary units. RNY has no dilutive potential ordinary units therefore its basic and diluted EPU are the same.

(u) Taxes

Goods and Services Tax

Revenues, expenses and assets (with the exception of receivables) are recognised net of the amount of Goods and Services Tax ('GST') to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition, or as an expense. Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from or payable to the taxation authority is included in the Balance Sheet as a receivable or a payable.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Income Tax

Under current Australian tax legislation, the Trust is not liable to pay Australian income tax provided its taxable income and taxable realised gains are fully distributed to unitholders.

Under the US Internal Revenue Code, US REIT has elected to be taxed as a Real Estate Investment Trust ('REIT'), and on this basis, US REIT should not be subject to US federal income taxes to the extent that it distributes annually all of its taxable income and capital gains to its shareholders. In order to maintain its qualification as a REIT, US REIT must distribute at least 90% of its taxable income (net of capital gains) to its shareholders annually.

Under current Australian tax legislation, unitholders of RNY may be entitled to receive a foreign tax credit for United States withholding tax deducted from dividends and interest paid to RNY by US REIT.

The Trust may realise a capital gain or loss on sale or transfer of its US investments that may attract a US tax liability. If a capital gain is distributed, a US withholding tax liability may arise and give rise to a foreign tax credit which would be available to Australian unitholders.

A deferred tax liability or asset must be recognised based on movements in the carrying value and tax cost base of investment property assets, with any movements reflected in the Statement of Comprehensive Income as a tax expense or benefit. The US tax rate of 15% is applicable for the valuation uplift on such investment property assets which are held for use.

2. Summary of Significant Accounting Policies (continued)

(v) Contributed Equity
Issued capital is recognised at the fair value of the consideration received by the Trust. Any transaction costs arising on the issue of ordinary units are recognised directly in equity as a reduction of the unit proceeds received.

	Note	Consolidated 2019 $	2018 $
3. Income Tax Benefit			
(a) Income tax benefit			
Deferred US withholding tax benefit		-	-
(b) Reconciliation of withholding tax expense			
The prima facie tax on profit before tax expense is reconciled to the tax benefit provided in the financial statements as follows:			
Net profit/(loss) before tax benefit		8,334,509	(1,494,730)
Prima facie US withholding tax benefit at the US rate of 15% (2018: 15%)		1,250,176	(224,210)
Tax effect of amounts that are not assessable for withholding tax purposes		(1,250,176)	224,210
US withholding tax expense		-	-

Refer Note 13 for details of Deferred Tax Assets.

4. Trade and Other Receivables

		2019	2018
Other receivables		**22,363**	**12,826**

There are no past due or impaired receivables in the balances above.

5. Other Financial Assets - Related Parties

	Note	2019	2018
Financial Assets at Amortised Cost:			
Current			
Trade debtor - related party		-	3,127
Amounts owing from related parties	19	851,589	761,589
		851,589	764,716
Allowance for expected credit loss		(202,601)	(177,053)
Total Current		**648,988**	**587,663**

During the prior year, 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. During the year ended 31 December 2019, the repayment date was extended to 1 July 2020. As at 31 December 2019, total loan funds of AUD$750,000 and total interest of AUD$101,589 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). See Note 19. Related Party Disclosures.

	Note	Consolidated 2019 $	2018 $
5. Other Financial Assets - Related Parties (continued)			
Non-Current			
Trade debtor – related party		143,394	143,035
Amount owing from related party – amortised cost	19	3,960,559	3,510,645
		4,103,953	3,653,680
Allowance for expected credit loss		(937,593)	(798,692)
Total Non-Current		**3,166,360**	**2,854,988**

During the prior year ended, 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 $447,065 using the effective interest rate was recognised on the loan for the year ended 31 December 2019 (31 December 2018: $140,072). As at 31 December 2019, total interest of $587,137 using the effective interest rate had been recognised on the loan. See Note 19 Related Party Disclosures.

Set out below is the movement in the allowance for expected credit losses of Other Financial Assets – Related Parties. The expected credit loss has been determined using a 12 month ECL as there has been no significant increase in credit risk since initial recognition.

	2019	2018
As at 1 January	975,745	-
Provision for expected credit losses	164,449	975,745
As at 31 December	**1,140,194**	**975,745**

6. Investments in Joint Venture

	2019	2018
Investment in joint venture	**11,188,834**	**2,445,607**

Other details are as follows:

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

RNY has a 100% interest in RNY Australia LPT Corp. ('US REIT'), which in turn has a 75% interest in RNY Australia Operating Company LLC ('US LLC'), a Delaware Limited Liability Company that as of 31 December 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 ('Aurora'). Aurora (ACN 092 626 885, AFSL 222110) is the responsible entity of the Aurora Property Buy-Write Income Trust ('the Aurora AUP Trust') which is the Trust's largest unitholder with 67% of the Trust's units (with a further 14% owned by other Aurora Funds).

