Appendix 4E

Preliminary final report
for the year ended 31 December 2015

Name of entity	RNY Property Trust
ARSN	115 585 709
Reporting period	Twelve month period ended 31 December 2015
Previous corresponding period	Twelve month period ended 31 December 2014

Results for announcement to market

Financial Performance

	A $'000
Revenue/(loss) from ordinary activities	Down 618.4% to (63,460)
Profit/(loss) from ordinary activities after tax attributable to unitholders	Down 488.6% to (66,207)
Net profit/(loss) for the period attributable to unitholders	Down 488.6% to (66,207)

Distributions

Current Period	***Amount per unit***	***Tax Deferred***
Final Distribution	Nil	N/A
Interim Distribution	Nil	N/A
Total	**Nil**	**N/A**
Previous Corresponding Period:		
Final Distribution	Nil	N/A
Interim Distributions	Nil	N/A
Total	**Nil**	**N/A**

Record date for determining entitlement to the distribution for the period ended 31 December 2015	N/A
Date the December 2015 distribution is payable	N/A
Tax advantage component of the December 2015 distribution	N/A
The taxable component of the December 2015 distribution comprises: Australian sourced income Foreign sourced income	 Nil% Nil%
Foreign tax credit per unit	Nil

Disclosures in this report

This preliminary final report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, it is recommended that this report be read in conjunction with the Annual Report of RNY Property Trust for the year ended 31 December 2014 together with any public announcements made by the Trust during the year ended 31 December 2015 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

RNY Property Trust

ARSN 115 585 709

Financial Report
For the Year Ended 31 December 2015

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 2015.

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
21 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 2015 owned 20 office properties (2014: 21 office properties) in the New York Tri-State area. 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 2015 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, 2015, with regards to one of the US LLC's non-recourse secured loans (the "Senior Bank loan"), the US LLC had 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. Such amounts are reflected in share of US LLC's other assets in the accompanying balance sheet.

Review of Operations

Results
The consolidated 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 2015 was $66,207,010 (2014: Loss $11,249,138).

Significant changes in the state of affairs
At 31 December 2015 the Group's management revalued the entire property portfolio. Cushman and Wakefield was engaged to perform appraisals of ten properties and to provide cap rate data for the remaining properties in the portfolio. Management then completed these valuations utilizing these appraisals and cap rate data. Such revaluations resulted in a 13.9% decrease in the portfolio's value from 30 June 2015.

Matters subsequent to the end of the financial year
On 8 January 2016 the US LLC completed a pay-off and refinancing of the US$72 million Citibank CMBS loan (the "CMBS Loan") which matured on such date. The new financing consists of a 3-year, US$97 million loan (the "ACORE Loan") provided by ACORE Capital, which encumbers and cross-collateralizes the same seven properties which served as collateral for the CMBS Loan, in addition to an eighth property, 580 White Plains Rd., which was previously encumbered as part of the US LLC's US$38.3 million of mortgage loans with Investor's Bank.

The ACORE Loan consists of an initial loan amount of approximately US$81.7 million, with a facility of approximately US$15.3 million available to fund capital expenditures, tenant incentives and leasing commissions.

The ACORE Loan, which matures in January 2019, contains two 1-year extension options, bears interest at a variable rate of LIBOR plus weighted average rate of 4.7% per annum, with a minimum LIBOR rate of 25 basis points, and requires monthly payments of interest only during the initial 3-year term. At closing the US LLC entered into an interest rate cap agreement to protect itself from potentially rising interest rates, which caps LIBOR at 2.5% per annum over the first two years of the term. Prior to the third year of the loan term, US LLC is obligated to enter into an extension of the interest rate cap agreement. As a result, the ACORE Loan bears interest at a minimum weighted average rate of 4.95% and a maximum weighted average rate of 7.2% per annum over the loan term. In addition, the ACORE Loan is subject to customary financial covenants and the US LLC may prepay amounts outstanding subject to yield maintenance during the first 18 months of the initial term.

