

# Appendix 4D

## Half year report for the period ended 30 June 2015

Name of entity	RNY Property Trust
ARSN	115 585 709
Reporting period	Six month period ended 30 June 2015
Previous corresponding period	Six month period ended 30 June 2014

### Results for announcement to market

#### *Financial Performance*

	A \$'000
Revenue from ordinary activities	Down 375.5% to (4,066)
Profit/(loss) from ordinary activities after tax attributable to unitholders	Down 1,660.6% to (5,353)
Net profit/(loss) for the period attributable to unitholders	Down 1,660.6% to (5,353)

#### *Distribution*

<i>Current Period</i>	<i>Amount per unit</i>	<i>Tax Deferred</i>
Interim Distribution	Nil	N/A
<i>Previous Corresponding Period:</i>		
Interim Distribution	Nil	N/A

Record date for determining entitlement to the distribution for the period ended 30 June 2015	N/A
Date the June 2015 distribution is payable	N/A
Tax advantage component of the June 2015 distribution	N/A
The taxable component of the June 2015 distribution comprises:	
Australian sourced income	N/A
Foreign sourced income	N/A
Foreign tax credit per unit	N/A

The attached half year financial information should be read in conjunction with the annual Financial Report of RNY Property Trust for the year ended 31 December 2014.

# **RNY Property Trust**

ARSN 115 585 709

## **Financial Report**

**For the Half Year Ended 30 June 2015**

# RNY PROPERTY TRUST

## CONTENTS

	<b>Page</b>
Directors' Report	2
Auditor's Independence Declaration	5
Statement of Comprehensive Income	6
Balance Sheet	7
Cash Flow Statement	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10
Directors' Declaration	22
Independent Review Report	23

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 half year ended 30 June 2015.

### Directors

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

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

RAML is incorporated in Australia and has its principal place of business at Level 56, MLC Centre, 19 Martin Place, Sydney, NSW 2000.

### Principal activities

The Trust is a registered managed investment scheme domiciled in Australia and has its principal place of business at Level 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 30 June 2015 owned 20 office properties (31 December 2014: 21 office properties) in the New York Tri-State area. The US LLC has an approximate 7.8% interest in BRE/Melville Holdings LLC ("BRE/Melville"), a Delaware Limited Liability Company that as of 30 June 2015 owned 3 office properties (31 December 2014: 3 office properties). With regards to the US LLC's 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 30 June 2015 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.

The principal activity during the financial period was 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 principal activities during or since the end of the financial period.

### Distributions

No distributions were paid to unitholders for the half year ended 30 June 2015 and no provision for distribution has been recognised in the current period.

### Funding

At June 30 2015, with regards to one of the US LLC's non-recourse secured loans (the "Senior Bank loan"), the US LLC has approximately US\$2.4 million (31 December 2014: US\$1.5 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. Such amounts are reflected in the share of US LLC's other assets in the accompanying balance sheet.

### Results

The consolidated net profit/(loss) of the Group is presented in the Statement of Comprehensive Income. Net loss attributable to the members of the Group for the half year ended 30 June 2015 was \$5,353,391 (30 June 2014: Profit \$342,925).

The Trust executed 32 lease transactions during the period totalling 127,611 square feet (4.3% of the portfolio). The Trust's portfolio reported an occupancy rate, at period end, of 74.9%, achieved a renewal rate, during the period, of 67.0%, and reported a decrease of 14.5% in year-over-year, same property net operating income.

### Investment properties

At 30 June 2015 the US LLC obtained independent valuations on four of its investment properties and assessed the carrying value of its remaining investment properties which resulted in a decrease in investment property book values of approximately US\$3.9 million (31 December 2014: decrease of US\$8.4 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 current financial period.

### Matters subsequent to the end of the financial period

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Group, or the results of those operations, or the state of affairs of the Group, in future financial years.

### Likely developments and expected results of operations

The Group's management is presently focused 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.

Further information on likely developments in operations of the Trust and the expected result of these operations has not been included in this report because the responsible entity believes it is likely to result in unreasonable prejudice to the Trust.

