

RNY

ANNUAL REPORT

15

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The past year was one of positive, but below-trend economic growth for the US economy as the US economy recorded its 10th straight year with sub-3% growth. Encouraging economic indicators in the US were offset by slowing economies in Europe and Asia, world-wide stock market volatility, a slump in commodity prices, US labor-force participation rates at a 40-year low, and uncertainty regarding the US Federal Reserve Bank's future strategy. But, we continue to see signs that the US economy is strengthening – consumer confidence is up, large businesses have increased confidence due to strong balance sheets and healthy stock prices, and businesses in the US continue to add jobs at a healthy rate, including small and medium-sized firms. While these recent job gains are encouraging, such job growth, particularly office-using jobs, has not yet extended to RNY's suburban markets.

Historically, commercial real estate's recovery lags the broader economy and is driven by job growth. Although the US economy has experienced both economic and job growth, historical trends of recovery in our suburban markets are not materializing in this business cycle. RNY management believes that an unprecedented structural shift is occurring in our suburban markets, highlighted by a demographic migration away from suburban and towards urban areas.

In 2015 we managed through significant headwinds and challenges in our suburban markets related to leasing, lack of rental growth, absorption and limited liquidity. Concurrently, we have witnessed strong real estate fundamentals in Manhattan and the surrounding NYC boroughs (e.g., Queens and Brooklyn), whereby such boroughs have experienced above-trend growth in occupancy and rents. We expect these conditions to continue in 2016. During these times RNY's management remains focused on the operations of the Trust in an effort to control costs, conserve cash, retain tenants and accelerate execution to maximize unitholder value. In addition, the debt securing 12 of the Trust's properties matures in the next 14 months. RNY management believes that at this time the best way to maximize unitholder value is to begin the process of marketing and selling assets in an orderly and strategic manner over the next 12-24 months.

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

Overview

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

RXR is one of the leading real estate operators, developers and investment managers in the New York Tri-State area. RXR, and its affiliates, employs approximately 395 people and manages 88 commercial real estate properties and investments in the Long Island, New Jersey, and Westchester/Connecticut markets (the "NY Tri-State area markets") and Manhattan, comprising 23.1 million square feet with an aggregate gross asset value of approximately US\$12.2 billion. RXR's strategy is to be the local expert for office properties in the NY Tri-State area markets, and to focus on extensive local relationships, in-depth market knowledge, concentrated scale of high quality properties, active community involvement, a commitment to excellence and a long-term approach to our business.

2015 Results

From an operating perspective, 2015 was about being a focused, hands-on manager in a difficult and challenging environment in our suburban office markets. For the year, RNY executed 61 leasing transactions totaling 281,800 square feet and achieved a 75.2% renewal rate. RNY management has focused on retaining our existing tenants. A by-product of this strategy is that we have been competitive on rents. During the year, same space average rents increased 0.9%, while year over year same space net operating income decreased 13.2%. For the year-ended 31 December 2015, RNY reported adjusted net loss after tax of \$933,000 or 0.35 cents per unit (adjusted for non-cash items) and distributable earnings of \$2.72 million or 1.03 cents per unit. RNY did not make any distributions in 2015, reflecting a policy announced in 2009 to suspend distributions and reinvest in the Portfolio.

Occupancy for the Portfolio on 31 December 2015 was 74.6%, a slight decrease from 74.9%, which was the occupancy at 30 June and 31 December 2014. Demand in the suburban office market is materially driven by small to medium size businesses, who remain cautious as the US economy experiences moderate growth. Small businesses continue to struggle more than large

companies, due to less access to credit than large firms and more reliance on consumer spending. High vacancy rates and negative absorption continued throughout our suburban markets during 2015, which resulted in a difficult leasing environment.

With regards to asset values, RNY management revalued the entire Portfolio at 31 December 2015. Cushman & Wakefield was engaged to perform appraisals of ten of RNY's properties and to provide capitalisation rate data for the other properties of the Portfolio. Management utilized these appraisals and this cap rate data to complete the valuations. Such revaluations resulted in a 13.9% decrease in the value of the Portfolio for the six-month period ended 31 December 2015, and a 15.3% decrease year over year. As at 31 December 2015, the average per square foot value of the Portfolio was US\$118.

During the year, our underlying gearing ratio increased to 75.8%, from 65.8% at 30 June and 65.0% at 31 December 2014, mainly due to the decrease in the Portfolio's valuation. The resulting net tangible assets (NTA) decreased, in US dollars, year over year, from 44 to 26 cents per unit, and, in Australian dollars NTA per unit decreased to 34 cents from 54 cents, year over year.

Outlook for 2016

We remain cautious about 2016 due to the uncertainty with regard to the pace and sustainability of a US recovery and some of the constraints we face within our Portfolio and markets. While some measures of economic stability have returned to the US economy, high vacancy rates are still commonplace throughout our suburban markets, and historical trends of recovery have not materialized in these markets as both employers and employees shift their attention towards urban environments and away from the suburbs.

RNY management believes that a structural shift has taken place in our suburban office markets, highlighted by a migration away from suburban and toward urban areas as changing lifestyles and work trends make walkable, mixed-use areas, with access to public transportation more desirable. Suburban communities have been slow to react to these trends, failing to take necessary actions to attract and retain young talent and employers. The Portfolio's availability rate from 2006-09 averaged 9.5%, but from 2010-15 averaged 20.3%.

In contrast, the average availability in Queens over the past 10 years was 8.0%, even though there was a 40% increase in new office space added in Queens over that time.

In this competitive market environment, management is maintaining its focus on the Portfolio's performance – with an emphasis on tenant retention. Short-term renewals within the Portfolio have resulted in a "treadmill effect" as shorter lease terms and constant expirations have hindered our ability to increase occupancy. Our Portfolio expirations for 2016 and 2017 are challenging. In 2016, RNY has approximately 355,834 square feet set to expire (which accounts for 16.1% of the Portfolio's revenue and 12.0% of its square feet). In 2017, RNY has approximately 330,763 square feet expiring (15.0% of the Portfolio's revenue and 11.2% of its square feet). While our renewal rates in 2015 and 2014 were 75.2% and 71.8.3%, respectfully, we are uncertain that this rate can be maintained in 2016.

We are also focused on operating our Portfolio as efficiently as possible by controlling costs and limiting capital expenditures to essential projects, as management conserves cash reserves.

Presently, all of the cash produced by the Senior Loan Portfolio (encumbered by nine properties) is retained within such portfolio. Therefore, while there is capital available to lease within such portfolio, we may face capital constraints related to additional leasing costs in the remaining assets. With the significant level of tenant expirations in 2016, one of our primary challenges is sourcing the additional capital required to execute our business plan related to leasing.

With regards to other debt within the Portfolio, on 8 January 2016 the US LLC obtained financing from ACORE Capital in the initial amount of US\$81.7 million (the "ACORE loan"), to refinance a maturing CMBS loan of US\$72 million and a loan that encumbered 580 White Plains Road (previously part of the ISB debt pool). The loan commitment amount is US\$97 million, which includes a US\$15.3 million future funding facility for 65% of future capital expenditures, tenant incentives, and leasing commissions. To fund the remaining 35%, the lender will sweep cash flow from this portfolio, up to US\$8.3 million, into an escrow account. This refinancing was challenging in the current environment, as lender interest in suburban markets remains

relatively weak, and 580 White Plains Road was included as collateral to obtain better execution of this loan.

In addition, under the terms of the Portfolio's US\$36 million mezzanine loan (the "Mezz Loan") the debt service coverage ratio (the "DSCR") is required to be greater than 1.10. As at 31 December 2015 the DSCR was 1.08, which is defined as a "Low DSCR Trigger Event" in the Mezz Loan agreement. Upon the earlier of (i) three occurrences of a Low DSCR Trigger Event, or (ii) a DSCR below 1.05, the borrower is required to post a letter of credit. Not posting such letter of credit would result in a default under the Mezz Loan. RNY's management has initiated discussion with the Mezz Loan lender regarding such matters, although there is no guarantee that such discussions will result in a favourable outcome.

Based on the above-mentioned factors and trends, management believes that the best way to maximize unitholder value is to begin the process of selling the properties in an orderly and strategic manner. We will begin by marketing select assets and then package other assets together by geography and/or office park. As we approach the ISB and EH/TL debt maturities in January 2017 and May 2017, respectively, the costs of any pre-payment penalties within these debt pools will continue to decrease. Given the challenges in the sales market for suburban office properties, along with addressing debt maturities to minimize prepayment penalties, we are targeting a 12-24 month sales process, as we work with local brokers in each market to find prospective buyers for the properties.

In addition, the Board of Directors has continued to suspend unitholder distributions to strengthen our capital position and ensure that we have liquidity to retain tenants, maintain the Portfolio and to support leasing efforts.

Thank you for your continued support.



Scott Rechler
Chairman & Chief Executive Officer
RNY Australia Management Limited

PORTFOLIO OVERVIEW

LONG ISLAND

1. Hauppauge

150 Motor Parkway
300 Motor Parkway

2. Melville

35 Pinelawn Road
200 Broadhollow Road

3. Syosset, NY

6800 Jericho Turnpike
6900 Jericho Turnpike

4. Uniondale

55 Charles Lindbergh Boulevard

NORTHERN NEW JERSEY

5. West Orange

100 Executive Drive
200 Executive Drive
300 Executive Drive
10 Rooney Circle

6. Nutley

492 River Road

WESTCHESTER COUNTY

7. Elmsford

80 Grasslands Road
100 Grasslands Road

8. Tarrytown

555 White Plains Road
560 White Plains Road
580 White Plains Road
660 White Plains Road

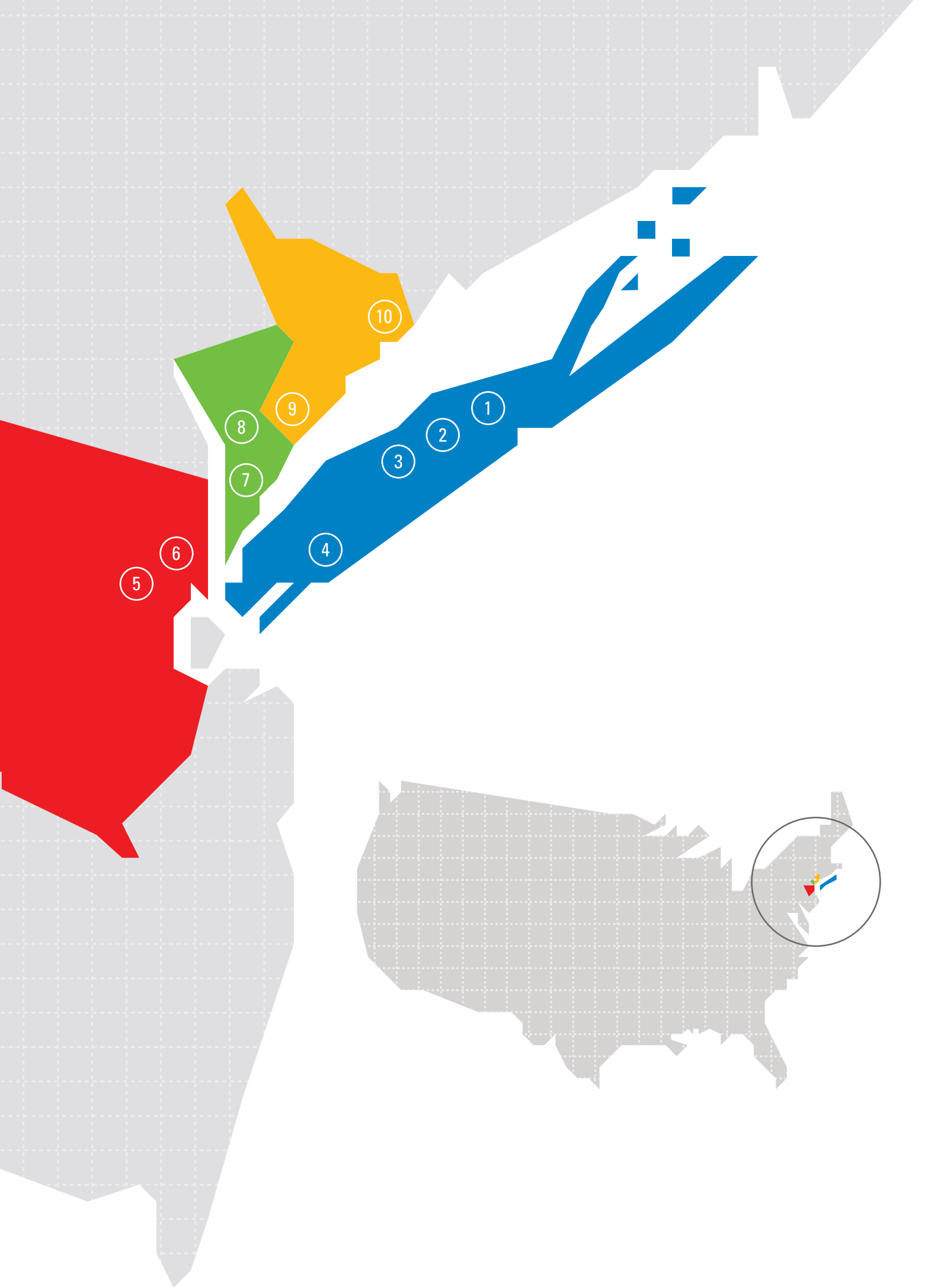
FAIRFIELD COUNTY

9. Stamford

225 High Ridge Road

10. Shelton

710 Bridgeport Avenue



PROPERTY PORTFOLIO DETAILS

ADDRESS	MARKET	PURCHASE DATE	NLA (SQ FT)
TRANCHE I PROPERTIES			
225 High Ridge Road	Fairfield County	21 Sept '05	223,940
660 White Plains Road	Westchester County	21 Sept '05	254,041
150 Motor Parkway	Long Island	21 Sept '05	184,391
55 Charles Lindbergh Boulevard	Long Island	21 Sept '05	214,581
492 River Road	Northern New Jersey	21 Sept '05	130,009
560 White Plains Road	Westchester County	21 Sept '05	126,144
35 Pinelawn Road	Long Island	21 Sept '05	110,874
555 White Plains Road	Westchester County	21 Sept '05	125,497
200 Executive Drive	Northern New Jersey	21 Sept '05	106,327
100 Executive Drive	Northern New Jersey	21 Sept '05	93,011
80 Grasslands Road	Westchester County	21 Sept '05	87,055
200 Broadhollow Road	Long Island	21 Sept '05	68,952
10 Rooney Circle	Northern New Jersey	21 Sept '05	70,873
300 Motor Parkway	Long Island	21 Sept '05	59,383
100 Grasslands Road	Westchester County	21 Sept '05	47,720
TRANCHE II PROPERTIES			
710 Bridgeport Avenue ⁽³⁾	Fairfield County	7 Jan '06	452,414
6800 Jericho Turnpike	Long Island	7 Jan '06	209,222
6900 Jericho Turnpike	Long Island	7 Jan '06	95,538
TRANCHE III PROPERTIES			
580 White Plains Road	Westchester County	Oct '06	171,466
300 Executive Drive	Northern New Jersey	Oct '06	125,440
Total/average ^{(5) (6)}			2,956,878

