RNY PROPERTY TRUST
ARSN 115 585 709

RNY

ANNUAL REPORT

14

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The past year was one of positive, but below-trend economic growth for the US economy as encouraging economic indicators in the US were offset by slowing economies in Europe and Asia, and the expectation that the US Federal Reserve Bank would soon begin to increase interest rates. But, we are starting to see signs that the US economy is strengthening – consumer confidence is up, large businesses have increased confidence due to strong balance sheets and healthy stock prices, and businesses in the US continue to add jobs at a healthy rate, including small and medium-sized firms. While these recent job gains are encouraging, such job growth has not yet extended to RNY's suburban markets.

Historically, commercial real estate's recovery lags the broader economy and is driven by job growth, so we will continue to monitor this recent trend of small and medium-sized business hiring as it has the potential to be a positive catalyst in our suburban markets. Thus, although we expect 2015 to be a competitive year for the US suburban office market we are starting to see signs of renewed activity in our leasing markets.

During these times RNY's management remains focused on the operations of the Trust in an effort to control costs, conserve cash, retain tenants and explore ways to maximize unitholder value. In addition, the debt securing all of the Trust's properties matures in the next 2+ years. These debt maturities in 2016 and 2017 will provide the Trust with added financial flexibility (since the existing loan terms make the sale of the assets prohibitively expensive), including the ability to refinance, recapitalize and/or sell assets.

As the largest unit holders in RNY, we are committed to evaluating and executing the best policies and strategies to maximise unitholder value.

Overview

RNY presently owns a 75% interest in 20 commercial office properties located in the New York Tri-State area markets (the "Portfolio") containing approximately 2.95 million square feet of lettable office space. The remaining 25% indirect interest in the Portfolio, along with RNY's responsible entity and the other corporate entities related to RNY, is owned by affiliates of RXR Realty LLC ("RXR") and its partners.

RXR is one of the premier real estate operators, developers and investment managers in the New York Tri-State area. RXR, and its affiliates, employs approximately 340 people and has interests in real estate assets having a gross value of approximately US$9.7 billion comprised of 87 properties and approximately 19.5 million square feet of office space in the Long Island, New Jersey, and Westchester/Connecticut markets (the "NY Tri-State area markets") and Manhattan. RXR's strategy is to be the local expert for office properties in the NY Tri-State area markets, and to focus on extensive local relationships, in-depth market knowledge, concentrated scale of high quality properties, active community involvement, a commitment to excellence and a long-term approach to our business.

2014 Results

From an operating perspective, 2014 was about being a focused, hands-on manager in a difficult, but moderately improving, economic environment. For the year, RNY executed 50 leasing transactions totaling 426,564 square feet and achieved a 71.8% renewal rate. RNY management has focused on retaining our existing tenants. A by-product of this strategy is that we have been competitive on rents. During the year, same space average rents increased 4.1%, while year over year same space net operating income decreased 4.9%. For the year-ended 31 December 2014, RNY reported adjusted net profit after tax of $203,000 or 0.08 cents per unit (adjusted for non-cash items) and distributable earnings of $3.57 million or 1.36 cents per unit. RNY did not distribute any of its 2014 earnings, reflecting a policy announced in 2009 to suspend distributions.

Occupancy for the Portfolio on 31 December 2014 was 74.8%, a decrease from 78.6% at 30 June and 80.9% on 31 December 2013. Such decrease in occupancy was mainly due to the expiration of Bayer Healthcare at 555 White Plains Road (3.3% of the Portfolio's occupancy) during the second half of 2014. Demand in the suburban office market is materially driven by small to medium size businesses, who remain cautious as the US economy experiences moderate growth. Small businesses continue to struggle more than large companies, due to less access to credit than large firms and more reliance on consumer spending. High vacancy rates and negative absorption continued throughout our suburban markets during 2014 as job growth in the suburban markets lagged that of NYC and various international events created headwinds for the global and US economy. These conditions made leasing challenging.

With regards to asset values, RNY management revalued the entire Portfolio at 31 December 2014. CB Richard Ellis was engaged to perform appraisals of five of RNY's properties and to provide capitalisation rate data for the other properties of the Portfolio. Management utilized these appraisals and this cap rate data to complete the valuations. Such revaluations resulted in a 2.0% decrease in the value of the

Portfolio for the six-month period ended 31 December 2014, and a 1.9% decrease year over year. As at 31 December 2014, the average per square foot value of the Portfolio was US$139.

During the year, our underlying gearing ratio increased to 65.0%, from 63.2% at 30 June and 63.4% at 31 December 2013, mainly due to the slight decrease in the Portfolio's valuation. The resulting net tangible assets (NTA) decreased, in US dollars, year over year, from 48 to 44 cents per unit, and, in Australian dollars NTA per unit remained unchanged at 54 cents, as a result of the change in the foreign exchange rate, year over year.

Outlook for 2015

We remain cautious about 2015 due to the uncertainty with regard to the pace and sustainability of a US recovery. While some measures of economic stability have returned to the US economy, high vacancy rates are still commonplace throughout our suburban markets. However, there have been some encouraging signs in our suburban markets, as rents have stabilized and landlord concessions to tenants have decreased. But, we don't expect positive absorption to occur until the employment situation in the US has a prolonged recovery and businesses start expanding and hiring again.

In this competitive market environment, management is maintaining our focus on the Portfolio's performance – with an emphasis on tenant retention. Our Portfolio expirations for 2015 and 2016 are challenging. In 2015, RNY has approximately 216,119 square feet set to expire (which accounts for 11.3% of the Portfolio's revenue and 7.3% of the Portfolio's square feet). In 2016, RNY has approximately 368,688 square feet set to expire (12.5% of the Portfolio's square feet). While our renewal rates in 2014 and 2013 were 71.8.3% and 85.3%, respectfully, based on our discussions with tenants we are forecasting a renewal rate of approximately 60% for 2015.

Another priority for RNY management is maintaining and rebuilding occupancy in the Portfolio as leasing markets begin to show signs of stabilizing. We are also focused on operating our Portfolio as efficiently as possible by controlling costs and limiting capital expenditures to essential projects, as management is also focused on building our cash reserves.

Presently, all of the cash produced by the Senior Loan Portfolio (encumbered by nine properties) is retained within such portfolio. Therefore, while there is capital available to lease within such portfolio, we may face capital constraints related to additional leasing costs in the remaining assets. With the significant level of tenant expirations in 2015 and our goal of increasing occupancy, one of our primary challenges is sourcing the additional capital required to execute our business plan related to leasing. Management will explore and analyze all options to provide such additional liquidity to fund and stabilize these assets.

In an attempt to conserve cash and reduce costs, on 14 January 2015 the US LLC amended the US$36.0 million Mezzanine Loan (the "Mezz Loan"). Such Mezz Loan was issued in April 2012 and matures in May 2017. Pursuant to the original terms of the Mezz Loan, interest accrued at a 13% rate for the entire 5-year term, but was payable at a 6% rate in the first year, 8% rate in the second year, and 13% rate for the final three years of the 5-year term. As per the amendment, (i) instead of a 13% interest pay rate, the US LLC will pay interest at an 8% rate for year three of the Mezz Loan (April 2014 – March 2015), at a 9% pay rate in year four, and a 10% pay rate in the fifth and final year, and (ii) the interest accrual rate for the final 3 years of the Mezz Loan will increase from 13% to 14% per annum. After giving effect to the amendment, the US LLC received a credit in the amount of approximately US$1.5 million related to interest payments made under the original loan terms versus those due per the amendment.

Management is also analyzing strategic asset sales, and on 29 January 2015 the US LLC sold 505 White Plains Road for US$2.7 million. RNY's 75% share of the sales price of US$2.025 million equates to the property's carrying value at 31 December 2014. Management will continue to evaluate other potential asset sales, if and when such opportunities arise. Such asset sale opportunities, however, may be limited until the US$72 million Citibank debt matures in January 2016, as such debt contains various pre-payment terms which effectively prohibit sales of any of the seven properties encumbered by such debt. Such Citibank debt does, however, permit repayment, refinancing or asset sales without penalty 3 months prior to maturity.

In addition, the Board of Directors has continued to suspend unitholder distributions to strengthen our capital position and ensure that we have liquidity to retain tenants, maintain the Portfolio and to support leasing efforts to attract new tenants into the Portfolio. At 31 December 2014 the US LLC had unrestricted cash of US$6.1 million.

Management believes that the best strategy in this environment is to be patient, focusing on Portfolio occupancy, prudent capital management and 'riding-out' the business cycle as the US economy continues its recovery until debt maturities occur in 2016 and 2017 when the Trust will have more strategic and financial flexibility, including the ability to refinance, recapitalize and/or sell assets . Although we believe that the long-term embedded value of the Portfolio will re-emerge, as the NY Tri-State area markets are consistently some of the healthiest in the US, management and the Board will continue to evaluate the best strategic alternatives to realise the maximum value for unitholders.

Thank you for your continued support and confidence.

Scott Rechler
Chairman & Chief Executive Officer
RNY Australia Management Limited

LONG ISLAND

1. Hauppauge
150 Motor Parkway
300 Motor Parkway

2. Melville
35 Pinelawn Road
200 Broadhollow Road

3. Syosset, NY
6800 Jericho Turnpike
6900 Jericho Turnpike

4. Uniondale
55 Charles Lindbergh Boulevard

NORTHERN NEW JERSEY

5. West Orange
100 Executive Drive
200 Executive Drive
300 Executive Drive
10 Rooney Circle

6. Nutley
492 River Road

WESTCHESTER COUNTY

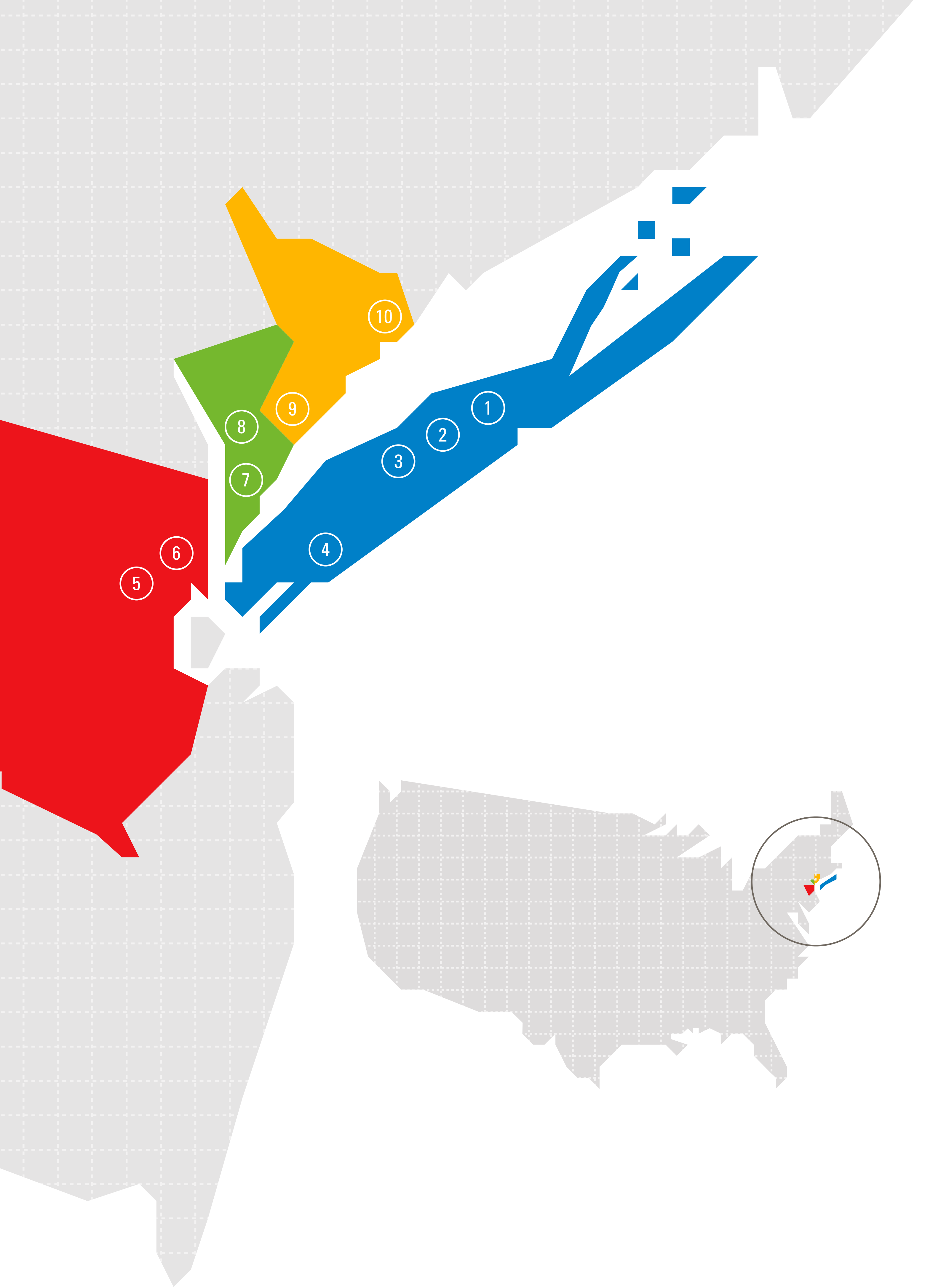
7. Elmsford
80 Grasslands Road
100 Grasslands Road

8. Tarrytown
555 White Plains Road
560 White Plains Road
580 White Plains Road
660 White Plains Road

FAIRFIELD COUNTY

9. Stamford
225 High Ridge Road

10. Shelton
710 Bridgeport Avenue



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ADDRESS	MARKET	PURCHASE DATE	NLA (SQ FT)
TRANCHE I PROPERTIES			
225 High Ridge Road	Fairfield County	21 Sept '05	223,940
660 White Plains Road	Westchester County	21 Sept '05	254,041
150 Motor Parkway	Long Island	21 Sept '05	184,228
55 Charles Lindbergh Boulevard	Long Island	21 Sept '05	214,581
492 River Road	Northern New Jersey	21 Sept '05	130,009
560 White Plains Road	Westchester County	21 Sept '05	126,144
35 Pinelawn Road	Long Island	21 Sept '05	110,908
555 White Plains Road	Westchester County	21 Sept '05	125,497
200 Executive Drive	Northern New Jersey	21 Sept '05	106,327
100 Executive Drive	Northern New Jersey	21 Sept '05	93,011
80 Grasslands Road	Westchester County	21 Sept '05	87,055
200 Broadhollow Road	Long Island	21 Sept '05	68,952
10 Rooney Circle	Northern New Jersey	21 Sept '05	70,873
300 Motor Parkway	Long Island	21 Sept '05	59,383
100 Grasslands Road	Westchester County	21 Sept '05	47,720
TRANCHE II PROPERTIES			
710 Bridgeport Avenue(3)	Fairfield County	7 Jan '06	452,414
6800 Jericho Turnpike	Long Island	7 Jan '06	209,222
6900 Jericho Turnpike	Long Island	7 Jan '06	95,343
TRANCHE III PROPERTIES			
580 White Plains Road	Westchester County	Oct '06	171,366
300 Executive Drive	Northern New Jersey	Oct '06	125,440
Total/average(5) (6)			2,956,454

(1) 100% BASIS. VALUES ARE ROUNDED
(2) WEIGHTED BY INCOME
(3) PROPERTY INCLUDES BOTH OFFICE AND OTHER FLEX USES INCLUDING RESEARCH AND DEVELOPMENT
(4) REPRESENTS DIRECTOR VALUATIONS CONDUCTED AS OF 31 DECEMBER 2014, EXCEPT FOR 580 WHITE PLAINS ROAD, 100 EXECUTIVE DRIVE, 6800 JERICHO TURNPIKE, 200 BROADHOLLOW ROAD AND 150 MOTOR PARKWAY WHICH WERE INDEPENDENTLY APPRAISED BY CB RICHARD ELLIS
(5) TOTALS MAY VARY SLIGHTLY DUE TO ROUNDING
(6) EXCLUDES 505 WHITE PLAINS ROAD WHICH WAS SOLD ON 29 JANUARY 2015

VALUATION DATE(4)	VALUATIONS (US$ MILLION)(1)(4)	PURCHASE PRICE (US$ MILLION)(1)	% OF PORTFOLIO (%)	NLA OCCUPANCY (%)	WEIGHTED AVERAGE LEASE TERM TO EXPIRY (YEARS)(2)
Dec '14	40.8	76.5	15.7	76.8	2.2
Dec '14	37.9	50.3	10.3	88.4	4.7
Dec '14	25.8	34.2	7.0	73.0	2.5
Dec '14	39.8	29.6	6.1	94.6	2.9
Dec '14	41.9	28.4	5.8	100.0	6.4
Dec '14	13.7	19.4	4.0	62.4	2.7
Dec '14	16.7	18.9	3.9	86.0	4.0
Dec '14	16.4	17.7	3.7	26.8	3.6
Dec '14	7.3	16.0	3.3	48.9	2.3
Dec '14	4.3	14.5	3.0	26.1	5.2
Dec '14	12.4	14.2	2.9	100.0	5.1
Dec '14	10.6	11.8	2.4	76.7	4.6
Dec '14	6.3	11.1	2.3	41.4	1.8
Dec '14	7.3	8.1	1.7	53.7	6.7
Dec '14	10.9	8.0	1.6	100.0	6.4
Dec '14	37.6	39.4	8.1	73.9	5.4
Dec '14	27.4	30.9	6.3	85.1	2.5
Dec '14	14.3	14.4	3.0	78.2	4.1
Dec '14	25.6	26.4	5.4	80.8	4.0
Dec '14	13.7	17.2	3.5	73.0	2.4
	410.7	487.1	100.0	74.9	3.8

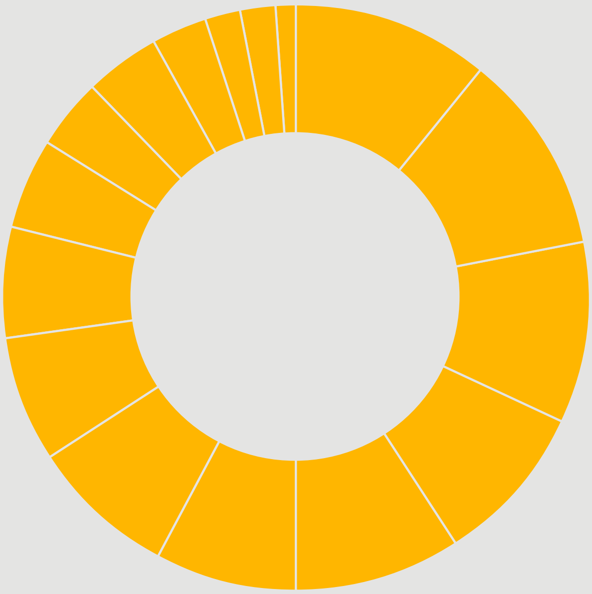
TENANT NAME	INDUSTRY	WEIGHTED AVERAGE TERM REMAINING (YEARS)	% OF BASE RENTAL REVENUE	% OF TOTAL NLA
TOP 25 TENANTS[1][2] (BASED ON BASE RENTAL REVENUE)				
Lockheed Martin Corp.	Defense/Electronics	2.6	6.8%	3.8%
Radianz US	Telecom	6.4	6.3%	4.4%
Perkin Elmer Inc.	Technology	5.4	6.3%	8.6%
Amscan Inc.	Consumer Products	7.0	4.3%	3.4%
Synapse Group Inc.	Financial Services	1.7	4.1%	2.6%
HQ Global Workplaces	Real Estate	3.3	2.6%	1.5%
Federal Aviation Admin.	Governmental	1.7	2.6%	1.0%
Prestige Brands	Consumer Products	6.0	2.5%	2.0%
Lincoln Educational Srvs. Corp.	Other Professional Services	2.0	2.1%	1.5%
Liberty Mutual	Insurance	1.3	2.1%	1.3%
AC Nielsen	Consulting/Research	0.2	2.0%	1.2%
Ampacet Corporation	Manufacturing	6.2	1.9%	1.2%
Frequency Electronics Inc.	Defense/Electronics	4.1	1.8%	3.1%
Bank of America NA	Financial Services	1.3	1.7%	1.1%
North Shore Reg Health System	Healthcare	5.8	1.6%	0.9%
Tappan Zee Constructors	Other Professional Services	3.7	1.5%	1.0%
ENT & Allergy Associates	Healthcare	5.0	1.3%	0.8%
Xerox Corporation	Consumer Products	1.5	1.2%	0.8%
Guardian Life Insurance Co.	Insurance	6.8	1.1%	0.9%
D.L.C Management Corp.	Real Estate	2.7	1.0%	0.6%
Ingerman Smith LLP	Legal Services	2.7	1.0%	0.4%
Hoffman & Barron	Legal Services	1.3	1.0%	0.6%
Philip Morris Mgmt. Co.	Consumer Products	4.0	0.9%	0.7%
State of NY (Dept of Law)	Governmental	8.2	0.8%	0.8%
Kessler Rehabilitation Corp	Healthcare	1.5	0.8%	0.6%

(1) Based on total assets under management at 1 January 2015, for all 20 properties.
(2) Ranked by 100% of annualised base rental revenue. Based on monthly rent in place as of 1 January 2015.

ASSET AND TENANT DIVERSIFICATION

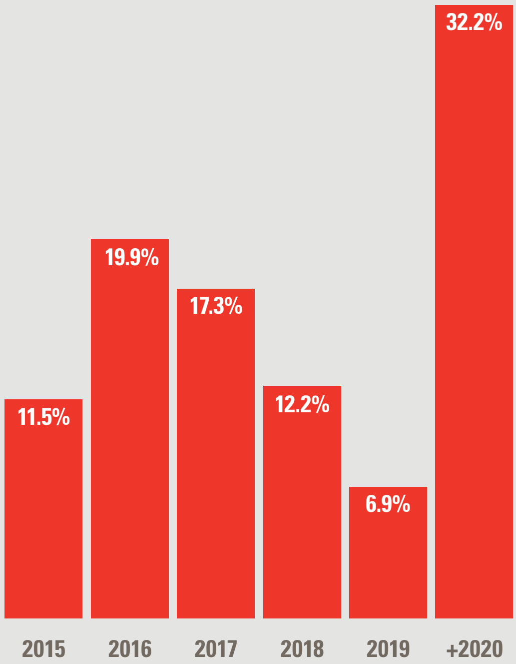
THE FOLLOWING CHARTS HIGHLIGHT THE TENANT INDUSTRY DIVERSIFICATION (FOR ALL TENANTS) AND LEASE EXPIRY PROFILE OF THE PROPERTIES

TENANT INDUSTRY DIVERSIFICATION



11.0%	Consumer Products	6.0%	Healthcare
11.0%	Financial Services	5.0%	Legal Services
10.0%	Technology	4.0%	Manufacturing
9.0%	Other Professional Services	4.0%	Real Estate
9.0%	Defense/Electronics	3.0%	Consulting/Research
8.0%	Insurance	2.0%	Accounting
8.0%	Telecom	2.0%	Advertising
7.0%	Governmental	1.0%	Commercial Banks

LEASE EXPIRY PROFILE (BY INCOME)



Following are some of the highlights from the fiscal year ending 31 December 2014 for RNY Property Trust ("RNY" or the "Trust"):

RNY

RNY is the first Australian listed property trust with a primary strategy of investing in commercial office property in the New York Tri-State area in the United States, giving Australian investors their first opportunity to invest exclusively in the New York Tri-State area markets.