Under the structure created above, RNY (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.

6. Investments in Joint Venture (continued)

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

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

	Note	Consolidated 2019 $	2018 $
Movements in carrying amounts			
Carrying amount at the beginning of the year		2,445,607	1,053,668
Distributions received		-	(1,219,010)
Share of profit/(loss) of joint venture		8,714,354	(352,428)
Investment in joint venture entities		-	2,884,045
Effect of changes in exchange rates		28,873	79,332
Carrying amount at the end of the year		**11,188,834**	**2,445,607**
Balance Sheet of US LLC		*@ 100%*	*@ 100%*
Current assets			
Cash and cash equivalents (i)		4,832,830	4,532,244
Trade and other receivables		406,006	241,186
Other current assets		821,414	1,237,375
		6,060,250	6,010,805
Non-current assets			
Investment properties		116,489,761	97,627,148
Other non-current assets		2,897,798	-
		119,387,559	97,627,148
Total Assets		**125,447,809**	**103,637,953**
Current liabilities (ii)		101,941,478	90,880,162
Non-current liabilities		8,884,468	9,905,989
Total Liabilities		**110,825,946**	**100,786,151**
Equity of US LLC		**14,621,863**	**2,851,802**
Proportion of the Group's ownership		**75%**	**75%**
Group's ownership share @ 75%		10,966,397	2,138,851
Additional investment by RNY(iii)		222,436	306,756
Carrying amount of the investment		**11,188,833**	**2,445,607**

(i) Certain cash included above is subject to control by certain lenders. Refer to Note 6(d) for further details.

(ii) Included in this balance is a loan due to ACORE of $89,713,733 (31 December 2018: $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 ACORE Loan, which was extended to February 2020 under the Loan Extension and has been further extended to 8 April 2020, 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 US LLC and its related parties.

6. Investments in Joint Venture (continued)

(b) Summarised statement of comprehensive income of US LLC

	Consolidated	
	2019	**2018**
	$	**$**
	@ 100%	*@ 100%*
Revenue & other income		
Rental income from investment properties	19,944,035	19,461,005
Gain on investment property revaluations	16,098,193	-
Gain on debt modification	-	6,005,971
Other income	1,325,868	1,199,664
Total revenue	37,368,096	26,666,640
Expenses		
Property expenses	(14,757,691)	(14,782,775)
Borrowing costs	(8,247,856)	(9,602,809)
Loss from investment property revaluations	-	(157,380)
Other expenses	(2,743,411)	(2,593,580)
Total expenses	(25,748,958)	(27,136,544)
Net profit/(loss) of US LLC before income tax	**11,619,138**	**(469,904)**
Income tax expense	-	-
Net profit/(loss) from continuing operations after income tax	**11,619,138**	**(469,904)**
Other comprehensive income	-	-
Total comprehensive profit/(loss) for the year	**11,619,138**	**(469,904)**
Proportion of the Group's ownership:	**75%**	**75%**
Group's share of profit/(loss) of US LLC for the year	8,714,354	(352,428)
Group's share of other comprehensive gain for the year	-	-
Group's share of profit/(loss) for the year	**8,714,354**	**(352,428)**

(c) Commitments and contingencies of joint venture

(i) Capital Commitments

As at 31 December 2019, the US LLC had eight commitments to complete landlord works under a tenant lease. The value of the works to be undertaken were US$1,917,718 (AUD$2,739,596) (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).

6. Investments in Joint Venture (continued)

(d) Current funding of Joint Venture

At 31 December 2019, with regards to the ACORE Loan, the US LLC held the following amounts in cash.

US LLC Cash held	US $ @ 100% 2019	US $ @ 100% 2018	AUD $ @ 100% 2019	AUD $ @ 100% 2018
Lender controlled cash account (i)	508,383	693,871	723,203	984,602
Lender controlled reserve accounts (ii)	1,814,355	1,316,874	2,581,022	1,868,643
Tenant security deposits	955,402	1,022,025	1,359,113	1,450,253
Unrestricted cash	119,146	161,202	169,492	228,746
Total	**3,397,286**	**3,193,972**	**4,832,830**	**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.