### Environmental Regulation

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

### Units on issue

There were 263,413,889 units of the Trust on issue at 30 June 2015 (31 December 2014: 263,413,889 units).

### Interests of Responsible Entity

The Responsible Entity held no units in the Trust at 30 June 2015 (31 December 2014: Nil).

### **Indemnification and Insurance of Officers and Auditors**

During the six months to 30 June 2015 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. To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the current financial period.

### **Rounding of Amounts**

Amounts in the financial report and the Directors' Report have been rounded to the nearest thousand dollars per ASIC 98/100. The Trust is an entity to which the class order applies.

### **Audit Independence**

A copy of the auditor's independence declaration as required under section 307c of the Corporations Act 2001 is set out on page 5.

This Report is made in accordance with a resolution of the Board of Directors.

/s/ Philip Meagher

Philip Meagher

Director

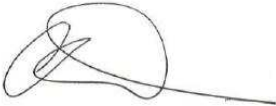
Dated this 6<sup>th</sup> day of August 2015 in Sydney

## **Auditor's Independence Declaration to the directors of RNY Australia Management Limited as Responsible Entity for RNY Property Trust**

In relation to our review of the financial report of RNY Property Trust for the half-year ended 30 June 2015, 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  
6 August 2015

**Statement of Comprehensive Income  
for the half year ended 30 June 2015**

	Consolidated	
	30 Jun 2015	30 Jun 2014
Note	\$'000	\$'000
<b>CONTINUING OPERATIONS</b>		
<b>Share of net profit of US LLC</b>		
Rental income from investment properties	27,002	24,772
Property related expenses	(15,860)	(13,626)
Net rental income	11,142	11,146
Other income	687	817
Loss in earnings of real estate joint venture	-	(748)
Loss on sale of investment property	(71)	-
Borrowing costs	(9,537)	(7,562)
Other expenses	(1,294)	(1,270)
Net income from US LLC before fair value adjustments	927	2,383
Loss from investment property revaluations	(4,994)	(908)
<b>Total share of net (loss)/income from US LLC</b>	(4,067)	1,475
Interest income	1	1
<b>Total (loss)/revenue and other income</b>	(4,066)	1,476
<b>Expenses</b>		
Administration expenses	(93)	(77)
Finance costs	(161)	(129)
Management fees	(897)	(779)
Other expenses	(136)	(148)
<b>Total expenses</b>	(1,287)	(1,133)
<b>(Loss)/profit from continuing operations before tax expense</b>	(5,353)	343
US withholding tax	-	-
<b>NET (LOSS)/PROFIT FROM CONTINUING OPERATIONS AFTER TAX</b>	(5,353)	343
<b>OTHER COMPREHENSIVE PROFIT/(LOSS) – RECYCLABLE</b>		
Foreign currency translation profit/(loss) (net of tax)	9,577	(7,125)
(Loss)/gain on financial instrument hedge (net of tax)	(239)	22
<b>Other comprehensive gain/(loss) for the period, net of tax</b>	9,338	(7,103)
<b>TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD</b>	3,985	(6,760)
Basic and diluted (loss)/profit per unit from continuing operations (cents)	(2.03)	0.13

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



**Balance Sheet  
as at 30 June 2015**

	Note	Consolidated	
		30 Jun 2015	31 Dec 2014
		\$'000	\$'000
<b>Current assets</b>			
Cash and cash equivalents		68	75
Trade and other receivables		33	19
Other current assets		13	40
<b>Total current assets</b>		<b>114</b>	<b>134</b>
<b>Non-current assets</b>			
Investments held in US LLC			
Share of US LLC's investment properties	4	397,266	378,018
Share of US LLC's liabilities	5	(275,898)	(258,745)
Share of US LLC's other assets		30,019	27,664
<b>Total investment held in US LLC</b>	<b>3</b>	<b>151,387</b>	<b>146,937</b>
<b>Total non-current assets</b>		<b>151,387</b>	<b>146,937</b>
<b>Total assets</b>		<b>151,501</b>	<b>147,071</b>
<b>Current liabilities</b>			
Related party payables		5,340	4,846
Trade and other payables		737	797
<b>Total current liabilities</b>		<b>6,077</b>	<b>5,643</b>
<b>Non-current liabilities</b>			
Preferred shares	6	163	152
<b>Total non-current liabilities</b>		<b>163</b>	<b>152</b>
<b>Total liabilities</b>		<b>6,240</b>	<b>5,795</b>
<b>Net assets</b>		<b>145,261</b>	<b>141,276</b>
<b>Unitholders' Equity</b>			
Units on Issue	7	251,377	251,377
Reserves	8	(2,646)	(11,984)
Accumulated deficit		(103,470)	(98,117)
<b>TOTAL EQUITY</b>		<b>145,261</b>	<b>141,276</b>