- (1) 100% BASIS. VALUES ARE ROUNDED
(2) WEIGHTED BY INCOME
(3) PROPERTY INCLUDES BOTH OFFICE AND OTHER FLEX USES INCLUDING RESEARCH AND DEVELOPMENT
(4) REPRESENTS DIRECTOR VALUATIONS CONDUCTED AS OF 31 DECEMBER 2015, EXCEPT FOR 560 WHITE PLAINS ROAD, 660 WHITE PLAINS ROAD, 100 GRASSLANDS ROAD, 35 PINELAWN ROAD, 55 CHARLES LINDBERGH BOULEVARD, 6800 JERICHO TURNPIKE, 10 ROONEY CIRCLE, 492 RIVER ROAD, 225 HIGH RIDGE ROAD AND 300 MOTOR PARKWAY WHICH WERE INDEPENDENTLY APPRAISED BY CUSHMAN & WAKEFIELD
(5) TOTALS MAY VARY SLIGHTLY DUE TO ROUNDING
(6) EXCLUDES 505 WHITE PLAINS ROAD WHICH WAS SOLD ON 29 JANUARY 2015

VALUATION DATE ⁽⁴⁾	VALUATIONS (US\$ MILLION) ⁽¹⁾⁽⁴⁾	PURCHASE PRICE (US\$ MILLION) ⁽¹⁾	% OF PORTFOLIO (%)	NLA OCCUPANCY (%)	WEIGHTED AVERAGE LEASE TERM TO EXPIRY (YEARS) ⁽²⁾
Dec '15	39.2	76.5	15.7	80.9	2.5
Dec '15	38.5	50.3	10.3	91.3	4.1
Dec '15	22.1	34.2	7.0	74.9	2.3
Dec '15	24.8	29.6	6.1	90.7	2.0
Dec '15	40.3	28.4	5.8	100.0	5.4
Dec '15	10.5	19.4	4.0	45.9	3.1
Dec '15	14.1	18.9	3.9	89.2	3.8
Dec '15	10.0	17.7	3.7	26.8	2.6
Dec '15	6.0	16.0	3.3	48.9	1.3
Dec '15	4.1	14.5	3.0	26.1	4.5
Dec '15	11.9	14.2	2.9	100.0	4.5
Dec '15	9.6	11.8	2.4	82.9	5.0
Dec '15	3.2	11.1	2.3	41.4	0.8
Dec '15	4.8	8.1	1.7	53.7	5.9
Dec '15	10.9	8.0	1.6	100.0	5.3
Dec '15	31.8	39.4	8.1	75.7	4.3
Dec '15	22.6	30.9	6.3	76.9	2.9
Dec '15	10.7	14.4	3.0	77.6	4.4
Dec '15	23.6	26.4	5.4	86.1	3.3
Dec '15	11.6	17.2	3.5	68.2	2.8
	350.3	487.1	100.0	74.6	3.4

PROPERTY PORTFOLIO DETAILS

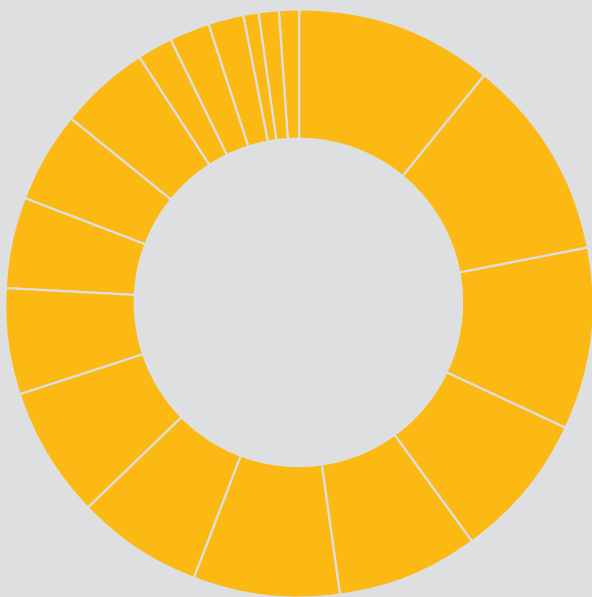
TENANT NAME	INDUSTRY	WEIGHTED AVERAGE TERM REMAINING (YEARS)	% OF BASE RENTAL REVENUE	% OF TOTAL NLA
TOP 25 TENANTS⁽¹⁾⁽²⁾ (BASED ON BASE RENTAL REVENUE)				
Lockheed Martin Corp.	Defense/Electronics	1.7	6.4%	3.5%
Radianz US	Telecom	5.4	6.3%	4.4%
Perkin Elmer Inc.	Technology	4.3	6.1%	8.9%
Amscan Inc.	Consumer Products	6.0	4.3%	3.4%
Synapse Group Inc.	Financial Services	0.7	4.1%	2.6%
Prestige Brands	Consumer Products	5.0	2.7%	2.0%
HQ Global Workplaces	Real Estate	2.3	2.6%	1.5%
Federal Aviation Admin.	Governmental	0.7	2.6%	1.0%
Lincoln Educational Svcs. Corp.	Other Professional Services	1.0	2.1%	1.5%
Liberty Mutual	Insurance	1.0	2.1%	1.3%
Ampacet Corporation	Manufacturing	5.2	1.9%	1.2%
Frequency Electronics Inc.	Defense/Electronics	3.1	1.8%	3.1%
Bank of America NA	Financial Services	5.6	1.7%	1.1%
Optum360 LLC	Healthcare	4.8	1.6%	0.9%
Tappan Zee Constructors	Other Professional Services	2.7	1.5%	1.0%
Guardian Life Insurance Co.	Insurance	6.1	1.4%	0.9%
ENT & Allergy Associates	Healthcare	4.0	1.3%	0.8%
Xerox Corporation	Consumer Products	0.5	1.2%	0.8%
D.L.C Management Corp.	Real Estate	1.7	1.0%	0.6%
State of NY (Dept of Law)	Governmental	7.2	1.0%	0.8%
Ingerman Smith LLP	Legal Services	1.7	1.0%	0.4%
AC Nielsen	Consulting/Research	5.2	1.0%	0.7%
Hoffman & Barron	Legal Services	5.8	0.9%	0.6%
Philip Morris Mgmt. Co.	Consumer Products	3.0	0.9%	0.7%
Kessler Rehabilitation Corp	Healthcare	0.5	0.8%	0.6%

(1) Based on total assets under management at 1 January 2016, for all 20 properties.

(2) Ranked by 100% of annualised base rental revenue. Based on monthly rent in place as of 1 January 2016.

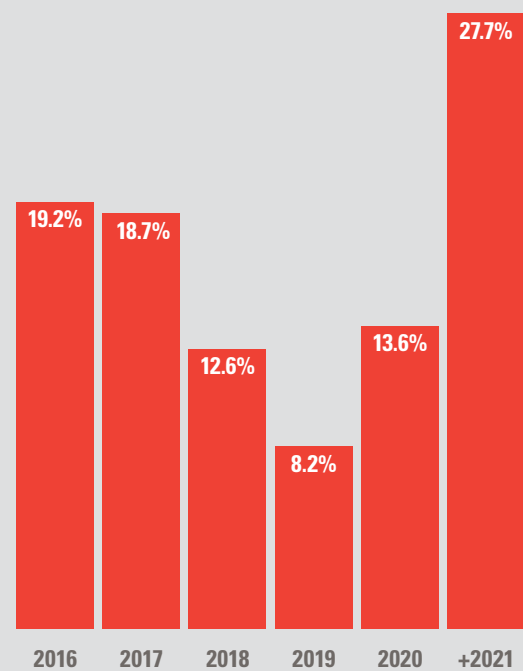
ASSET AND TENANT DIVERSIFICATION
 THE FOLLOWING CHARTS HIGHLIGHT THE TENANT
 INDUSTRY DIVERSIFICATION (FOR ALL TENANTS)
 AND LEASE EXPIRY PROFILE OF THE PROPERTIES

TENANT INDUSTRY DIVERSIFICATION



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

LEASE EXPIRY PROFILE (BY INCOME)



Following are some of the highlights from the fiscal year ending 31 December 2015 for RNY Property Trust (“RNY” or the “Trust”):

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RNY

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

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

Headstock Company

The remaining 25% interest in the Portfolio is owned by affiliates of RXR Realty LLC (“RXR”) and one of its partners. RXR is one of the premier real estate operators, developers and investment managers in the NY Tri-State area. RXR employs approximately 395 people and manages 88 commercial real estate properties and investments, in the NY Tri-State area market, comprising 23.1 million square feet with an aggregate gross asset value of approximately US\$12.2 billion.

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

Financial Highlights

In the year ended 31 December 2015, RNY reported a net loss after tax of \$66.2 million. For the year-ended 31 December 2015 RNY reported adjusted net loss after tax of \$933 thousand or 0.35 cents per unit (adjusted for non-cash items) and distributable earnings of \$2.72 million or 1.03 cents per unit. RNY did not distribute any of its 2015 earnings, reflecting a policy announced seven years ago to suspend distributions. RNY ended the year with net tangible assets of \$0.35 per unit.

At 31 December 2015 management revalued the entire Portfolio, using the same process that was used at 30 June 2015. Cushman & Wakefield was engaged to perform appraisals of ten RNY properties and to provide cap rate data for the other properties of the Portfolio. Management then completed these valuations utilizing these appraisals and cap rate data. Such revaluations resulted in a 13.9% decrease in the Portfolio’s value from 30 June and a 15.3% decrease in the Portfolio’s value from 31 December 2014. As at 31 December 2015 the average per square foot value of the Portfolio was US\$118.

RNY’s underlying gearing ratio on 31 December 2015 was 75.8%.

Leasing Highlights

For the year ended 31 December 2015, RNY executed 61 lease transactions totaling 281,800 square feet, representing 9.5% of the Portfolio, and achieved a renewal rate of 75.2%. Total same space average rents increased 0.9% during the year, whilst same space net operating income decreased 13.2% for the period. During 2016, leases representing 355,834 square feet will be expiring, which is 12.0% of the total Portfolio (representing 16.1% of the Portfolio's revenue).

Portfolio Highlights

The Portfolio includes approximately 214 tenants, with two tenants, Lockheed Martin Corp. and BT Radianz Americas, representing 6.4% and 6.3%, respectively, of the Portfolio's revenue. Lockheed Martin is a global security company and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services, with 2015 sales of US\$46.1 billion. Lockheed's lease at 55 Charles Lindbergh Blvd in Uniondale, NY expires at 30 September 2017. BT Radianz Americas is a global managed network service provider that provides connectivity service to the financial industry. BT Radianz's lease at 492 River Road in Nutley, NJ expires at 31 May 2021.

The tenants of the Portfolio represent a diverse variety of industries with no single industry accounting for a disproportionate share of the Portfolio's revenue. The top industries represented by the Portfolio's tenants are financial services (11.0%), consumer products (11.0%), technology (10.0%), defense/electronics (8.0%), insurance (8.0%) and other professional services (8.0%). The Portfolio's occupancy on 1 January 2015 was 74.9%, which remained unchanged at 30 June 2015. At 31 December 2015 the occupancy of the Portfolio decreased slightly to 74.6%.

Debt Update

On 8 January 2016 the US LLC completed a pay-off and refinancing of the US LLC's 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. The ACORE Loan 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, is subject to two 1-year extensions, bears interest at a variable rate of LIBOR plus 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, 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, the 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 rate of 4.95% and a maximum 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.