7. Share of US LLC's Properties

	Consolidated 2019 $	2018 $
	@ 100%	*@ 100%*
Investment properties – at fair value	116,489,761	97,627,148
Total Investment Properties	**116,489,761**	**97,627,148**
	75%	**75%**
Proportion of the Group's ownership		
Group's ownership share @ 75%	87,367,320	73,220,361
Investment properties held in equity accounted investments	**87,367,320**	**73,220,361**

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

7. Share of US LLC's Properties (continued)

Property Address	Date of Acquisition	Region	Fair Value At 31 Dec 19 @75% US $	Fair Value At 31 Dec 18 @75% US $	Fair Value At 31 Dec 19 @75% AUD $	Fair Value At 31 Dec 18 @75% AUD $
Investment Properties					(i)	(i)
55 Charles Lindbergh Blvd, Long Island	21 Sep 05	Long Island	19,588,894	17,325,000	27,866,300	24,584,162
560 White Plains Rd, Westchester County	21 Sep 05	Westchester	5,179,042	3,675,000	7,367,478	5,214,822
6800 Jericho Turnpike, Long Island	6 Jan 06	Long Island	16,385,303	14,625,000	23,309,011	20,752,864
6900 Jericho Turnpike, Long Island	6 Jan 06	Long Island	9,300,000	6,900,000	13,229,771	9,791,095
580 White Plains Rd, Westchester County	6 Oct 06	Westchester	10,962,493	9,075,000	15,594,760	12,877,418
Total Investment Properties			**61,415,732**	**51,600,000**	**87,367,320**	**73,220,361**
Total share of US LLC's Properties			**61,415,732**	**51,600,000**	**87,367,320**	**73,220,361**

(i) CBRE Group Inc. performed appraisals for the five joint venture's properties at 20 August 2019. The Responsible Entity has determined that these valuations plus capital improvements are appropriate valuations as at 31 December 2019.

(ii) Cushman and Wakefield performed appraisals for the five joint venture's properties at 30 June 2018. The Responsible Entity has 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 joint venture owns properties are as follows:

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

Sensitivity analysis

The joint venture's properties are susceptible to changes in the discount rates used in the property valuation process.

A small increase in these discount rates could lead to a material decrease in property value and a consequential decrease in the net profit and equity of the Group. A small decrease in these rates could lead to a material increase in property values and a consequential increase in the net profit and equity of the Group.

	Consolidated 2019 $	**2018 $**
8. Trade and Other Payables		
Other creditors & accruals	481,404	542,795
Owing to related party – Huntley Custodians Ltd	-	4,679
Owing to related party – Huntley Management Ltd	320	-
Owing to related party – Aurora Funds Management Ltd	600,016	181,717
	1,081,740	**729,191**

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

9. Interest Bearing Loans and Borrowings

Current		
Borrowings	1,002,083	761,380
Amount owing to related party	175,726	-
Total Current	**1,177,809**	**761,380**
Non-Current		
Amount owing to related party	125,914	112,828
Total Non-Current	**125,914**	**112,828**

On 15 November 2018, the Trust borrowed funds from an external party totalling AUD$750,000. During the year ended 31 December 2019, additional funds of $241,973 were borrowed from the external third party. Interest is charged at 12% of the daily loan balance. The loan is secured and was repayable on 15 November 2019. During the year ended 31 December 2019, the repayment date was extended to 1 July 2020. As at 31 December 2019, total loan funds of AUD$991,973 and total interest payable of AUD$10,110 is accrued (31 December 2018: loan funds of AUD$750,000, interest payable AUD$11,380).

During the year ended 31 December 2019, RNY received funds totalling AUD$175,726 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.

10. Preferred Shares

Preferred shares	**177,819**	**177,375**

To comply with US regulations relating to US REIT's, 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.

11. Units on Issue

	Consolidated 2019 Units	2018 Units
(a) Movements in ordinary units on issue		
Units on issue at beginning of the year	263,413,889	263,413,889
Units issued during the year	-	-
Units on issue at the end of the year	**263,413,889**	**263,413,889**

	Consolidated 2019 $	2018 $
(b) Movement in issued equity		
Issued equity at the beginning of the year	251,376,587	251,376,587
Movements in equity during the year	-	-
Issued equity at the end of the year	**251,376,587**	**251,376,587**

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.

12. Reserves

Foreign currency translation reserve	2,156,501	2,147,120
	2,156,501	**2,147,120**
Movement in foreign currency translation reserve [(i)]		
Balance at the beginning of the year	2,147,120	1,387,558
Loss on translation of controlled foreign entities	9,381,	759,562
Balance at end of the year	**2,156,501**	**2,147,120**

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

13. Deferred Tax Asset

As at 31 December 2019, the Trust had no deferred tax assets.