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

**Cash Flow Statement  
for the half year ended 30 June 2015**

	<b>Consolidated 30 Jun 2015</b>	<b>Consolidated 30 Jun 2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Income received from US LLC	1,207	955
Payments to suppliers	(1,213)	(1,068)
Interest received	1	1
	(5)	(112)
<b>Net cash outflow from operating activities</b>		
<b>Cash flows from investing activities</b>		
<b>Net cash flow from investing activities</b>	-	-
<b>Cash flows from financing activities</b>		
<b>Net cash flow from financing activities</b>	-	-
<b>Net decrease in cash and cash equivalents</b>	(5)	(112)
Cash and cash equivalents at beginning of period	75	203
Net foreign exchange differences	(2)	(17)
<b>Cash and cash equivalents at end of period</b>	68	74

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

**Statement of Changes in Equity  
for the half year ended 30 June 2015**

	Note	Units on Issue	Accumulated Deficit	Reserves	Total Equity
		\$'000	\$'000	\$'000	\$'000
<b>CONSOLIDATED</b>					
<b>At 1 January 2014</b>		251,377	(86,868)	(24,975)	139,534
Foreign currency translations taken to equity					
- recyclable		-	-	(7,125)	(7,125)
Fair value movement of derivatives					
- recyclable		-	-	22	22
Profit for the half year		-	343	-	343
<b>Total comprehensive loss for the half year, net of tax</b>		-	343	(7,103)	(6,760)
Distributions		-	-	-	-
<b>At 30 June 2014</b>		251,377	(86,525)	(32,078)	132,774

	Note	Units on Issue	Accumulated Deficit	Reserves	Total Equity
		\$'000	\$'000	\$'000	\$'000
<b>CONSOLIDATED</b>					
<b>At 1 January 2015</b>		251,377	(98,117)	(11,984)	141,276
Foreign currency translations taken to equity					
- recyclable		-	-	9,577	9,577
Fair value movement of derivatives					
- recyclable		-	-	(239)	(239)
Loss for the half year		-	(5,353)	-	(5,353)
<b>Total comprehensive income for the half year, net of tax</b>		-	(5,353)	9,338	3,985
Distributions		-	-	-	-
<b>At 30 June 2015</b>		251,377	(103,470)	(2,646)	145,261

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

## **1. Corporate Information**

The financial report of RNY Property Trust (“RNY” or the “Trust”) for the half year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 6<sup>th</sup> August 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 2000.

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

The nature of the operations and principal activities of the Trust are described in Note 13.

## **2. Basis of Preparation of the Half Year Financial Report**

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

The half year financial report should be read in conjunction with the annual Financial Report of RNY for the year ended 31 December 2014.

It is also recommended that the half year financial report be considered together with any public announcements made by RNY, its controlled entities and its associates during the half year ended 30 June 2015 in accordance with the continuous disclosure obligations arising under the Australian Stock Exchange Listing Rules.

### **(a) Basis of Accounting**

This general purpose condensed financial report for the half year ended 30 June 2015 has been prepared in accordance with the Trust Constitution, AASB 134 “Interim Financial Reporting” and other mandatory financial reporting requirements.

The half year financial report has been prepared on a historical cost basis except for joint ventures which adopt the equity method of accounting. Derivative financial instruments and investment properties within the joint venture are held at fair value.