RNY was listed on the Australian Stock Exchange on 26 September 2005, in a partly-paid transaction with the final equity installment paid during 2006. RNY presently owns a 75% interest in 20 properties (the "Portfolio") containing approximately 2.95 million square feet in the suburban New York Tri-State area markets of Long Island, New Jersey and Westchester/Connecticut (the "NY Tri-State area markets").

Headstock Company

The remaining 25% interest in the Portfolio is owned by affiliates of RXR Realty LLC ("RXR") and one of its partners. RXR is one of the premier real estate operators, developers and investment managers in the NY Tri-State area. RXR employs approximately 340 people and has interests in real estate assets having a gross value of approximately US$9.7 billion comprised of 87 properties and approximately 19.5 million square feet of office space in the NY Tri-State area markets.

During 2008 the Executive Directors of RAML purchased 51.3 million units of the publicly-traded units of RNY (19.5% of the outstanding units of RNY), making them the largest unitholder of RNY.

Financial Highlights

In the year ended 31 December 2014, RNY reported a net loss after tax of $11.25 million. For the year-ended 31 December 2014 RNY reported adjusted net profit after tax of $203 thousand or 0.08 cents per unit (adjusted for non-cash items) and distributable earnings of $3.57 million or 1.36 cents per unit. RNY did not distribute any of its 2014 earnings, reflecting a policy announced six years ago to suspend distributions. RNY ended the year with net tangible assets of $0.54 per unit.

At 31 December 2014 management revalued the entire Portfolio, using the same process that was used at 30 June 2014. CBRE was engaged to perform appraisals of five RNY properties and to provide cap rate data for the other properties of the Portfolio. Management then completed these valuations utilizing these appraisals and cap rate data. Such revaluations resulted in a 2.0% decrease in the Portfolio's value from 30 June and a 1.9% decrease in the Portfolio's value from 31 December 2013. As at 31 December 2014 the average per square foot value of the Portfolio was US$139.

RNY's underlying gearing ratio on 31 December 2014 was 65.0%.

Leasing Highlights

For the year ended 31 December 2014, RNY executed 50 lease transactions totaling 426,564 square feet, representing 14.3% of the Portfolio, and achieved a renewal rate of 71.8%. Total same space average rents increased 4.1% during the year, whilst same space net operating income decreased 4.9% for the period. During 2015, leases representing 216,119 square feet will be expiring, which is 7.3% of the total Portfolio (representing 11.3% of the Portfolio's revenue).

Portfolio Highlights

The Portfolio includes approximately 227 tenants, with two tenants, Lockheed Martin Corp. and BT Radianz Americas, representing 6.8% and 6.3%, respectively, of the Portfolio's revenue. Lockheed Martin is a global security company and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services, with 2014 sales of US$45.6 billion. Lockheed's lease at 55 Charles Lindbergh Blvd in Uniondale, NY expires at 30 September 2017. BT Radianz Americas is a global managed network service provider that provides connectivity service to the financial industry. BT Radianz's lease at 492 River Road in Nutley, NJ expires at 31 May 2021.

The tenants of the Portfolio represent a diverse variety of industries with no single industry accounting for a disproportionate share of the Portfolio's revenue. The top industries represented by the Portfolio's tenants are financial services (11.0%), consumer products (11.0%), technology (10.0%), defense/electronics (9.0) and other professional services (9.0%). The Portfolio's occupancy on 1 January 2014 was 80.9%, which decreased to 78.6% at 30 June 2014. At 31 December 2014 the occupancy of the entire Portfolio was 74.8%.

Debt Update

On 14 January 2015 the US LLC amended the US$36.0 million Mezzanine Loan (the "Mezz Loan"). Such Mezz Loan was issued in April 2012 and matures in May 2017. Pursuant to the original terms of the Mezz Loan, interest accrued at a 13% rate for the entire 5-year term, but was payable at a 6% rate in the first year, 8% rate in the second year, and 13% rate for the final three years of the 5-year term. As per the amendment, (i) instead of a 13% interest pay rate, the US LLC will pay interest at an 8% rate for year three of the Mezz Loan (April 2014 – March 2015), at a 9% pay rate in year four, and a 10% pay rate in the fifth and final year, and (ii) the interest accrual rate for the final 3 years of the Mezz Loan will increase from 13% to 14% per annum. After giving effect to the amendment, the US LLC received a credit in the amount of approximately US$1.5 million related to interest payments made under the original loan terms versus those due per the amendment.

Recent Developments/ Subsequent Events

On 29 January 2015 the US LLC sold 505 White Plains Road for US$2.7 million. The Trust's 75% share of the sale price of US$2.025 million equates to the property's carrying value at balance date.

With regards to the US LLC's approximate 7.8% interest in the 3 properties held by the BRE/Melville joint venture, the US$27 million loan secured by such properties matured in October 2014 and the lender commenced a foreclosure proceeding on 20 January 2015. At 31 December 2014 the Trust had assigned no value to its interest in the BRE/Melville joint venture. Such foreclosure proceedings will have no impact on the value of the Trust.

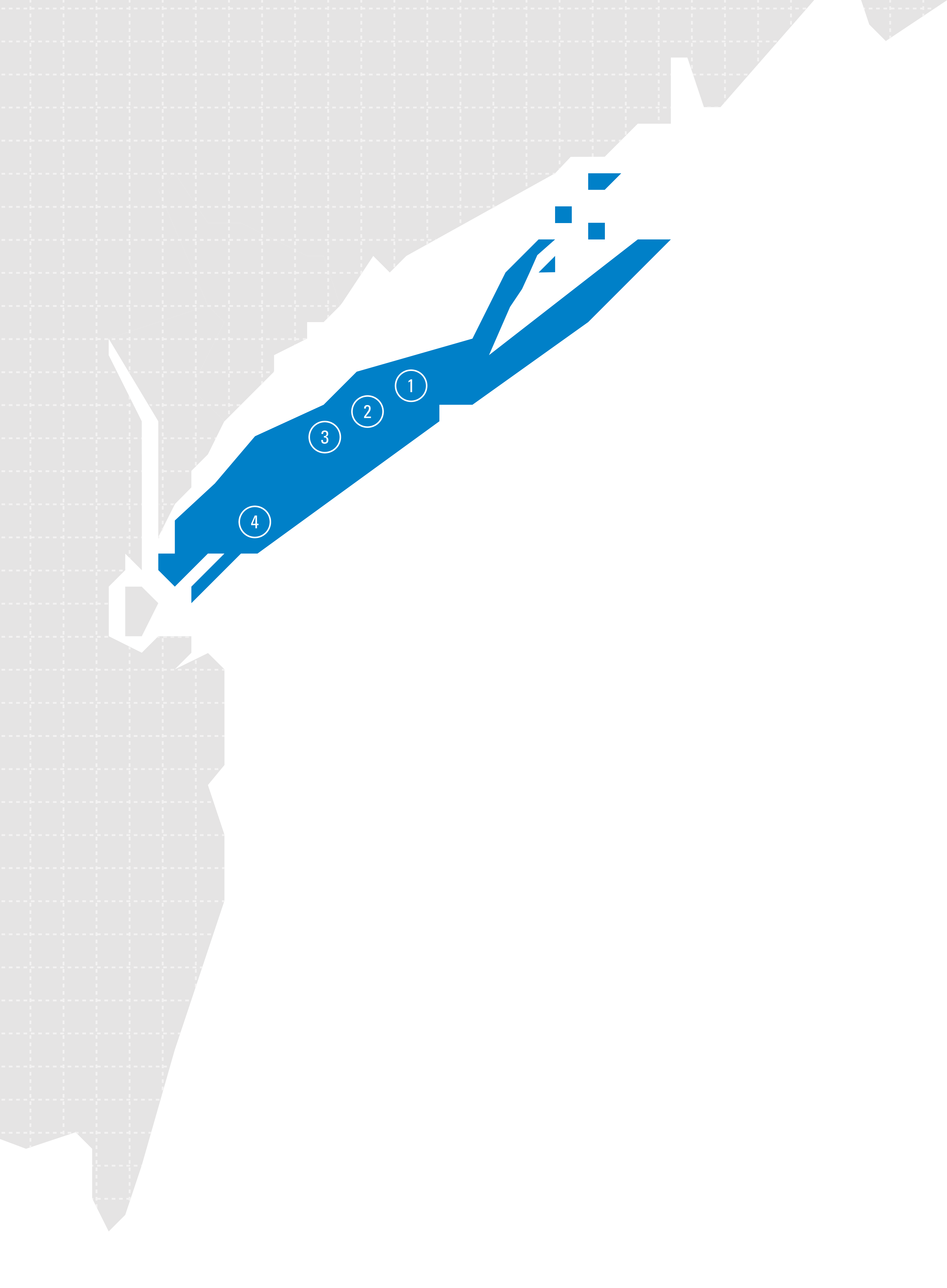
LONG ISLAND

1. Hauppauge
150 Motor Parkway
300 Motor Parkway

2. Melville
35 Pinelawn Road
200 Broadhollow Road

3. Syosset, NY
6800 Jericho Turnpike
6900 Jericho Turnpike

4. Uniondale
55 Charles Lindbergh Boulevard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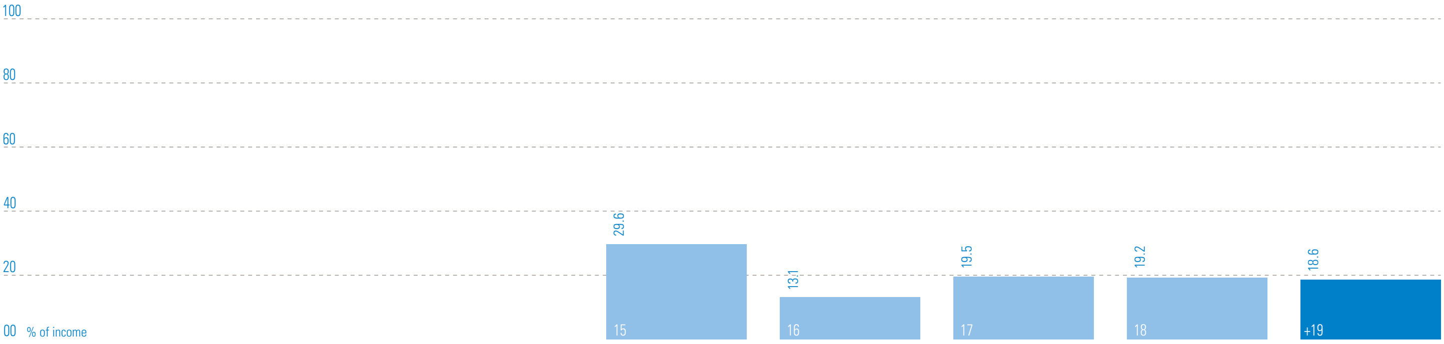
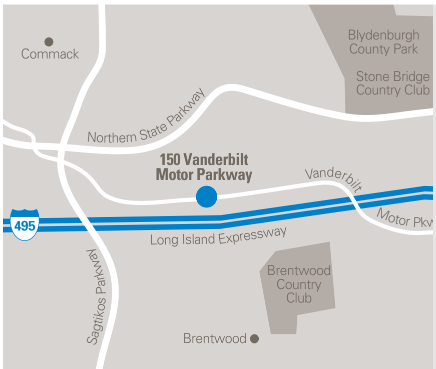
LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

150 Motor Parkway, Long Island is a 184,228 sq ft NLA, four storey office building and features a two storey lobby of granite and glass. The site area is 11.3 acres and includes 1,040 parking spaces. It is located within easy access of the Long Island Expressway. Major tenants include Liberty Mutual, New York State United Teacher, HQ Global Workplaces Inc. and Ingerman Smith LLP. Occupancy is 73.0% and weighted average lease term to expiry (by income) is 2.5 years.



ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	34.2

VALUATION SUMMARY

CBRE appraisal	Dec '14
Valuation (US$ million)	25.8

* 100% basis

PROPERTY STATISTICS

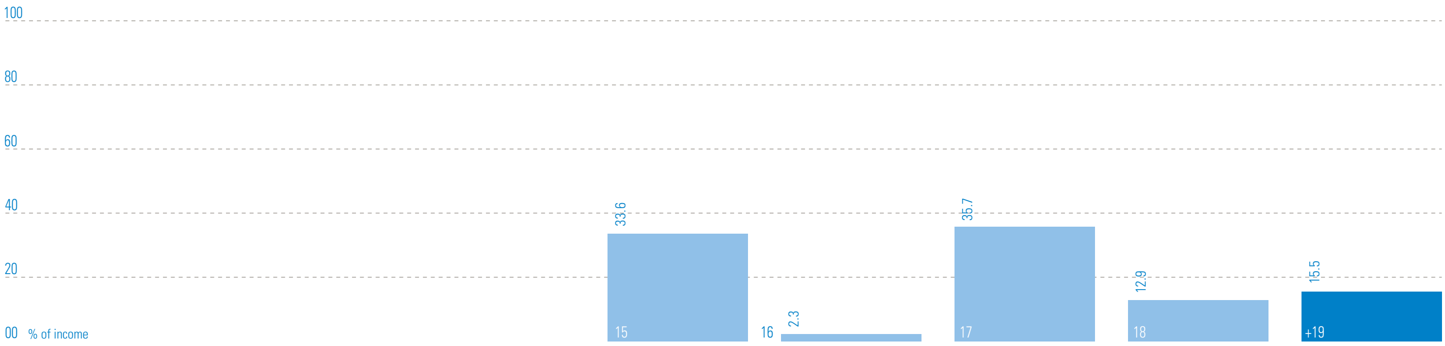
Market	Long Island
Land area (acres)	11.3
Net Lettable Area (sq ft)	184,228
Occupancy (based on NLA)	73.0%
Gross weighted average lease term to expiry (by income)	2.5

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
HQ Global Workplaces Inc.	Real Estate	16,584	14.1%	July 2018	3.6
New York State United Teacher	Governmental	14,066	8.7%	February 2019	4.2
Ingerman Smith LLP	Legal Services	12,801	12.2%	August 2017	2.7
Liberty Mutual	Insurance	14,796	9.9%	June 2016	1.5
Other	Other tenants – 22	76,148	55.1%		
Total/average[(1)]		134,395	100.0%		2.5

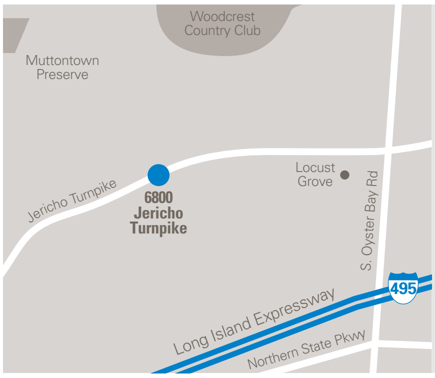
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

6800 Jericho Turnpike, Long Island is a 209,222 sq ft NLA, two storey office building and features a newly renovated lobby and a new 4-star restaurant and café. The site area is 13.0 acres and includes 970 parking spaces. It is located between Route 135 and Routes 106 and 107. Major tenants include AC Nielsen, Massachusetts Mutual Life and Stewart Greenblatt Manning. Occupancy is 85.1% and weighted average lease term to expiry (by income) is 2.5 years.



ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	30.9

VALUATION SUMMARY

CBRE appraisal	Dec '14
Valuation (US$ million)	27.4

* 100% basis

PROPERTY STATISTICS

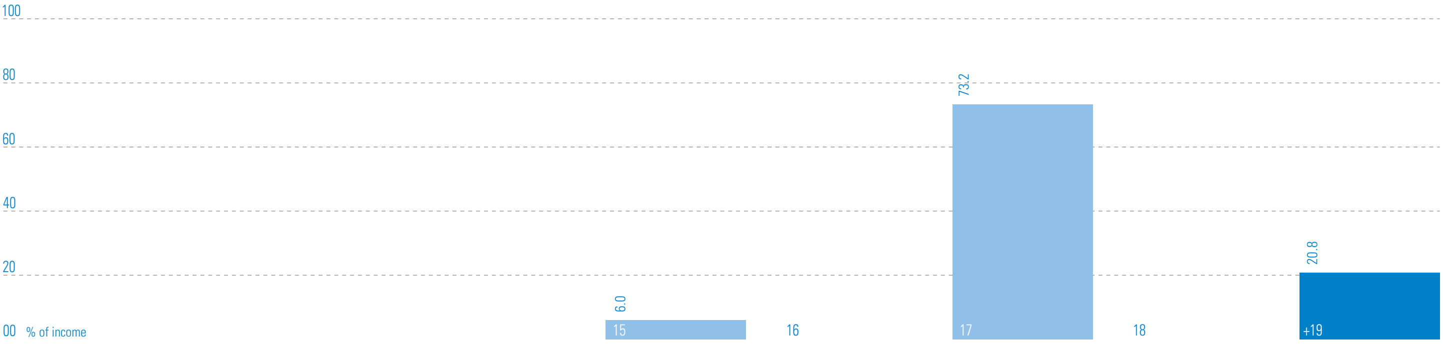
Market	Long Island
Land area (acres)	13.0
Net Lettable Area (sq ft)	209,222
Occupancy (based on NLA)	85.1%
Gross weighted average lease term to expiry (by income)	2.5 years

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
AC Nielsen C/O VNU	Consulting/Research	34,276	21.0%	March 2015	0.2
Massachusetts Mutual Life	Insurance	13,839	8.5%	May 2017	2.4
Stewart Greenblatt Manning	Legal Services	13,411	6.4%	May 2015	0.4
Other	Other tenants – 37	116,533	64.2%		
Total/average(1)		178,059	100.0%		2.5

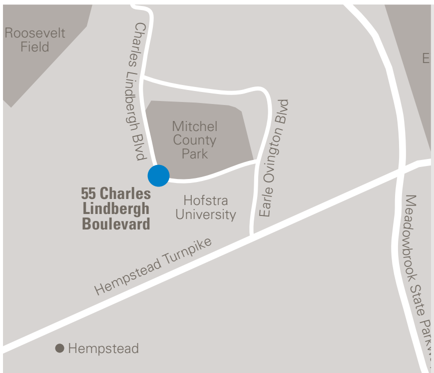
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

55 Charles Lindbergh Boulevard, Long Island is a 214,581 sq ft NLA, two storey office building and features a café. The site area is 10.0 acres and includes 672 parking spaces. It is located within easy access of the Long Island Expressway and Northern State Parkway. Major tenants include Lockheed Martin Corporation and Frequency Electronics. Occupancy is 94.6% and weighted average lease term to expiry (by income) is 2.9 years.



ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	29.6

VALUATION SUMMARY

Director valuation	Dec '14
Valuation (US$ million)	39.8

* 100% basis

PROPERTY STATISTICS

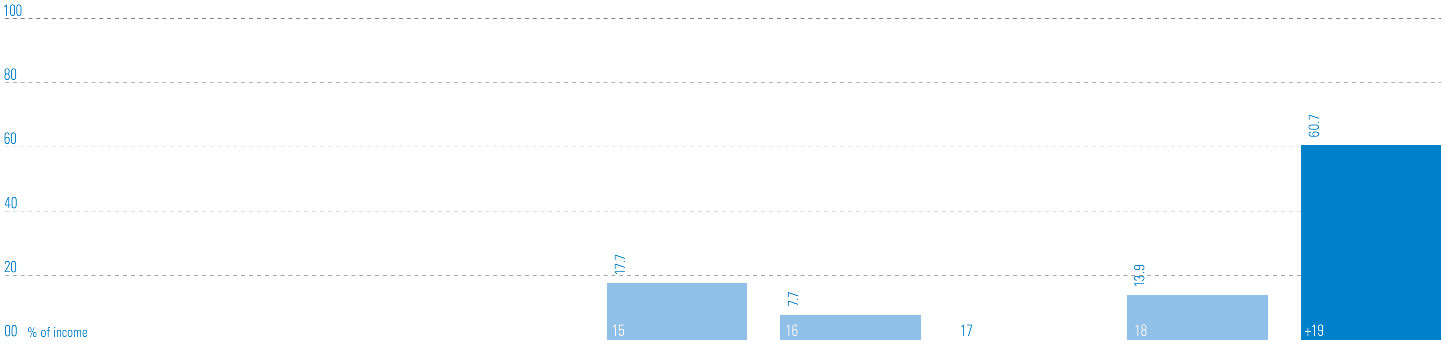
Market	Long Island
Land area (acres)	10.0
Net Lettable Area (sq ft)	214,581
Occupancy (based on NLA)	94.6%
Gross weighted average lease term to expiry (by income)	2.9

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Lockheed Martin Corporation	Defense/Electronics	103,500	73.2%	September 2017	2.8
Frequency Electronics	Defense/Electronics	91,027	20.7%	January 2019	4.1
Lockheed Martin Corp.	Defense/Electronics	8,500	6.0%	April 2015	0.3
Other	Other tenants – 0				
Total/average(1)		203,027	100.0%		2.9

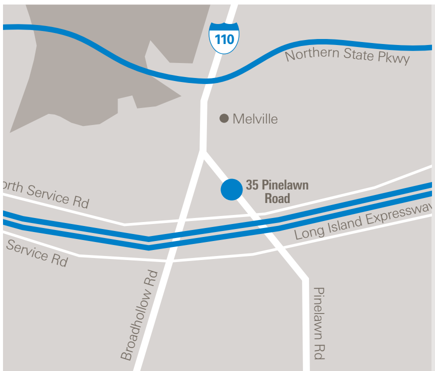
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

35 Pinelawn Road, Long Island is a 110,908 sq ft NLA, two storey office building and features a café. The site area is 6.0 acres and includes 461 parking spaces. It is located within easy access of the Long Island Expressway. Major tenants include North Shore Regional Healthcare and Pilots Benefits Group, Occupancy is 86.0% and weighted average lease term to expiry (by income) is 4.0 years.



ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	18.9

VALUATION SUMMARY

Director valuation	Dec '14
Valuation (US$ million)	16.7

* 100% basis

PROPERTY STATISTICS

Market	Long Island
Land area (acres)	6.0
Net Lettable Area (sq ft)	110,908
Occupancy (based on NLA)	86.0%
Gross weighted average lease term to expiry (by income)	4.0 years

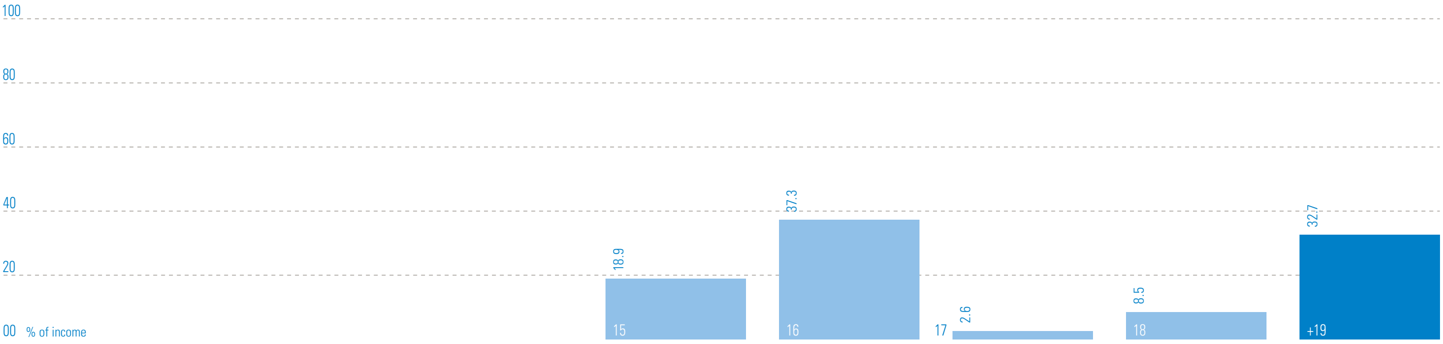
MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
North Shore Reg. Health	Healthcare	27,087	30.8%	September 2020	5.8
Pilots Benefits Group	Real Estate	5,043	5.8%	February 2018	3.2
Prestige Equipment Corp.	Other Professional Services	4,375	5.7%	October 2015	0.8
Other	Other tenants – 24	58,917	52.8%		
Total/average(1)		95,422	100.0%		4.0

(1) Totals may vary due to rounding.

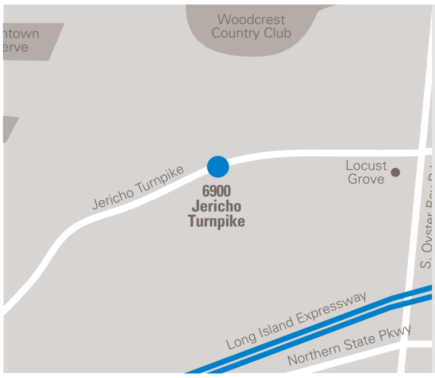
6900 JERICHO TURNPIKE
LONG ISLAND

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

6900 Jericho Turnpike, Long Island is a 95,343 sq ft NLA, four storey office building and features a newly renovated lobby. The site area is 5.0 acres and includes 377 parking spaces. It is located between Route 135 and Routes 106 and 107. Major tenants include Hoffman & Baron LLP, Lincoln Financial Group and United Jewish Appeal. Occupancy is 78.2% and weighted average lease term to expiry (by income) is 4.1 years.



ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	14.4

VALUATION SUMMARY

Director valuation	Dec '14
Valuation (US$ million)	14.3

* 100% basis

PROPERTY STATISTICS

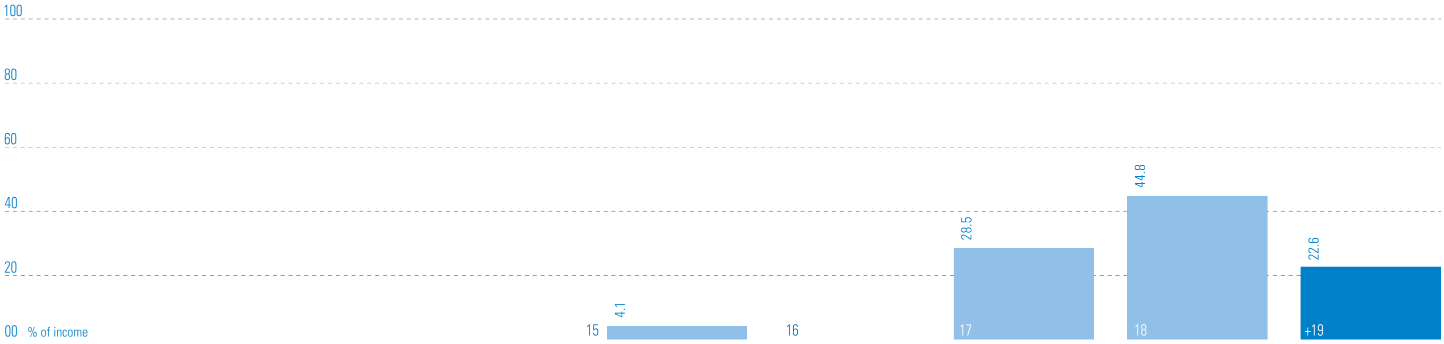
Market	Long Island
Land area (acres)	5.0
Net Lettable Area (sq ft)	95,343
Occupancy (based on NLA)	78.2%
Gross weighted average lease term to expiry (by income)	4.1

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Hoffman & Baron LLP	Legal Services	17,298	21.7%	April 2016	1.3
United Jewish Appeal	Legal Services	10,848	13.3%	July 2025	10.6
Lincoln Financial Group	Financial Services	10,379	15.6%	November 2016	1.9
Other	Other tenants – 7	36,038	49.5%		
Total/average(1)		74,563	100.0%		4.1

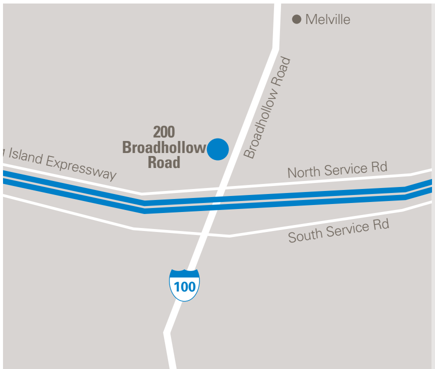
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

200 Broadhollow Road, Long Island is a 68,952 sq ft NLA, four storey office building and features a distinctive lobby and a café. The site area is 4.6 acres and includes 299 parking spaces. It is located within easy access of the Long Island Expressway and Northern State Parkway. Major tenants include HQ Global Workplaces and Guardian Life Insurance. Occupancy is 76.7% and weighted average lease term to expiry (by income) is 4.6 years.



ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	11.8

VALUATION SUMMARY

CBRE appraisal	Dec '14
Valuation (US$ million)	10.6

* 100% basis

PROPERTY STATISTICS

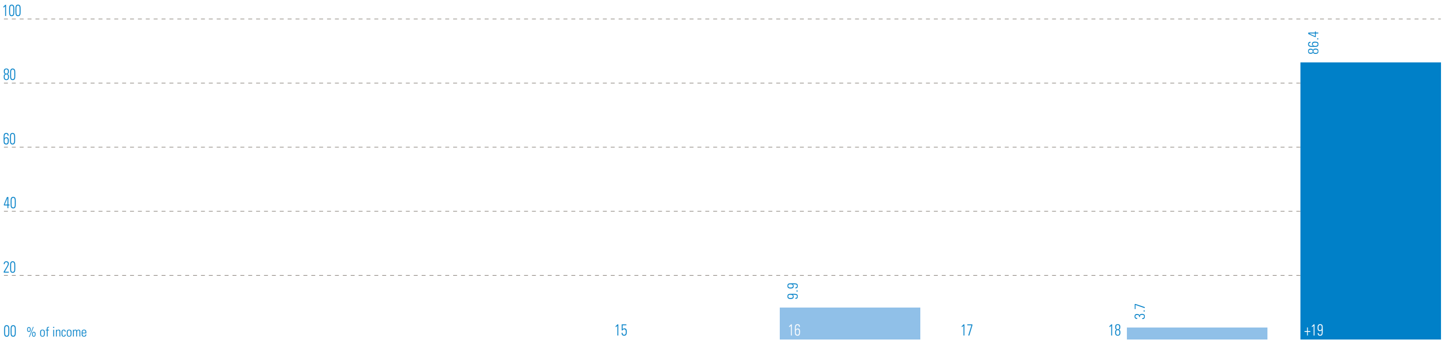
Market	Long Island
Land area (acres)	4.6
Net Lettable Area (sq ft)	68,952
Occupancy (based on NLA)	76.7%
Gross weighted average lease term to expiry (by income)	4.6 years

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
HQ Global Workplaces	Real Estate	16,507	34.3%	March 2018	3.2
Guardian Life Insurance	Insurance	16,316	22.6%	June 2025	10.5
Ameriprise Hldgs	Financial services	9,404	21.9%	June 2017	2.5
Other	Other tenants – 3	8,892	21.2%		
Total/average(1)		51,119	100.0%		4.6

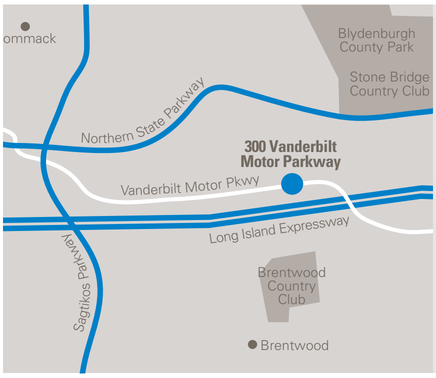
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

300 Motor Parkway, Long Island is a 59,383 sq ft NLA, single storey office building. The site area is 4.2 acres and includes 279 parking spaces. It is located within easy access of the Long Island Expressway and Long Island Motor Parkway. Major tenants include NYS Department of Law. Occupancy is 53.7% and weighted average lease term to expiry (by income) is 6.7 years.



ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	8.1

VALUATION SUMMARY

Director valuation	Dec '14
Valuation (US$ million)	7.3

* 100% basis

PROPERTY STATISTICS

Market	Long Island
Land area (acres)	4.2
Net Lettable Area (sq ft)	59,383
Occupancy (based on NLA)	53.7%
Gross weighted average lease term to expiry (by income)	6.7

MAJOR TENANTS SUMMARY

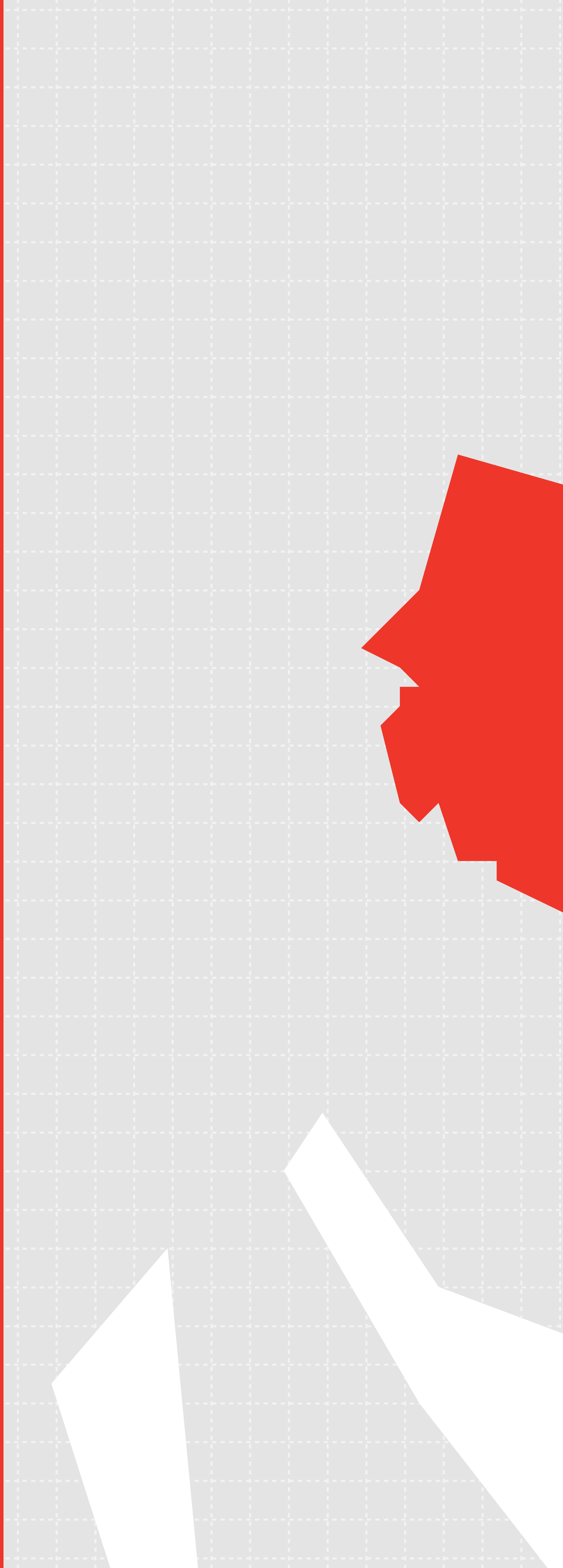
TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
NYS Dept. of Law	Governmental	22,792	62.0%	March 2023	8.3
From the Ashes d/b/a K. Peters	Healthcare	5,092	24.5%	January 2020	5.1
Other	Other tenants – 2	3,993	13.5%		
Total/average(1)		31,877	100.0%		6.7

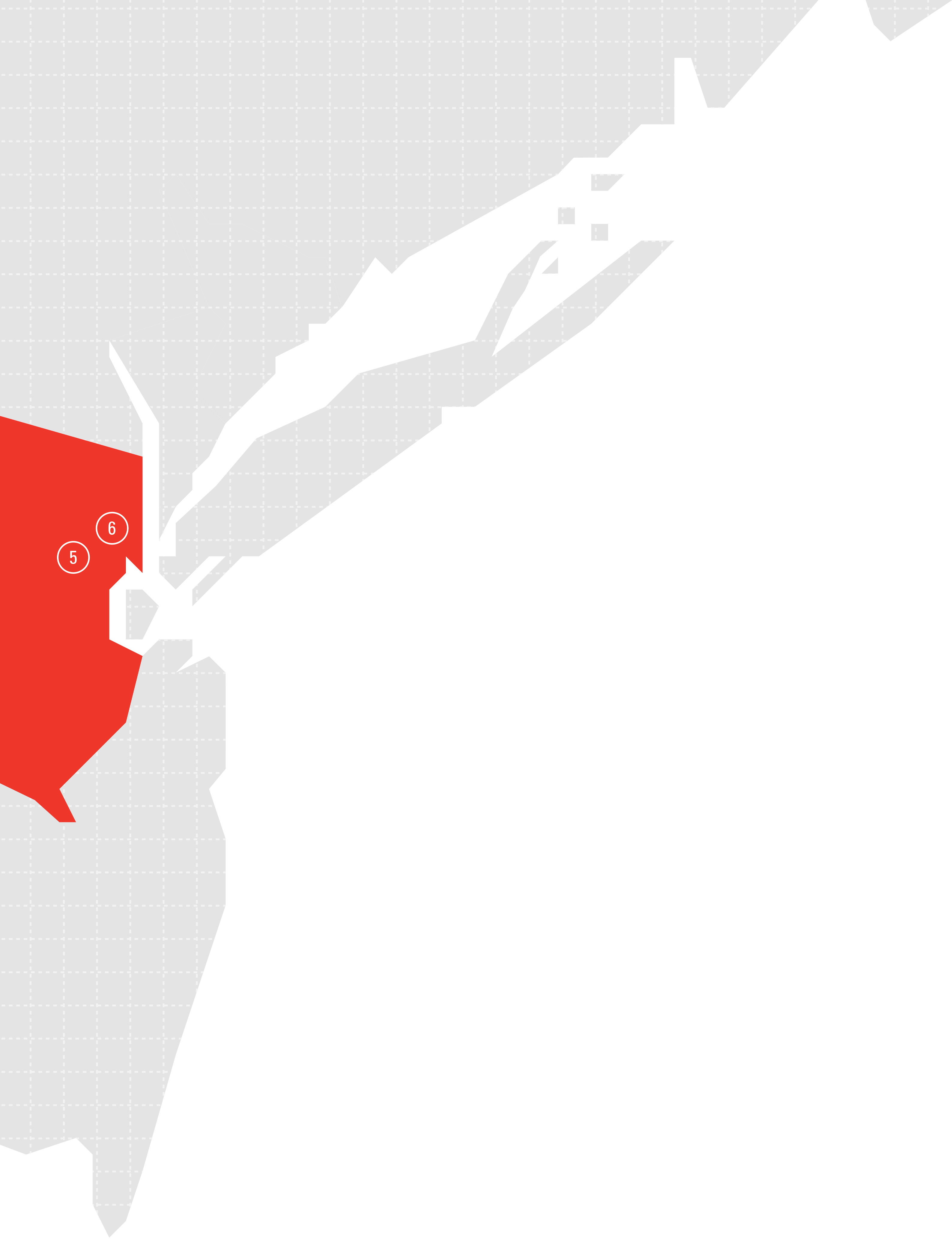
(1) Totals may vary due to rounding.

NORTHERN NEW JERSEY

5. West Orange
100 Executive Drive
200 Executive Drive
300 Executive Drive
10 Rooney Circle

6. Nutley
492 River Road

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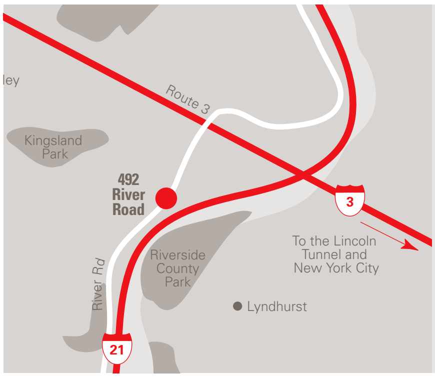
492 RIVER ROAD
NORTHERN NEW JERSEY

LEASE EXPIRY BY % OF INCOME

PROPERTY OVERVIEW

492 River Road, Northern New Jersey is a 130,009 sq ft NLA, three storey office building. The site area is 17.3 acres and includes 496 parking spaces. It is located within easy access of Route 3 and Route 21. The building is 100% leased to Radianz with a remaining lease term of 6.4 years.



ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	28.4

VALUATION SUMMARY

Director valuation	Dec '14
Valuation (US$ million)	41.9

* 100% basis

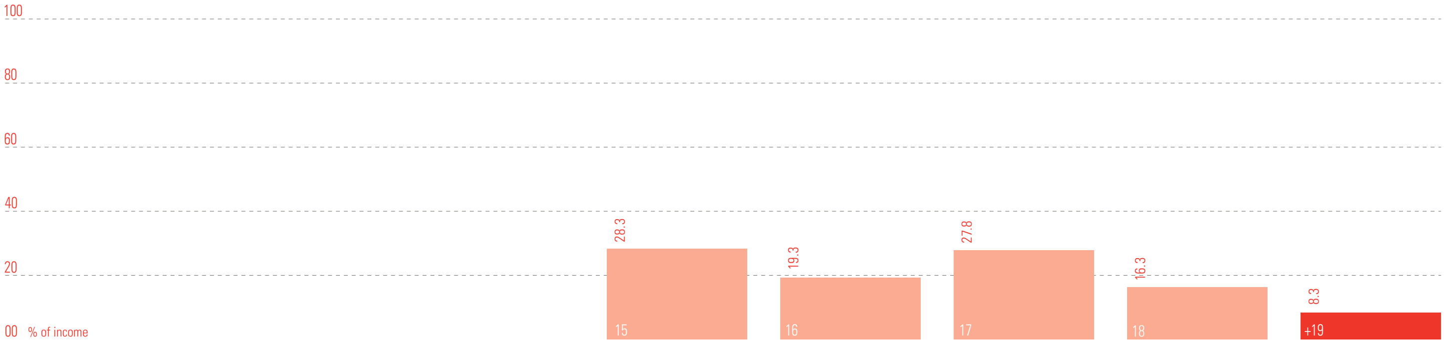
PROPERTY STATISTICS

Market	Northern New Jersey
Land area (acres)	17.3
Net Lettable Area (sq ft)	130,009
Occupancy (based on NLA)	100.0%
Gross weighted average lease term to expiry (by income)	6.4 years

MAJOR TENANTS SUMMARY

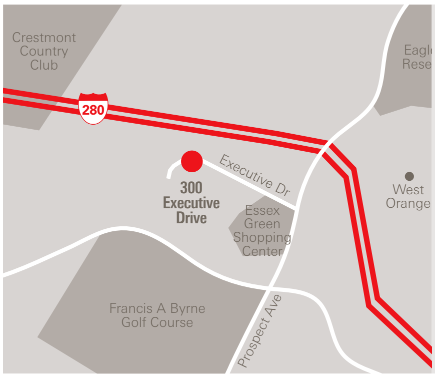
TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Radianz	Telecom	130,009	100.0%	May 2021	6.4
Other	Other tenants – 0	0			
Total		130,009	100.0%		

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

300 Executive Drive, Northern New Jersey is a 125,440 sq ft NLA, four storey office building and features a marble and wood lobby. The site area is 8.7 acres and includes 508 parking spaces. It is located within easy access of Route 280, New Jersey Turnpike and Garden State Parkway. Major tenants include Kessler Foundation, Government Employees Ins Co., National Cable and USI Insurance Services. Occupancy is 73.0% and weighted average lease term to expiry (by income) is 2.4 years.



ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	17.2

VALUATION SUMMARY

Director valuation	Dec '14
Valuation (US$ million)	13.7

* 100% basis

PROPERTY STATISTICS

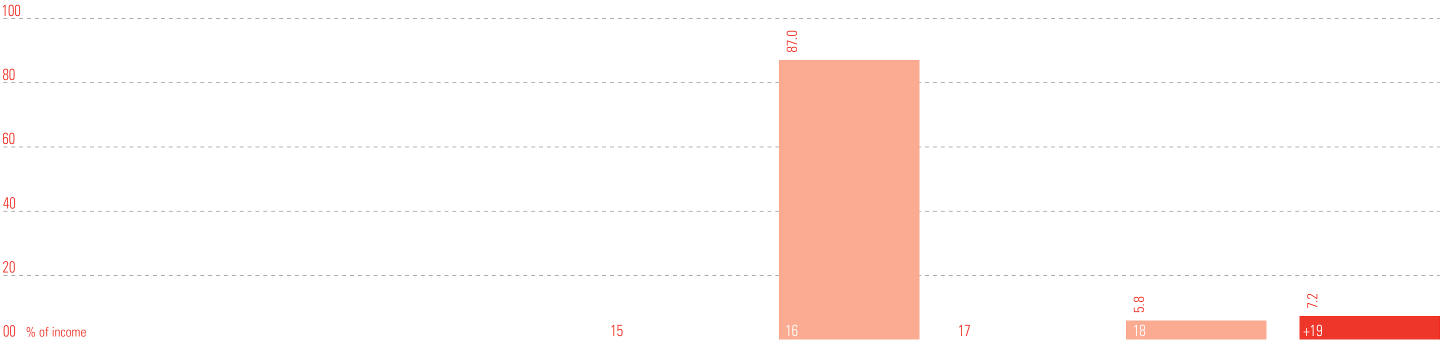
Market	Northern New Jersey
Land area (acres)	8.7
Net Lettable Area (sq ft)	125,440
Occupancy (based on NLA)	73.0%
Gross weighted average lease term to expiry (by income)	2.4

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Kessler Foundation	Healthcare	17,354	19.2%	June 2016	1.5
Government Employees Ins Co.	Insurance	13,886	16.1%	July 2015	0.6
National Cable	Advertising	13,056	11.8%	August 2017	2.7
USI Insurance Services	Insurance	10,788	12.7%	December 2018	4.0
Other	Other tenants – 7	36,495	40.2%		
Total/average(1)		91,579	100.0%		2.4

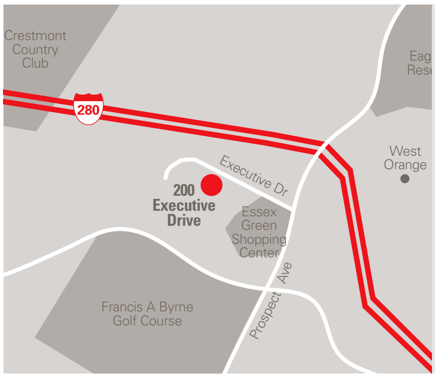
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

200 Executive Drive, Northern New Jersey is a 106,327 sq ft NLA, four storey office building and features a newly renovated lobby with storefront entrance. The site area is 8.2 acres and includes 415 parking spaces. It is located within easy access to Route 280, New Jersey Turnpike and Garden State Parkway. Major tenants include Lincoln Educational and Hockman-Lewis Ltd. Occupancy is 48.9% and weighted average lease term to expiry (by income) is 2.3 years.



ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	16.0

VALUATION SUMMARY

Director valuation	Dec '14
Valuation (US$ million)	7.3

* 100% basis

PROPERTY STATISTICS

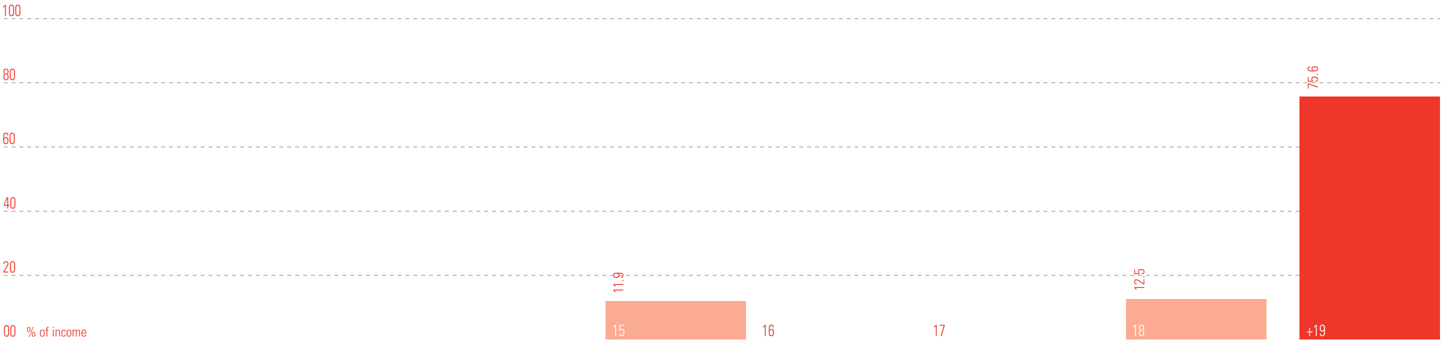
Market	Northern New Jersey
Land area (acres)	8.2
Net Lettable Area (sq ft)	106,327
Occupancy (based on NLA)	48.9%
Gross weighted average lease term to expiry (by income)	2.3 years

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Lincoln Educational SRV	Other Professional Services	45,408	87.0%	December 2016	2.0
Hockman-Lewis Ltd	Other Professional Services	3,803	7.2%	October 2020	5.8
Other	Other tenants – 1	2,810	5.8%		
Total/average(1)		52,021	100.0%		2.3

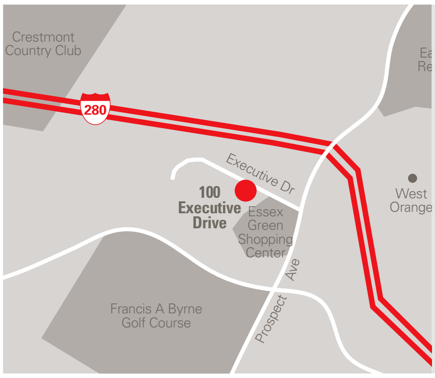
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

100 Executive Drive, Northern New Jersey is a 93,011 sq ft NLA, three storey office building and features a distinctive mirror and granite lobby. The site area is 10.1 acres and includes 419 parking spaces. It is located within easy access to Route 280, New Jersey Turnpike and Garden State Parkway. Major tenants include Partnership for Children. Occupancy is 26.1% and weighted average lease term to expiry (by income) is 5.2 years.



ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	14.5

VALUATION SUMMARY

CBRE appraisal	Dec '14
Valuation (US$ million)	4.3

* 100% basis

PROPERTY STATISTICS

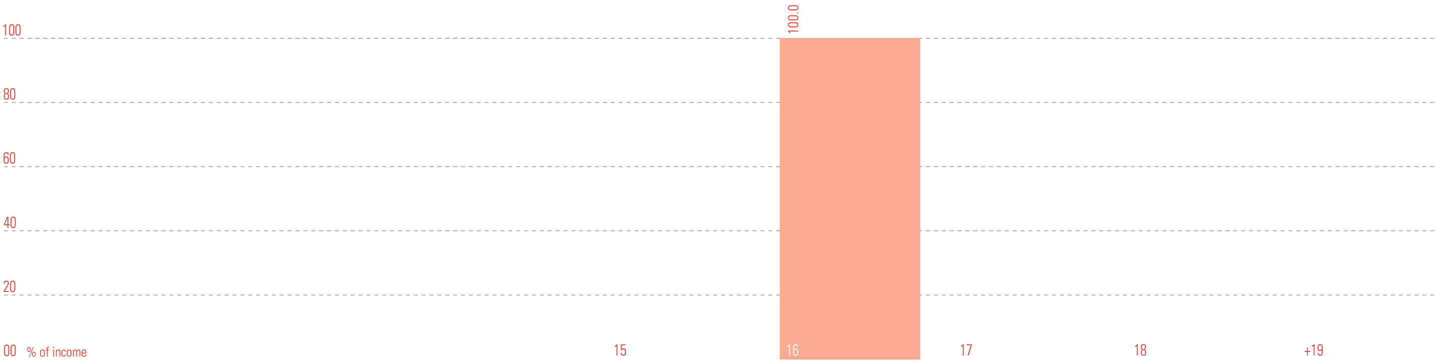
Market	Northern New Jersey
Land area (acres)	10.1
Net Lettable Area (sq ft)	93,011
Occupancy (based on NLA)	26.1%
Gross weighted average lease term to expiry (by income)	5.2

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Partnership for Children	Governmental	18,740	75.6%	January 2021	6.1
Other	Other tenants – 3	5,510	24.4%		
Total/average(1)		24,250	100.0%		5.2

(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

10 Rooney Circle, Northern New Jersey is a 70,873 sq ft NLA, three storey office building. The site area is 5.2 acres and includes 266 parking spaces. It is located within easy access of Route 280, New Jersey Turnpike and Garden State Parkway. Major tenants include Federal Aviation Admin. Occupancy is 41.4% and weighted average lease term to expiry (by income) is 1.8 years.

ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	11.1

VALUATION SUMMARY

Director valuation	Dec '14
Valuation (US$ million)	6.3

* 100% basis

PROPERTY STATISTICS

Market	Northern New Jersey
Land area (acres)	5.2
Net Lettable Area (sq ft)	70,873
Occupancy (based on NLA)	41.4%
Gross weighted average lease term to expiry (by income)	1.8 years

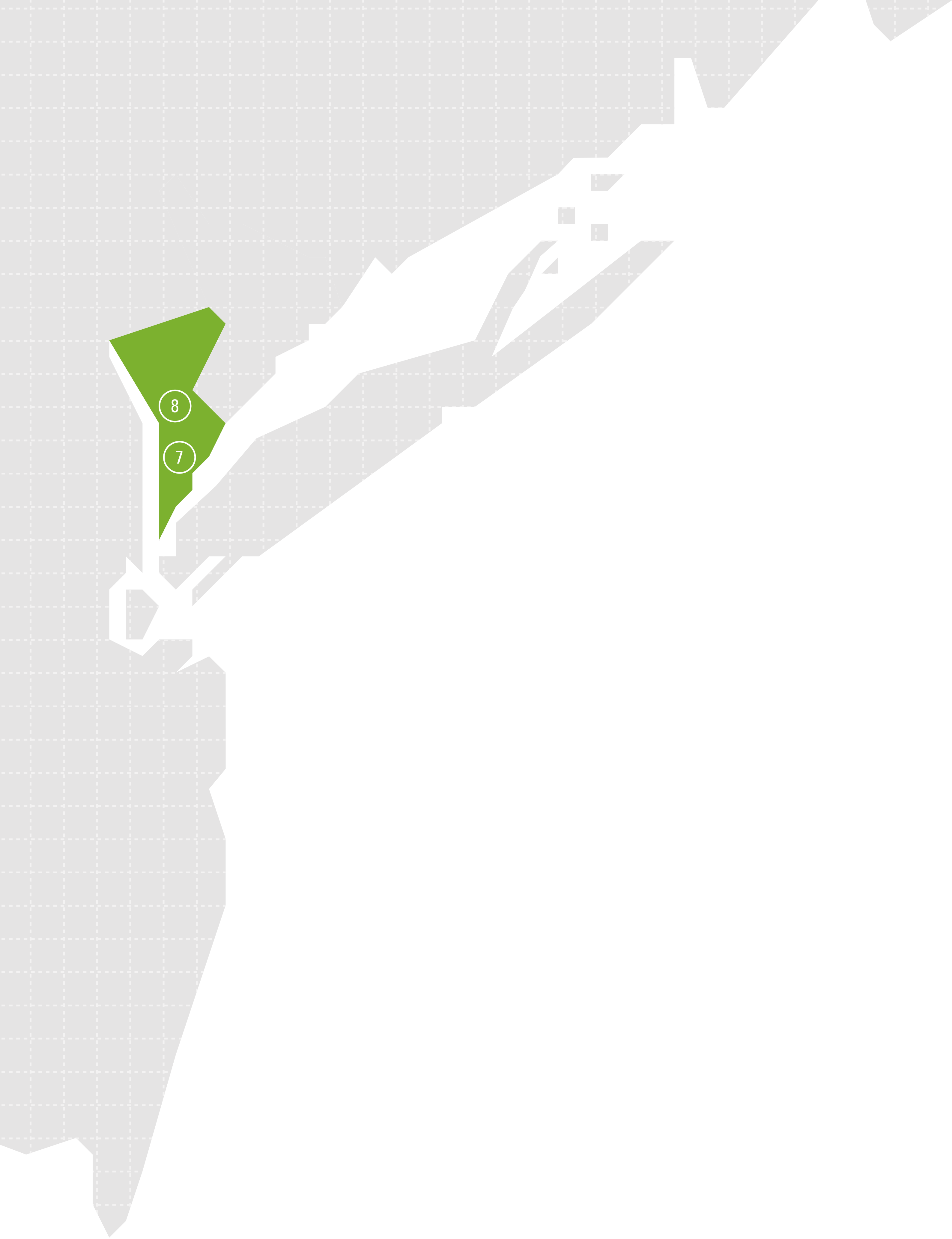
MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Federal Aviation Admin.	Governmental	29,372	100.0%	September 2016	1.8
Other	Other tenants – 0	0			
Total/average		29,372	100.0%		1.8

WESTCHESTER COUNTY

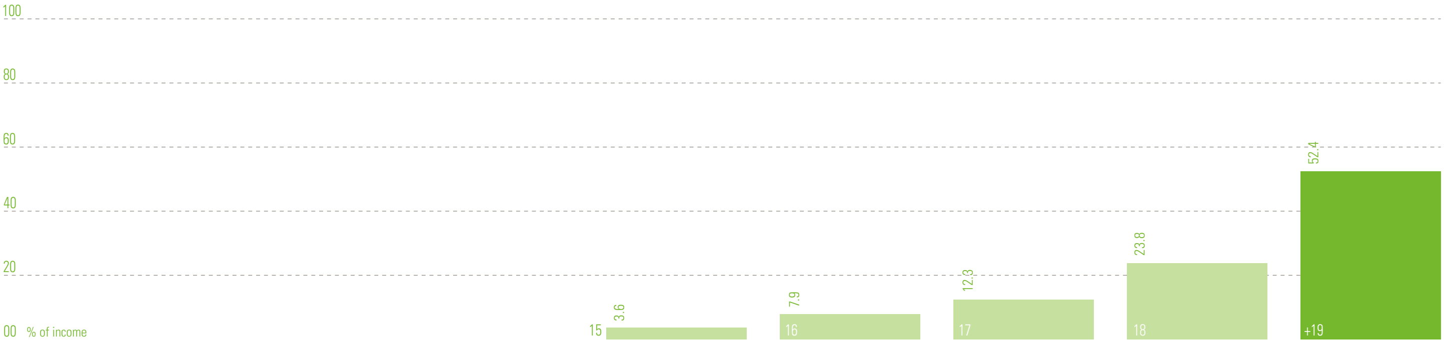
7. Elmsford
80 Grasslands Road
100 Grasslands Road

8. Tarrytown
555 White Plains Road
560 White Plains Road
580 White Plains Road
660 White Plains Road


8
7

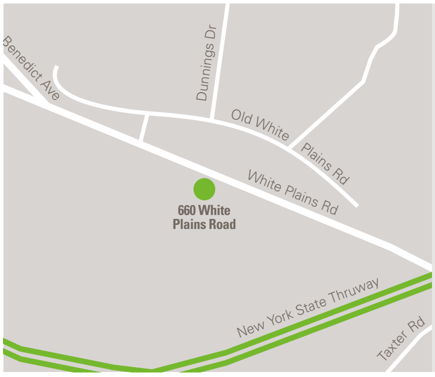
660 WHITE PLAINS ROAD
WESTCHESTER COUNTY

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

660 White Plains Road, Westchester County is a 254,041 sq ft NLA, six storey office building. The site area is 10.9 acres and includes 830 parking spaces. It is located within easy access of the Westchester Parkway System. Major tenants include Ampacet Corp. and Prestige Brands. Occupancy is 88.4% and weighted average lease term to expiry (by income) is 4.7 years.



ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	50.3

VALUATION SUMMARY

Director valuation	Dec '14
Valuation (US$ million)	37.9

* 100% basis

PROPERTY STATISTICS

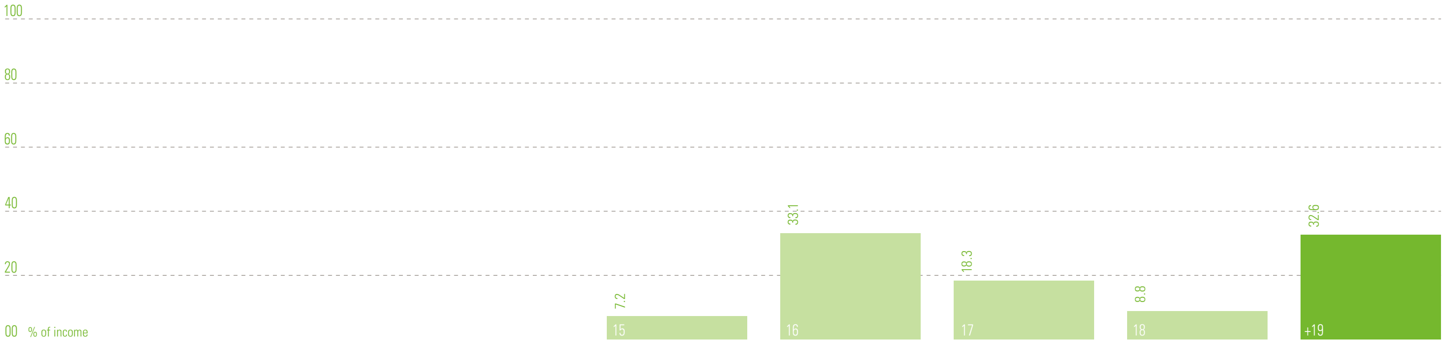
Market	Westchester County
Land area (acres)	10.9
Net Lettable Area (sq ft)	254,041
Occupancy (based on NLA)	88.4%
Gross weighted average lease term to expiry (by income)	4.7 years

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Prestige Brands	Consumer Products	58,086	22.1%	December 2020	6.0
Ampacet Corp.	Manufacturing	36,474	16.8%	March 2021	6.3
Curry Rockefeller Group LLC	Advertising	12,882	5.9%	October 2018	3.8
Other	Other tenants – 27	117,236	55.2%		
Total/average(1)		224,678	100.0%		4.7

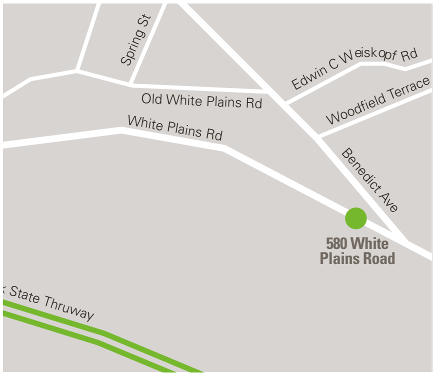
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

580 White Plains Road, Westchester County is a 171,366 sq ft NLA, six storey office building. The site area is 6.1 acres and includes 609 parking spaces. It is located within easy access of the Westchester Parkway System. Major tenants include Xerox, 580 Center Mgmt Corp., D.L.C. Management Corp. and Mental Health Associates. Occupancy is 80.8% and weighted average lease term to expiry (by income) is 4.0 years.



ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	26.4

VALUATION SUMMARY

CBRE appraisal	Dec '14
Valuation (US$ million)	25.6

* 100% basis

PROPERTY STATISTICS

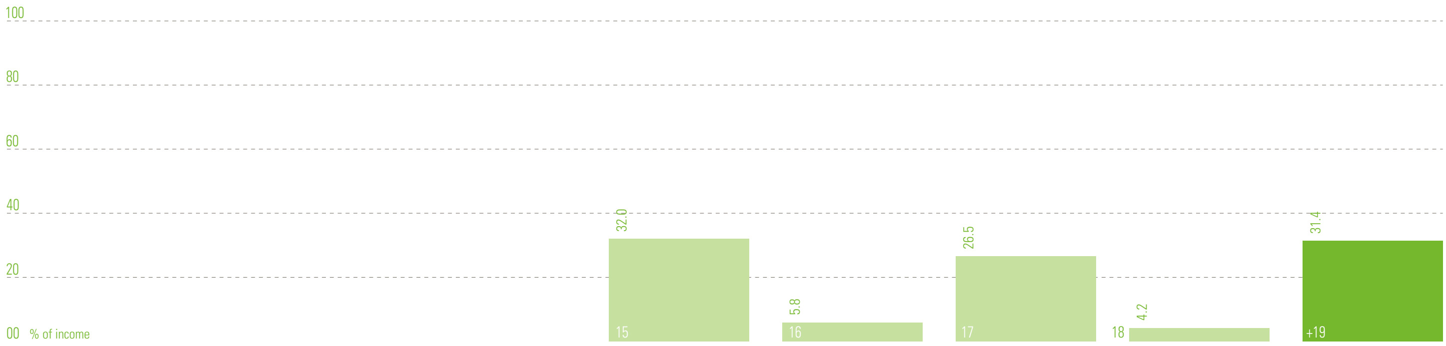
Market	Westchester County
Land area (acres)	6.1
Net Lettable Area (sq ft)	171,366
Occupancy (based on NLA)	80.8%
Gross weighted average lease term to expiry (by income)	4.0

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Xerox Corp	Consumer products	23,920	16.4%	June 2016	1.5
D.L.C. Management Corp.	Real Estate	18,747	14.6%	August 2017	2.7
Mental Health Associates	Healthcare	16,146	10.3%	February 2021	6.2
580 Center Mgmt Corp.	Other professional services	10,749	8.9%	May 2026	11.4
Other	Other tenants – 16	68,902	49.7%		
Total/average[1]		138,464	100.0%		4.0

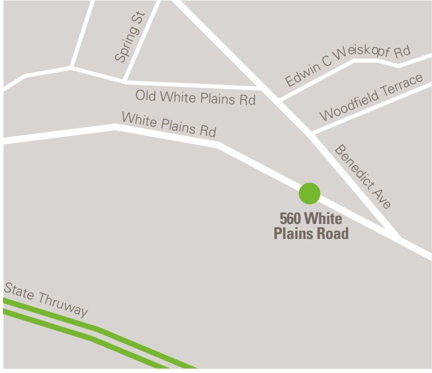
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

560 White Plains Road, Westchester County is a 126,144 sq ft NLA, six storey office building. The site area is 4.0 acres and includes 402 parking spaces. It is located within easy access of the Westchester Parkway System. Major tenants include Oracle USA Inc., Ent and Allergy Associates, and Clarfeld Financial Advisors. Occupancy is 62.4% and weighted average lease term to expiry (by income) is 2.7 years.



ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	19.4

VALUATION SUMMARY

Director valuation	Dec '14
Valuation (US$ million)	13.7

* 100% basis

PROPERTY STATISTICS

Market	Westchester County
Land area (acres)	4.0
Net Lettable Area (sq ft)	126,144
Occupancy (based on NLA)	62.4%
Gross weighted average lease term to expiry (by income)	2.7 years

MAJOR TENANTS SUMMARY

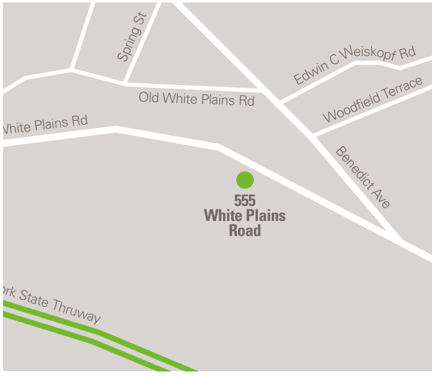
TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Oracle USA	Technology	12,085	15.8%	December 2017	3.0
Clarfeld Financial Advisors	Financial Services	15,831	19.4%	March 2015	0.2
ENT and Allergy Associates	Healthcare	24,735	31.4%	December 2019	5.0
Complus Data Innovations	Technology	8,380	10.8%	February 2017	2.2
Other	Other tenants – 7	17,703	22.6%		
Total/average(1)		78,734	100.0%		2.7

(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME

PROPERTY OVERVIEW

555 White Plains Road, Westchester County is a 125,497 sq ft NLA, five storey office building and features a high quality lobby. The site area is 4.2 acres and includes 386 parking spaces. It is located within easy access of the Westchester Parkway System. Occupancy is 26.8% and weighted average lease term to expiry (by income) is 3.6 years.



ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	17.7

VALUATION SUMMARY

Director valuation	Dec '14
Valuation (US$ million)	16.4

* 100% basis

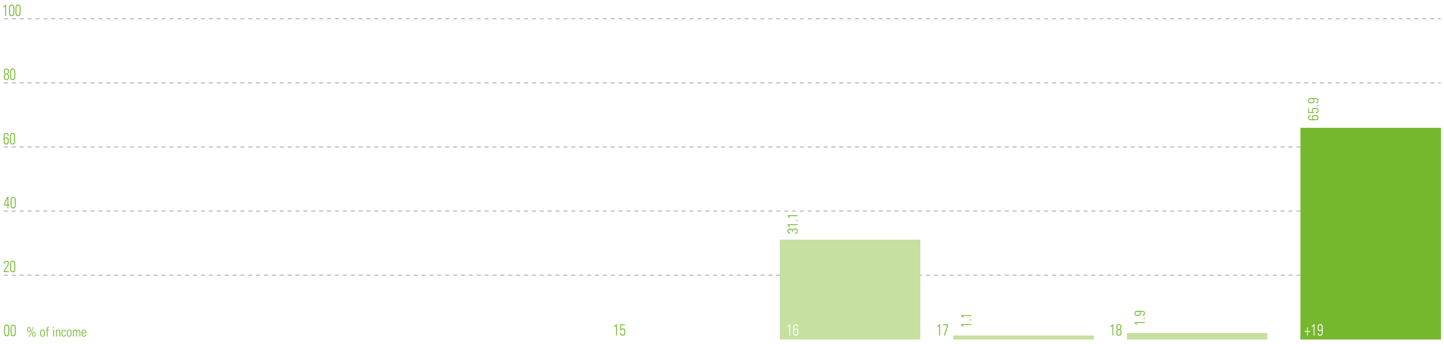
PROPERTY STATISTICS

Market	Westchester County
Land area (acres)	4.2
Net Lettable Area (sq ft)	125,497
Occupancy (based on NLA)	26.8%
Gross weighted average lease term to expiry (by income)	3.6

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Tappan Zee Constructors LLC	Other professional services	30,780	93.0%	August 2018	3.7
Other	Other tenants – 1	2,796	7.0%	January 2018	3.1
Total/average		33,578	100.0%		3.6

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

80 Grasslands Road, Westchester County is a 86,999 sq ft NLA, three storey office building and features a two storey lobby. The site area is 4.9 acres and includes 287 parking spaces. It is located within easy access of Route 9A, Sprain Brook Parkway, Saw Mill River Parkway and Interstate 287. Major tenants include Amscan Inc. and Liberty Mutual. Occupancy is 100.0% and weighted average lease term to expiry (by income) is 5.1 years.

ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	14.2

VALUATION SUMMARY

Director valuation	Dec '14
Valuation (US$ million)	12.4

* 100% basis

PROPERTY STATISTICS

Market	Westchester County
Land area (acres)	4.9
Net Lettable Area (sq ft)	87,055
Occupancy (based on NLA)	100.0%
Gross weighted average lease term to expiry (by income)	5.1 years

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Amscan	Consumer Products	60,240	65.9%	December 2021	7.0
Liberty Mutual	Insurance	24,191	31.1%	April 2016	1.3
Hypertech Solutions Inc	Technology	870	1.1%	October 2017	2.8
Other	Other tenants – 1	1,754	1.9%		
Total/average(1)		87,055	100.0%		5.1

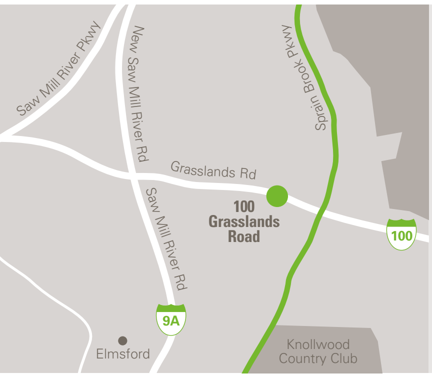
(1) Totals may vary due to rounding.

100 GRASSLANDS ROAD
WESTCHESTER COUNTY

LEASE EXPIRY BY % OF INCOME

PROPERTY OVERVIEW

100 Grasslands Road, Westchester County is a 47,720 sq ft NLA, single storey office building. The site area is 8.5 acres and includes 458 parking spaces. It is located within easy access of Route 9A, Sprain Brook Parkway, Saw Mill River Parkway and Interstate 287. Major tenants include Amscan Inc. and Cooper Electric. Occupancy is 100.0% and weighted average lease term to expiry (by income) is 6.4 years.



ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	8.0

VALUATION SUMMARY

Director valuation	Dec '14
Valuation (US$ million)	10.9

* 100% basis

PROPERTY STATISTICS

Market	Westchester County
Land area (acres)	8.5
Net Lettable Area (sq ft)	47,720
Occupancy (based on NLA)	100.0%
Gross weighted average lease term to expiry (by income)	6.4

MAJOR TENANTS SUMMARY

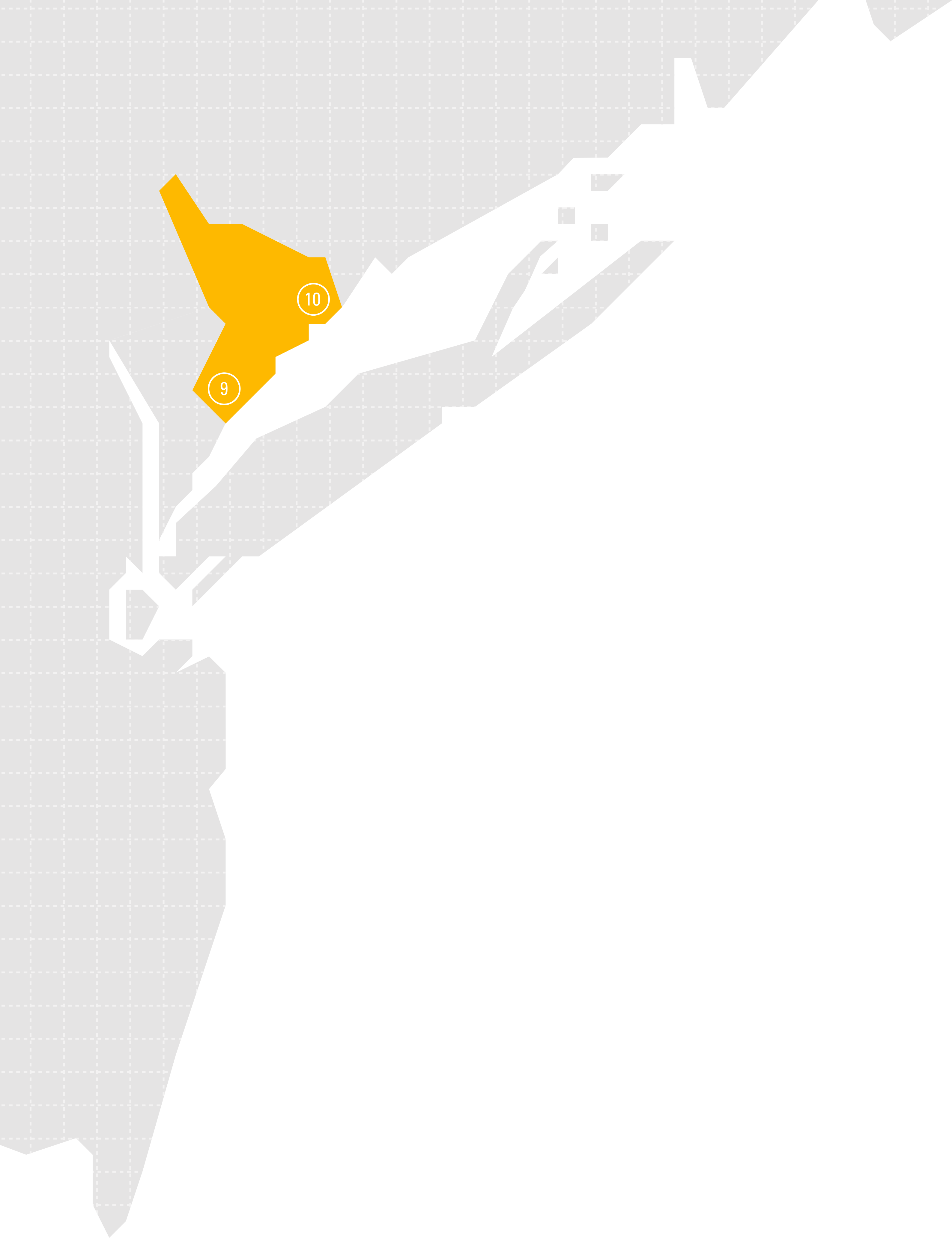
TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Amscan	Consumer Products	39,551	82.9%	December 2021	7.0
Cooper Electric	Retail/Wholesale	8,169	17.1%	March 2018	3.2
Other	Other tenants – 0				
Total/average[(1)]		47,720	100.0%		6.4

(1) Totals may vary due to rounding.

FAIRFIELD COUNTY

9. Stamford
225 High Ridge Road

10. Shelton
710 Bridgeport Avenue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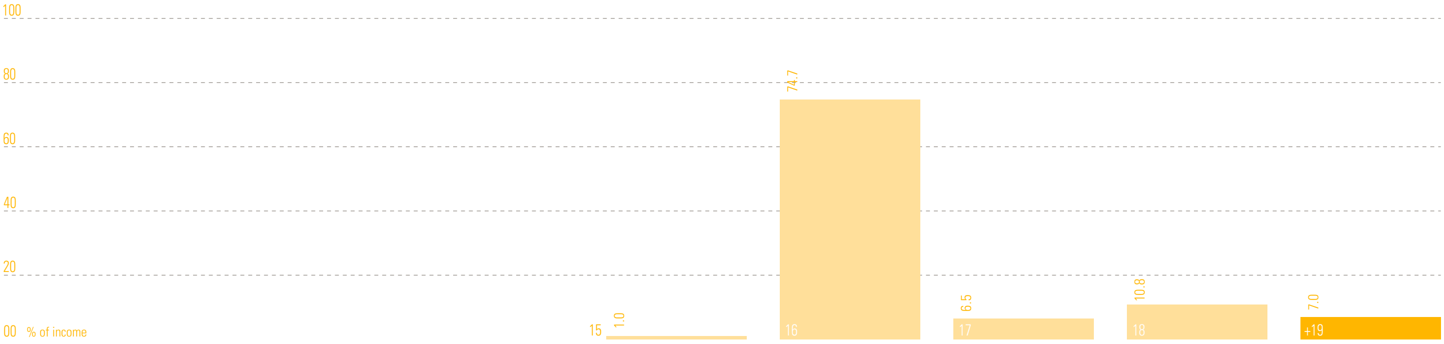
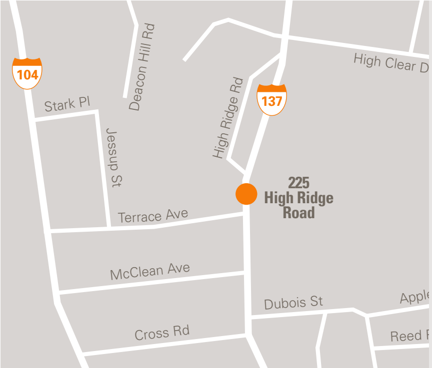
225 HIGH RIDGE ROAD
FAIRFIELD COUNTY

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

225 High Ridge Road, Fairfield County is a 223,940 sq ft NLA, three storey office property. The site area is 14.01 acres and includes 685 parking spaces. It is located within easy access of Interstate 95. Major tenants include Synapse Group Inc., Philip Morris Management Co., Bank of America and MetLife Insurance. Occupancy is 76.8% and weighted average lease term to expiry (by income) is 2.2 years.



ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	76.5

VALUATION SUMMARY

Director valuation	Dec '14
Valuation (US$ million)	40.8

* 100% basis

PROPERTY STATISTICS

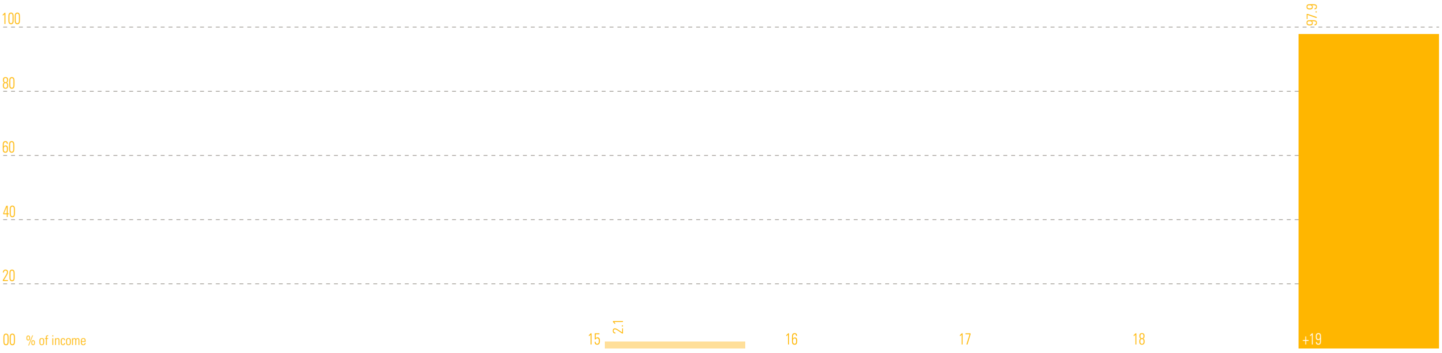
Market	Fairfield County
Land area (acres)	14.0
Net Lettable Area (sq ft)	223,940
Occupancy (based on NLA)	76.8%
Gross weighted average lease term to expiry (by income)	2.2 years

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Synapse Group Inc.	Financial Services	77,640	47.8%	September 2016	1.8
Bank of America	Financial Services	31,321	19.3%	April 2016	1.3
Philip Morris Management	Consumer Products	20,981	10.8%	December 2018	4.0
MetLife Insurance	Insurance	8,446	6.5%	November 2017	2.9
Other	Other tenants – 5	23,889	15.7%		
Total/average(1)		162,277	100.0%		2.2

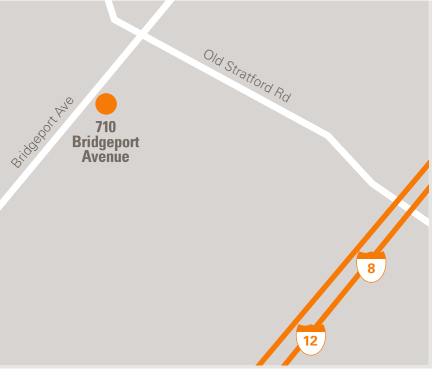
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

710 Bridgeport Avenue, Fairfield County is a 452,414 sq ft NLA, two storey office and other flexible use (including research and development) building. The site area is 36.1 acres and includes 868 parking spaces. The major tenants include Perkin Elmer Inc. and Panolam Industries. Occupancy is 73.9% and weighted average lease term to expiry (by income) is 5.4 years.



ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	39.4

VALUATION SUMMARY

Director valuation	Dec '14
Valuation (US$ million)	37.6

* 100% basis

PROPERTY STATISTICS

Market	Fairfield County
Land area (acres)	36.1
Net Lettable Area (sq ft)	452,414
Occupancy (based on NLA)	73.9%
Gross weighted average lease term to expiry (by income)	5.4

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Perkin Elmer	Technology	245,704	87.9%	July 2020	5.6
Panolam Industries	Manufacturing	78,877	10.0%	August 2019	4.7
Other	Other tenant – 1	9,760	2.1%		
Total/average(1)		334,341	100.0%		5.4

(1) Totals may vary due to rounding.

The board of directors of RAML (the "Board") is responsible for the corporate governance of the Trust. The Board has implemented certain policies and procedures to facilitate its commitment to sound corporate governance practices. The Trust's website (www.rnypt.com.au) contains copies of key corporate governance policies and documents, including the Board Charter, the Audit and Risk Management Committee Charter, the Working Rules of the Compliance Committee, the Continuous Disclosure and Communications Policy, the Securities Trading Policy, the Code of Conduct and the Diversity Policy.

The ASX Corporate Governance Council's Corporate Governance Principles (the "ASX Principles") and Recommendations (the "ASX Recommendations") is a guide to the top 500 ASX listed companies on good corporate governance practices and contains 27 separate best practice recommendations relating to 8 key principles of corporate governance. A chart listing these ASX Principles and Recommendations is reproduced at the end of this Corporate Governance Statement. Such chart also states whether the Trust has or has not complied with each of the ASX Recommendations. This statement discloses the extent to which RAML has followed these ASX Recommendations in relation to the operations of the Trust for the period from 1 January 2014 to 31 December 2014.

The Board's corporate governance practices have been operating since the Trust was listed on the Australian Stock Exchange ("ASX") in September 2005 and, with few exceptions, these practices have been compliant with the ASX Recommendations. Where RAML's corporate governance practices have not complied with the ASX Recommendations an explanation as to the extent and the reason for the non-compliance has been provided in this statement.

The Trust is a registered managed investment scheme under the Corporations Act 2001. There are special provisions governing the Trust and those who administer it that are designed to protect investors.

Structure of the Board

The Board's Charter sets out the allocation of the functions and responsibilities of the Board. The Board's Charter details the following requirements:

(a) the functions and responsibilities of the Board;

(b) the role of the Board;

(c) the role of the Chairman of the Board (the "Chairman"); and

(d) the role of Board Committees.

A copy of the Board's Charter may be reviewed at www.rnypt.com.au on the Trust's website.

The Role of the Chairman

The Chairman provides leadership of the Board and strategic direction for the Trust and RAML, most particularly by:

(a) leading and facilitating the Board and its deliberations;

(b) ensuring that the directors remain focused on the enhancement of unitholder value;

(c) ensuring that management appropriately responds to questions and enquiries of members of the Board; and

(d) acting as spokesman for the Trust and communicating and consulting with unitholders, shareholders and relevant stakeholders on significant issues, as appropriate.

Scott Rechler, the Chairman and Chief Executive Officer of RNY Australia Management Limited ("RAML"), is also the Chairman and Chief Executive Officer of RXR Realty LLC ("RXR"). RAML is an affiliate of RXR. Because of this, Mr Rechler is not considered by RAML to be an independent director. This is a departure from the ASX Recommendations 2.2 and 2.3, but given Mr Rechler's expertise and experience in the real estate industry and the New York Tri-State area markets, and other factors, such as RXR's significant ownership interest in the Trust's portfolio, the Board strongly believes that Mr Rechler's continuation in both roles is in the best interests of the Trust.

The Role of the Chief Executive Officer

The Board has delegated day to day management of the Trust's assets to the Chief Executive Officer and senior management.

The Role of Board Committees

The Board may delegate certain functions to committees. Committee members have the appropriate skills, expertise, availability, and, where relevant, independence to provide an efficient process through which the Board may delegate decision making powers.

ASX Recommendation 2.4 recommends that listed entities establish a nomination committee. However, since the date the Trust was listed on the ASX these functions have been carried out by the Board. The Board does not consider that a separate nomination committee would be appropriate at this stage. The Board committees currently in operation are detailed below.

Audit and Risk Management Committee

At the date of this statement, the members of the Audit and Risk Management Committee (the "Audit Committee") are Messrs Meagher, Peacock and Robinson.

The Board has adopted a Charter for the Audit Committee which sets out the functions and responsibilities of the Audit Committee, a copy of which is listed on the Trust's website at www.rnypt.com.au.

Compliance Committee

At the date of this statement, the members of the Compliance Committee are Messrs Meagher, Peacock and Robinson. The Board has adopted a set of Working Rules for the Compliance Committee, a copy of which is listed on the Trust's website at www.rnypt.com.au.

The Directors

The Board comprises six directors and all six of the directors have been in office since the Trust was listed on ASX, in September 2005, and remain in office as at the date of this report. The Board considers the following three directors to be external and independent:

Philip Meagher
Mervyn Peacock
William Robinson

The three executive directors in office at the date of this report are:

Scott Rechler
Michael Maturo
Jason Barnett

The Trust does not comply with ASX Recommendation 2.1, which recommends for a majority of the Board to be independent. However, the directors believe that the Trust benefits from the ongoing involvement of the RXR executive directors at the Board level, as the relationship with RXR is critical to the performance of the Trust and the three executive directors have an average of 25 years experience in the industry, 22 years experience at RXR (or its predecessor entities) and an extensive amount of local market insight, knowledge and industry relationships in connection with the New York Tri-State commercial office markets.

During the period from 1 January 2014 until 31 December 2014 the Board held 5 meetings with all Board members attending each meeting, except for Messrs Rechler and Maturo who were absent from one Board meeting, and Mr Barnett who was absent from two Board meetings.