There are deferred tax assets that have not been recognised in the Balance Sheet of the joint venture as realisation is not certain.

14. Reconciliation of Net Profit to Net Cash Flows

(a) Reconciliation of net loss to net cash inflow from operating activities

	Consolidated 2019 $	2018 $
Net profit/(loss) for the year from continuing operations	8,334,509	(1,494,730)
Add non-cash items:		
Expected credit losses	164,449	975,745
Net unrealised foreign exchange loss	490	7,719
Undistributed loss transferred to reserves of equity accounted joint ventures	(8,714,354)	1,571,152
Working capital adjustments:		
Increase in receivables and other assets	(544,102)	(214,015)
Increase/(decrease) in payables and other liabilities	341,549	(510,207)
Net cash (outflow)/inflow from operating activities	**(417,459)**	**335,664**

(b) Components of cash

Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the Balance Sheet as follows:

	2019 $	2018 $
Cash	**19,087**	**15,650**

(c) Changes in liabilities arising from financing activities

	1 January 2019 $	Cash flows $	Foreign Exchange movement $	Other $	31 December 2019 $
Current interest bearing loans and borrowings	761,380	420,826	-	(4,397)	1,177,809
Non-current interest bearing loans and borrowings	112,828	-	169	12,917	125,914
Preferred shares	177,375	-	444	-	177,819
Total liabilities from financing activities	**1,051,583**	**420,826**	**613**	**8,520**	**1,481,542**

	1 January 2018 $	Cash flows $	Foreign Exchange movement $	Other $	31 December 2018 $
Current interest bearing loans and borrowings	-	750,000	-	11,380	761,380
Non-current interest bearing loans and borrowings	-	102,559	3,866	6,403	112,828
Preferred shares	160,263	-	17,112	-	177,375
Total liabilities from financing activities	**160,263**	**852,559**	**20,978**	**17,783**	**1,051,583**

The 'Other' column includes the effect of accrued but not yet paid interest on interest-bearing loans and borrowings. The Group classifies interest paid as cash flows from operating activities.

15. Earnings Per Unit

	Consolidated 2019 Cents	2018 Cents
Basic and diluted earnings per unit	3.16	(0.57)

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

16. Commitments, Contingencies and Impairment Losses

Commitments, contingent liabilities and impairment losses relating to the joint venture are detailed in Note 6(c). There are no other commitments, contingent liabilities or impairment losses existing at balance date.

17. Key Management Personnel

(i) Directors

The directors of the Responsible Entity of RNY are considered to be key management personnel.

Managing Director
Andrew Pointer (appointed as Managing Director 31 December 2019)
John Knox (ceased as Managing Director 31 December 2019)

Executive director
Andrew Pointer (Chief Executive Office) (appointed 1 March 2019)

Non-executive directors
Brian Silvia
Peter Krejci
Stephen Law (ceased 31 December 2019)

(ii) Other Key Management Personnel

Corporation
Huntley Management Limited ('Huntley'), the Responsible Entity of RNY

(iii) Remuneration of Key Management Personnel

Fees receivable by Huntley for acting as Responsible Entity of the Trust (see Note 19 (iii)). No amounts are paid by the Trust directly to the Key Management Personnel of the Trust for services to the Trust.

(iv) Units in the Trust held by related parties

The Directors of Huntley do not hold any units of the Trust at year end. The Directors of Huntley do not hold any options to buy units in RNY.

18. Parent Entity Information

The following table provides information relating to RNY Property Trust, the parent entity of the Group.

	Note	RNY Property Trust 2019 $	2018 $
Current assets		689,879	617,235
Non-current assets		14,138,421	5,107,382
Total assets		14,828,300	5,724,617
Current liabilities		2,220,036	1,473,329
Non-current liabilities		125,914	112,828
Total liabilities		2,345,950	1,586,157
Net Assets		**12,482,350**	**4,138,460**
Units on issue		251,780,587	251,780,587
Accumulated deficit		(239,298,237)	(247,642,127)
Total Unitholders' Equity		**12,482,350**	**4,138,460**
Profit/(loss) from continuing operations before income tax		8,343,890	(731,540)
Income tax/withholding tax applicable		-	-
Total comprehensive profit/(loss) for the year after tax		**8,343,890**	**(731,540)**

19. Related Party Disclosures

(i) Investment in Subsidiary & Joint Venture

The 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 2019 %	2018 %	Investment 2019 $	2018 $
RNY Australia LPT Corp ('US REIT')	United States	100	100		
At cost				252,529,331	252,529,331
Less: impairment (i)				(238,390,910)	(247,421,949)
				14,138,421	5,107,382

(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 year.