Likely developments and expected results of operations

The Group's management has been focussed on cash management and on attempting to build and maintain occupancy, which has proven difficult due to what the Group's management perceives as structural shifts in the Trust's suburban markets. The Group will continue seeking to conserve cash by limiting base building capital expenditures to essential projects, holding back on distributions to unitholders, and seeking to strategically and selectively use cash in support of leasing efforts that will have a positive impact on efforts to market the properties for sale. The Group's management plans to take a more proactive approach to marketing properties throughout 2016 in advance of 2017 debt maturities.

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.

Units on issue

The Trust had 263,413,889 fully paid units on issue at 31 December 2015 (31 December 2014: 263,413,889 fully paid units).

Trust Assets

At 31 December 2015, the Trust's total assets held amounted to $99.153 million (2014: $147.071 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 $392,629 (2014: $419,951) were paid to the Responsible Entity for the year. The Responsible Entity was also reimbursed for expenses amounting to $114,863 (2014: $113,978) for the year ended 31 December 2015.

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 2015 and 2014, 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 Company has agreed to indemnify its auditors, Ernst & Young Australia, 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 financial year.

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 25th day of February 2016 in Sydney

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

As lead auditor for the audit of RNY Property Trust for the financial year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

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

Ernst & Young

Chris Lawton
Partner
25 February 2016

Statement of Comprehensive Income
year ended 31 December 2015

	Note	Consolidated 2015 $'000	2014 $'000
CONTINUING OPERATIONS			
Share of net loss of US LLC			
Rental income from investment properties		55,500	48,944
Property related expenses		(33,208)	(27,431)
Net rental income		22,292	21,513
Other income		1,423	1,296
Loss from real estate joint venture		-	(758)
Borrowing costs		(18,784)	(16,902)
Loss on sale of investment property		(73)	-
Other expenses		(3,046)	(2,531)
Net income from US LLC before fair value adjustments		1,812	2,618
Loss from investment property revaluations		(65,274)	(11,452)
Total share of net loss from US LLC		(63,462)	(8,834)
Interest income		2	1
Total loss and other income		(63,460)	(8,833)
Expenses			
Administration expenses		(289)	(282)
Finance costs		(343)	(265)
Management fees		(1,842)	(1,590)
Other expenses	3	(273)	(279)
Total expenses		(2,747)	(2,416)
Loss from continuing operations before tax expense		(66,207)	(11,249)
US withholding tax	4	-	-
NET LOSS FROM CONTINUING OPERATIONS AFTER TAX		(66,207)	(11,249)
OTHER COMPREHENSIVE INCOME – RECYCLABLE			
Foreign currency translation difference (net of tax)		16,991	12,670
Gain on financial instrument hedge (net of tax)	6(d)	258	321
Other comprehensive gain for the year, net of tax		17,249	12,991
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(48,958)	1,742
Basic and diluted loss per unit from continuing operations (cents)	16(a)	(25.13)	(4.27)

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

Balance Sheet
as at 31 December 2015

	Note	Consolidated 31 Dec 15 $'000	Consolidated 31 Dec 14 $'000
Current assets			
Cash and cash equivalents	15(b)	127	75
Trade and other receivables	5	10	19
Other current assets		31	40
Total current assets		168	134
Non-current assets			
Investments held in US LLC			
Share of US LLC's investment properties	7	359,550	378,018
Share of US LLC's liabilities		(288,358)	(258,745)
Share of US LLC's other assets		27,793	27,664
Total investment held in US LLC	6	98,985	146,937
Total non-current assets		98,985	146,937
Total assets		99,153	147,071
Current liabilities			
Related party payables	8	5,794	4,846
Trade and other payables	9	870	797
Total current liabilities		6,664	5,643
Non-current liabilities			
Preferred shares	10	171	152
Total non-current liabilities		171	152
Total liabilities		6,835	5,795
Net assets		92,318	141,276
Unitholders' Equity			
Units on Issue	11	251,377	251,377
Reserves	12	5,265	(11,984)
Accumulated deficit		(164,324)	(98,117)
TOTAL EQUITY		92,318	141,276