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

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars per ASIC 98/100.

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

### **(b) Basis of Consolidation**

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” as at 30 June 2015.

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

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

Apart from the changes in accounting standards noted below, the accounting policies and methods of computation are the same as those adopted in the most recent financial report.

### **(c) Statement of Compliance**

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

From 1 January 2015 there were no new Standards and Interpretations, mandatory for annual periods beginning on or after 1 January 2015 requiring adoption by the Trust.

There were also no amending standards requiring adoption and the Trust has not elected to early adopt any new standards or amendments.

### **(d) Foreign currencies**

The functional currency of the US REIT and US LLC is United States dollars.

As at the reporting date the US currency amounts are translated into Australian dollars as follows:

- the assets and liabilities of these entities are translated at the rate of exchange ruling at the balance sheet date of A\$1.00 = US\$0.77 (31 December 2014: A\$1.00 = US\$0.82) and
- the Statement of Comprehensive Income of these entities are translated at the average rate for the period of A\$1.00 = US\$0.78 (30 June 2014: A\$1.00 = US\$0.91)

The exchange differences arising on the retranslation are taken directly to foreign currency translation reserve.

**Notes to the Financial Statements  
for the half year ended 30 June 2015**

**3. Investments in joint ventures**

	Consolidated	
	30 Jun 2015	31 Dec 2014
	\$'000	\$'000
Investment in joint venture	151,387	146,937

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 30 June 2015 owned 20 office properties (31 Dec 2014: 21 office properties) in the New York Tri-State area. 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).

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.

Additionally, US LLC has an approximate 7.8% interest in BRE/Melville Holdings LLC ("BRE/Melville"), a Delaware Limited Liability Company that as of 30 June 2015 owned 3 office properties (31 Dec 2014: 3 office properties).

With regards to the US LLC's 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 30 June 2015 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.

**Notes to the Financial Statements  
for the half year ended 30 June 2015**

**4. Share of US LLC's Investment Properties**

**(a) Summary**

	<b>Consolidated 30 Jun 2015 A\$'000</b>	<b>Consolidated 31 Dec 2014 A\$'000</b>
Investment properties held in equity accounted investments at fair value	<u>397,266</u>	<u>378,018</u>

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.

Included in the carrying value of investment properties are the following:

Straight – line asset*	10,073	9,544
Lease commissions	7,479	7,947
Deferred revenues**	(2,198)	(2,687)
Total other investment value	<u>15,354</u>	<u>14,804</u>

\*Asset arising from recognising lease income 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 period is set out below:

Carrying amount at the start of the period	378,018	353,291
Fair value decrement (unrealised)	(4,994)	(11,452)
Capital additions	1,577	4,590
Other investment value	(391)	(408)
Book value of property disposals	(2,469)	-
Foreign exchange gain	25,525	31,997
Carrying amount at the end of the period	<u>397,266</u>	<u>378,018</u>

At 30 June 2015, the investment portfolio occupancy rate was 74.9% (31 December 2014: 74.8%) with a weighted average lease expiry of 3.46 years (31 December 2014: 3.8 years).