19. Related Party Disclosures (continued)

(ii) Responsible Entity & Associates

On 2 July 2018, Huntley Management Limited ACN 089 240 513 ('Huntley') was appointed as Responsible Entity of the Trust and was the Responsible Entity of the Trust for the year ended 31 December 2019. Huntley is a wholly owned subsidiary of BRI Ferrier (NSW) Pty Ltd ACN 128 947 848, a company incorporated in Australia.

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.

Aurora Funds Management Limited ('Aurora') is the Responsible Entity of the Aurora Property Buy-Write Income Trust which holds 67% of the Trust's units (with a further 14% owned by other Aurora Funds). On 2 July 2018, Huntley appointed Aurora as the Investment Manager of RNY. Aurora Asset Management Corp, a company controlled by Aurora, 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 from related parties AUD $	Funds received from related parties AUD $	Amounts owed by related parties AUD $	Amounts owed to related parties AUD $
For the year ended 31 December 2019					
Consolidated					
Huntley Management Ltd:					
- asset management fees	-	360,066	-	-	577,789
- expense reimbursement	-	-	-	-	320
Huntley Custodians Ltd:					
- custodian fees	-	10,042	-	-	-
Loan from RNY to US LLC	(101,589)(ii)	-	-	648,988(ii)	-
Loan from US REIT to US LLC	(587,137)(ii)	-	-	3,166,360(ii)	-
Loan from Aurora(i) to RNY	19,222	-	-	-	301,640
Funds from Aurora(i) to US REIT	-	-	-	-	22,227
Parent					
Huntley Management Ltd:					
- asset management fees	-	360,066	-	-	577,789
- expense reimbursement	-	-	-	-	320
Huntley Custodians Ltd:					
- custodian fees	-	10,042	-	-	-
Funds received by RNY from US LLC	-	-	150,000	-	-
Loan from RNY to US LLC	(101,589)(ii)	-	-	648,988(ii)	-
Loan from Aurora(i) to RNY	19,222	-	-	-	301,640

(i) 'Aurora' includes Aurora Funds Management Limited and its related parties.
(ii) See Note 5. Other Financial Assets – Related Parties

19. 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 $
For the year ended 31 December 2018					
Consolidated					
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
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
Parent					
RNY Australia Management Ltd:					
- asset management fees	-	75,786	-	-	-
Huntley Management Ltd:					
- asset management 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 5. Other Financial Assets – Related Parties 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 year ended 31 December 2019, the Group recognised additional expected credit losses of $164,449 relating to amounts owed by related parties (year ended 31 December 2018: $975,745).

19. Related Party Disclosures (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 year ended 31 December 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 $360,066 (GST exclusive) for the year ended 31 December 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 is entitled to receive $90,594 (GST exclusive) to act as Responsible Entity for the year ended 31 December 2019 from Aurora under the Investment Management Agreement. Huntley is 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 $10,042 (GST exclusive) for the year ended 31 December 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 prior year, 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. During the year ended 31 December 2019, the repayment date was extended to 1 July 2020. As at 31 December 2019, total loan funds of AUD$750,000 and total interest of AUD$101,589 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 prior year ended, 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 $447,065 using the effective interest rate was recognised on the loan for the year ended 31 December 2019 (31 December 2018: $140,072). As at 31 December 2019, total interest of $587,137 using the effective interest rate had been recognised on the loan.

	Consolidated	
	2019	2018
	$	$
20. Net Asset Backing Per Unit		
Net asset backing per unit	$0.05	$0.02

Net asset backing per unit is calculated by dividing the equity attributed to unitholders of RNY by the number of ordinary units on issue being 263,413,889 units

21. 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 office properties located outside Australia, held via the US LLC and from short term deposits 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. There is no single tenant providing revenues greater than 20.05% of the segment's total income.

22. Fair values

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

23. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and short term deposits, receivables, payables and loans and borrowings.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different type of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rates and foreign exchange rates and the use of future cash flow forecasts to monitor liquidity risk.

The Board reviews and approves policies for managing each of these risks as summarised below. Refer to the Corporate Governance Statement included in the annual report for more details on the structure and responsibilities of the Board.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and approves policies for managing each of the risks discussed in this section.