LONG ISLAND

1. Hauppauge

150 Motor Parkway
300 Motor Parkway

2. Melville

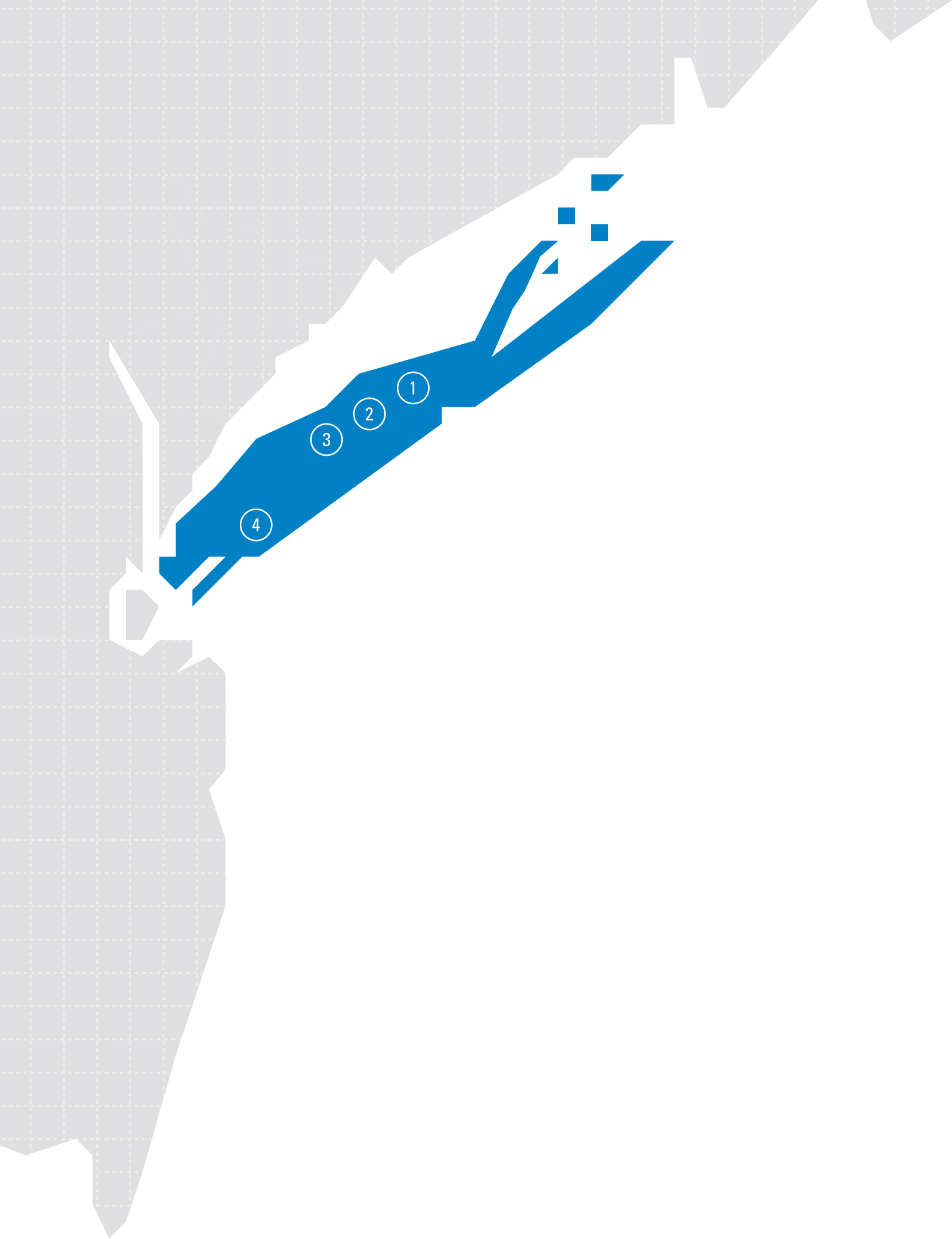
35 Pinelawn Road
200 Broadhollow Road

3. Syosset, NY

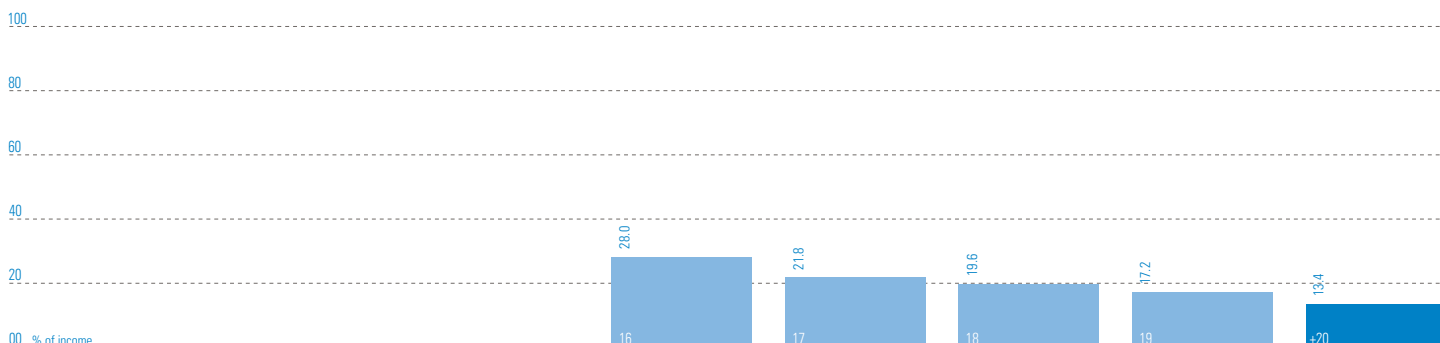
6800 Jericho Turnpike
6900 Jericho Turnpike

4. Uniondale

55 Charles Lindbergh Boulevard

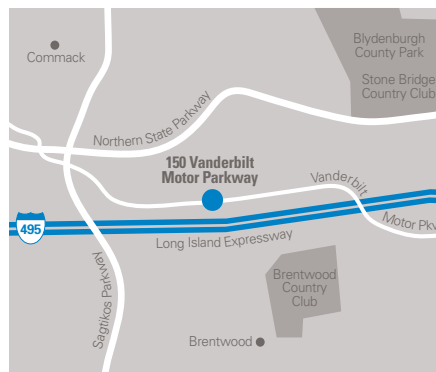


LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

150 Motor Parkway, Long Island is a 184,391 sq ft NLA, four storey office building and features a two storey lobby of granite and glass. The site area is 11.3 acres and includes 1,040 parking spaces. It is located within easy access of the Long Island Expressway. Major tenants include Liberty Mutual, New York State United Teacher, HQ Global Workplaces Inc. and Ingerman Smith LLP. Occupancy is 74.9% and weighted average lease term to expiry (by income) is 2.3 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '15
Valuation (US\$ million)	22.1

* 100% basis

PROPERTY STATISTICS

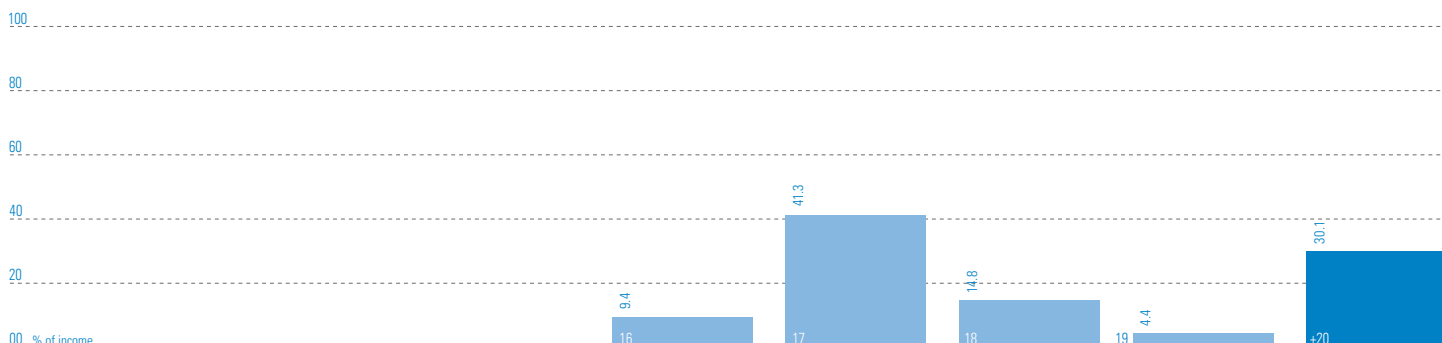
Market	Long Island
Land area (acres)	11.3
Net Lettable Area (sq ft)	184,391
Occupancy (based on NLA)	74.9%
Gross weighted average lease term to expiry (by income)	2.3

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
HQ Global Workplaces Inc.	Real Estate	16,584	14.4%	July 2018	2.6
New York State United Teacher	Governmental	14,066	8.8%	February 2019	3.2
Ingerman Smith LLP	Legal Services	12,801	12.4%	August 2017	1.7
Liberty Mutual	Insurance	10,501	7.1%	June 2016	0.5
Other	Other tenants – 24	84,137	57.3%		
Total/average ⁽¹⁾		138,089	100.0%		2.3

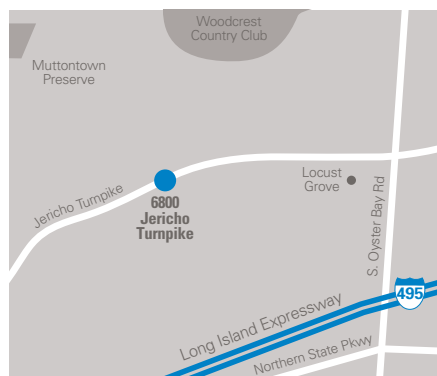
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

6800 Jericho Turnpike, Long Island is a 209,222 sq ft NLA, two storey office building and features a newly renovated lobby and a new 4-star restaurant and café. The site area is 13.0 acres and includes 970 parking spaces. It is located between Route 135 and Routes 106 and 107. Major tenants include AC Nielsen, Massachusetts Mutual Life, HQ Global and Nautilus Consulting. Occupancy is 76.9% and weighted average lease term to expiry (by income) is 2.9 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Cushman & Wakefield appraisal	Dec '15
Valuation (US\$ million)	22.6

* 100% basis

PROPERTY STATISTICS

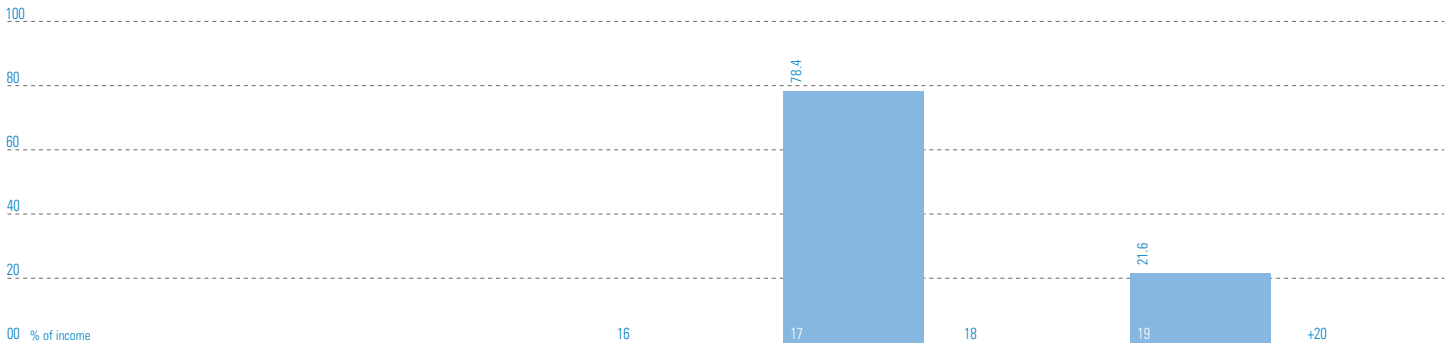
Market	Long Island
Land area (acres)	13.0
Net Lettable Area (sq ft)	209,222
Occupancy (based on NLA)	76.9%
Gross weighted average lease term to expiry (by income)	2.9 years

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
AC Nielsen C/O VNU	Consulting/Research	20,550	11.5%	March 2021	5.3
Massachusetts Mutual Life	Insurance	13,839	9.6%	May 2017	1.4
HQ Global	Real Estate	11,780	7.4%	December 2017	2.0
Nautilus Consulting	Consulting	8,783	5.6%	September 2018	2.8
Other	Other tenants – 36	105,859	65.9%		
Total/average ⁽¹⁾		160,811	100.0%		2.9

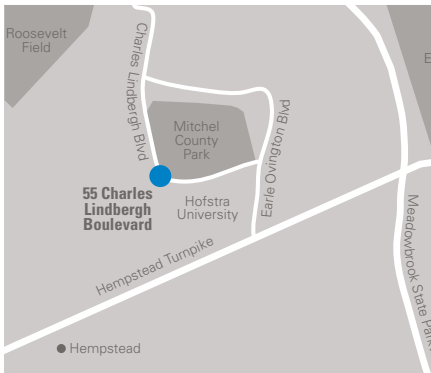
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

55 Charles Lindbergh Boulevard, Long Island is a 214,581 sq ft NLA, two storey office building and features a café. The site area is 10.0 acres and includes 672 parking spaces. It is located within easy access of the Long Island Expressway and Northern State Parkway. Major tenants include Lockheed Martin Corporation and Frequency Electronics. Occupancy is 90.7% and weighted average lease term to expiry (by income) is 2.0 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Cushman & Wakefield appraisal	Dec '15
Valuation (US\$ million)	24.8

* 100% basis

PROPERTY STATISTICS

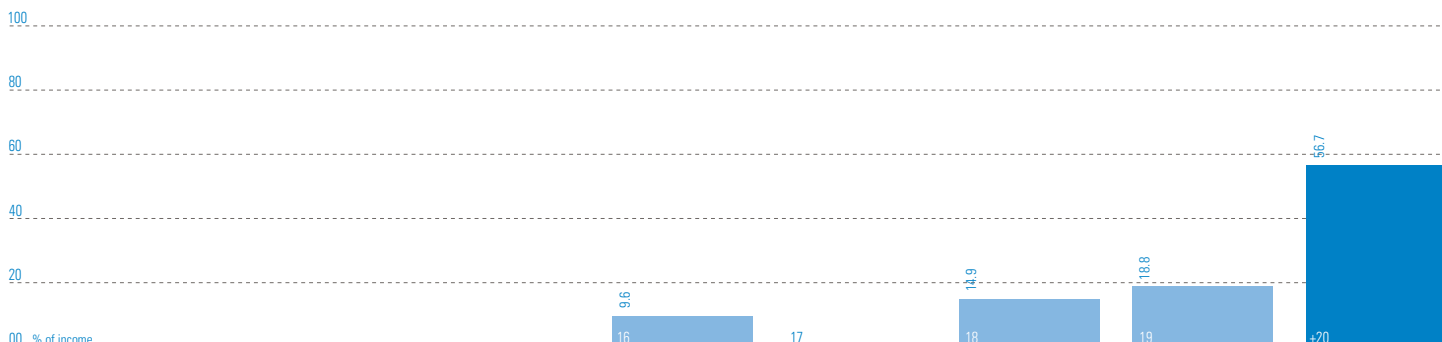
Market	Long Island
Land area (acres)	10.0
Net Lettable Area (sq ft)	214,581
Occupancy (based on NLA)	90.7%
Gross weighted average lease term to expiry (by income)	2.0