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

Cash Flow Statement
year ended 31 December 2015

	Note	Consolidated 2015 $'000	Consolidated 2014 $'000
Cash flows from operating activities			
Payments to suppliers		(2,389)	(2,149)
Distributions received from US LLC		2,462	2,047
Interest received		2	1
Net cash inflow/(outflow) from operating activities	15(a)	75	(101)
Cash flows from investing activities			
Net cash flow from investing activities		-	-
Cash flows from financing activities			
Net cash flow from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		75	(101)
Cash and cash equivalents at beginning of year		75	203
Net foreign exchange differences		(23)	(27)
Cash and cash equivalents at end of year	15(b)	127	75

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 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
Fair value movement of derivatives					
- recyclable	12	-	-	258	258
Foreign currency translations taken to equity					
- recyclable	12	-	-	16,991	16,991
Loss for the year		-	(66,207)	-	(66,207)
Total comprehensive loss for the year, net of tax		-	(66,207)	17,249	(48,958)
Distributions		-	-	-	-
At 31 December 2015		251,377	(164,324)	5,265	92,318

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 2015 was authorised for issue in accordance with a resolution of the directors on 25 February 2016.

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 2015. Adoption of these Amending Standards did not have any material effect on the financial position or performance of the Trust:

AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*
AASB 2014-1 *Part A Annual Improvements to IFRS 2010-2012 Cycle*
AASB 2014-2 *Part A Annual Improvements to IFRS 2011-2013 Cycle*
AASB 1053 *Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements*

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

Australian Accounting Standards ("AAS") and Interpretations that have been issued during the period 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 2015 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 2018	Refer note below**	1 Jan 2018
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 2018	Refer note below**	1 Jan 2018
IFRS 16	Leases	This standard contains requirements about lease classification and the recognition, measurement and presentation and disclosures of leases for lessees and lessors	1 Jan 2019	Refer note below**	1 Jan 2019

*Designates the beginning of the applicable annual reporting period

**At 31 December 2015 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 2015. 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 judgments, estimates and assumptions

(i) Significant accounting judgments

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

Accounting for Investment in US LLC

Under the control model established in Accounting Standard *AASB 10: Consolidated Financial Statements*, management has determined that the Group does not have 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.

Operating lease commitments

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 loss 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 loss 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 2015, a spot rate of A$1.00 = US$0.73 was used (31 December 2014: A$1.00 = US$0.82).

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.

	Consolidated 2015 $'000	Consolidated 2014 $'000

3. Other expenses

	2015 $'000	2014 $'000
Administration & marketing	41	46
Consulting fees	69	76
Insurance	163	157
	273	**279**

4. Income tax benefit

(a) Income tax benefit

	2015 $'000	2014 $'000
Deferred US withholding tax benefit	-	-

(b) Reconciliation of withholding tax expense

	2015 $'000	2014 $'000
The prima facie tax on profit before tax expense is reconciled to the tax benefit provided in the financial statements as follows:		
Net loss before tax benefit	(66,207)	(11,249)
Prima facie US withholding tax benefit at the US rate of 15% (2014: 15%)	(9,931)	(1,687)
Tax effect of amounts that are not assessable for withholding tax purposes	9,931	1,687
US withholding tax expense	-	-

Refer Note 14 for details of Deferred Tax Assets.

	Consolidated 2015 $'000	Consolidated 2014 $'000

5. Trade and other receivables

	2015 $'000	2014 $'000
Other receivables	**10**	**19**

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

6. Investments in joint ventures

	Consolidated 2015 $'000	2014 $'000
Investment in joint venture	**98,985**	**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 31 December 2015 owned 20 office properties (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, 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.