Board Profiles

Scott Rechler – Chairman and Chief Executive Officer

Scott Rechler has served as Chief Executive Officer and Chairman of RXR since January 2007. RXR is a multi-billion dollar, private real estate company which was formed subsequent to the merger of Reckson Associates Realty Corp ("Reckson") with SL Green, one of the largest public real estate management buyouts in REIT history.

Mr Rechler served as Chief Executive Officer and Chairman of Reckson during its dynamic growth throughout New York City, Long Island, New Jersey, Westchester and Connecticut. Mr Rechler was the architect of Reckson's US$300 million IPO in 1995 and US$6.5 billion sale in 2007 generating a 715% total return to Reckson shareholders.

Mr Rechler is actively involved with the Real Estate Roundtable, for which he is a member of the Board of Directors and Co-Chair of its Political Action Committee.

Mr Rechler prides himself on enhancing the communities where RXR operates. As such, Mr Rechler serves as a member of the Real Estate Board of New York, member of the Hofstra Honors College Advisory Committee, as well as the NYU Real Estate Institute Advisory Committee. In addition, Mr Rechler serves on the board of many of the region's top cultural institutions such as the Tribeca Film Institute and the Long Island Children's Museum where he serves as its co-Chairman of the Board.

In June 2011, Mr. Rechler was appointed by New York Governor Andrew Cuomo to serve on the Board of Commissioners of the Port Authority of New York and New Jersey, and in September 2011, Mr. Rechler was named to serve as Vice Chairman of such Board. Mr Rechler also serves as Chairman of the Port Authority's Capital Planning Committee where he oversees the Port's US$30 billion capital budget including the World Trade Center redevelopment. In May 2013, Mr Rechler was appointed to represent Governor Cuomo on the Board of the National September 11 Memorial & Museum at the World Trade Center Foundation, Inc.

Michael Maturo – President and Chief Financial Officer

Michael Maturo has served as President and Chief Financial Officer of RXR since January 2007. Mr Maturo was an integral part of the Reckson/SL Green merger and is one of the founding managing partners of RXR. In this capacity, along with the two other founding managing partners, he develops and implements RXR's corporate, operating and fund management strategies. Mr Maturo also has oversight responsibility for all financial, strategic planning and capital market activities.

Prior to the Reckson/SL Green merger, Mr Maturo served as President, Chief Financial Officer and a Director at Reckson, where he was responsible for Reckson's capital market's activities as well as its accounting, financing, strategic planning, budgeting, treasury, tax management, internal and external reporting and investor relations departments. Mr Maturo also had oversight responsibility over the company's investment functions and allocation of capital. Mr Maturo worked closely with the company's CEO in developing and implementing the company's corporate and operating strategies.

Mr Maturo was with Reckson from 1995 until January 2007 and during his tenure served as Executive Vice President, Treasurer and Chairman of the Investment Committee, where he completed over US$6 billion in capital markets transactions, spearheaded Reckson's IPO of its Australian LPT and established Reckson's investment grade rating, culminating in the issuance of US$800 million of senior unsecured notes.

Mr Maturo specialises in diverse phases of real estate finance, including corporate and property debt financings and recapitalisation transactions, leading efforts to raise over US$2 billion of additional debt and equity capital during this time period.

Prior to joining Reckson, Mr Maturo was a senior manager with EY Kenneth Leventhal Real Estate Group. Mr Maturo is a Certified Public Accountant.

Jason Barnett – Senior Executive Vice President and General Counsel

Jason Barnett has served as Vice Chairman and General Counsel of RXR since January 2007. In this capacity he is involved in many aspects of the company's business and is responsible for all legal and compliance matters for RXR. Mr Barnett is also responsible for corporate initiatives, overseeing RXR's transactional and corporate activities. Mr Barnett was an integral part of the Reckson/SL Green merger, successfully navigating Reckson through a myriad of legal complexities to execute the transaction. Mr Barnett is also one of the founders of RXR.

Prior to the Reckson/SL Green merger, Mr Barnett served as Senior Executive Vice President – Corporate Initiatives, General Counsel and Secretary where he was integrally involved in over US$6 billion of acquisitions, financings and capital market transactions.

Mr Barnett was with Reckson from 1996 until 2007 and during his tenure was responsible for the coordination of all legal and compliance matters, and was involved in over US$5 billion of real estate transactions, including acquisitions, dispositions, joint ventures, and financings. Mr Barnett was also involved in approximately US$2 billion of public securities offerings on behalf of Reckson.

Prior to joining Reckson, Mr Barnett practiced in the corporate and securities department of Sidley Austin Brown & Wood, LLP, an international law firm, where he focused on capital markets and Real Estate Investment Trusts. He is a member of the American Bar Association, the Real Estate Board of New York, and the National Association of Real Estate Investment Trusts and is admitted to the Bar of the State of New York.

Philip Meagher – Independent Director

Philip Meagher joined the Board of RAML on 26 May 2005. Mr Meagher has over 40 years of experience in law, property trust management and professional trusteeship. From 2003 to 2005 he was a Business Development Manager, Corporate Services, of the Trust Company of Australia Ltd. Prior to that Mr Meagher worked in various capacities within the Permanent Trustee Company including as Senior Manager of Property Custody and Accounting, as well as New South Wales Manager of Corporate Trusts. Mr Meagher has previously served as Managing Director of Equitable Group Ltd, the wholly owned funds management subsidiary of QBE Limited, the local Executive Director of British Land Company Holdings Australia Limited, and Chairman of Metlife Trustee Pty Limited. Mr Meagher was a non-practising solicitor of the Supreme Court of New South Wales.

Mr Meagher is currently a Responsible Manager and Chairman of the Compliance Committee and Risk Management Committee for Fortius Funds Management Pty Ltd, a wholesale property fund manager.

Mervyn Peacock – Independent Director

Mervyn Peacock joined the Board of RAML on 27 July 2005. Mr Peacock has over 40 years domestic and international experience in a variety of investment areas including Fund Management, Private Equity, Infrastructure and Property. Mr Peacock was Chief Investment Officer and a Director of AMP Capital Investors for five years until his retirement in January 2006. Prior to that he was Investor Relations Manager of AMP Ltd. Mr Peacock was a Director of UniSuper Ltd and Chair of the Investment Committee (2007-2013).

Mr Peacock currently holds a number of directorships including Riverland Water Pty Ltd and Reliance Rail Ltd.

Mr Peacock is a CPA, a Fellow of the Financial Services Institute of Australasia, and a graduate of the Australian Institute of Company Directors.

William Robinson – Independent Director

William Robinson joined the Board of RAML on 27 July 2005. Mr Robinson has over 40 years of domestic and international experience in finance, mining and property. Mr Robinson has been a director of companies in Australia, Africa, Asia, North America and Europe including Unwired Australia Group, Deutsche Asset Management, Deutsche Real Estate, Southern Mining Corporation, Diamond Trust Bank Kenya Ltd, CIGA Hotels SPA and Emerging Market Growth Fund Limited. Mr Robinson is an Associate of the Bankers Institute of Australasia and Australian Society of Accountants and also a Fellow of the Australian Institute of Company Directors.

Monitoring Directors' Performance

Pursuant to its Charter, the Board will annually review the performance of its Directors and key executives to ensure that they perform in accordance with the Trust's strategies and objectives.

No formal Board assessment was undertaken in the financial year ended 2013,although the Chairman has the responsibility of continually monitoring the performance and operation of the Board.

Ethical and Responsible Decision Making

The Board is committed to ensuring that it acts ethically and responsibly when dealing with the Trust and unitholders. Accordingly, the Board has adopted a Code of Conduct (the "Code") which is structured to promote ethical and responsible decision making. The Code details RAML's commitment to ensuring that all directors and employees of RAML observe the highest standards of ethical behaviour and conduct.

Pursuant to the Code, all directors and employees of RAML are required to:

(a) comply with all relevant laws and regulations;

(b) act honestly and with integrity;

(c) not place themselves in situations which result in a conflict of interest;

(d) use RAML's assets responsibly and in the best interests of RAML; and

(e) be responsible and accountable for their actions.

The Board, management and all employees of RAML are committed to implementing and complying with the Code, a copy of which is listed at www.rnypt.com.au on the Trust's website.

Securities Trading Policy

A Securities Trading Policy (the "Trading Policy") was adopted by the Board on 13 September 2005. A further update to this policy was approved by the Board on 29 December 2010. Under the Trading Policy, directors and employees of RAML are encouraged to be long-term holders of units in the Trust. However, the Trading Policy is designed to regulate the timing of any acquisition or disposal of units in the Trust by directors and employees of RAML so as to ensure that the "insider trading" prohibitions prescribed under the Corporations Act are not breached. A copy of the Trading Policy may be reviewed at www.rnypt.com.au on the Trust's website.

Diversity Policy

In December 2011, RAML formalized and instituted its Diversity Policy. The Diversity Policy explains RAML's commitment to promoting a positive workplace environment free from discrimination and harassment and employment based on personal capabilities and qualifications. The policy has been developed having regard to the current size of RAML's business operations, which comprises one male employee and one male external consultant and one female external consultant. The Board comprises 6 male directors and has remained unchanged since inception of the Trust.

In the event that RAML experiences either staff or Director turn-over, RAML will undertake the following objectives for the Board to consider.

- That an environment conducive to a diverse selection pool is established. The Board recognizes that such an environment would promote a culturally diverse workplace with regard to age, gender, ethnicity and experience.
- That any succession plans are reviewed to ensure an appropriate focus on diversity.
- A program is developed that takes into account domestic responsibilities of employees.
- That the Board remains transparent in its selection and hiring process.

Given there was no change in staffing or Board arrangements throughout the period there was no formal review of this policy in 2014. A copy of the Diversity Policy may be reviewed at www.rnypt.com.au on the Trust's website.

Integrity in Financial Reporting

RAML's Audit and Risk Charter (the "Audit Charter") was adopted by the Board on 13 September 2005. The Audit Charter establishes the Audit Committee and sets out the composition, operation and responsibilities of the Audit Committee. According to the Audit Charter, the Audit Committee shall comprise at least three members appointed by the Board. A majority of the Audit Committee members shall be external directors (in accordance with Corporations Act) and all members of the Audit Committee shall be non-executive directors of RAML. The Chairman of the Audit Committee shall be an independent director, who is not Chairman of the Board. According to the Audit Charter, the core responsibilities of the Audit Committee are to assist the Board in relation to:

(a) the integrity of financial statements of the Trust;

(b) monitoring the Trust's relationship with its external auditors (Ernst & Young);

(c) overseeing the effectiveness of the internal audit function;

(d) assessing the propriety of related party transactions;

(e) assisting with the maintenance of an effective framework to deal with risk management; and

(f) considering the adequacy of the Trust's, the Directors' and Officers' and other insurance cover.

As at the date of this report, the Audit Committee comprises Messrs Meagher, Peacock and Robinson. Mr Peacock is the Chairman of the Audit Committee.

Continuous Disclosure

The Board believes that investors and the investment market should be informed of all material business events that may influence the Trust. As a disclosing entity under the Corporations Act, the Trust complies with the continuous disclosure regime under the ASX listing rules and the Corporations Act. To monitor compliance with this regime, RAML has a Continuous Disclosure and Communications Policy (the "Disclosure and Communications Policy"), adopted on 13 September 2005. The Disclosure and Communications Policy is designed to ensure that timely disclosure is made to the ASX to support a fully informed market, and to promote effective communications with unitholders. A copy of the Disclosure and Communications Policy may be reviewed at www.rnypt.com.au on the Trust's website.

The Board is committed to providing timely and relevant information to unitholders through its annual reports, six-monthly financial reporting, as well as by providing periodic reports and presentations and key market announcements via ASX, as well as posting such announcements and materials on the Trust's website.

Risk Management

The Trust has formalised risk management policies which are monitored by the Board on a regular basis. Risks such as operational, financial, environmental, legal and insurance risks at both the Manager and Trust level are managed through RAML's risk management frameworks and procedures.

As a Managed Investment Scheme, the Trust is required to have a Compliance Plan in place. The Compliance Plan sets out the systems and processes in place to ensure compliance with the Corporations Act and the Trust's Constitution. Material non-compliance with any part of the Compliance Plan shall be reported to ASIC by the Board. The Trust's auditors conduct an audit of the Compliance Plan once a year.

Remuneration

No employees, including executive officers or directors, are remunerated by the Trust. Independent non-executive directors are remunerated by RAML. Although RAML does not currently have a formal remuneration committee, these functions are carried out by the Board itself. This is a departure from ASX Recommendation 8.1. However, in consideration of the actual remuneration paid by RAML and the Trust, the Board does not believe that it is necessary to establish a remuneration committee, nor does the Board believe that any marked efficiencies or enhancements would be achieved by the creation of a separate remuneration committee. Particularly given that pursuant to its Charter, the Board annually reviews and evaluates the performance of the CEO, other executive officers as well as the Board's performance in the context of the Trust's strategy and objectives.

Further information relating to remuneration is disclosed in Note 18(iii) to the Financial Statements for the year ended 31 December 2014. Such Financial Statements are included in this Annual Report and can also be viewed at www.rnypt.com.au on the Trust's website.

Information relating to transactions with related parties is disclosed in Note 20 to the Financial Statements for the year ended 31 December 2014. Such Financial Statements are included in the Annual Report and can also be viewed at www.rnypt.com.au on the Trust's website.

Please visit the Trust's website www.rnypt.com.au for further information on the Trust's corporate governance policies.

The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, and the Trust's compliance or non-compliance with such Recommendations, are listed below:

ASX Principle		RAML Compliance
Principle 1: Lay solid foundations for management oversight		
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management	Complies
1.2	Companies should disclose the process for evaluating senior executive performance	Complies
1.3	Provide the information in the Guide to reporting on Principle 1	Complies
Principle 2: Structure the board to add value		
2.1	A majority of the Board should be independent directors	Does not Comply
2.2	The Chairman should be an independent director	Does not Comply
2.3	The roles of the Chairman and Chief Executive Officer should not be exercised by the same individual	Does not Comply
2.4	The board should establish a Nomination Committee	Does not Comply
2.5	Companies should disclose process for evaluating the performance of the Board, its committees and individual directors	Complies
2.6	Provide the information in the Guide to reporting on Principle 2	Complies
Principle 3: Promote ethical and responsible decision-making		
3.1	Establish a code of conduct to guide the directors, the Chief Executive Officer (or equivalent) and any other key executive as to: • The practices necessary to maintain confidence in the company's integrity. • The practices necessary to take into account their legal obligations and reasonable expectations to their unitholders • The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Complies
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to access annually both the objectives and progress in achieving them	Complies
3.3	Companies should include in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	Complies
3.4	Companies should include in each annual report the proportion of women employees in the whole organization, women in senior executive positions and women on the Board.	Complies
3.5	Provide the information in the Guide to reporting on Principle 3.	Complies
Principle 4: Safeguard integrity in financial reporting		
4.1	The Board should establish an audit committee	Complies
4.2	Structure the audit committee so that it consists of: • Only non-executive directors • A majority of independent directors • An independent Chairman who is not Chairman of the Board • At least three members	Complies
4.3	The Audit Committee should have a formal charter	Complies
4.4	Provide the information indicated in the Guide to reporting on Principle 4,	Complies

ASX Principle		RAML Compliance
Principle 5: Make timely and balanced disclosure		
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance	Complies
5.2	Provide the information indicated in the Guide to reporting on Principle 5	Complies
Principle 6: Respect the rights of shareholders		
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	Complies
6.2	Provide the information indicated in the Guide to reporting on Principle 6.	Complies
Principle 7: Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	Complies
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Complies
7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Complies
7.4	Companies should provide the information indicated in the Guide to report on principle 7.	Complies
Principle 8: Remunerate fairly and responsibly		
8.1	The Board should establish a Remuneration Committee.	Does not Comply
8.2	The Remuneration Committee should be structured so that it: • Consists of a majority of independent directors • Is chaired by an independent chair • Has at least three members	Does not Comply
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Complies
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Complies

RANGE OF UNITHOLDERS

Holding	Number of Holders	Number of Units
1–1,000	25	5,889
1,001–5,000	61	187,457
5,001–10,000	73	629,223
10,001–100,000	388	17,071,510
100,001 and over	168	245,519,810
Total number of unitholders	715	263,413,889
Number of unitholders holding less than a marketable parcel	25	

SUBSTANTIAL UNITHOLDERS (PER FORM 604 FILINGS ON ASX)

Company	Number of Units	% of Units on Issue
RXR-A Investments LLC	51,252,240	19.46
Intelligent Investor Funds Pty Ltd	37,179,335	14.11
Deutsche Bank AG	18,105,762	6.87
Wesley Capital Management LLC	17,551,486	6.66

TWENTY LARGEST UNITHOLDERS (PER LINK MARKET SERVICES)

Unitholder	Number of Units	% of Units on Issue
1. HSBC Custody Nominees (Aust) Ltd	66,083,074	25.09
2. Citicorp Nominees Pty Ltd	35,714,782	13.56
3. National Nominees Ltd	33,009,585	12.53
4. JP Morgan Nominees Australia Ltd	18,856,310	7.16
5. Bond Street Custodians Ltd	7,909,683	3.00
6. Mr & Mrs Evans (Superfund)	7,000,000	2.66
7. One Managed Inv Funds	5,226,360	1.98
8. Pythagoras Aust Pty Ltd	4,178,404	1.59
9. Australian Executor Trustees Ltd	4,153,133	1.58
10. Mr M Hancock	3,700,000	1.40
11. Rudie Pty Ltd	3,361,572	1.28
12. ABN AMRO Clearing Sydney Nominees Pty Ltd	2,538,123	.96
13. Dr H Sandler & Mrs B Sandler	2,000,000	.76
14. Jelly Pty Ltd	1,952,300	.74
15. Mr C Lepherd	1,938,260	.74
16. Brazil Farming Pty Ltd	1,800,000	.68
17. BNP Paribas Nom. Pty Ltd	1,534,939	.58
18. Messrs Halliday, Evans & Furner	1,150,000	.44
19. Mrs L Lynch	1,050,000	.40
20. Mr Evans	1,000,000	.38
20. Mr B Johnson & Ms A Jane Hall	1,000,000	.38
Total in this Report	**205,156,525**	**77.88**
Total Other Investors	**58,257,364**	**22.12**
Total Units on Issue	**263,413,889**	**100.00%**

Responsible Entity of the Trust
RNY Australia Management Limited (RAML)
19 Martin Place
MLC Centre
Level 56
Sydney NSW 2000
Phone: (02) 9293 2911
Fax: (02) 9293 2912

Directors of RAML
Scott Rechler, Chairman
Jason Barnett
Michael Maturo
Philip Meagher
Mervyn Peacock
William Robinson

Company Secretary
Francis Sheehan

Independent Accountant
Ernst & Young
Ernst & Young Centre
680 George Street
Sydney NSW 2000

Legal Adviser
Greenwich Legal
Level 11
50 Margaret Street
Sydney NSW 2000

Unit Registry
Link Market Services Limited
Level 12, 680 George Street
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Sydney NSW 1235
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RNY Property Trust

ARSN 115 585 709

Financial Report
For the Year Ended 31 December 2014

RNY PROPERTY TRUST
CONTENTS

The directors of RNY Australia Management Limited ("RAML"), the Responsible Entity of RNY Property Trust ("RNY" or the "Trust"), present their report together with the financial report of the Trust and its controlled entity, together known as the "Group", for the year ended 31 December 2014.

Directors

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

Scott Rechler
Michael Maturo
Jason Barnett
Philip Meagher
Mervyn Peacock
William Robinson

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.

RNY Australia Management Limited, the Responsible Entity is incorporated in Australia and has its principal place of business at 19 Martin Place, MLC Centre, Level 56, Sydney, NSW 2000.

Company Secretary of the Responsible Entity

Mr Francis Sheehan
Degree in Law, Bachelor of Science
20 years experience in legal and compliance matters

Relevant Interests in the Trust

At the date of this report, the interests of the directors, held directly or indirectly, in the Trust were:

	Units
Scott Rechler	51,252,240*
Michael Maturo	51,252,240*
Jason Barnett	51,252,240*
Philip Meagher	60,000
Mervyn Peacock	70,000
William Robinson	-

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.

* These units are held by an entity which is controlled by Scott Rechler, Michael Maturo and Jason Barnett.

Principal activity

The Trust is a registered managed investment scheme domiciled in Australia and has its principal place of business at Level 56, MLC Centre, 19 Martin Place, 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 2014 owned 21 office properties (2013: 21 office properties) in the New York Tri-State area. US LLC has an approximate 7.8% interest in BRE/Melville Holdings LLC ("BRE/Melville"), a Delaware Limited Liability Company that as of 31 December 2014 owned 3 office properties (2013: 3 office properties). The principal activity during the financial year has been in investing into the commercial office markets of the New York Tri-State area in the United States ("US"), which is in accordance with the stated investment strategy as set out in the Product Disclosure Statement dated 15 August 2005. There has been no change in the Trust's activities during or since the end of the financial year.

Distributions
No distributions were paid to unitholders for the year ended 31 December 2014 and no provision for distribution has been recognised in the financial statements.

The Trust suspended distributions after the payment of the final distribution for the year ended 31 December 2008.

Funding
At December 31, 2014, with regards to one of the US LLC's non-recourse secured loans (the "Senior Bank loan"), the US LLC had approximately US$1.5 million (31 December 2013: US$2.6 million) in a lender controlled cash account with the Senior Bank loan lender. The cash account is used to fund operating expenses, reserves and debt service on a monthly basis. Any remaining funds after providing for the aforementioned items are deposited into a leasing reserve. Such amounts are reflected in share of US LLC's other assets in the accompanying balance sheet.

Review of Operations

Results
The consolidated profit/(loss) of the Group is presented in the Statement of Comprehensive Income. Net loss attributable to the members of the Group for the year ended 31 December 2014 was $11,249,138 (2013: Profit $11,137,634, including gains on debt restructure and property conveyance of $7.5 million).

Significant changes in the state of affairs
In the opinion of the directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year.

Matters subsequent to the end of the financial year
On 14 January 2015 the US LLC amended the US$36.0 million Mezzanine Loan (the "Mezz Loan"). Such Mezz Loan was issued in April 2012 and matures in May 2017. Pursuant to the original terms of the Mezz Loan, interest accrued at a 13% rate for the entire 5-year term, but was payable at a 6% rate in the first year, 8% rate in the second year, and 13% rate for the final three years of the 5-year term. As per the amendment, (i) instead of a 13% interest pay rate, the US LLC will pay interest at an 8% rate for year three of the Mezz Loan (April 2014 – March 2015), at a 9% pay rate in year four, and a 10% pay rate in the fifth and final year, and (ii) the interest accrual rate for the final 3 years of the Mezz Loan will increase from 13% to 14% per annum. After giving effect to the amendment, the US LLC received a credit in the amount of approximately US$1.5 million related to interest payments made under the original loan terms versus those due per the amendment.