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Lockheed Martin Corporation	Defense/Electronics	103,500	78.4%	September 2017	1.8
Frequency Electronics	Defense/Electronics	91,027	21.6%	January 2019	3.1
Other	Other tenants – 0				
Total/average ⁽¹⁾		203,027	100.0%		2.0

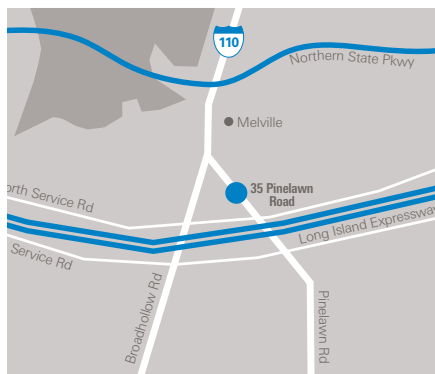
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

35 Pinelawn Road, Long Island is a 110,874 sq ft NLA, two storey office building and features a café. The site area is 6.0 acres and includes 461 parking spaces. It is located within easy access of the Long Island Expressway. Major tenants include Optum360 LLC and Pilots Benefits Group, Occupancy is 89.2% and weighted average lease term to expiry (by income) is 3.8 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Cushman & Wakefield appraisal	Dec '15
Valuation (US\$ million)	14.1

* 100% basis

PROPERTY STATISTICS

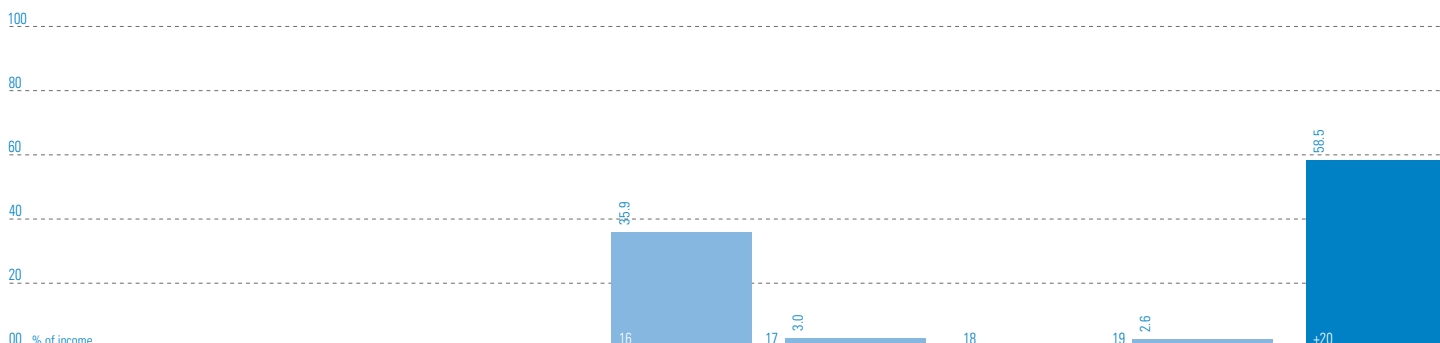
Market	Long Island
Land area (acres)	6.0
Net Lettable Area (sq ft)	110,874
Occupancy (based on NLA)	89.2%
Gross weighted average lease term to expiry (by income)	3.8 years

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Optum360 LLC	Healthcare	27,087	31.7%	September 2020	4.8
Pilots Benefits Group	Real Estate	5,043	6.0%	February 2018	2.2
Prestige Equipment Corp.	Other Professional Services	4,375	4.4%	February 2021	5.2
Other	Other tenants – 25	62,396	57.9%		
Total/average ⁽¹⁾		98,901	100.0%		3.8

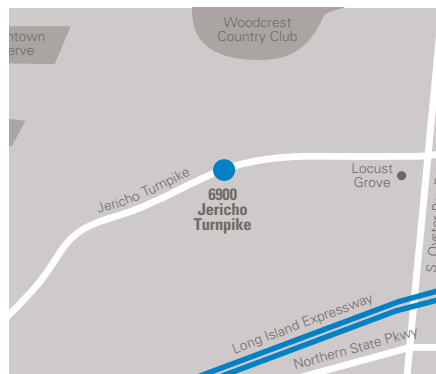
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

6900 Jericho Turnpike, Long Island is a 95,538 sq ft NLA, four storey office building and features a newly renovated lobby. The site area is 5.0 acres and includes 377 parking spaces. It is located between Route 135 and Routes 106 and 107. Major tenants include Hoffman & Baron LLP, and Lincoln Financial Group. Occupancy is 77.6% and weighted average lease term to expiry (by income) is 4.4 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '15
Valuation (US\$ million)	10.7

* 100% basis

PROPERTY STATISTICS

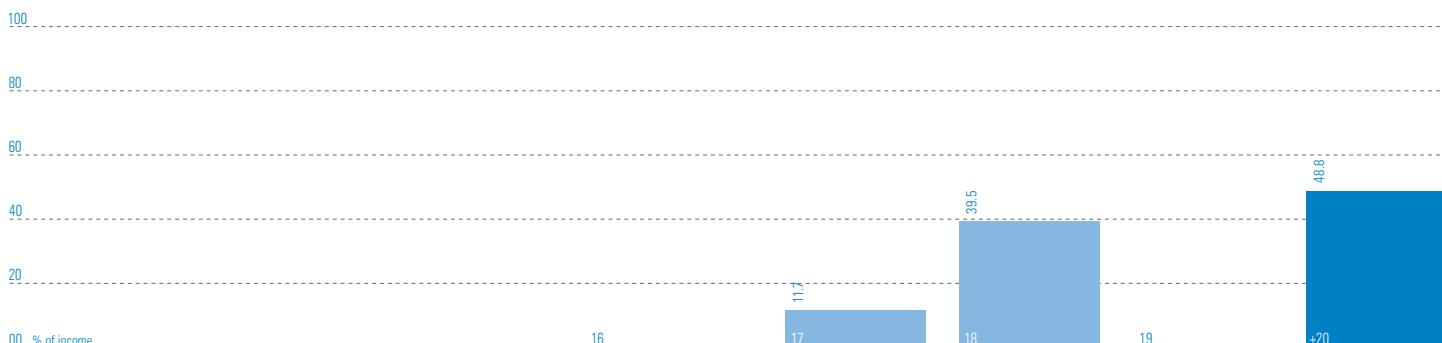
Market	Long Island
Land area (acres)	5.0
Net Lettable Area (sq ft)	95,538
Occupancy (based on NLA)	77.6%
Gross weighted average lease term to expiry (by income)	4.4

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Hoffman & Baron LLP	Legal Services	17,298	22.2%	September 2021	5.8
TPR Education LLC	Other professional services	7,250	14.7%	February 2016	0.2
Lincoln Financial Group	Financial Services	10,379	17.8%	November 2016	0.9
Other	Other tenants – 8	39,225	45.3%		
Total/average ⁽¹⁾		74,152	100.0%		4.4

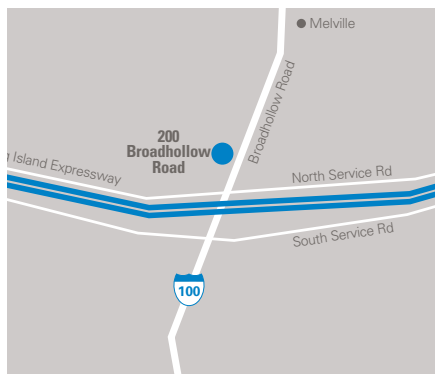
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

200 Broadhollow Road, Long Island is a 68,952 sq ft NLA, four storey office building and features a distinctive lobby and a café. The site area is 4.6 acres and includes 299 parking spaces. It is located within easy access of the Long Island Expressway and Northern State Parkway. Major tenants include HQ Global Workplaces and Guardian Life Insurance. Occupancy is 82.9% and weighted average lease term to expiry (by income) is 5.0 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '15
Valuation (US\$ million)	9.6

* 100% basis

PROPERTY STATISTICS

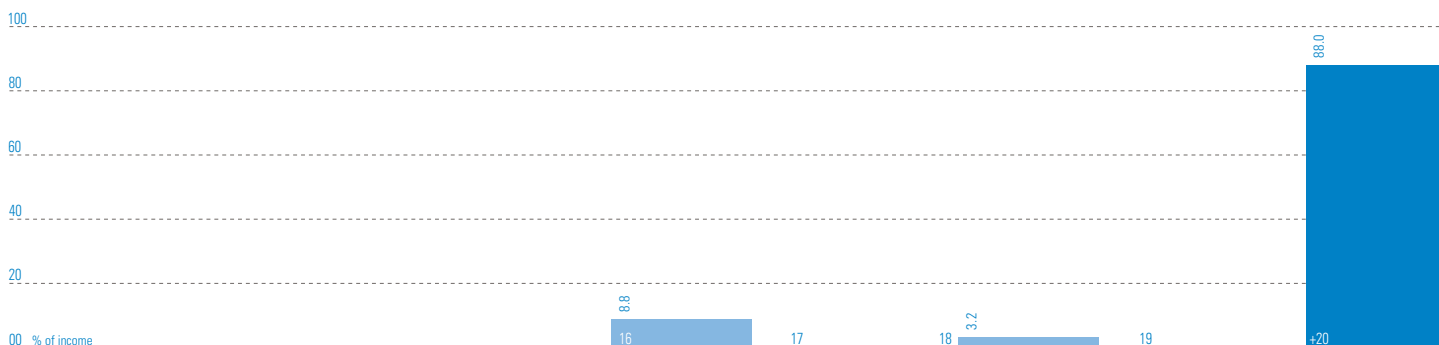
Market	Long Island
Land area (acres)	4.6
Net Lettable Area (sq ft)	68,952
Occupancy (based on NLA)	82.9%
Gross weighted average lease term to expiry (by income)	5.0 years

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
HQ Global Workplaces	Real Estate	16,507	30.1%	March 2018	2.2
Guardian Life Insurance	Insurance	16,316	30.3%	June 2025	9.5
Ameriprise Hldgs	Financial services	14,070	18.5%	May 2021	5.4
Other	Other tenants – 4	10,253	21.2%		
Total/average ⁽¹⁾		57,146	100.0%		5.0

(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

300 Motor Parkway, Long Island is a 59,383 sq ft NLA, single storey office building. The site area is 4.2 acres and includes 279 parking spaces. It is located within easy access of the Long Island Expressway and Long Island Motor Parkway. Major tenants include NYS Department of Law. Occupancy is 53.7% and weighted average lease term to expiry (by income) is 5.9 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Cushman & Wakefield appraisal	Dec '15
Valuation (US\$ million)	4.8

* 100% basis

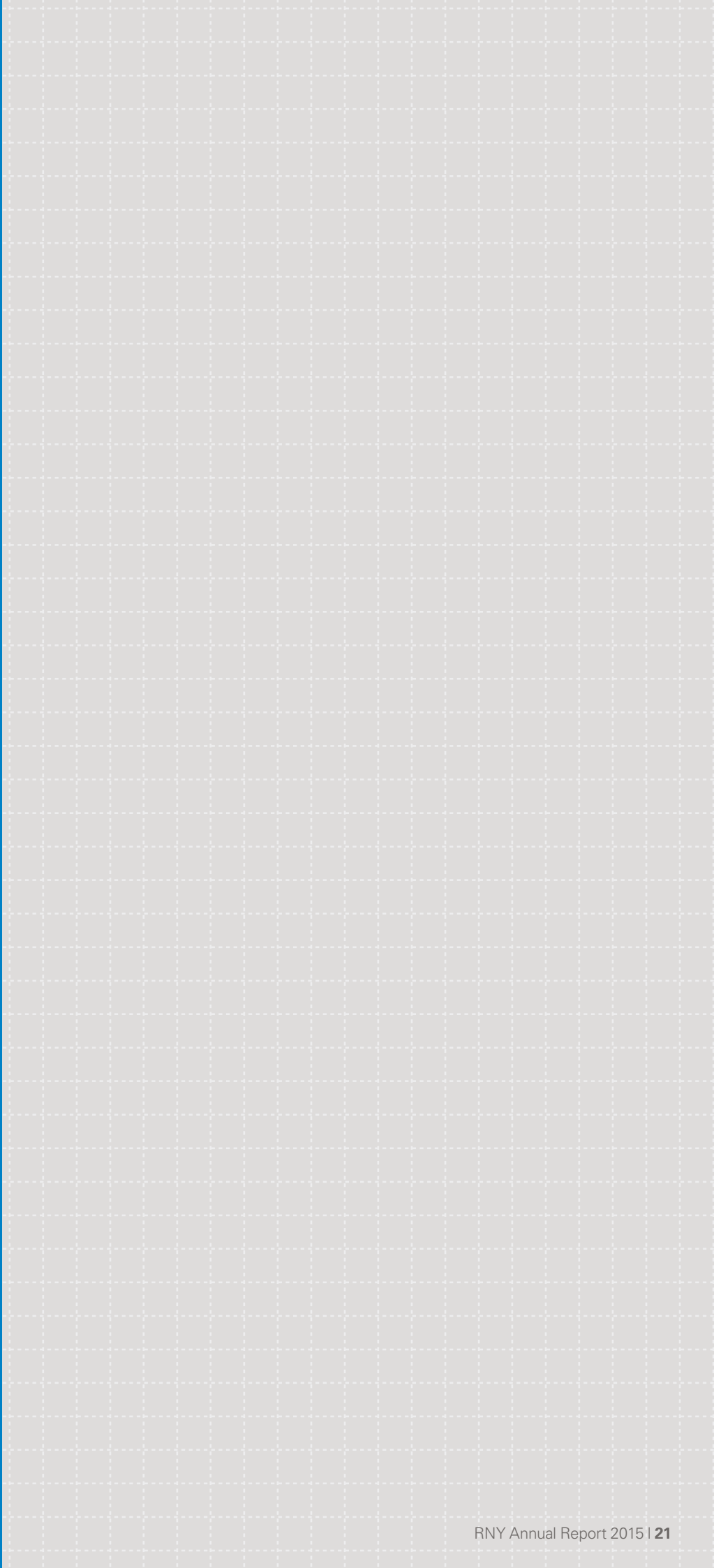
PROPERTY STATISTICS

Market	Long Island
Land area (acres)	4.2
Net Lettable Area (sq ft)	59,383
Occupancy (based on NLA)	53.7%
Gross weighted average lease term to expiry (by income)	5.9

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
NYS Dept. of Law	Governmental	22,792	66.2%	March 2023	7.3
From the Ashes d/b/a K. Peters	Healthcare	5,092	21.8%	January 2020	4.1
Other	Other tenants – 2	3,993	12.0%		
Total/average ⁽¹⁾		31,877	100.0%		5.9

(1) Totals may vary due to rounding.