(a) Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. As a result of the Trust's investments in the United States and its transactions with entities in the United States, the Trust can potentially be affected significantly by movements in the US$/AUD$ exchange rates.

The Trust has not hedged its exposure to fluctuations on the translation into Australian dollars of its foreign operations.

Currently, there is minimal exposure to foreign currency risk due to the minor amount of cash and other financial instruments held by the Trust in in US dollars.

(b) Credit risk
Credit risk is the risk that counter parties to a financial asset will fail to discharge their obligations, causing the Trust to incur a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The credit risk on liquid funds once paid to the Trust custodian is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

The credit risk exposure to the Trust custodian is mitigated by regular monitoring and reporting of Trust assets and confirmation of agreed financial criteria.

The Trust is exposed to significant credit risk in relation to the unsecured loans made to the US LLC. The credit risk is determined with reference to external market evidence including S&P Global Ratings for corporate entities. The Group uses the ratings to determine whether the loans have increased significantly in credit risk and to estimate ECLs. An expected credit loss provision on these loans of $164,449 was recognised during the year (31 December 2018: $975,745 recognised). None of the loans are past due as at 31 December 2019. See Note 5. Other Financial Assets – Related Parties.

23. Financial Risk Management Objectives and Policies (continued)

(b) Credit risk (continued)
The Group considers a financial asset in default when the contractual payments are 30 days past due. However, the Group may also consider a financial asset to be in default when internal or external information indicates the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(c) Interest rate risk
Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk within the Group is mitigated by borrowings being subject to fixed interest rates for the term of the borrowing.

At 31 December 2019, 100% of the Group's borrowings are at a fixed rate of interest. At 31 December 2018, 100% of the Group's borrowings are at a fixed rate of interest.

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and financial liability is set out in the table below:

	Weighted average interest rate (% pa)	Floating interest rate $	Fixed interest rate $	Non-interest bearing $	Total $
31 December 2019					
Financial assets					
Cash and liquid assets	0.00	19,087	-	-	19,087
Trade & other receivables		-	-	22,363	22,363
Other financial assets – Trade debtor related party		-	-	-	-
Other financial assets – RNY loan to US LLC	11.21	-	648,988	-	648,988
Other financial assets – US REIT loan to US LLC	12.00	-	3,166,360	-	3,166,360
		19,087	**3,815,348**	**22,363**	**3,856,798**
Financial liabilities					
Other creditors & accruals		-	-	(481,404)	(481,404)
Other creditors & accruals – related parties		-	-	(600,336)	(600,336)
Interest bearing loans & borrowing – unrelated party	12.00	-	(1,002,083)	-	(1,002,083)
Non-interest bearing loans & borrowings – Aurora Funds Management Ltd		-	-	(175,726)	(175,726)
Interest bearing loans & borrowings – AUP Trust	12.00	-	(125,914)	-	(125,914)
		-	**(1,127,997)**	**(1,257,466)**	**(2,385,463)**
Net financial assets		**19,087**	**2,687,351**	**(1,235,103)**	**1,471,335**

23. Financial Risk Management Objectives and Policies (continued)

(c) Interest rate risk (continued)

	Weighted average interest rate (% pa)	Floating interest rate $	Fixed interest rate $	Non-interest bearing $	Total $
31 December 2018					
Financial assets					
Cash and liquid assets	0.33	15,650	-	-	15,650
Trade & other receivables		-	-	12,826	12,826
Other financial assets – Trade debtor related party		-	-	3,127	3,127
Other financial assets – RNY loan to US LLC	11.99	-	584,536	-	584,536
Other financial assets – US REIT loan to US LLC	12.00	-	2,854,988	-	2,854,988
		15,650	**3,439,524**	**15,953**	**3,471,127**
Financial liabilities					
Other creditors & accruals		-	-	(542,795)	(542,795)
Other creditors & accruals – related party		-	-	(186,396)	(186,396)
Interest bearing loans & borrowing – unrelated party	12.00	-	(761,380)	-	(761,380)
Interest bearing loans & borrowings – AUP Trust	12.00	-	(112,828)	-	(112,828)
		-	**(874,208)**	**(729,191)**	**(1,603,399)**
Net financial assets		**15,650**	**2,565,316**	**(713,238)**	**1,867,728**

Interest Rate Sensitivity

A 1% change in the interest rate of the Group's financial instruments subject to a floating interest rate, being cash, as at 31 December 2019, would result in an increase or decrease in interest revenue of $191 (31 December 2018: $156) and a corresponding increase or decrease in the cash asset.