On 29 January 2015 the US LLC sold 505 White Plains Road for US$2.7 million The Group's 75% share of the sale price of US$2.025 million equates to the property's carrying value at balance date.

With regards to the US LLC's approximate 7.8% interest in the 3 properties held by BRE/Melville, the US$27 million loan secured by such properties matured in October 2014 and the lender commenced a foreclosure proceeding on 20 January 2015. At 31 December 2014 the Group had assigned no value to its interest in BRE/Melville. Such foreclosure proceedings will have no impact on the value of the Group.

Likely developments and expected results of operations

The Group's management is presently focussed on cash management and continuing to build and maintain occupancy. The Group will seek to conserve cash by limiting base building capital expenditures to essential projects, continuing to hold back on distributions to unitholders, and seeking to strategically and selectively use cash in support of leasing efforts.

Debt maturities in 2016 and 2017 will provide the Group with added financial flexibility, including the ability to refinance, recapitalize and/or sell assets.

Units on issue

The Trust had 263,413,889 fully paid units on issue at 31 December 2014 (31 December 2013: 263,413,889 fully paid units).

Trust Assets

At 31 December 2014, the Trust's total assets held amounted to $147.071 million (2013: $144.593 million). The basis for valuation of these assets is disclosed in Note 2 of the financial statements.

Fees paid to the Responsible Entity

Asset Management Fees amounting to $419,951 (2013: $417,579) were paid to the Responsible Entity for the year. The Responsible Entity was also reimbursed for expenses amounting to $113,978 (2013: $128,617) for the year ended 31 December 2014.

Interests of Responsible Entity

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

Indemnification and Insurance of Officers and Auditors

During the years ended 31 December 2014 and 2013 the Trust was charged for insurance premiums incurred by the Responsible Entity in relation to an insurance policy which provides cover to directors and officers of the Responsible Entity. So long as the officers of RAML act in accordance with the Trust Constitution and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The disclosure of the nature of the liability and the amount of the premium paid is prohibited under the insurance contract. The auditors of the Trust are in no way indemnified out of the assets of the Trust.

Rounding of Amounts

Amounts in the financial report and the Directors' Report have been rounded to the nearest thousand dollars per ASIC 98/0100**.** The Trust is an entity to which the class order applies.

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.

Auditor Independence and Non-audit Services
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 auditor, Ernst & Young (EY) are set out in Note 25 to the financial statements. The directors are satisfied that the provision of non-audit services provided by EY 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 Report is made in accordance with a resolution of the Board of Directors.

/s/ Philip Meagher

Philip Meagher, Director
Dated this 12^{th} day of March 2015 in Sydney

Building a better
working world

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Auditor's Independence Declaration to the Directors of RNY Australia Management Limited, the Responsible Entity of RNY Property Trust

In relation to our audit of the financial report of RNY Property Trust for the financial year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Chris Lawton
Partner
12 March 2015

Statement of Comprehensive Income
year ended 31 December 2014

	Note	Consolidated 2014 $'000	2013 $'000
CONTINUING OPERATIONS			
Share of net profit of US LLC			
Rental income from investment properties		48,944	49,838
Property related expenses		(27,431)	(25,935)
Net rental income		21,513	23,903
Other income		1,296	1,504
Equity in (loss)/earnings of real estate joint venture		(758)	242
Gain on debt restructure	6(d)	-	4,857
Gain on property conveyance	6(d)	-	2,624
Borrowing costs		(16,902)	(16,370)
Other expenses		(2,531)	(2,270)
Net income from US LLC before fair value adjustments		2,618	14,490
Loss from investment property revaluations		(11,452)	(1,072)
Total share of net (loss)/income from US LLC		(8,834)	13,418
Interest income		1	3
Total (loss)/revenue and other income		(8,833)	13,421
Expenses			
Administration expenses		282	268
Finance costs		265	236
Management fees		1,590	1,562
Other expenses	3	279	217
Total expenses		2,416	2,283
(Loss)/profit from continuing operations before tax expense		(11,249)	11,138
US withholding tax	4	-	-
NET (LOSS)/PROFIT FROM CONTINUING OPERATIONS AFTER TAX		(11,249)	11,138
OTHER COMPREHENSIVE INCOME – RECYCLABLE			
Foreign currency translation difference (net of tax)		12,670	18,172
Gain on financial instrument hedge (net of tax)	6(e)	321	1,243
Other comprehensive gain for the year, net of tax		12,991	19,415
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,742	30,553
Basic and diluted (loss)/profit per unit from continuing operations (cents)	16(a)	(4.27)	4.23

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

Balance Sheet
as at 31 December 2014

	Note	Consolidated 31 Dec 14 $'000	Consolidated 31 Dec 13 $'000
Current assets			
Cash and cash equivalents	15(b)	75	203
Trade and other receivables	5	19	16
Other current assets		40	32
Total current assets		134	251
Non-current assets			
Investments held in US LLC			
Share of US LLC's investment properties	7	378,018	353,291
Share of US LLC's liabilities		(258,745)	(239,248)
Share of US LLC's other assets		27,664	30,299
Total investment held in US LLC	6	146,937	144,342
Total non-current assets		146,937	144,342
Total assets		147,071	144,593
Current liabilities			
Related party payables	8	4,846	4,175
Trade and other payables	9	797	744
Total current liabilities		5,643	4,919
Non-current liabilities			
Preferred shares	10	152	140
Total non-current liabilities		152	140
Total liabilities		5,795	5,059
Net assets		141,276	139,534
Unitholders' Equity			
Units on Issue	11	251,377	251,377
Reserves	12	(11,984)	(24,975)
Accumulated deficit		(98,117)	(86,868)
TOTAL EQUITY		141,276	139,534

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

	Note	Consolidated 2014 $'000	Consolidated 2013 $'000
Cash flows from operating activities			
Payments to suppliers		(2,149)	(2,292)
Distributions received from US LLC		2,047	2,446
Interest received		1	3
Net cash (outflow)/inflow from operating activities		(101)	157
Cash flows from investing activities			
Net cash flow from investing activities		-	-
Cash flows from financing activities			
Net cash flow from financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(101)	157
Cash and cash equivalents at beginning of year		203	90
Net foreign exchange differences		(27)	(44)
Cash and cash equivalents at end of year	15(b)	75	203

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

	Note	Units on Issue	Accumulated Deficit	Reserves	Total Equity
		$'000	$'000	$'000	$'000
CONSOLIDATED					
At 31 December 2012		251,377	(98,006)	(44,390)	108,981
Fair value movement of derivatives					
- recyclable	12	-	-	1,243	1,243
Foreign currency translations taken to equity					
- recyclable	12	-	-	18,172	18,172
Profit for the year		-	11,138	-	11,138
Total comprehensive income for the year, net of tax		-	11,138	19,415	30,553
Distributions		-	-	-	
At 31 December 2013		251,377	(86,868)	(24,975)	139,534
Fair value movement of derivatives					
- recyclable	12	-	-	321	321
Foreign currency translations taken to equity					
- recyclable	12	-	-	12,670	12,670
Loss for the year		-	(11,249)	-	(11,249)
Total comprehensive income for the year, net of tax		-	(11,249)	12,991	1,742
Distributions		-	-	-	-
At 31 December 2014		251,377	(98,117)	(11,984)	141,276

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

1. Corporate Information

The financial report of the Trust for the year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 26th February 2015.

The Trust was constituted on 2 August 2005. The Responsible Entity of the Trust is RNY Australia Management Limited ("RAML"). The Responsible Entity's registered office is at Level 56, MLC Centre, 19 Martin Place, Sydney, NSW 2000.

RNY Property Trust ("RNY" or the "Trust") is a trust limited by units incorporated in Australia. These units are publicly traded on the Australian Stock Exchange.

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 financial report is prepared in accordance with the historical cost convention except for investment properties and derivatives that are held at fair value.

The financial report has been prepared on a going concern basis.

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 presented in Australian dollars and all values are rounded to the nearest thousand dollars per ASIC 98/0100.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS").

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Trust has adopted the following Amending Standards and Standards as of 1 January 2014. Adoption of these Amending Standards did not have any effect on the financial position or performance of the Trust:

AASB 2011-4 *Amendments to AAS to remove certain AASB 124 disclosure requirements*
AASB 2013-3 *Amendments to AASB 136 – Recoverable amount disclosures for non-financial assets*
AASB 2013-5 *Amendments to Australia Accounting Standards – Investment Entities*

AASB 1031 *Materiality* – An interim standard to give guidance on materiality in various other standards

2. Summary of Significant Accounting Policies (continued)
(b) Statement of Compliance (continued)

Australian Accounting Standards ("AAS") and Interpretations that have recently 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 2014 are as follows.

Reference	Title	Summary	Application Date of Standard*	Impact on Group Financial Report	Application Date for Group*
AASB 9	Financial Instruments	Simplify classification of financial instruments and introduction of new hedge accounting requirements	1 Jan 2017	Refer note below**	1 Jan 2017
AASB 15	Revenue from contract with customers	Establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers	1 Jan 2017	Refer note below**	1 Jan 2017

*Designates the beginning of the applicable annual reporting period

**At 31 December 2014 management is in the process of assessing the impact of the above Accounting Standards on the financial report. We will continue to assess the impact of future applicable standards and interpretations as they come into effect.

2. Summary of Significant Accounting Policies (continued)

(c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiary as at 31 December 2014. Information from the financial statements of the consolidated entity is included from the date the parent entity obtained control.

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

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

(d) Significant accounting judgements, estimates and assumptions

(i) Significant accounting judgements

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

<u>*Accounting for Investment in US LLC*</u>

Under the new control model established in Accounting Standard *AASB 10: Consolidated Financial Statements*, management has determined that the Group does not have sufficient control of its joint venture partner (the US LLC) to be able to consolidate this entity. Accordingly, US LLC is accounted for using the equity method of accounting.

<u>*Operating lease commitments*</u>

Space in each of the investment properties owned by US LLC is leased to third parties. 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

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 following assumptions:

Fair value of investment properties held by the US LLC – refer Note 2(l)

(e) 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.

(f) 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)

(g) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount, less a provision for any uncollectible debts.

The collectability of debts is assessed on an ongoing basis and specific provision is made for any doubtful accounts when collection of the full amount is no longer probable. Bad debts are written off when identified.

(h) 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 carried at the original invoice amount.

(i) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, with the exception of certain loan establishment costs which are amortised over the life of the loan.

Borrowing costs include:

- Interest on bank overdrafts and short-term and long-term borrowings.
- Amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

(j) 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.

(k) Investments in joint ventures

The Trust holds an indirect investment in its joint venture (the US LLC) through its subsidiary (the US REIT). 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. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in the OCI of the investee is presented as part of the Group's OCI. 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.

2. Summary of Significant Accounting Policies (continued)

(k) Investments in joint ventures (continued)

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 profit or loss as "Share of net profit of US LLC". The joint venture's share of other comprehensive income or loss is detailed in Note 6(e) to these accounts.

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 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 profit of US LLC" in the statement of comprehensive income.

(l) Investment Properties held by joint ventures

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 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 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. For assets which have not been externally valued at reporting date, a similar valuation methodology has been used by the directors of RAML. 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.

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.

2. Summary of Significant Accounting Policies (continued)

(m) 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 (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the reporting date. At 31 December 2014, a spot rate of A$1.00 = US$0.82 was used (31 December 2013: A$1.00 = US$0.89).

Exchange differences arising from amounts payable and receivable are treated as operating revenue or expense in the period in which they arise, except for a monetary item arising under a foreign currency contract outstanding at the reporting date where the exchange rate for the monetary item is fixed in the contract and is translated at the exchange rate fixed in the contract.

Translation of financial reports of foreign operations

The functional currency of RNY's controlled entity 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.

(n) Interest bearing loans and borrowings

Loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

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 income statement.

(o) 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.

2. Summary of Significant Accounting Policies (continued)

(p) Revenue

Revenue from rents, interest and distributions is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue brought to account but not received at balance date is recognised as a receivable. Rental income earned under leases with fixed increases is recognised in income on a straight line basis over the lease term.

(q) 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.

(r) Taxes

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.

Under AIFRS, 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.

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 Cash Flow Statement 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.

2. Summary of Significant Accounting Policies (continued)

(s) 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.

(t) Comparatives

Where necessary, comparative information has been reclassified to conform with changes in presentation in these financial statements.

3. Other expenses

	Consolidated 2014 $'000	Consolidated 2013 $'000
Administration & marketing	46	(11)
Consulting fees	76	70
Insurance	157	158
	279	**217**

4. Income tax benefit

	Consolidated 2014 $'000	Consolidated 2013 $'000
(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 (loss)/profit before tax benefit	(11,249)	11,138
Prima facie US withholding tax (benefit)/expense at the US rate of 15% (2013: 15%)	(1,687)	1,671
Tax effect of amounts that are not assessable for withholding tax purposes	1,687	(1,671)
US withholding tax expense	-	-

Refer Note 14 for details of Deferred Tax Assets.

5. Trade and other receivables

	Consolidated 2014 $'000	Consolidated 2013 $'000
Other receivables	**19**	**16**

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

6. Investments in joint ventures

	Consolidated 2014 $'000	Consolidated 2013 $'000
Investment in joint venture	**146,937**	**144,342**

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 2014 owned 21 office properties (2013: 21 office properties) in the New York Tri-State area. The owner of the remaining 25% interest is an affiliate of RXR Realty LLC, a private enterprise founded by Messrs. Rechler, Maturo and Barnett (three of the directors of the Trust). Additionally, US LLC has an approximate 7.8% interest in BRE/Melville Holdings LLC ("BRE/Melville"), a Delaware Limited Liability Company that as of 31 December 2014 owned 3 office properties (2013: 3 office properties). With regards to this interest, the US$27 million loan secured by such properties matured in October 2014 and the lender commenced a foreclosure proceeding on 20 January 2015. At 31 December 2014 the Group had assigned no value to its interest in BRE/Melville. Such foreclosure proceedings will have no impact on the value of the Group.

Under the structure created above, RNY (through the US REIT) and RXR exercise joint control over the property investments held in the US LLC. RXR has retained considerable powers in relation to the control of the US LLC, both during the US LLC's operation and in the event of winding up. Accordingly the Group has adopted the equity method of accounting for its investment in the US LLC.

6. Investments in joint ventures (continued)

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

		Consolidated	
		2014	**2013**
	Note	**$'000**	**$'000**
Movements in carrying amounts			
Carrying amount at the beginning of the year		144,342	113,273
Distributions received		(2,047)	(2,446)
Share of (loss)/profit of joint venture		(8,834)	13,418
Share of other comprehensive income of joint venture		321	1,243
Effect of changes in exchange rates		13,155	18,854
Carrying amount at the end of the year		**146,937**	**144,342**
Balance Sheet of US LLC			
Current assets			
Cash and cash equivalents [(i)]		15,260	15,748
Trade and other receivables		1,556	1,298
		16,816	17,046
Non-current assets			
Investment properties		504,024	471,055
Other non-current assets		20,069	23,353
		524,093	494,408
Total Assets		540,909	511,454
Current liabilities	6(a)(i)	19,996	17,487
Non-current liabilities	6(a)(ii)	324,997	301,511
Total Liabilities		344,993	318,998
Equity of US LLC		**195,916**	**192,456**
Proportion of the Group's ownership		**75%**	**75%**
Carrying amount of the investment		**146,937**	**144,342**

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

6. Investments in joint ventures (continued)

(a) Share of US LLC liabilities

(i) Current liabilities comprise:

Facility	US $'000 @ 100% 2014	US $'000 @ 100% 2013	AUD $'000 @ 100% 2014	AUD $'000 @ 100% 2013	Int Rate	Maturity Date
Trade & other creditors	15,406	14,540	18,783	16,251	n/a	Current
Interest rate swap - current	995	1,106	1,213	1,236	*see note (a)*	Current
Total	**16,401**	**15,646**	**19,996**	**17,487**		
Group share @ 75%			**14,997**	**13,115**		

(ii) Non-current liabilities comprise:

Facility	US $'000 @ 100% 2014	US $'000 @100% 2013	AUD $'000 @100% 2014	AUD $'000 @ 100% 2013	Int Rate	Maturity Date
Fixed rate commercial mortgages						
Tranche II mortgage*	72,000	72,000	87,784	80,465	5.32%	Jan 2016
Dec 2009 mortgage*	39,719	40,867	48,425	45,672	4.25%	Jan 2017
					see note (c)	
Mezzanine loan	36,000	36,000	43,892	40,232	*see note (b)*	May 2017
Floating rate commercial Mortgage						
Senior Bank loan*	118,379	120,184	144,330	134,314	*see note (a)*	May 2017
Interest rate swap – non current	348	741	425	828	*see note (a)*	May 2017
JV Partner loan	116	-	141	-		
Total	**266,562**	**269,792**	**324,997**	**301,511**		
Group share @ 75%			**243,748**	**226,133**		

* These mortgages are secured over certain properties of the US LLC.

Note (a). The Senior Bank loan bears interest at a variable rate of LIBOR plus 3.95% per annum. The US LLC has an interest rate swap agreement in place at 31 December 2014 with a notional amount of $US118.4 million (2013: $US120.2 million) which fixes LIBOR at approximately 1.33% per annum. The swap is being used to hedge the expected interest cost payable on this loan. As a result, the Senior Bank loan bears interest at an all-in rate of approximately 5.28% per annum for the term of the loan. The current portion of the swap shown above represents the present value of interest amounts payable within the next 12 months under the swap agreement.

6. Investments in joint ventures (continued)

(a) Share of US LLC liabilities (continued)

<u>*Note (b).*</u> The Mezzanine loan (the "Mezz Loan") accrued interest at a fixed rate of 13% per annum during 2014. Interest only payments were made from April 2012 at a fixed rate of 6% per annum in year 1, 8% per annum in year 2 and 13% per annum through year end. Accrued and unpaid interest is due at maturity. The Mezz Loan lender has the right to receive additional interest on the Mezz Loan equal to 15% of any net residual cash flow upon the sale or refinancing of the properties that secure the Mezz Loan, after the borrower receives a 15% annual internal rate of return on the new equity that it invests in the properties. At 31 December 2014, the Share of US LLC liabilities includes approximately $1.7 million related to this additional interest obligation, with a corresponding charge of approximately $1.6 million in borrowing costs on the Statement of Comprehensive Income. The Mezz Loan was modified on 14 January 2015. Refer to Note 26 Subsequent Events for further details of the amendment.

<u>*Note (c).*</u> The December 2009 mortgage was modified on 25 March 2014. The interest rate of the mortgage was reduced from 6.125% to 4.25%. There were no additional changes to the mortgage terms and conditions.

(b) Assets pledged as security:

The Group share of carrying amounts of assets pledged as security for current and non-current secured borrowings are:

	2014 $'000 @ 75%	2013 $'000 @ 75%
Non-current assets		
Tranche II mortgage		
Investment properties	117,502	108,041
Dec 2009 mortgage		
Investment properties	79,462	74,346
Senior Bank loan / Mezz Loan		
Investment properties	181,054	170,904
Total non-current assets pledged as security	**378,018**	**353,291**

(c) Terms and conditions relating to secured borrowings

All secured borrowings were negotiated as non-recourse loans with exposure being limited to the properties pledged for each loan facility. There are no set-off arrangements involving the other assets of the Group. The above borrowings are not subject to any gearing covenants.

The investment properties pledged as security for the Senior Bank loan and the Mezz Loan are subject to a quarterly debt service coverage calculation test (the "DSCR Test"), which is applied in the aggregate to the investment properties as a group. Should the investment properties not meet the DSCR Test, the borrower would be required to post a letter of credit which, if applied to the Senior Loan balance, would cause the investment properties to be in compliance with the DSCR Test. At 31 December 2014, the investment properties were in compliance with the DSCR test.

6. Investments in joint ventures (continued)

(d) Gains on debt restructure, property conveyance and extinguishment of debt

Gains in the 2013 year

On 3 July 2013 the US LLC completed a restructuring of its US$51.5 million CMBS loan (the "CMBS Loan") which matured in October 2010 following renegotiations with lenders. Such CMBS Loan consisted of a US$31.0 million A-note (the "A-note") and a US$20.5 million B-note (the "B-note"), and was collateralised by three properties (the "JV Properties") valued at US$37.4 million at 31 December 2013.

As part of such restructuring the US LLC transferred ownership of the JV Properties (the "JV Property Conveyance") to BRE/Melville Holdings LLC ("BRE/Melville") a newly-formed joint-venture between the owner of the B-note and the US LLC. The B-note owner contributed its US$20.5 million B-note and cash to BRE/Melville in return for an approximate 92.2% ownership interest in BRE/Melville. The US LLC contributed US$500,000 to BRE/Melville in exchange for an approximate 7.8% ownership interest in BRE/Melville. As a result, BRE/Melville owns the JV Properties, which remain encumbered by the A-note. The B-note owner will act as the managing member of BRE/Melville, while the US LLC will continue to operate the JV Properties. As a result of such JV Property Conveyance, the Group recognized a gain of (75% share) $AU2.624 million (US$2.540 million) in its comparative year financials.

With regards to the A-note, the lender extended such note until October 2014 (with an additional two-year extension, subject to certain reserve funding requirements), waived all accrued and unpaid default interest and left the interest rate unchanged at 5.2%. Additionally, the lender utilized the net cash remaining in the lender controlled accounts to: (i) establish tax, insurance and working capital reserves, (ii) reimburse themselves for property costs paid out of lender's funds, (iii) pay certain closing expenses, and (iv) pay down the A-note to approximately US$27.4 million at closing. As a result of such restructuring, the Group recognized a 75% share of the gain of approximately $AU4.857 million (US$4.701 million) in its comparative year financials.

Pursuant to the terms of BRE/Melville, the US LLC has the ability to (i) participate in cash distributions from BRE/Melville on a pro-rata basis after the payment of certain reserves and other items, and (ii) share in promote fees based on various return hurdles.

Refer to Note 26 Subsequent Events for further information regarding BRE/Melville.