6. Investments in joint ventures (continued)

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

		Consolidated	
		2015	**2014**
	Note	**$'000**	**$'000**
Movements in carrying amounts			
Carrying amount at the beginning of the year		146,937	144,342
Distributions received		(2,462)	(2,047)
Share of loss of joint venture		(63,462)	(8,834)
Share of other comprehensive income of joint venture		258	321
Effect of changes in exchange rates		17,714	13,155
Carrying amount at the end of the year		**98,985**	**146,937**
Balance Sheet of US LLC			
Current assets			
Cash and cash equivalents [(i)]		14,003	15,260
Trade and other receivables		1,930	1,556
		15,933	16,816
Non-current assets			
Investment properties		479,400	504,024
Other non-current assets		21,125	20,069
		500,525	524,093
Total Assets		516,458	540,909
Current liabilities	6(a)(i)	124,019	19,996
Non-current liabilities	6(a)(ii)	260,459	324,997
Total Liabilities		384,478	344,993
Equity of US LLC		**131,980**	**195,916**
Proportion of the Group's ownership		**75%**	**75%**
Carrying amount of the investment		**98,985**	**146,937**

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

6. Investments in joint ventures (continued)

(a) Share of US LLC liabilities

(i) Current liabilities comprise:

Facility	US $'000 @ 100% 2015	US $'000 @ 100% 2014	AUD $'000 @ 100% 2015	AUD $'000 @ 100% 2014	Int Rate	Maturity Date
Trade & other creditors	17,742	15,406	24,285	18,783	n/a	Current
Interest rate swap - current	866	995	1,185	1,213	*see note (a)*	Current
Tranche II mortgage*	72,000	-	98,549	-	5.32%	Jan 2016
Total	**90,608**	**16,401**	**124,019**	**19,996**		
Group share @ 75%			**93,014**	**14,997**		

(ii) Non-current liabilities comprise:

Facility	US $'000 @ 100% 2015	US $'000 @100% 2014	AUD $'000 @100% 2015	AUD $'000 @ 100% 2014	Int Rate	Maturity Date
Fixed rate commercial mortgages						
Tranche II mortgage*	-	72,000	-	87,784	5.32%	Jan 2016
Dec 2009 mortgage*	37,717	39,719	51,625	48,425	4.25% *see note (c)*	Jan 2017
Mezzanine loan	36,000	36,000	49,274	43,892	*see note (b)*	May 2017
Floating rate commercial Mortgage						
Senior Bank loan*	116,495	118,379	159,451	144,330	*see note (a)*	May 2017
Interest rate swap – non current	79	348	109	425	*see note (a)*	May 2017
JV Partner loan	-	116	-	141		
Total	**190,291**	**266,562**	**260,459**	**324,997**		
Group share @ 75%			**195,344**	**243,748**		

* 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 2015 with a notional amount of $US116.5 million (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.

6. Investments in joint ventures (continued)

(a) Share of US LLC 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. 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 2015, the Share of US LLC liabilities includes approximately $1.5 million (2014: $1.7 million) related to this additional interest obligation, with a corresponding credit of approximately $449,000 (2014: $1.6 million charge) in borrowing costs on the Statement of Comprehensive Income.

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.

(b) Assets pledged as security:

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

	2015 $'000 @ 75%	**2014 $'000 @ 75%**
Non-current assets		
Tranche II mortgage		
Investment properties	93,777	117,502
Dec 2009 mortgage		
Investment properties	73,706	79,462
Senior Bank loan / Mezz Loan		
Investment properties	192,067	181,054
Total non-current assets pledged as security	**359,550**	**378,018**

6. Investments in joint ventures (continued)

(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. With respect to the Mezz Loan, the DSCR is required to be greater than 1.10:1.00 for any calendar quarter measured on a trailing twelve month basis. As at 31 December 2015 the Mezz Loan DSCR of the investment properties was 1.08:1.00, which although below the required 1.10:1.00, is not a default but is defined in the Mezz Loan agreement as a 'Low DSCR Trigger Event'. Pursuant to the Mezz Loan agreement, upon the occurence of either: i) three periods of a Low DSCR Trigger Event, or ii) a DSCR below 1.05:1.00, 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.