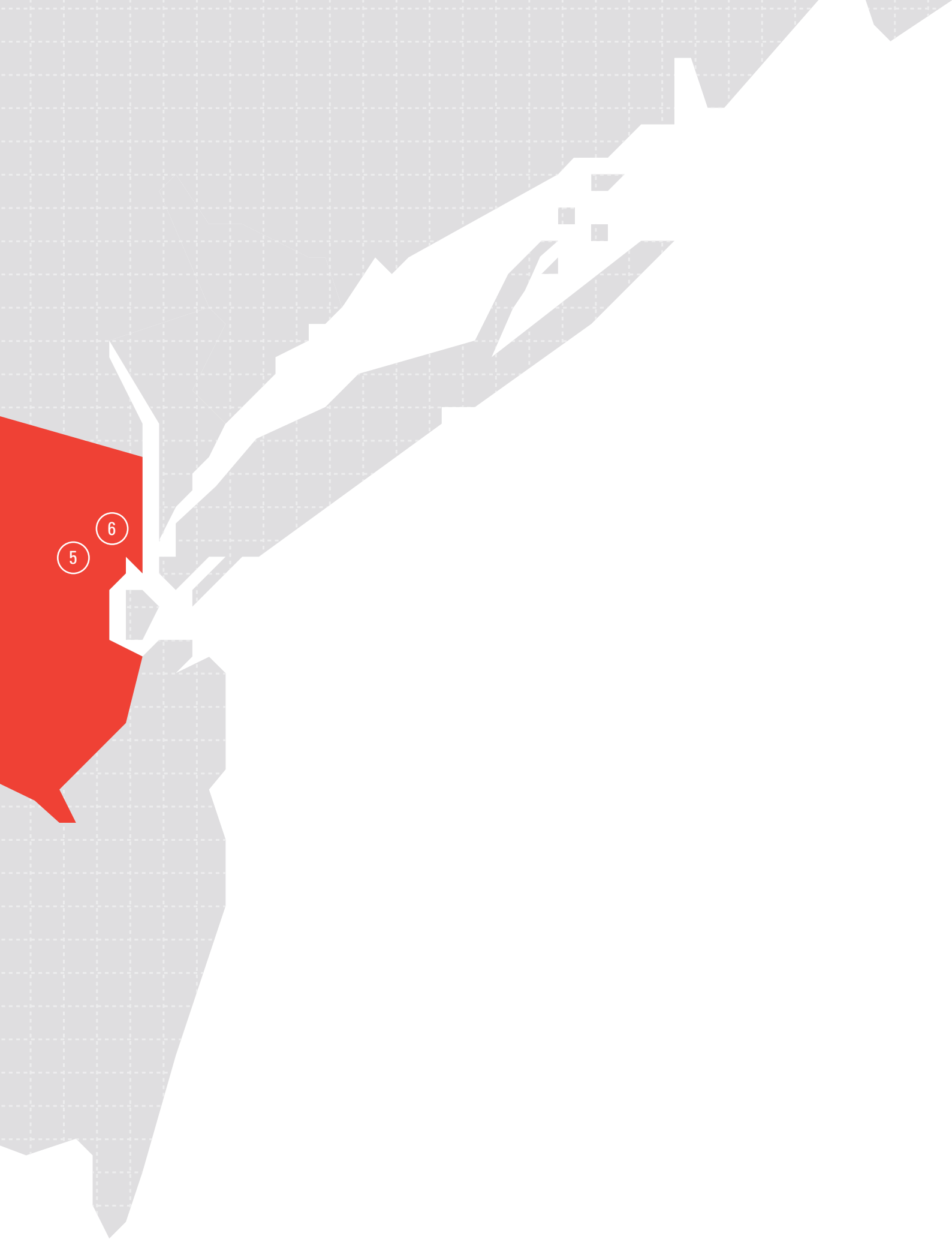
NORTHERN NEW JERSEY

5. West Orange

100 Executive Drive
200 Executive Drive
300 Executive Drive
10 Rooney Circle

6. Nutley

492 River Road

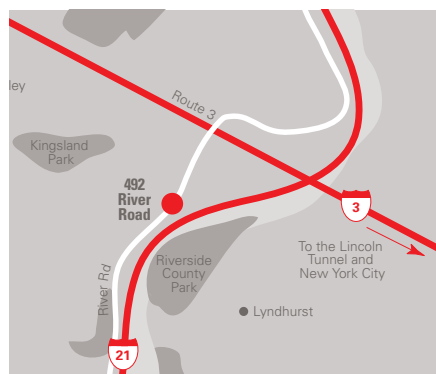


LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

492 River Road, Northern New Jersey is a 130,009 sq ft NLA, three storey office building. The site area is 17.3 acres and includes 496 parking spaces. It is located within easy access of Route 3 and Route 21. The building is 100% leased to Radianz with a remaining lease term of 5.4 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Cushman & Wakefield appraisal	Dec '15
Valuation (US\$ million)	40.3

* 100% basis

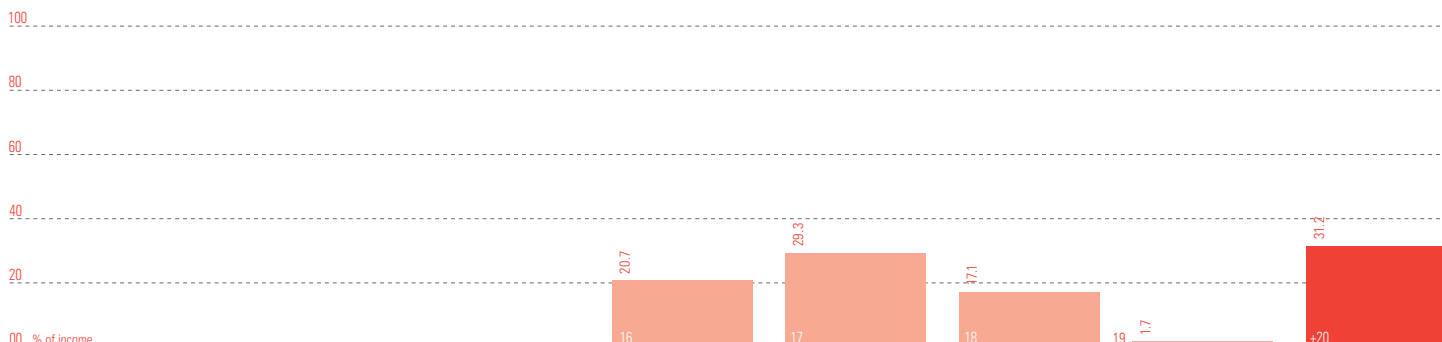
PROPERTY STATISTICS

Market	Northern New Jersey
Land area (acres)	17.3
Net Lettable Area (sq ft)	130,009
Occupancy (based on NLA)	100.0%
Gross weighted average lease term to expiry (by income)	5.4 years

MAJOR TENANTS SUMMARY

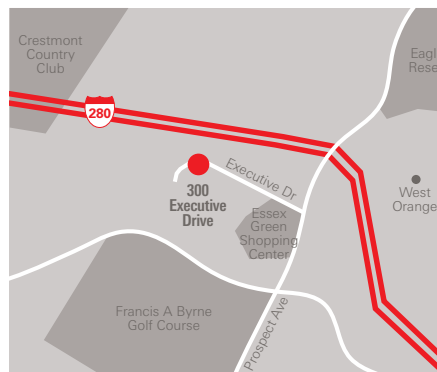
TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Radianz	Telecom	130,009	100.0%	May 2021	5.4
Other	Other tenants – 0	0			
Total		130,009	100.0%		

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

300 Executive Drive, Northern New Jersey is a 125,440 sq ft NLA, four storey office building and features a marble and wood lobby. The site area is 8.7 acres and includes 508 parking spaces. It is located within easy access of Route 280, New Jersey Turnpike and Garden State Parkway. Major tenants include Kessler Foundation, Government Employees Ins Co., National Cable and USI Insurance Services. Occupancy is 68.2% and weighted average lease term to expiry (by income) is 2.8 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '15
Valuation (US\$ million)	11.6

* 100% basis

PROPERTY STATISTICS

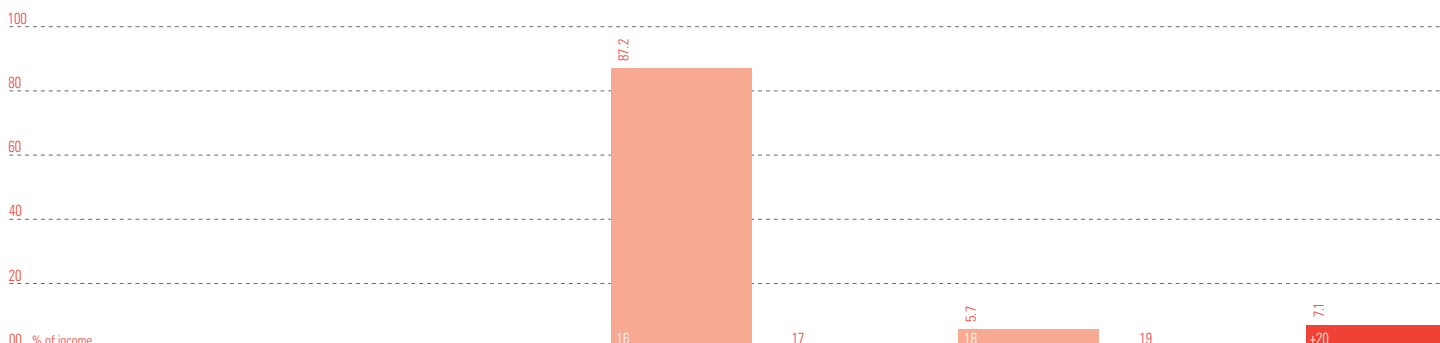
Market	Northern New Jersey
Land area (acres)	8.7
Net Lettable Area (sq ft)	125,440
Occupancy (based on NLA)	68.2%
Gross weighted average lease term to expiry (by income)	2.8

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Kessler Foundation	Healthcare	12,574	15.0%	June 2016	0.5
Government Employees Ins Co.	Insurance	13,886	15.8%	November 2020	4.9
National Cable	Advertising	13,056	12.4%	August 2017	1.7
USI Insurance Services	Insurance	10,788	13.3%	December 2018	3.0
Other	Other tenants – 9	35,297	43.5%		
Total/average ⁽¹⁾		85,601	100.0%		2.8

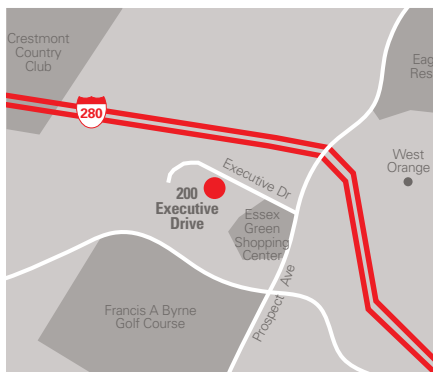
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

200 Executive Drive, Northern New Jersey is a 106,327 sq ft NLA, four storey office building and features a newly renovated lobby with storefront entrance. The site area is 8.2 acres and includes 415 parking spaces. It is located within easy access to Route 280, New Jersey Turnpike and Garden State Parkway. Major tenants include Lincoln Educational and Hockman-Lewis Ltd. Occupancy is 48.9% and weighted average lease term to expiry (by income) is 1.3 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '15
Valuation (US\$ million)	6.0