**Notes to the Financial Statements  
for the half year ended 30 June 2015**

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

**(b) Table of properties**

The attached table shows details of property investments held through controlled entities as at 30 June 2015. 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	Book Value	Latest	Date of Latest Independent Appraisal	Book Value	Book Value	Latest
			At 31 Dec 14	At 30 Jun 15	Independent Appraisal <sup>(i)</sup>		At 31 Dec 14	At 30 Jun 15	Independent Appraisal <sup>(i)</sup>
			@75% US \$'000	@75% US \$'000	@75% US \$'000		@75% AUD \$'000	@75% AUD \$'000	@75% AUD \$'000
35 Pinelawn Rd, Long Island	21 Sep 05	Long Island	12,525	12,675	11,250	31 Dec 13	15,271	16,504	14,648
150 Motor Parkway, Long Island	21 Sep 05	Long Island	19,350	19,350	19,350	31 Dec 14	23,592	25,195	25,195
660 White Plains Rd, Westchester County	21 Sep 05	Westchester	28,425	28,725	27,225	30 Jun 14	34,656	37,402	35,449
100 Executive Dr, Nth New Jersey	21 Sep 05	New Jersey	3,225	3,225	3,225	31 Dec 14	3,932	4,199	4,199
100 Grasslands Rd, Westchester County	21 Sep 05	Westchester	8,175	8,250	7,800	30 Jun 13	9,967	10,742	10,156
80 Grasslands Rd, Westchester County	21 Sep 05	Westchester	9,300	9,375	9,150	30 Jun 14	11,339	12,207	11,914
200 Executive Dr, Nth New Jersey	21 Sep 05	New Jersey	5,475	5,400	5,475	30 Jun 14	6,675	7,031	7,129
492 River Rd, Nth New Jersey	21 Sep 05	New Jersey	31,425	32,025	30,750	31 Dec 13	38,314	41,699	40,039
225 High Ridge Rd, Fairfield County	21 Sep 05	Connecticut	30,600	30,225	33,225	30 Jun 14	37,308	39,356	43,262
300 Motor Parkway, Long Island	21 Sep 05	Long Island	5,475	5,550	5,475	30 Jun 14	6,675	7,227	7,129
505 White Plains Rd, Westchester County <sup>(ii)</sup>	21 Sep 05	Westchester	2,025	-	-	31 Dec 13	2,469	-	-
55 Charles Lindbergh Blvd, Long Island	21 Sep 05	Long Island	29,850	29,925	28,500	31 Dec 13	36,394	38,965	37,109
200 Broadhollow Rd, Long Island	21 Sep 05	Long Island	7,950	7,950	7,950	31 Dec 14	9,693	10,352	10,352
10 Rooney Circle, Nth New Jersey	21 Sep 05	New Jersey	4,725	4,500	5,100	30 Jun 13	5,761	5,859	6,641
560 White Plains Rd, Westchester County	21 Sep 05	Westchester	10,275	10,425	11,025	31 Dec 13	12,527	13,574	14,355
555 White Plains Rd, Westchester County	21 Sep 05	Westchester	12,300	8,475	8,475	30 Jun 15	14,996	11,035	11,035
6800 Jericho Turnpike, Long Island	6 Jan 06	Long Island	20,550	20,700	20,550	31 Dec 14	25,055	26,953	26,758
6900 Jericho Turnpike, Long Island	6 Jan 06	Long Island	10,725	10,800	10,800	30 Jun 15	13,076	14,063	14,063



**Notes to the Financial Statements  
for the half year ended 30 June 2015**

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

**(b) Table of properties (continued)**

Property Address	Date of Acquisition	Region	Book Value	Book Value	Latest	Date of	Book Value	Book Value	Latest
			At 31 Dec 14	At 30 Jun 15	Independent	Latest	At 31 Dec 14	At 30 Jun 15	Independent
			@75%	@75%	Appraisal <sup>(i)</sup>	Independent	@75%	@75%	Appraisal <sup>(i)</sup>
			US \$'000	US \$'000	US \$'000	Appraisal	AUD \$'000	AUD \$'000	AUD \$'000
710 Bridgeport Ave, Fairfield County	6 Jan 06	Connecticut	28,200	28,500	28,500	30 Jun 15	34,382	37,110	37,110
580 White Plains Rd, Westchester County	6 Oct 06	Westchester	19,200	18,975	19,200	31 Dec 14	23,409	24,707	25,000
300 Executive Dr, Nth New Jersey	6 Oct 06	New Jersey	10,275	10,050	10,050	30 Jun 15	12,527	13,086	13,086
			310,050	305,100	303,075		378,018	397,266	394,629

- (i) CB Richard Ellis, Inc. – Valuation and Advisory Services (“CBRE”) performed appraisals for four of the joint venture’s properties at 30 June 2015 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.
- (ii) 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 equated to the property’s carrying value at 31 December 2014.