Should the borrower not post the required letter of credit, the borrower would be in default under the Mezz Loan, which could result in the Mezz Loan lender initiating a foreclosure proceeding against the investment properties. The fair value of the assets pledged against the Mezz Loan and Senior Bank Loan is approximately US$187.1 million compared to the total outstanding loan balance including accrued interest of approximately US$163.8 million within the US LLC at 31 December 2015. The Group's management has initiated discussions with the Mezz Loan lender regarding this matter but no agreement has been reached on the consequence of any potential breach in subsequent quarters. If such discussions do not result in a favourable outcome there is a material risk that the US LLC will not be able to realize the carrying value of such investment properties encumbered by the Mezz Loan. This uncertainty may have a material impact on the carrying value of the Group's investment in the US LLC which is largely determined by the carrying value of the investment properties.

6. Investments in joint ventures (continued)

(d) Summarised statement of comprehensive income of US LLC

	Consolidated	
	2015	**2014**
	$'000	**$'000**
Revenue & other income		
Rental income from investment properties	74,000	65,259
Other income	1,897	1,728
Loss from real estate joint venture	-	(1,011)
Total revenue	75,897	65,976
Expenses		
Property expenses	(44,277)	(36,575)
Borrowing costs	(25,045)	(22,536)
Loss from investment property revaluations	(87,032)	(15,269)
Loss on sale of investment property	(97)	-
Other expenses	(4,062)	(3,375)
Total expenses	(160,513)	(77,755)
Net loss of US LLC before income tax	(84,616)	(11,779)
Income tax expense	-	-
Net loss from continuing operations after income tax	(84,616)	(11,779)
Other comprehensive income – recyclable		
Gain on financial instrument hedge - (net of tax)	344	428
Total comprehensive loss for the year	(84,272)	(11,351)
Proportion of the Group's ownership:	**75%**	**75%**
Group's share of loss of US LLC for the year	(63,462)	(8,834)
Group's share of other comprehensive gain for the year	258	321
Group's share of loss for the year	**(63,204)**	**(8,513)**

(e) 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.

(f) Current funding

At December 31, 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 is deposited into a leasing reserve.

7. Share of US LLC's Investment Properties

	Consolidated	
	2015	**2014**
	$'000	**$'000**
Investment properties held in equity accounted Investments at fair value	**359,550**	**378,018**

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*	10,556	9,544
Lease commissions	7,663	7,947
Deferred revenues**	(2,578)	(2,687)
Total	15,641	14,804

*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:

Carrying amount at the start of the year	378,018	353,291
Fair value decrement (unrealised)	(65,274)	(11,452)
Capital additions	4,384	4,590
Other investment value	(910)	(408)
Book value of property disposals	(2,469)	-
Foreign exchange gain	45,801	31,997
Carrying amount at the end of the year	**359,550**	**378,018**