23. Financial Risk Management Objectives and Policies (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations to repay its financial liabilities as and when they fall due.

The below table summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	$	$	$	$	$	$
31 December 2019						
Other creditors & accruals	160,962	320,442	-	-	-	481,404
Other creditors & accruals – Huntley Management Ltd	-	320	-	-	-	320
Other creditors & accruals – Aurora Funds Management Ltd	-	106,226	493,790	-	-	600,016
Interest bearing loans & borrowings – unrelated party	10,110	31,366	1,023,683	-	-	1,065,159
Non-interest bearing loans & borrowings – Aurora Funds Management Ltd	175,726	-	-	-	-	175,726
Interest bearing loans & borrowings – owing to related party	-	-	-	170,776	-	170,776
	346,798	**458,354**	**1,517,473**	**170,776**	**-**	**2,493,401**
31 December 2018						
Other creditors & accruals	193,033	349,762	-	-	-	542,795
Other creditors & accruals – Huntley Custodians Ltd	-	4,679	-	-	-	4,679
Other creditors & accruals – Aurora Funds Management Ltd	-	181,717	-	-	-	181,717
Interest bearing loans & borrowings – unrelated party	11,380	22,192	806,466	-	-	840,038
Interest bearing loans & borrowings – owing to related party	-	-	-	170,349	-	170,349
	204,413	**558,350**	**806,466**	**170,349**	**-**	**1,739,578**

The Trust and its consolidated subsidiary, US REIT, are reliant on continued access to adequate cash distributions or repayment of amounts receivable from the underlying investment in the US LLC to settle the liabilities within the respective entities. Absent this, the Trust is reliant upon the financial support provided by Aurora Funds Management Limited ACN 092 626 885 AFSL 222110.

24. Capital Management

The Group has been founded on a capital structure which allows RNY to own, through its 100% ownership of the US REIT, a 75% indirect interest in US properties held in the US LLC.

During the year ended 31 December 2018, RNY borrowed AUD$750,000 which was on lent to the US LLC to assist with the pay down of the ACORE loans, as negotiated by the Investment Manager in August 2018. The interest rate applicable to the loan is 12% and payable monthly in arrears. The loan was repayable on 15 November 2019 and is secured by a first ranking charge over RNY. During the year ended 31 December 2019, the repayment date was extended to 1 July 2020.

During the year ended 31 December 2019, RNY borrowed additional funds of $241,973 from an unrelated party to fund working capital.

During the year ended 31 December 2019, RNY received funds totalling AUD$175,726 from Aurora Funds Management Limited to fund working capital. No interest is payable on these funds.

During the year ended 31 December 2018, RNY also borrowed US$75,000 (AUD$106,425) from Aurora Property Buy-Write Income Trust to fund US legal expenses. The interest rate applicable to the loan is 12%. The loan and interest are repayable on 2 July 2023.

No external borrowings exist in the US REIT and management has no current plans to implement further external borrowings. The Group is not subject to any externally imposed capital requirements.

25. Auditor's Remuneration

	Consolidated 2019 $	Consolidated 2018 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
- audit or review of the financial report for the Trust and any other entity in the Consolidated Entity	72,800	141,400
	72,800	141,400
Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:		
- audit or review of the financial report for the US REIT and the US LLC	-	270,573
	-	270,573
Amounts received or due and receivable by Grant Thornton Audit Pty Ltd for:		
- audit or review of the financial report for the Trust and any other entity in the Consolidated Entity	120,000	-
Amounts received or due and receivable by audit firms other than Ernst & Young for:		
- compliance services	21,000	14,000
	213,800	**425,973**

On 6 March 2020, Grant Thornton Audit Pty Ltd replaced Ernst & Young as auditor of the Group. Grant Thornton Audit Pty Ltd audited these financial statements.

26. Subsequent Events

On 25 February 2020, the HHY Fund ARSN 112 579 129 ('the HHY Fund') announced a capital raising of $3.25 million. Aurora Funds Management Limited ACN 092 626 885 AFSL 222110 ('Aurora') acts as responsible entity of the HHY Fund. The proceeds from the HHY Fund capital raising were to be used to provide debt financing to the Group.

On 16 March 2020, the HHY Fund cancelled the capital raising after considering the current heightened market volatility. The Group will continue to rely on the financial support provided by Aurora – see Note 2 (e)(ii) Going Concern.