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

Region	Market Capitalisation Rate		Discount Rate	
	31 Dec 14	30 Jun 15	31 Dec 14	30 Jun 15
Westchester	7.62%	7.61%	8.50%	8.60%
Long Island	7.67%	7.67%	8.50%	8.22%
New Jersey	8.55%	8.54%	9.22%	9.20%
Connecticut	8.49%	8.49%	8.73%	8.74%

**5. Share of US LLC's liabilities**

(i) Current liabilities comprise:

Facility	US \$'000 @ 100% 30 Jun 15	US \$'000 @ 100% 31 Dec 14	AUD \$'000 @ 100% 30 Jun 15	AUD \$'000 @ 100% 31 Dec 14	Int Rate	Maturity Date
Trade & other creditors	17,100	15,406	22,265	18,783	n/a	Current
Interest rate swap - current	1,215	995	1,582	1,213	<i>see note (a)</i>	Current
Tranche II mortgage*	72,000	-	93,750	-	5.32%	Jan 2016
<b>Total</b>	<b>90,315</b>	<b>16,401</b>	<b>117,597</b>	<b>19,996</b>		
Group share @ 75%			<b>88,198</b>	<b>14,997</b>		

(ii) Non-current liabilities comprise:

Facility	US \$'000 @ 100% 30 Jun 15	US \$'000 @ 100% 31 Dec 14	AUD \$'000 @ 100% 30 Jun 15	AUD \$'000 @ 100% 31 Dec 14	Int Rate	Maturity Date
<i>Fixed rate commercial mortgages</i>						
Tranche II mortgage*	-	72,000	-	87,784	5.32%	Jan 2016
Dec 2009 mortgage*	38,346	39,719	49,929	48,425	4.25% (c)	Jan 2017
Mezzanine loan*	36,000	36,000	46,875	43,892	<i>see note (b)</i>	May 2017
<i>Floating rate commercial Mortgage</i>						
Senior Bank loan*	117,441	118,379	152,918	144,330	<i>see note (a)</i>	May 2017
Interest rate swap – non current	287	348	374	425	<i>see note (a)</i>	May 2017
JV Partner loan	131	116	171	141		
<b>Total</b>	<b>192,205</b>	<b>266,562</b>	<b>250,267</b>	<b>324,997</b>		
Group share @ 75%			<b>187,700</b>	<b>243,748</b>		
Share of LLC's Liabilities			<b>275,898</b>	<b>258,745</b>		

\* 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 30 June 2015 with a notional amount of \$US117.4 million (31 Dec 2014: \$US118.4 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.

**5. Share of US LLC's liabilities (continued)**

*Note (b).* 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.

*Note (c).* 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.

*Current funding:*

At June 30, 2015, with regards to the Senior Bank loan, the US LLC has approximately US\$2.4 million (31 December 2014: US\$1.5 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.

**6. Preferred shares**

	<b>Consolidated 30 Jun 2015 A\$'000</b>	<b>Consolidated 31 Dec 2014 A\$'000</b>
Preferred shares	<u><b>163</b></u>	<u><b>152</b></u>

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

**Notes to the Financial Statements  
for the half year ended 30 June 2015**

**7. Units on Issue**

<b>Ordinary Units</b>	<b>Consolidated 30 Jun 2015 Units</b>	<b>Consolidated 31 Dec 2014 Units</b>
(a) Movements in Ordinary units on issue		
Units on issue at beginning of the period – fully paid	263,413,889	263,413,889
Units on issue at the end of the period – fully paid	<u>263,413,889</u>	<u>263,413,889</u>
	<b>Consolidated 30 Jun 2015 A\$'000</b>	<b>Consolidated 31 Dec 2014 A\$'000</b>
(b) Movement in issued equity		
Issued equity at the beginning of the period	251,377	251,377
Issued equity at the end of the period	<u>251,377</u>	<u>251,377</u>

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

**8. Reserves**

	<b>Consolidated 30 Jun 2015 \$'000</b>	<b>Consolidated 31 Dec 2014 \$'000</b>
Foreign currency translation reserve	(1,179)	(10,756)
Cash flow hedge reserve	(1,467)	(1,228)
	<u>(2,646)</u>	<u>(11,984)</u>
<i>Movement in foreign currency translation reserve (i)</i>		
Balance at the beginning of the period	(10,756)	(23,426)
Profit on translation of controlled foreign entities	9,577	12,670
Balance at end of the period	<u>(1,179)</u>	<u>(10,756)</u>