At 31 December 2015, the investment portfolio occupancy rate was 74.6% (2014: 74.8%) with a weighted average lease expiry of 3.4 years (2014: 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 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 At 31 Dec 14 @75% US $'000	Book Value At 31 Dec 15 @75% US $'000	Latest Independent Appraisal(i) @75% US $'000	Date of Latest Independent Appraisal	Book Value At 31 Dec 14 @75% AUD $'000	Book Value At 31 Dec 15 @75% AUD $'000	Latest Independent Appraisal(i) @75% AUD $'000
35 Pinelawn Rd, Long Island	21 Sep 05	Long Island	12,525	10,575	10,575	31 Dec 15	15,271	14,474	14,474
150 Motor Parkway, Long Island	21 Sep 05	Long Island	19,350	16,575	19,350	31 Dec 14	23,592	22,687	26,485
660 White Plains Rd, Westchester County	21 Sep 05	Westchester	28,425	28,875	28,875	31 Dec 15	34,656	39,522	39,522
100 Executive Dr, Nth New Jersey	21 Sep 05	New Jersey	3,225	3,075	3,225	31 Dec 14	3,932	4,209	4,414
100 Grasslands Rd, Westchester County	21 Sep 05	Westchester	8,175	8,175	8,175	31 Dec 15	9,967	11,189	11,189
80 Grasslands Rd, Westchester County	21 Sep 05	Westchester	9,300	8,925	9,150	30 Jun 14	11,339	12,216	12,524
200 Executive Dr, Nth New Jersey	21 Sep 05	New Jersey	5,475	4,500	5,475	30 Jun 14	6,675	6,159	7,494
492 River Rd, Nth New Jersey	21 Sep 05	New Jersey	31,425	30,225	30,225	31 Dec 15	38,314	41,370	41,370
225 High Ridge Rd, Fairfield County	21 Sep 05	Connecticut	30,600	29,400	29,400	31 Dec 15	37,308	40,241	40,241
300 Motor Parkway, Long Island	21 Sep 05	Long Island	5,475	3,600	3,600	31 Dec 15	6,675	4,927	4,927
505 White Plains Rd, Westchester County (ii)	21 Sep 05	Westchester	2,025	-	-	-	2,469	-	-
55 Charles Lindbergh Blvd, Long Island	21 Sep 05	Long Island	29,850	18,600	18,600	31 Dec 15	36,394	25,459	25,459
200 Broadhollow Rd, Long Island	21 Sep 05	Long Island	7,950	7,200	7,950	31 Dec 14	9,693	9,855	10,881
10 Rooney Circle, Nth New Jersey	21 Sep 05	New Jersey	4,725	2,400	2,400	31 Dec 15	5,761	3,285	3,285
560 White Plains Rd, Westchester County	21 Sep 05	Westchester	10,275	7,875	7,875	31 Dec 15	12,527	10,779	10,779
555 White Plains Rd, Westchester County	21 Sep 05	Westchester	12,300	7,500	8,475	30 Jun 15	14,996	10,266	11,600
6800 Jericho Turnpike, Long Island	6 Jan 06	Long Island	20,550	16,950	16,950	31 Dec 15	25,055	23,200	23,200
6900 Jericho Turnpike, Long Island	6 Jan 06	Long Island	10,725	7,988	10,800	30 Jun 15	13,076	10,933	14,782

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

Property Address	Date of Acquisition	Region	Book Value At 31 Dec 14 @75% US $'000	Book Value At 31 Dec 15 @75% US $'000	Latest Independent Appraisal[i] @ 75% US $'000	Date of Latest Independent Appraisal	Book Value At 31 Dec 14 @75% AUD $'000	Book Value At 31 Dec 15 @75% AUD $'000	Latest Independent Appraisal[i] @75% AUD $'000
710 Bridgeport Ave, Fairfield County	6 Jan 06	Connecticut	28,200	23,850	28,500	30 Jun 15	34,382	32,644	39,009
580 White Plains Rd, Westchester County	6 Oct 06	Westchester	19,200	17,700	19,200	31 Dec 14	23,409	24,227	26,280
300 Executive Dr, Nth New Jersey	6 Oct 06	New Jersey	10,275	8,700	10,050	30 Jun 15	12,527	11,908	13,756
			310,050	262,688	278,850		378,018	359,550	381,671

(i) Cushman and Wakefield performed appraisals for ten of the joint venture's properties at 31 December 2015 as noted above. Internal appraisals were then performed at balance date on the remainder of the properties based on capitalisation rates advised by Cushman and Wakefield. At 30 June 2015 and in prior years, all appraisals were performed by CB Richard Ellis Inc. – Valuation and Advisory Services at the earlier 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 joint venture owns properties are as follows:

Region	Market Capitalisation Rate		Discount Rate	
	30 Jun 15	31 Dec 15	30 Jun 15	31 Dec 15
Westchester	7.61%	7.80%	8.60%	8.85%
Long Island	7.67%	7.77%	8.22%	8.20%
New Jersey	8.54%	8.00%	9.20%	8.63%
Connecticut	8.49%	8.67%	8.74%	9.03%