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus ('COVID-19') as a pandemic, which continues to spread throughout the United States. The spread of COVID-19 has caused significant volatility in the United States and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to the COVID-19, as well as its impact on the United States and international economies. The Group cannot reasonably estimate the length or severity of this pandemic, but management currently anticipates a material adverse impact on the Group's consolidated financial position, consolidated results of operations and consolidated cash flows in fiscal 2020.

On 6 March 2020, Grant Thornton Audit Pty Ltd replaced Ernst & Young as auditor of the Group. Grant Thornton Audit Pty Ltd audited these financial statements.

The Directors of the Responsible Entity declare that:

1. In the opinion of the Directors:
   a) the 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 31 December 2019 and of its performance for the year ended on that date; and
      (ii) complying with Accounting Standards and Corporations Regulations 2001; and

   b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a).

   c) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

2. This declaration is made after receiving the declarations required to be made to the directors in accordance with sections 295A of the *Corporations Act 2001* for the financial year ended 31 December 2019.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to s.295(5) of the *Corporations Act 2001.*

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

JOHN H KNOX
Director
Sydney

Date: 31 March 2020

Grant Thornton

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Independent Auditor's Report

To the Directors of the Responsible Entity of RNY Property Trust

Report on the audit of the financial report

Disclaimer of opinion

We were engaged to audit the financial report of RNY Property Trust (the Trust) and its subsidiaries (the Group), which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

We do not express an opinion on the accompanying financial report of the RNY Property Trust. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

Basis for disclaimer of opinion

Use of going concern assumption

As at 31 December 2019, the Group's current liabilities exceeded its current assets by $1,569,111. This factor and the challenging economic conditions caused largely by the impact of the COVID-19 pandemic, as disclosed in Note 2, indicates the existence of material uncertainties which may cast significant doubt about the Group's and the Trust's ability to continue as a going concern. As disclosed in Note 2, the directors of the Responsible Entity (the Directors) have prepared the financial statements on a going concern basis, based on the assumption that the Group's underlying investment in the joint venture will renegotiate its loan facilities and continue to receive support from tenants, financial institutions and all its other stakeholders and its future operations remain profitable.

Based on the information available to us, we have not been able to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the use of the going concern assumption to prepare the financial statements as the validity of the going concern assumption is dependent on the successful renegotiation of the Group's loan facilities, the continued support from tenants and financial institutions , in the uncertain economic environment, as well as any United States Government stimulus measures to support the economy.

Grant Thornton

Responsibilities of the Directors for the financial report

The Directors are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our responsibility is to conduct an audit of the Trust's financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 31 March 2020

CORPORATE DIRECTORY

Responsible Entity of the Trust
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John Knox
Brian Silvia
Peter Krejci
Andrew Pointer

Company Secretaries of HML
William Foxall

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SUPPLEMENTARY UNITHOLDER INFORMATION

As at 24 March 2020

Top Twenty Largest Unitholders

	Unitholder	Number of Units	% of Units on issue
1	BNP Paribas Nominees Pty Ltd	214,336,465	81.37
2	National Nominees Limited	16,541,100	6.28
3	HSBC Custody Nominees (Australia) Limited	9,412,596	3.57
4	Dynasty Peak Pty Ltd	1,813,479	0.69
5	Mr Leung	1,681,817	0.64
6	Citicorp Nominees Pty Limited	1,506,032	0.57
7	BNP Paribas Noms Pty Ltd	1,306,150	0.5
8	K Q R Pty Ltd	802,500	0.3
9	Mr Russian & Miss Colbeck	625,000	0.24
10	Mr Friedman	596,011	0.23
11	Miss Li	565,057	0.21
12	Miss Hancock	517,734	0.2
13	Roadnight Super Nominees Pty Ltd	500,000	0.19
14	Mingyin Linpeng Pty Ltd	450,000	0.17
15	Murraba Pty Ltd	402,300	0.15
16	Bordoni Holdings Pty Ltd	354,958	0.13
17	Mrs McDonald	332,695	0.13
18	Mr Glavas	291,784	0.11
19	Mr Baud	291,000	0.11
20	Mr Clarke	286,846	0.11
	Total in this Report	**252,613,524**	**95.9**
	Total Other Investors	**10,800,365**	**4.1**
	Total Units on Issue	**263,413,889**	**100.00**

Range of Unitholders

Holding	Number of Holders	Number of Units
1 – 1,000	77	4,579
1,001 – 5,000	40	117,676
5,001 – 10,000	29	258,336
10,001 – 100,000	125	4,909,710
100,001 and over	50	258,123,588
Total Number of Unitholders	**321**	**263,413,889**

Number of Unitholders holding less than a marketable parcel 267