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

*Movement in cash flow hedge reserve*

Balance at the beginning of the period	(1,228)	(1,549)
(Loss)/gain on revaluation of derivative	(239)	321
Balance at end of the period	<u>(1,467)</u>	<u>(1,228)</u>

**Notes to the Financial Statements  
for the half year ended 30 June 2015**

**9. Earnings per unit**

	<b>Consolidated 30 Jun 2015 Cents</b>	<b>Consolidated 30 Jun 2014 Cents</b>
Basic and diluted (loss)/earnings per unit	(2.03)	0.13

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

Adjusted basic earnings per unit*	(0.14)	0.47
-----------------------------------	--------	------

\*This calculation is based on the following adjusted net profit:

	\$'000	\$'000
Total comprehensive profit/(loss) attributable to RNY unitholders	3,985	(6,760)
add: loss from investment property revaluations	4,994	908
add/(less): loss/(gain) on financial instrument hedge	239	(22)
(less)/add: foreign currency translation (gain)/loss	(9,577)	7,125
Adjusted net (loss)/profit used in calculation above	(359)	1,251

**10. Commitments and Contingencies**

The US LLC and the Group had no material commitments or contingencies existing at balance date.

**Notes to the Financial Statements  
for the half year ended 30 June 2015**

**11. Distribution Statement**

	<b>Consolidated</b>	
	<b>30 Jun 2015</b>	<b>30 Jun 2014</b>
	<b>A\$'000</b>	<b>A\$'000</b>
Total comprehensive profit/(loss) for the period attributable to unitholders of RNY	3,985	(6,760)
Adjusted for RNY share of:		
Loss from investment property revaluations	4,994	908
Straight lining of rental income	29	209
Mortgage cost amortisation	525	428
Leasing cost amortisation	1,318	1,147
Loss/(gain) on financial instrument hedge	239	(22)
Foreign currency translation (gain)/loss	(9,577)	7,125
	<hr/>	<hr/>
<b>INCOME AVAILABLE FOR DISTRIBUTION</b>	1,513	3,035
Amounts retained	(1,513)	(3,035)
	<hr/>	<hr/>
<b>DISTRIBUTION PAYABLE</b>	-	-
	<hr/>	<hr/>
Distribution per unit (cents)	-	-
	<hr/>	<hr/>

No distribution was paid to unitholders for the half year ended 30 June 2015 and no provision for distribution has been recognised in the current period.

**12. Net Asset Backing per Unit**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>30 Jun 2015</b>	<b>31 Dec 2014</b>
	<b>A\$</b>	<b>A\$</b>
Net asset backing per unit	\$0.55	\$0.54
	<hr/>	<hr/>

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

### **13. 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 9 of these accounts. A reconciliation of adjusted net profit to the comprehensive (loss)/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 20 operating properties owned by the US LLC. There is no single tenant providing revenues greater than 10% of the segment's total income.

### **14. Subsequent Events**

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Group, or the results of those operations, or the state of affairs of the Group, in future financial years.

## Directors Declaration

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

In the opinion of the directors:

- (a) the interim financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and the performance for the half year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

On behalf of the Board  
RNY Australia Management Ltd  
ABN 65 114 294 281

/s/ Philip Meagher  
Philip Meagher  
Director

Sydney, 6<sup>th</sup> August 2015



## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of RNY Property Trust, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, and the directors' declaration of RNY Australia Management Limited, the Responsible Entity of the consolidated entity comprising the Trust and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the 30 June 2015 Financial Report

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

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of RNY Property Trust and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is attached to the Directors' Report.

### Conclusion

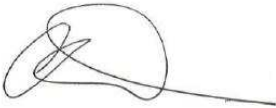
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of RNY Property Trust is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Chris Lawton  
Partner  
Sydney  
6 August 2015