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	
	2015	**2014**
	$'000	**$'000**
8. Due to related parties		
Amount owing to related party	**5,794**	**4,846**

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 2015 year was 6.33% (2014: 6.25%)

9. Trade and other payables

Other creditors & accruals	744	651
Owing to related parties	126	146
	870	**797**

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

10. Preferred Shares

Preferred shares	**171**	**152**

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 2015 Units	Consolidated 2014 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 2015 $'000	Consolidated 2014 $'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 2015 $'000	Consolidated 2014 $'000
Foreign currency translation reserve	6,235	(10,756)
Cash flow hedge reserve	(970)	(1,228)
	5,265	**(11,984)**
Movement in foreign currency translation reserve (i)		
Balance at the beginning of the year	(10,756)	(23,426)
Gain on translation of controlled foreign entities	16,991	12,670
Balance at end of the year	**6,235**	**(10,756)**

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

	2015 $'000	2014 $'000
Movement in cash flow hedge reserve		
Balance at the beginning of the year	(1,228)	(1,549)
Gain on revaluation of derivatives	258	321
Balance at end of the year	**(970)**	**(1,228)**

13. Distribution Statement

	Consolidated 2015 $'000	Consolidated 2014 $'000
Total comprehensive (loss)/profit for the period attributable to unitholders of RNY	(48,958)	1,742
Adjusted for RNY share of:		
Loss from investment property revaluations	65,274	11,452
Straight lining of rental income	(5)	331
Mortgage cost amortisation	1,080	889
Leasing cost amortisation	2,580	2,148
Gain on financial instrument hedge	(258)	(321)
Foreign currency translation gain	(16,991)	(12,670)
INCOME AVAILABLE FOR DISTRIBUTION	2,722	3,571
Other amounts retained	(2,722)	(3,571)
DISTRIBUTION PAID AND PAYABLE	-	-

14. Deferred tax asset

At 31 December 2015, the Group share of temporary differences for which no deferred tax asset is recognised on the balance sheet is $AU8.469 million (2014: $AU0.909 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 2015 $'000	2014 $'000
(a) Reconciliation of net loss to net cash inflow/(outflow) from operating activities		
Net loss for the year from continuing operations	(66,207)	(11,249)
Decrease/(increase) in receivables and other assets	18	(11)
Increase in payables and other liabilities	355	274
Net realised foreign exchange (gain)/loss	(14)	4
Undistributed loss transferred to reserves of equity accounted joint ventures	65,923	10,881
Net cash inflow/(outflow) from operating activities	75	(101)

(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:

	2015	2014
Cash and liquid assets	127	75

16. Earnings per unit

	Consolidated 2015 Cents	2014 Cents
(a) Basic and diluted earnings per unit	(25.13)	(4.27)

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.

	2015	2014
(b) Basic earnings per unit after adjusting for fair value movements and foreign currency movements*	(0.35)	0.08

	2015 $'000	2014 $'000
*This calculation is based on the following adjusted net income:		
Total comprehensive (loss)/income attributable to RNY unitholders	(48,958)	1,742
add: loss from investment property revaluations	65,274	11,452
less: gain on financial instrument hedge	(258)	(321)
less: foreign currency translation gain	(16,991)	(12,670)
Adjusted net (loss)/profit used in calculation above	(933)	203

17. Commitments, Contingencies and Impairment Losses

Commitments, contingent liabilities and impairment losses relating to the joint venture are detailed in Note 6(e). 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 2015 $'000	RNY Property Trust 2014 $'000
Current assets		220	188
Non-current assets	20(i)	92,359	141,352
Total assets		92,579	141,540
Current liabilities		261	264
Total liabilities		261	264
Units on issue		251,781	251,781
Accumulated deficit		(159,463)	(110,505)
Total Unitholders' Equity		**92,318**	**141,276**
(Loss)/profit from continuing operations before income tax		(48,958)	1,742
Income tax/withholding tax applicable		-	-
Total comprehensive (loss)/profit for the period after tax		**(48,958)**	**1,742**