* 100% basis

PROPERTY STATISTICS

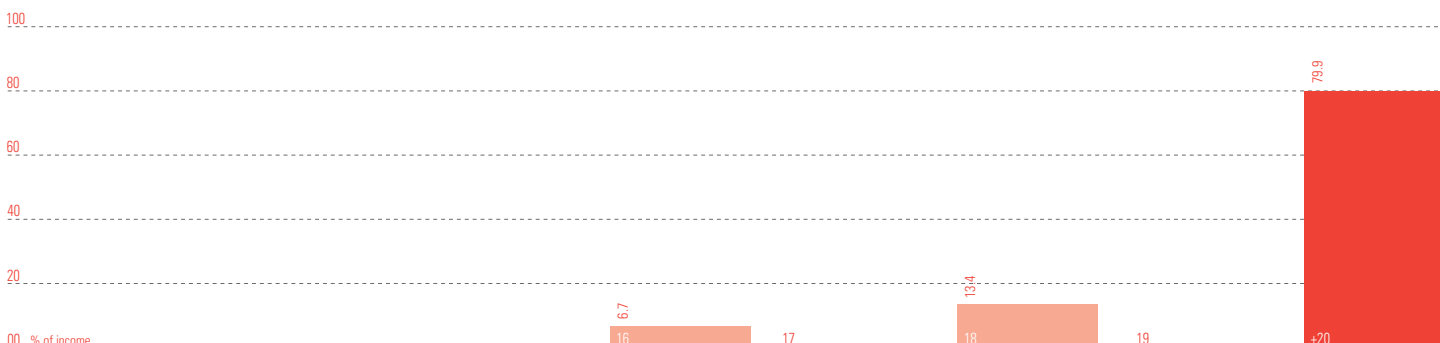
Market	Northern New Jersey
Land area (acres)	8.2
Net Lettable Area (sq ft)	106,327
Occupancy (based on NLA)	48.9%
Gross weighted average lease term to expiry (by income)	1.3 years

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Lincoln Educational SRV	Other Professional Services	45,408	87.2%	December 2016	1.0
Hockman-Lewis Ltd	Other Professional Services	3,803	7.1%	October 2020	4.8
Other	Other tenants – 1	2,810	5.7%		
Total/average ⁽¹⁾		52,021	100.0%		1.3

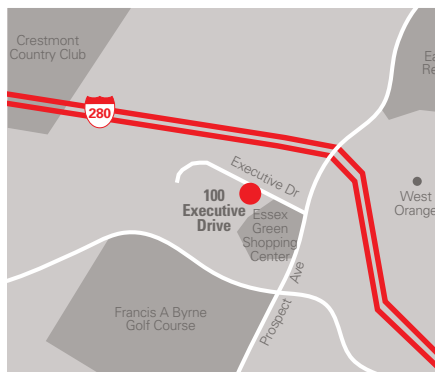
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

100 Executive Drive, Northern New Jersey is a 93,011 sq ft NLA, three storey office building and features a distinctive mirror and granite lobby. The site area is 10.1 acres and includes 419 parking spaces. It is located within easy access to Route 280, New Jersey Turnpike and Garden State Parkway. Major tenants include Partnership for Children. Occupancy is 26.1% and weighted average lease term to expiry (by income) is 4.5 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '15
Valuation (US\$ million)	4.1

* 100% basis

PROPERTY STATISTICS

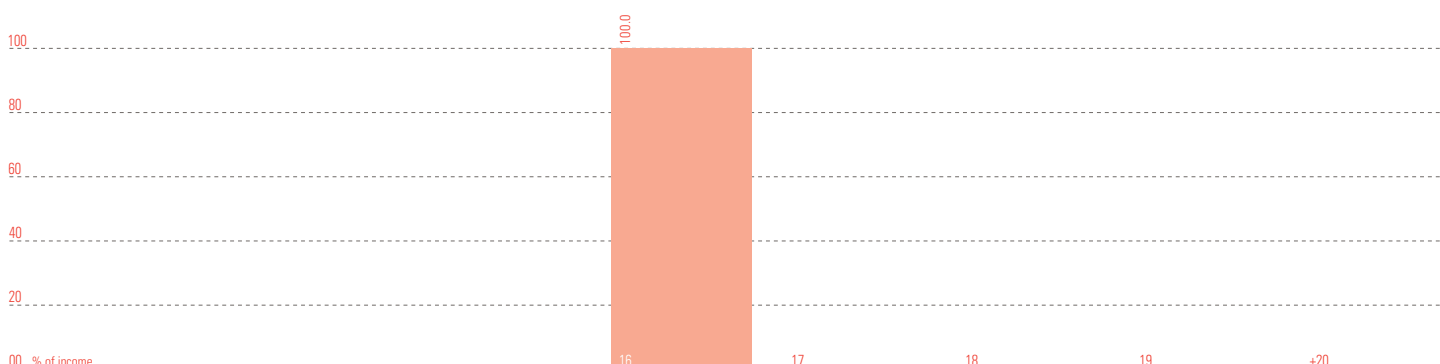
Market	Northern New Jersey
Land area (acres)	10.1
Net Lettable Area (sq ft)	93,011
Occupancy (based on NLA)	26.1%
Gross weighted average lease term to expiry (by income)	4.5

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Partnership for Children	Governmental	18,740	79.9%	January 2021	5.1
Other	Other tenants – 2	4,400	20.1%		
Total/average ⁽¹⁾		23,140	100.0%		4.5

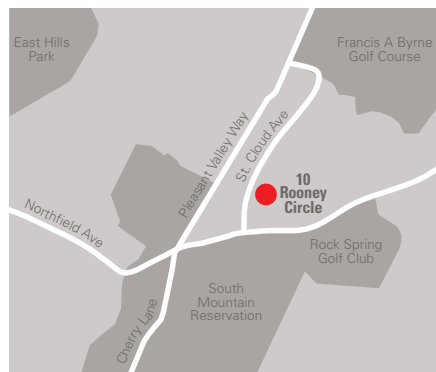
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

10 Rooney Circle, Northern New Jersey is a 70,873 sq ft NLA, three storey office building. The site area is 5.2 acres and includes 266 parking spaces. It is located within easy access of Route 280, New Jersey Turnpike and Garden State Parkway. Major tenants include Federal Aviation Admin. Occupancy is 41.4% and weighted average lease term to expiry (by income) is 0.8 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Cushman & Wakefield appraisal	Dec '15
Valuation (US\$ million)	3.2

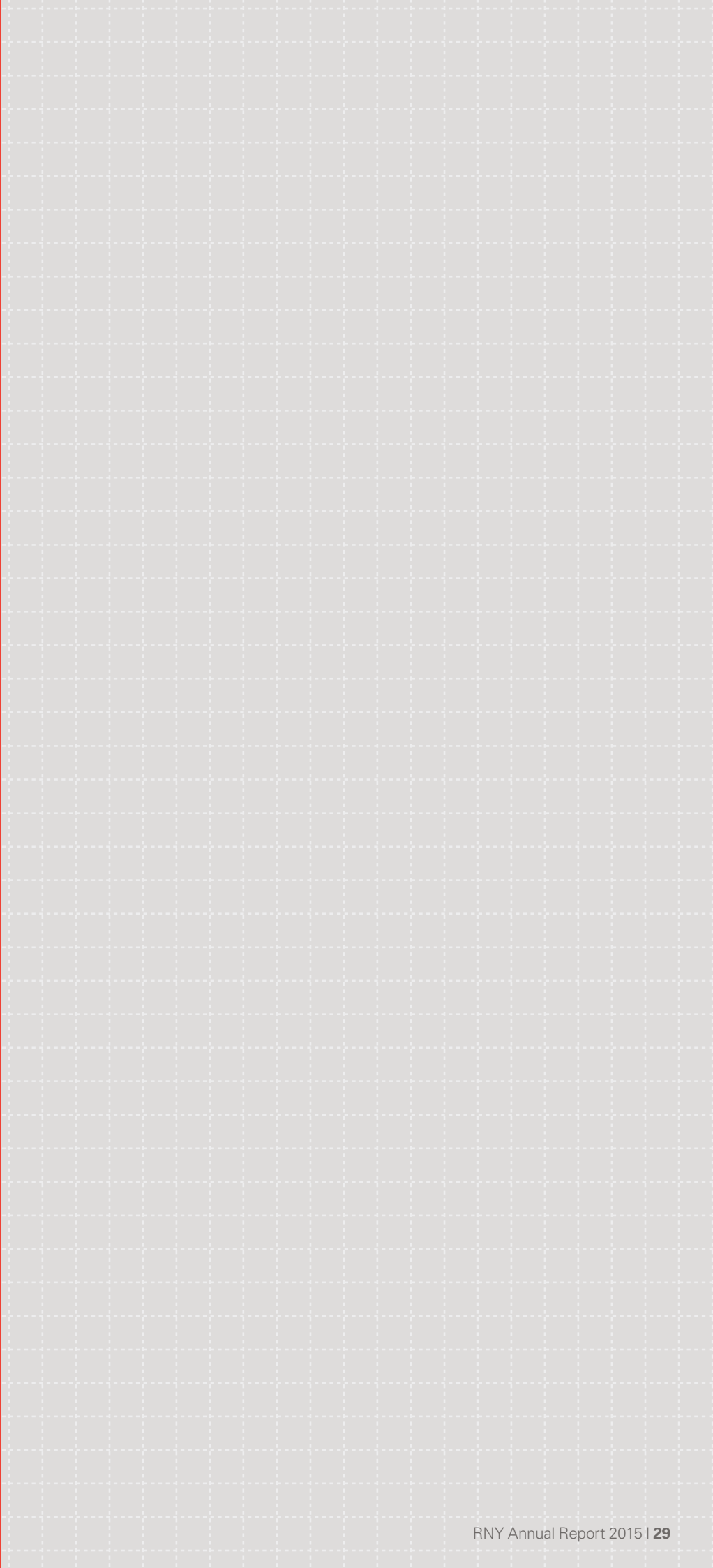
* 100% basis

PROPERTY STATISTICS

Market	Northern New Jersey
Land area (acres)	5.2
Net Lettable Area (sq ft)	70,873
Occupancy (based on NLA)	41.4%
Gross weighted average lease term to expiry (by income)	0.8 years

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Federal Aviation Admin.	Governmental	29,372	100.0%	September 2016	0.8
Other	Other tenants – 0	0			
Total/average		29,372	100.0%		0.8