6. Investments in joint ventures (continued)

(e) Summarised statement of comprehensive income of US LLC

	Consolidated 2014 $'000	Consolidated 2013 $'000
Revenue & other income		
Rental income from investment properties	65,259	66,451
Other income	1,728	2,005
Equity in (loss)/earnings of real estate joint venture	(1,011)	323
Gain on debt restructure	-	6,476
Gain on property conveyance	-	3,499
Total revenue	65,976	78,754
Expenses		
Property expenses	36,575	34,580
Borrowing costs	22,536	21,827
Loss from investment property revaluations	15,269	1,429
Other expenses	3,375	3,027
Total expenses	77,755	60,863
Net (loss)/profit of US LLC before income tax	(11,779)	17,891
Income tax expense	-	-
Net (loss)/profit from continuing operations after income tax	(11,779)	17,891
Other comprehensive income – recyclable		
Gain on financial instrument hedge - (net of tax)	428	1,657
Total comprehensive (loss)/income for the year	(11,351)	19,548
Proportion of the Group's ownership:	**75%**	**75%**
Group's share of (loss)/income of US LLC for the year	(8,834)	13,418
Group's share of other comprehensive gain for the year	321	1,243
Group's share of (loss)/income for the year	**(8,513)**	**14,661**

6. Investments in joint ventures (continued)

(f) Commitments and contingencies of joint venture

(i) Capital Commitments

The US LLC had no future capital commitments existing at balance date.

(ii) Contingent liabilities

The US LLC had no contingent liabilities existing at balance date.

(iii) Impairment losses

The US LLC had impairment losses relating to doubtful debts existing at balance date which were not considered material.

(g) Current funding

At December 31, 2014, with regards to the Senior Bank loan, the US LLC has approximately US$1.5 million (31 December 2013: US$2.6 million) in a lender controlled cash account with the Senior Bank loan lender. The cash account is used to fund operating expenses, reserves and debt service on a monthly basis. Any remaining funds after providing for the aforementioned items is deposited into a leasing reserve.

7: Share of US LLC's Investment Properties

	Consolidated	
	2014	**2013**
	$'000	**$'000**
Investment properties held in equity accounted Investments at fair value	**378,018**	**353,291**

The Trust has an interest in property investments held by equity accounted investments, through the indirect holding of a 75% interest in the US LLC. The amounts set out in this note represent the 75% interest in these properties.

	2014	2013
Included in the carrying value of investment properties are the following:		
Straight – line asset*	9,544	9,196
Lease commissions	7,947	7,606
Deferred revenues**	(2,687)	(2,857)
Total	14,804	13,945

*Asset arising from recognising lease income, with fixed increases, on a straight line basis.
**Liability related to receipt of cash in advance of lease obligations.

(a) Reconciliation of carrying amounts
A reconciliation of the carrying amount of property investments at the beginning and end of the financial year is set out below:

	2014	2013
Carrying amount at the start of the year	353,291	331,880
Fair value decrement (unrealised)	(11,452)	(1,072)
Capital additions	4,590	4,778
Other investment value	(408)	944
Book value of property disposals	-	(35,419)
Foreign exchange gain	31,997	52,180
Carrying amount at the end of the year	**378,018**	**353,291**

At 31 December 2014, the investment portfolio occupancy rate was 74.8% (2013: 80.9%) with a weighted average lease expiry of 3.8 years (2013: 3.8 years). Certain of the joint venture's properties are pledged as security for the joint venture's borrowings. See note 6(b) for further details.

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

The attached table shows details of property investments held through controlled entities and joint ventures as at 31 December 2014. The amounts below represent the Consolidated Entity's 75% beneficial share of these properties at balance dates.
Amounts are in US Dollars and Australian Dollars where indicated.

Property Address	Date of Acquisition	Region	Book Value At 31 Dec 13 @75% US $'000	Book Value At 31 Dec 14 @75% US $'000	Latest Independent Appraisal(i) @75% US $'000	Date of Latest Independent Appraisal	Book Value At 31 Dec 13 @75% AUD $'000	Book Value At 31 Dec 14 @75% AUD $'000	Latest Independent Appraisal(i) @75% AUD $'000
35 Pinelawn Rd, Long Island	21 Sep 05	Long Island	11,250	12,525	11,250	31 Dec 13	12,573	15,271	13,716
150 Motor Parkway, Long Island	21 Sep 05	Long Island	20,475	19,350	19,350	31 Dec 14	22,882	23,592	23,592
660 White Plains Rd, Westchester County	21 Sep 05	Westchester	27,225	28,425	27,225	30 Jun 14	30,426	34,656	33,193
100 Executive Dr, Nth New Jersey	21 Sep 05	New Jersey	5,700	3,225	3,225	31 Dec 14	6,370	3,932	3,932
100 Grasslands Rd, Westchester County	21 Sep 05	Westchester	7,350	8,175	7,800	30 Jun 13	8,214	9,967	9,510
80 Grasslands Rd, Westchester County	21 Sep 05	Westchester	10,050	9,300	9,150	30 June 14	11,231	11,339	11,156
200 Executive Dr, Nth New Jersey	21 Sep 05	New Jersey	7,125	5,475	5,475	30 Jun 14	7,963	6,675	6,675
492 River Rd, Nth New Jersey	21 Sep 05	New Jersey	30,750	31,425	30,750	31 Dec 13	34,365	38,314	37,491
225 High Ridge Rd, Fairfield County	21 Sep 05	Connecticut	33,000	30,600	33,225	30 Jun 14	36,880	37,308	40,508
300 Motor Parkway, Long Island	21 Sep 05	Long Island	5,175	5,475	5,475	30 Jun 14	5,783	6,675	6,675
505 White Plains Rd, Westchester County	21 Sep 05	Westchester	2,025	2,025	2,025	31 Dec 13	2,263	2,469	2,469
55 Charles Lindbergh Blvd, Long Island	21 Sep 05	Long Island	28,500	29,850	28,500	31 Dec 13	31,851	36,394	34,748
200 Broadhollow Rd, Long Island	21 Sep 05	Long Island	8,175	7,950	7,950	31 Dec 14	9,136	9,693	9,693
10 Rooney Circle, Nth New Jersey	21 Sep 05	New Jersey	5,100	4,725	5,100	30 Jun 13	5,700	5,761	6,218
560 White Plains Rd, Westchester County	21 Sep 05	Westchester	11,025	10,275	11,025	31 Dec 13	12,321	12,527	13,442
555 White Plains Rd, Westchester County	21 Sep 05	Westchester	12,300	12,300	13,350	30 Jun 13	13,746	14,996	16,277
6800 Jericho Turnpike, Long Island	6 Jan 06	Long Island	20,625	20,550	20,550	31 Dec 14	23,050	25,055	25,055
6900 Jericho Turnpike, Long Island	6 Jan 06	Long Island	10,950	10,725	11,175	30 Jun 13	12,237	13,076	13,625

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

Property Address	Date of Acquisition	Region	Book Value At 31 Dec 13 @75% US $'000	Book Value At 31 Dec 14 @75% US $'000	Latest Independent Appraisal[i] @ 75% US $'000	Date of Latest Independent Appraisal		Book Value At 31 Dec 13 @75% AUD $'000	Book Value At 31 Dec 14 @75% AUD $'000	Latest Independent Appraisal[i] @75% AUD $'000
710 Bridgeport Ave, Fairfield County	6 Jan 06	Connecticut	28,500	28,200	28,125	30 Jun 13		31,851	34,382	34,290
580 White Plains Rd, Westchester County	6 Oct 06	Westchester	19,875	19,200	19,200	31 Dec 14		22,212	23,409	23,409
300 Executive Dr, Nth New Jersey	6 Oct 06	New Jersey	10,950	10,275	11,100	31 Dec 12		12,237	12,527	13,533
			316,125	310,050	311,025			353,291	378,018	379,207

(i) CB Richard Ellis, Inc. – Valuation and Advisory Services ("CBRE") performed appraisals for five of the joint venture's properties at 31 December 2014 as noted above. Internal appraisals were then performed at balance date on the remainder of the properties based on capitalisation rates advised by CBRE. In addition CBRE performed appraisals for the remainder of the joint venture's properties at the appraisal dates shown above.

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
Westchester	7.62%	8.50%
Long Island	7.67%	8.50%
New Jersey	8.55%	9.22%
Connecticut	8.49%	8.73%

7. Investment Properties (continued)

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	
	2014	**2013**
	$'000	**$'000**

8. Due to related parties

Amount owing to related party	**4,846**	**4,175**

The related party loan is repayable on demand. Interest is charged quarterly on the daily balance, based on the commercial rate at which funds are borrowed by the related party. The average interest rate charged for the 2014 year was 6.25% (2013: 6.35%)

9. Trade and other payables

Other creditors & accruals	651	559
Owing to related parties	146	185
	797	**744**

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

10. Preferred Shares

Preferred shares	**152**	**140**

To comply with US regulations relating to US REITs, on 31 January 2006 an additional 125 persons were allotted shares in the US REIT at $US1,000 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 2014 Units	Consolidated 2013 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 2014 $'000	Consolidated 2013 $'000
(b) Movement in issued equity		
Issued equity at the beginning of the year	251,377	251,377
Movements in equity during the year	-	-
Issued equity at the end of the year	**251,377**	**251,377**

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

	Consolidated 2014 $'000	Consolidated 2013 $'000
Foreign currency translation reserve	(10,756)	(23,426)
Cash flow hedge reserve	(1,228)	(1,549)
	(11,984)	**(24,975)**
Movement in foreign currency translation reserve (i)		
Balance at the beginning of the year	(23,426)	(41,598)
Gain on translation of controlled foreign entities	12,670	18,172
Balance at end of the year	**(10,756)**	**(23,426)**

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

	Consolidated 2014 $'000	Consolidated 2013 $'000
Movement in cash flow hedge reserve		
Balance at the beginning of the year	(1,549)	(2,792)
Gain on revaluation of derivatives	321	1,243
Balance at end of the year	**(1,228)**	**(1,549)**

13. Distribution Statement

	Consolidated	
	2014 $'000	2013 $'000
Total comprehensive profit for the period attributable to unitholders of RNY	1,742	30,553
Adjusted for RNY share of:		
Loss from investment property revaluations	11,452	1,072
Gain on debt restructure	-	(4,857)
Gain on property conveyance	-	(2,624)
Straight lining of rental income	331	(713)
Mortgage cost amortisation	889	765
Leasing cost amortisation	2,148	1,887
Gain on financial instrument hedge	(321)	(1,243)
Foreign currency translation gain	(12,670)	(18,172)
INCOME AVAILABLE FOR DISTRIBUTION	3,571	6,668
Other amounts retained	(3,571)	(6,668)
DISTRIBUTION PAID AND PAYABLE	**-**	**-**

14. Deferred tax asset

At 31 December 2014, the Group share of temporary differences for which no deferred tax asset is recognised on the balance sheet is $AU0.909 million (2013: $AU1.132 million).

A deferred tax asset has not been recognised in the accounts as it is not considered probable that future gains will be available against which the temporary differences can be utilised.

15. Reconciliation of net profit to net cash flows

	Consolidated 2014 $'000	Consolidated 2013 $'000
(a) Reconciliation of net (loss)/profit to net cash (outflow)/inflow from operating activities		
Net (loss)/profit for the year from continuing operations	(11,249)	11,138
(Increase)/decrease in receivables and other assets	(11)	7
Increase/(decrease) in payables and other liabilities	274	(35)
Net realised foreign exchange loss	4	19
Undistributed loss/(income) transferred to reserves of equity accounted joint ventures	10,881	(10,972)
Net cash(outflow)/inflow from operating activities	(101)	157

(b) Components of cash

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

	2014 $'000	2013 $'000
Cash and liquid assets*	75	203

16. Earnings per unit

	Consolidated 2014 Cents	Consolidated 2013 Cents
(a) Basic and diluted earnings per unit	(4,27)	4.23

Earnings per unit are calculated by dividing the net profit 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.

	2014	2013
(b) Basic earnings per unit after adjusting for fair value movements and foreign currency movements*	0.08	1.80

	2014 $'000	2013 $'000
*This calculation is based on the following adjusted net income:		
Total comprehensive income attributable to RNY unitholders	1,742	30,553
add: loss from investment property revaluations	11,452	1,072
less: gain on debt restructure	-	(4,857)
less: gain on property conveyance	-	(2,624)
less: gain on financial instrument hedge	(321)	(1,243)
less: foreign currency translation gain	(12,670)	(18,172)
Adjusted net profit used in calculation above	203	4,729

17. Commitments, Contingencies and Impairment Losses

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

18. Key Management Personnel

(i) Directors

The directors of RAML, the responsible entity of RNY are considered to be key management personnel.

Chairman - Executive
Mr Scott Rechler

Executive directors
Mr Michael Maturo
Mr Jason Barnett

Non executive directors
Mr Philip Meagher
Mr Mervyn Peacock
Mr William Robinson

(ii) Other Key Management Personnel

Individuals

Name	**Position**	**Employer**
Francis Sheehan	Fund Manager - Australia	RXR Property Management LLC
Michael McMahon	Fund Manager - New York	RXR Property Management LLC

Corporation
RAML, the Responsible Entity of RNY.

(iii) Remuneration of Key Management Personnel

Other than the fees paid by the Trust to the Responsible Entity referred to in Note 20(iii), no amounts are paid by the Trust directly to the Key Management Personnel of the Trust for services to the Trust.

The non-executive Directors of the Responsible Entity receive remuneration in their capacity as Directors of the Responsible Entity. These amounts are paid directly from the Responsible Entity, RAML. Consequently, no compensation as defined in AASB 124: *Related Parties* is paid by the Trust to its Key Management Personnel.

18. Key Management Personnel (continued)

(iv) Units in the Trust held by related parties

The interests of the Directors of RAML in units of the Trust at year end are set out below:

	Units held Opening balance	Acquired during year	Units held Closing balance
Non Executive Directors			
Phillip Meagher	60,000	-	60,000
Mervyn Peacock	70,000	-	70,000
Executive Directors			
Scott Rechler*	51,252,240	-	51,252,240
Michael Maturo*	51,252,240	-	51,252,240
Jason Barnett*	51,252,240	-	51,252,240

* These units are held by an entity which is controlled by Scott Rechler, Michael Maturo and Jason Barnett

The directors do not hold any options to buy units in RNY.

All equity transactions between Key Management Personnel and RNY have been entered into under arm's length terms and conditions.

19. Parent Entity Information

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

	Note	RNY Property Trust 2014 $'000	2013 $'000
Current assets		188	228
Non-current assets	20(i)	141,352	139,597
Total assets		141,540	139,825
Current liabilities		264	291
Total liabilities		264	291
Units on issue		251,781	251,781
Accumulated deficit		(110,505)	(112,247)
Total Unitholders' Equity		**141,276**	**139,534**
Profit from continuing operations before income tax		1,742	30,553
Income tax/withholding tax applicable		-	-
Total comprehensive profit for the period after tax		**1,742**	**30,553**

20. Related Party Disclosure

(i) Investment in Controlled Entity and 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 2014 %	Equity interest 2013 %	Investment 2014 $'000	Investment 2013 $'000
RNY Australia LPT Corp ("US REIT")	United States	100	100		
At cost				252,529	252,529
Less: impairment [a]				(111,177)	(112,932)
				141,352	139,597
Investment in joint venture held indirectly through the US REIT					
RNY Australia Operating Company LLC ("US LLC")	United States	75[b]	75[b]	148,471	138,159

(a) 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 partly reversed in the current year.

(b) The owner of the remaining 25% interest is an affiliate of RXR Realty LLC ("RXR"), a private enterprise founded by Messrs. Rechler, Maturo and Barnett (three of the directors of the Trust).

(ii) Responsible Entity

The Responsible Entity of the Trust is RAML (ACN 114 294 281), a wholly owned subsidiary of RXR Co Australia RE Holdings, Inc, a company incorporated in Delaware, USA. RXR Co Australia RE Holdings, Inc. is an affiliate of RXR.

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

20. Related Party Disclosure (continued)

(iii) Transactions with related parties

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

Related party	Interest paid (received) on related party loans AUD $'000	Purchases from related parties AUD $'000	Distributions received from related parties AUD $'000	Amounts owed by related parties AUD $'000	Amounts owed to related parties AUD $'000
For the year ended 31 December 2014					
Consolidated					
RNY Australia Management Ltd:					
- asset management fees	-	420	-	-	-
- expense reimbursements	-	114	-	-	-
RNY Australia Asset Manager LLC					
- asset management fees	-	1,169	-	-	-
Loan from the US LLC to US REIT	265	-	-	-	4,846
Loan from RAML to RNY	-	-	-	-	146
Parent					
RNY Australia Management Ltd:					
- asset management fees	-	420	-	-	-
- expense reimbursements	-	114	-	-	-
Distribution received by RNY from US REIT	-	-	895	-	-
Loan from RAML to RNY	-	-	-	-	146

20. Related Party Disclosure (continued)
(iii) Transactions with related parties (continued)

Related party	Interest paid (received) on related party loans AUD $'000	Purchases from related parties AUD $'000	Distributions received from related parties AUD $'000	Amounts owed by related parties AUD $'000	Amounts owed to related parties AUD $'000
For the year ended 31 December 2013					
Consolidated					
RNY Australia Management Ltd:					
- asset management fees	-	418	-	-	-
- expense reimbursements	-	129	-	-	-
RNY Australia Asset Manager LLC					
- asset management fees	-	1,144	-	-	-
Loan from the US LLC to US REIT	236	-	-	-	4,175
Loan from RAML to RNY	-	-	-	-	185
Parent					
RNY Australia Management Ltd:					
- asset management fees	-	418	-	-	-
- expense reimbursements	-	129	-	-	-
Distribution received by RNY from US REIT	-	-	895	-	-
Loan from RAML to RNY	-	-	-	-	185

20. Related Party Disclosure (continued)

(iii) Transactions with related parties (continued)

Terms and conditions of transactions with related parties

All transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties. Interest is charged on loans between the parties at commercial rates.

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 2014 and the comparative year, the Group has not raised any provision for doubtful debts relating to amounts owed by related parties as the payment history does not suggest otherwise. This assessment will be undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. When assessed as required the Group raises such a provision.

(iv) Responsible Entity fees and other transactions

Fees paid by the Trust to the Responsible Entity for the year amounted to $419,951 (2013: $417,579).

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.

21. Net Asset Backing per Unit

	Consolidated	
	2014	**2013**
	$	**$**
Net asset backing per unit	$0.54	$0.53

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

22. 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 and money market securities which are held for and are incidental to those property investments. Except for cash deposits and derivatives 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. The adjustments made to the segment result are detailed in Note 16(b) of these accounts. A reconciliation of adjusted net profit to the consolidated net profit shown in the statement of comprehensive income is also provided in the note.

Segment revenues are derived from a broad tenant base across the 21 operating properties owned by the US LLC. There is no single tenant providing revenues greater than 10% of the segment's total income.

23. Financial risk management objectives and policies

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

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.

23. Financial risk management objectives and policies (continued)

(a) Foreign currency risk

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 $US/$AU exchange rates.

Currently, there is minimal exposure to foreign currency risk due to the insignificant amount of cash and other financial instruments held by the Trust 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 has no significant exposure to credit risk.

(c) Fair values

The carrying values of the Group's financial assets and liabilities (excluding loans and borrowings) included in the Balance Sheet approximate their fair values. Refer to Note 2 for the methods and assumptions adopted in determining net fair values for investments.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2014, the US LLC held a Level 2 interest rate swap liability at fair value (Note 6(a)). There were no transfers between Level 1, 2 and 3 during the year.

(d) Interest rate risk and cash flow hedges

The Group has no material exposure to market risk relating to changes in interest rates. The interest rate risk relating to the mortgage debts held in the US LLC is limited by an interest rate hedge instrument.

(e) 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. Liquidity risk mainly lies in the US LLC. The maturity dates of the liabilities in the US LLC are detailed in Note 6(a).

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

25. Auditor's Remuneration

	Consolidated 2014 $	Consolidated 2013 $
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	160,000	157,400
- other services in relation to the entity and any other entity in the Consolidated Entity		
- taxation services	12,000	12,000
	172,000	169,400
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	297,500	281,200
	297,500	281,200
Amounts received or due and receivable by audit firms other than Ernst & Young for:		
- compliance services	14,000	14,000
	483,500	**464,600**

26. Subsequent Events

On 14 January 2015 the US LLC amended the US$36.0 million Mezz Loan. Such Mezz Loan was issued in April 2012 and matures in May 2017. Pursuant to the original terms of the Mezz Loan, interest accrued at a 13% rate for the entire 5-year term, but was payable at a 6% rate in the first year, 8% rate in the second year, and 13% rate for the final three years of the 5-year term. As per the amendment, (i) instead of a 13% interest pay rate, the US LLC will pay interest at an 8% rate for year three of the Mezz Loan (April 2014 – March 2015), at a 9% pay rate in year four, and a 10% pay rate in the fifth and final year, and (ii) the interest accrual rate for the final 3 years of the Mezz Loan will increase from 13% to 14% per annum. After giving effect to the amendment, the US LLC received a credit in the amount of approximately US$1.5 million related to interest payments made under the original loan terms versus those due per the amendment.

On 29 January 2015 the US LLC sold 505 White Plains Road for US$2.7 million. The Group's 75% share of the sale price of US$2.025 million equates to the property's carrying value at balance date.

With regards to the US LLC's approximate 7.8% interest in the 3 properties held by BRE/Melville, the US$27 million loan secured by such properties matured in October 2014 and the lender commenced a foreclosure proceeding on 20 January 2015. At 31 December 2014 the Group had assigned no value to its interest in BRE/Melville. Such foreclosure proceedings will have no impact on the value of the Group.

In accordance with a resolution of the directors of RNY Australia Management Limited, the Responsible Entity of RNY Property Trust, I state that:

1. In the opinion of the directors:

(a) the financial statements and notes of the Trust and of the consolidated entity are in accordance with the Corporations Act 2001; including:

(i) giving a true and fair view of the Trust and consolidated entity's financial position as at 31 December 2014 and of their 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(b).

(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 2014.

On behalf of the Board

/s/ Philip Meagher

Philip Meagher
Director

Sydney,12th March 2015

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Independent auditor's report to the members RNY Property Trust

Report on the financial report

We have audited the accompanying financial report of RNY Property Trust (the 'Trust'), which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of RNY Australia Management Limited, the Responsible Entity of the Trust 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(b), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the responsible entity a written Auditor's Independence Declaration, a copy of which follows the directors' report.

Opinion

In our opinion:

(a) the financial report of RNY Property Trust is 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 2014 and of its performance for the year ended on that date; and

ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(b).

Ernst & Young

Chris Lawton
Partner
Sydney
12 March 2015