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 2015 %**	**Equity interest 2014 %**	**Investment 2015 $'000**	**Investment 2014 $'000**
RNY Australia LPT Corp ("US REIT")	United States	100	100		
At cost				252,529	252,529
Less: impairment [(a)]				(160,170)	(111,177)
				92,359	141,352
Investment in joint venture held indirectly through the US REIT					
RNY Australia Operating Company LLC ("US LLC")	United States	75[(b)]	75[(b)]	164,144	148,471

(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 increased 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 2015					
Consolidated					
RNY Australia Management Ltd:					
- asset management fees	-	393	-	-	-
- expense reimbursements	-	115	-	-	-
RNY Australia Asset Manager LLC					
- asset management fees	-	1,449	-	-	-
Loan from the US LLC to US REIT	343	-	-	-	5,794
Loan from RAML to RNY	-	-	-	-	126
Parent					
RNY Australia Management Ltd:					
- asset management fees	-	393	-	-	-
- expense reimbursements	-	115	-	-	-
Distribution received by RNY from US REIT	-	-	901	-	-
Loan from RAML to RNY	-	-	-	-	126

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 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)

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 2015 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 $392,629 (2014: $419,951).

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	
	2015	2014
	$	$
Net asset backing per unit	$0.35	$0.54

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 2015, 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 2015 $	Consolidated 2014 $
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	163,900	160,000
- other services in relation to the entity and any other entity in the Consolidated Entity		
- taxation services	12,500	12,000
	176,400	172,000
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	338,320	297,500
	338,320	297,500
Amounts received or due and receivable by audit firms other than Ernst & Young for:		
- compliance services	14,000	14,000
	528,720	**483,500**

26. Subsequent Events

On 8 January 2016 the US LLC completed a pay-off and refinancing of the US$72 million Citibank CMBS loan (the "CMBS Loan") which matured on such date. The new financing consists of a 3-year, US$97 million loan (the "ACORE Loan") provided by ACORE Capital, which encumbers and cross-collateralizes the same seven properties which served as collateral for the CMBS Loan, in addition to an eighth property, 580 White Plains Rd., which was previously encumbered as part of the US LLC's US$38.3 million of mortgage loans with Investor's Bank.

The ACORE Loan consists of an initial loan amount of approximately US$81.7 million, with a facility of approximately US$15.3 million available to fund capital expenditures, tenant incentives and leasing commissions.

The ACORE Loan, which matures in January 2019, contains two 1-year extension options, bears interest at a variable rate of LIBOR plus weighted average rate of 4.7% per annum, with a minimum LIBOR rate of 25 basis points, and requires monthly payments of interest only during the initial 3-year term. At closing the US LLC entered into an interest rate cap agreement to protect itself from potentially rising interest rates, which caps LIBOR at 2.5% per annum over the first two years of the term. Prior to the third year of the loan term, US LLC is obligated to enter into an extension of the interest rate cap agreement. As a result, the ACORE Loan bears interest at a minimum weighted average rate of 4.95% and a maximum weighted average rate of 7.2% per annum over the loan term. In addition, the ACORE Loan is subject to customary financial covenants and the US LLC may prepay amounts outstanding subject to yield maintenance during the first 18 months of the initial term.

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 2015 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 2015.

On behalf of the Board

\s\ Philip Meagher

Philip Meagher
Director

Sydney, 25th February 2016

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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 2015, 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 2015 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).

Emphasis of Matter

Without qualification to our unmodified audit opinion, we draw attention to Note 6(c) in the financial report which describes the potential breach of the DSCR Test in subsequent quarters. These conditions indicate a material uncertainty over the realisation of a number of the underlying asset values recorded in the US LLC in the event the US LLC is unable to meet the required DSCR in future periods and foreclosure proceedings against these properties are commenced.

Ernst & Young

Chris Lawton
Partner
Sydney
25 February 2016