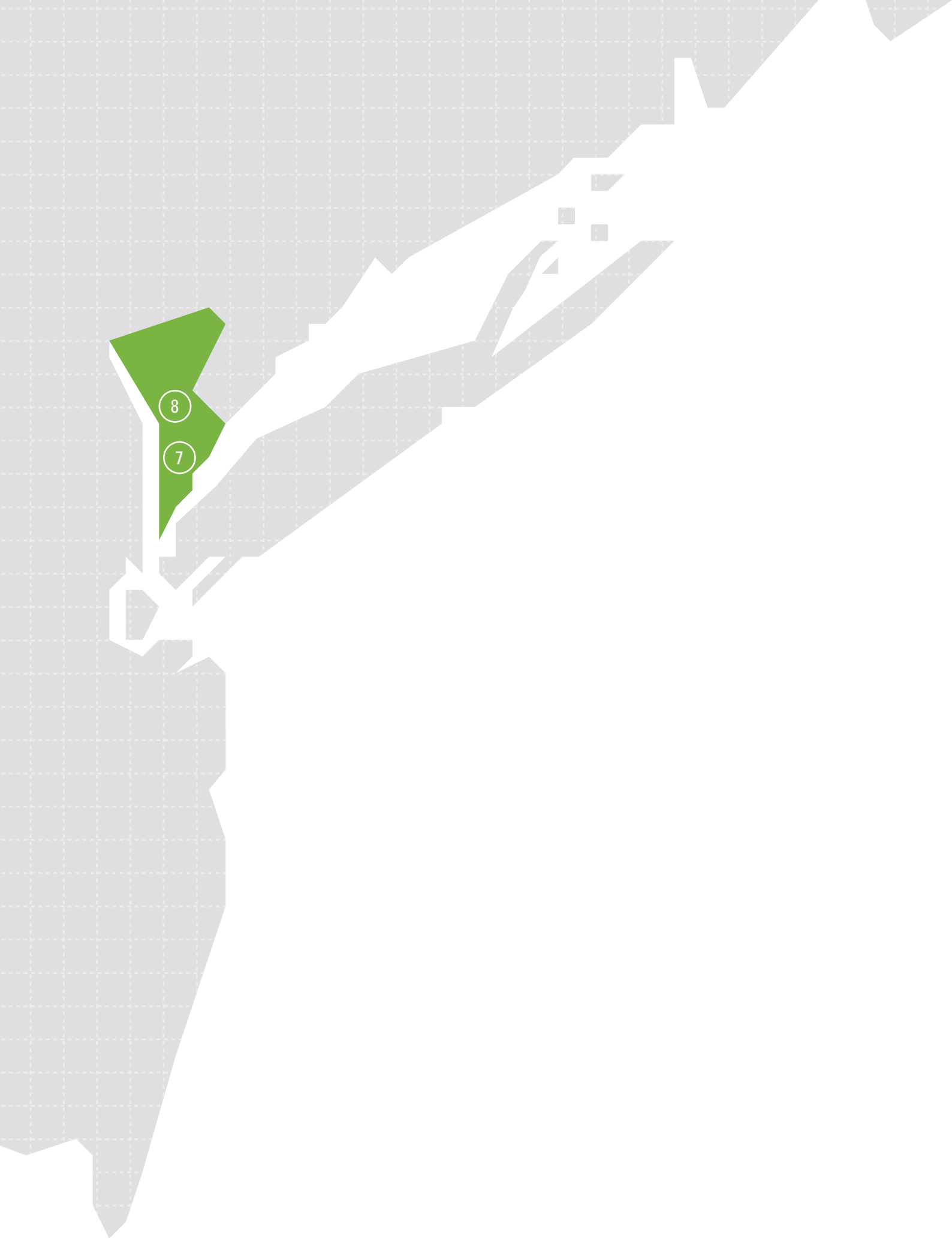
WESTCHESTER COUNTY

7. Elmsford

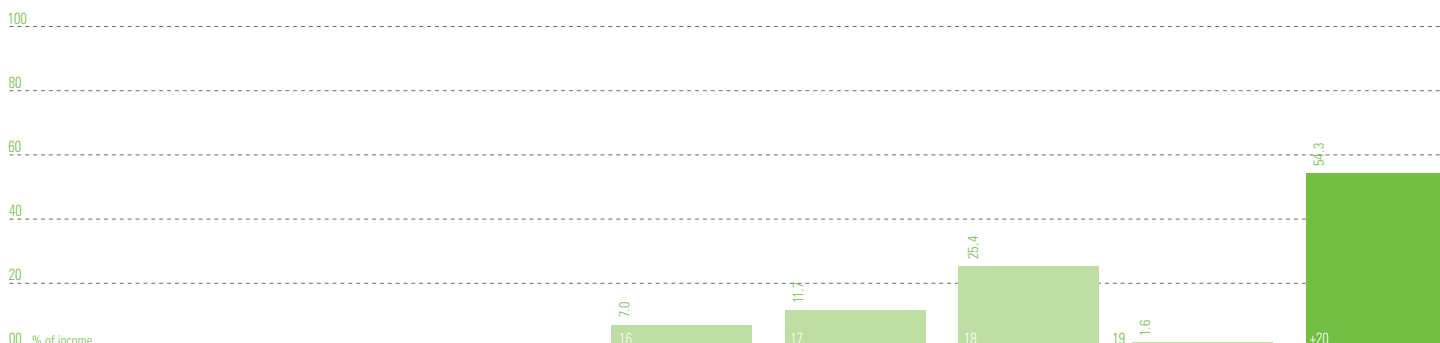
80 Grasslands Road
100 Grasslands Road

8. Tarrytown

555 White Plains Road
560 White Plains Road
580 White Plains Road
660 White Plains Road

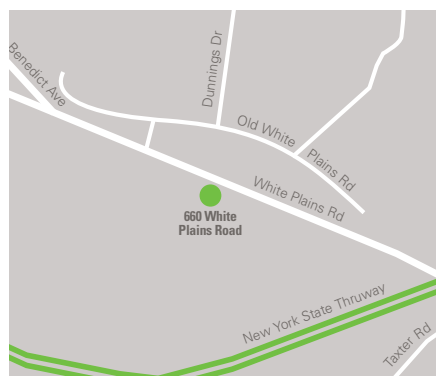


LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

660 White Plains Road, Westchester County is a 254,041 sq ft NLA, six storey office building. The site area is 10.9 acres and includes 830 parking spaces. It is located within easy access of the Westchester Parkway System. Major tenants include Ampacet Corp. and Prestige Brands. Occupancy is 91.3% and weighted average lease term to expiry (by income) is 4.1 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Cushman & Wakefield appraisal	Dec '15
Valuation (US\$ million)	38.5

* 100% basis

PROPERTY STATISTICS

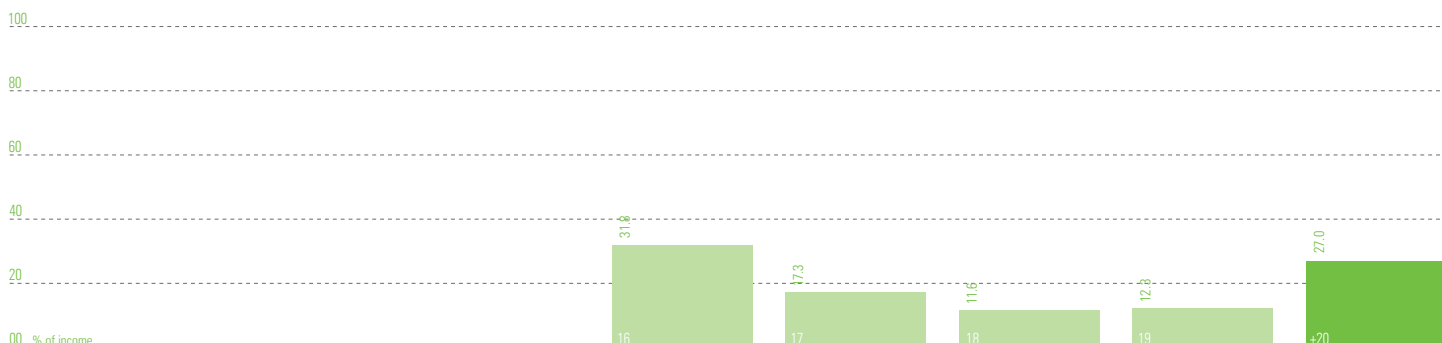
Market	Westchester County
Land area (acres)	10.9
Net Lettable Area (sq ft)	254,041
Occupancy (based on NLA)	91.3%
Gross weighted average lease term to expiry (by income)	4.1 years

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Prestige Brands	Consumer Products	58,086	22.8%	December 2020	5.0
Ampacet Corp.	Manufacturing	36,474	16.0%	March 2021	5.3
Curry Rockefeller Group LLC	Advertising	12,882	5.7%	October 2018	2.8
Other	Other tenants – 28	124,594	55.4%		
Total/average ⁽¹⁾		232,036	100.0%		4.1

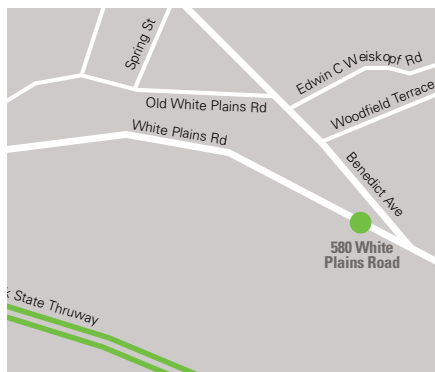
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

580 White Plains Road, Westchester County is a 171,466 sq ft NLA, six storey office building. The site area is 6.1 acres and includes 609 parking spaces. It is located within easy access of the Westchester Parkway System. Major tenants include Xerox, 580 Center Mgmt Corp. and Mental Health Associates. Occupancy is 86.1% and weighted average lease term to expiry (by income) is 3.3 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '15
Valuation (US\$ million)	23.6

* 100% basis

PROPERTY STATISTICS

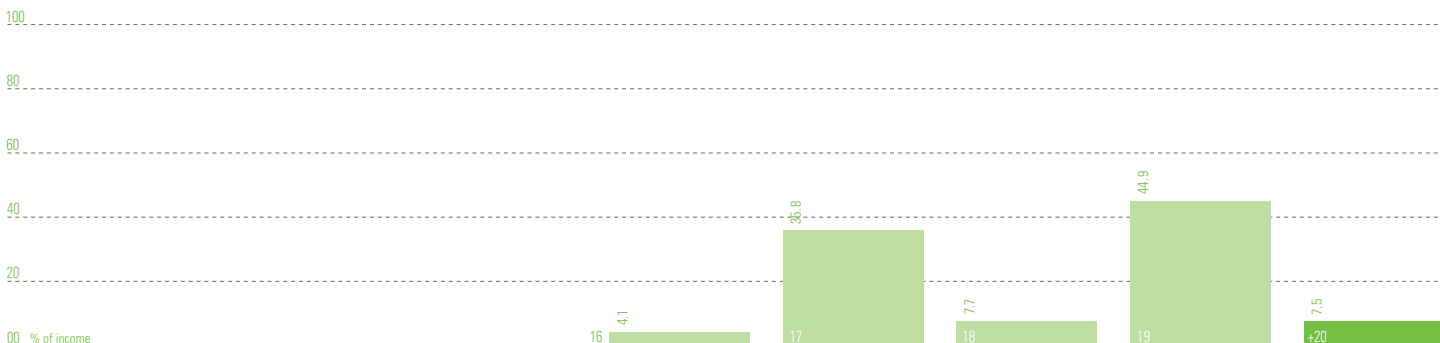
Market	Westchester County
Land area (acres)	6.1
Net Lettable Area (sq ft)	171,466
Occupancy (based on NLA)	86.1%
Gross weighted average lease term to expiry (by income)	3.3

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Xerox Corp	Consumer products	23,920	15.9%	June 2016	0.5
D.L.C. Management Corp.	Real Estate	11,194	8.4%	June 2018	2.5
Mental Health Associates	Healthcare	16,146	9.8%	February 2021	5.2
580 Center Mgmt Corp.	Other professional services	10,749	8.2%	May 2026	10.4
Other	Other tenants – 20	85,539	57.7%		
Total/average ⁽¹⁾		147,548	100.0%		3.3

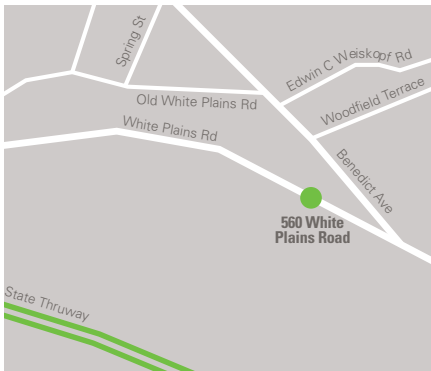
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

560 White Plains Road, Westchester County is a 126,144 sq ft NLA, six storey office building. The site area is 4.0 acres and includes 402 parking spaces. It is located within easy access of the Westchester Parkway System. Major tenants include Oracle USA Inc., Ent and Allergy Associates, and Clarfeld Financial Advisors. Occupancy is 45.9% and weighted average lease term to expiry (by income) is 3.1 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Cushman & Wakefield appraisal	Dec '15
Valuation (US\$ million)	10.5

* 100% basis

PROPERTY STATISTICS

Market	Westchester County
Land area (acres)	4.0
Net Lettable Area (sq ft)	126,144
Occupancy (based on NLA)	45.9%
Gross weighted average lease term to expiry (by income)	3.1 years

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Oracle USA	Technology	12,085	21.5%	December 2017	2.0
ENT and Allergy Associates	Healthcare	24,735	42.7%	December 2019	4.0
Complus Data Innovations	Technology	8,380	14.3%	February 2017	1.2
Other	Other tenants – 6	12,727	21.5%		
Total/average ⁽¹⁾		57,927	100.0%		3.1

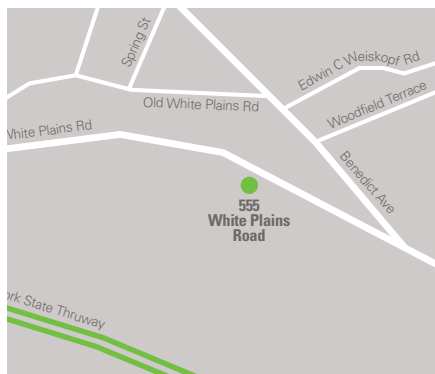
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

555 White Plains Road, Westchester County is a 125,497 sq ft NLA, five storey office building and features a high quality lobby. The site area is 4.2 acres and includes 386 parking spaces. It is located within easy access of the Westchester Parkway System. Occupancy is 26.8% and weighted average lease term to expiry (by income) is 2.6 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '15
Valuation (US\$ million)	10.0

* 100% basis

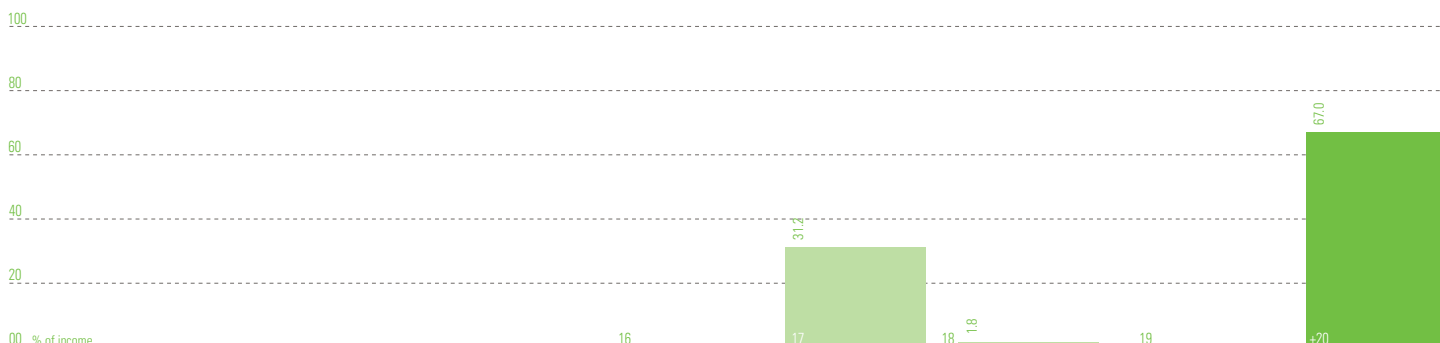
PROPERTY STATISTICS

Market	Westchester County
Land area (acres)	4.2
Net Lettable Area (sq ft)	125,497
Occupancy (based on NLA)	26.8%
Gross weighted average lease term to expiry (by income)	2.6

MAJOR TENANTS SUMMARY

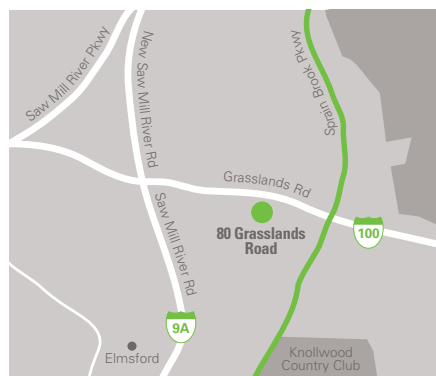
TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Tappan Zee Constructors LLC	Other professional services	30,780	92.2%	August 2018	2.7
Other	Other tenants – 1	2,798	7.8%	January 2018	2.1
Total/average		33,578	100.0%		2.6

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

80 Grasslands Road, Westchester County is a 86,999 sq ft NLA, three storey office building and features a two storey lobby. The site area is 4.9 acres and includes 287 parking spaces. It is located within easy access of Route 9A, Sprain Brook Parkway, Saw Mill River Parkway and Interstate 287. Major tenants include Amscan Inc. and Liberty Mutual. Occupancy is 100.0% and weighted average lease term to expiry (by income) is 4.5 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '15
Valuation (US\$ million)	11.9

* 100% basis

PROPERTY STATISTICS

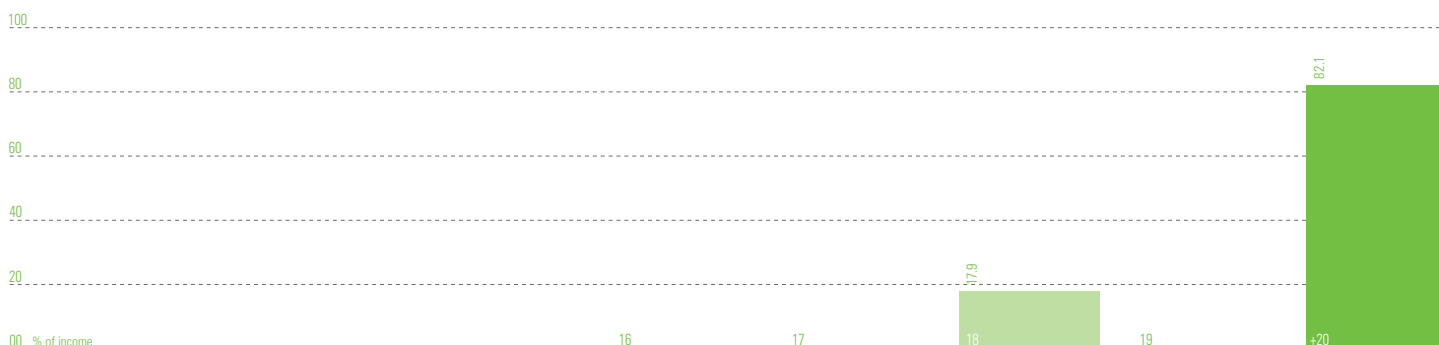
Market	Westchester County
Land area (acres)	4.9
Net Lettable Area (sq ft)	87,055
Occupancy (based on NLA)	100.0%
Gross weighted average lease term to expiry (by income)	4.5 years

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Amscan	Consumer Products	60,240	67.0%	December 2021	6.0
Liberty Mutual	Insurance	24,191	30.1%	April 2017	1.3
Hypertech Solutions Inc	Technology	870	1.1%	October 2017	1.8
Other	Other tenants – 1	1,754	1.8%		
Total/average ⁽¹⁾		87,055	100.0%		4.5

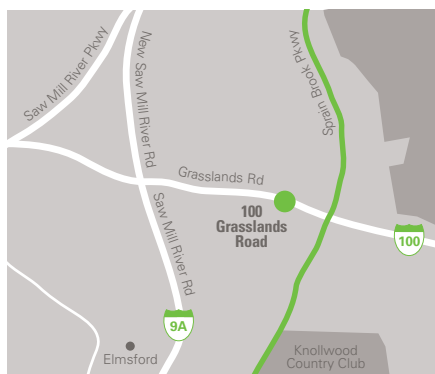
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

100 Grasslands Road, Westchester County is a 47,720 sq ft NLA, single storey office building. The site area is 8.5 acres and includes 458 parking spaces. It is located within easy access of Route 9A, Sprain Brook Parkway, Saw Mill River Parkway and Interstate 287. Major tenants include Amscan Inc. and Cooper Electric. Occupancy is 100.0% and weighted average lease term to expiry (by income) is 5.3 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Cushman & Wakefield appraisal	Dec '15
Valuation (US\$ million)	10.9

* 100% basis

PROPERTY STATISTICS

Market	Westchester County
Land area (acres)	8.5
Net Lettable Area (sq ft)	47,720
Occupancy (based on NLA)	100.0%
Gross weighted average lease term to expiry (by income)	5.3

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Amscan	Consumer Products	39,551	82.1%	December 2021	6.0
Cooper Electric	Retail/Wholesale	8,169	17.9%	March 2018	2.2
Other	Other tenants – 0				
Total/average ⁽¹⁾		47,720	100.0%		5.3

(1) Totals may vary due to rounding.

FAIRFIELD COUNTY

9. Stamford

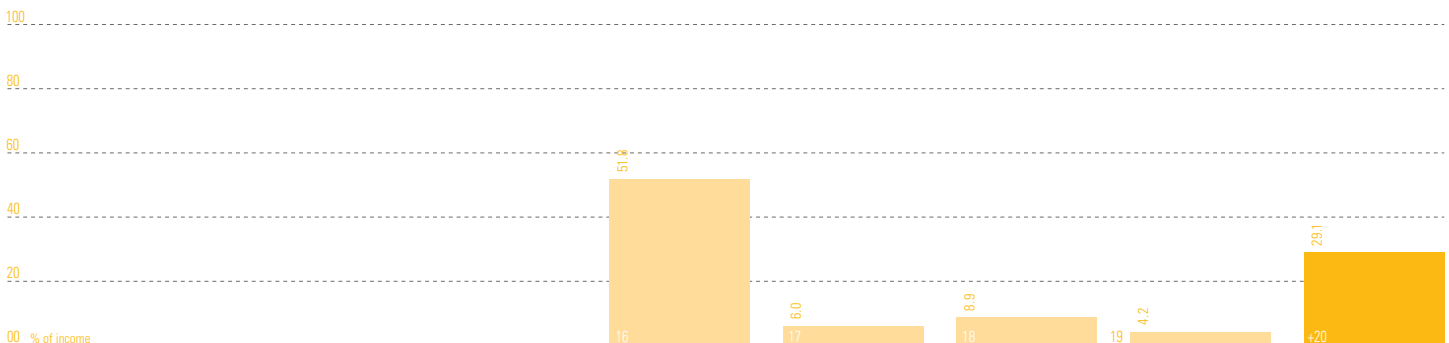
225 High Ridge Road

10. Shelton

710 Bridgeport Avenue

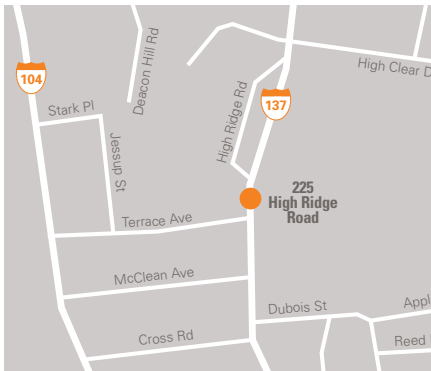


LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

225 High Ridge Road, Fairfield County is a 223,940 sq ft NLA, three storey office property. The site area is 14.01 acres and includes 685 parking spaces. It is located within easy access of Interstate 95. Major tenants include Synapse Group Inc., Philip Morris Management Co., Bank of America and MetLife Insurance. Occupancy is 80.9% and weighted average lease term to expiry (by income) is 2.5 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Cushman & Wakefield appraisal	Dec '15
Valuation (US\$ million)	39.2

* 100% basis

PROPERTY STATISTICS

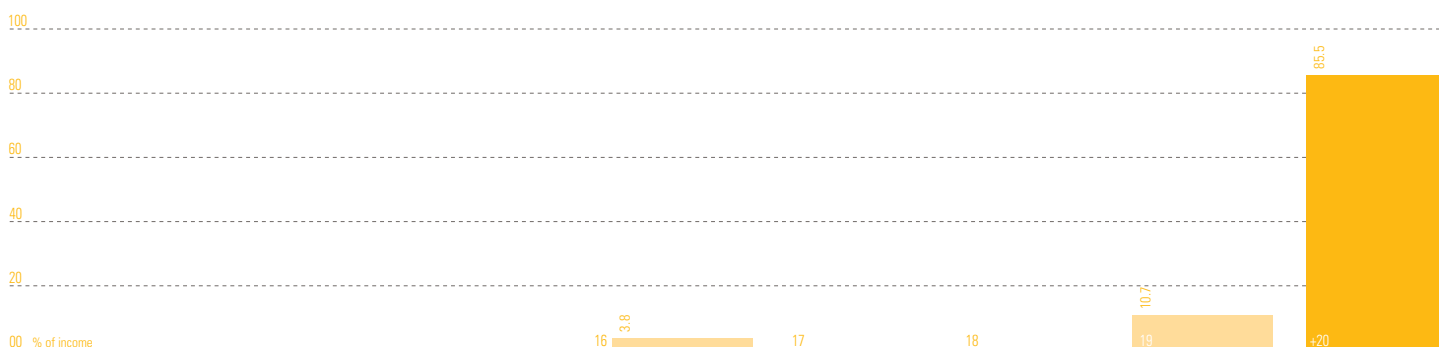
Market	Fairfield County
Land area (acres)	14.0
Net Lettable Area (sq ft)	223,940
Occupancy (based on NLA)	80.9%
Gross weighted average lease term to expiry (by income)	2.5 years

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Synapse Group Inc.	Financial Services	77,640	42.9%	September 2016	0.8
Bank of America	Financial Services	31,321	17.7%	July 2021	5.6
Philip Morris Management	Consumer Products	20,981	8.9%	December 2018	3.0
MetLife Insurance	Insurance	8,446	6.0%	November 2017	1.9
Other	Other tenants – 7	42,744	24.5%		
Total/average ⁽¹⁾		181,132	100.0%		2.5

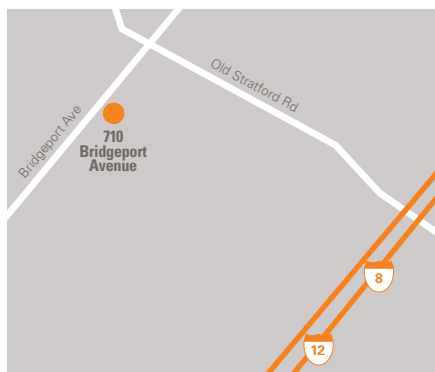
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

710 Bridgeport Avenue, Fairfield County is a 452,414 sq ft NLA, two storey office and other flexible use (including research and development) building. The site area is 36.1 acres and includes 868 parking spaces. The major tenants include Perkin Elmer Inc. and Panolam Industries. Occupancy is 75.7% and weighted average lease term to expiry (by income) is 4.3 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '15
Valuation (US\$ million)	31.8

* 100% basis

PROPERTY STATISTICS

Market	Fairfield County
Land area (acres)	36.1
Net Lettable Area (sq ft)	452,414
Occupancy (based on NLA)	75.7%
Gross weighted average lease term to expiry (by income)	4.3

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Perkin Elmer	Technology	245,704	85.5%	July 2020	4.6
Panolam Industries	Manufacturing	78,877	10.7%	August 2019	3.7
Other	Other tenant – 1	17,960	3.8%		
Total/average ⁽¹⁾		342,541	100.0%		4.3

(1) Totals may vary due to rounding.

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

The ASX Corporate Governance Council's Corporate Governance Principles (the "ASX Principles") and Recommendations (the "ASX Recommendations") is a guide to the top 500 ASX listed companies on good corporate governance practices and contains 27 separate best practice recommendations relating to 8 key principles of corporate governance. A chart listing these ASX Principles and Recommendations is reproduced at the end of this Corporate Governance Statement. Such chart also states whether the Trust has or has not complied with each of the ASX Recommendations. This statement discloses the extent to which RAML has followed these ASX Recommendations in relation to the operations of the Trust for the period from 1 January 2015 to 31 December 2015.

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

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

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Board Charter

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

- (a) the functions and responsibilities of the Board;
- (b) the role of the Board;
- (c) the role of the Chairman of the Board (the "Chairman"); and
- (d) the role of Board Committees.

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

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

Directors' Information

In considering any selection or appointment to the Board, the Board considers the necessary and desirable competencies of any Directors or proposed Directors. The Board ensures that the Trust undertakes appropriate checks before appointing a person as a Director.

Agreements with Directors and Senior Executives

Each Director enters into an agreement with RAML setting out the Terms and Conditions of their appointment including their roles and responsibilities.

Each of the senior executives enters into a service agreement which sets out their position description, duties and responsibilities, reporting lines, remuneration entitlements, ongoing confidentiality, obligation to comply with all corporate policies, the circumstances in which their service may be terminated (with or without notice) and any entitlements on termination.

Company Secretary

In accordance with the Board Charter, the Company Secretary is appointed and if necessary removed by the Board and is therefore accountable directly to the board on all matters to do with the proper functioning of the Board. Each Director also has direct access to the Company Secretary. The Company Secretary's role includes:

- Advising the Board and its committees on governance matters.
- Monitoring that Board and its committees on governance matters.

- Coordinating the timely completion and dispatch of Board and committee papers.
- Ensuring that the business at Board and committee meetings is accurately captured in the minutes.
- Helping to organize and facilitate the induction and professional development of Directors.

Diversity Policy

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

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

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

Given there was no change in staffing or Board arrangements throughout the period there was no formal review of this policy in 2015. A copy of the Diversity Policy may be reviewed at www.rnypt.com.au on the Trust's website.

Director, Board and Committee Evaluation

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

No formal Board assessment was undertaken in the financial year ended 2015, although the Chairman has the responsibility of continually monitoring the performance and operation of the Board.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Nomination Committee

RAML does not currently have a formal nomination committee. The Board is of the opinion that it can effectively and efficiently deal with board composition and succession issues without establishing a separate nomination committee. The Board comprises three independent directors who are based in Australia and hold the appropriate balance of skills coupled with the extensive skills of the US Directors to ensure their confidence in providing the board with the appropriate balance of knowledge, experience, independence and diversity to enable them to discharge their duties and responsibilities effectively. This is a departure from ASX Recommendation 2.1.

The Directors

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

Philip Meagher
Mervyn Peacock
William Robinson

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

Scott Rechler
Michael Maturo
Jason Barnett

The Trust does not comply with ASX Recommendation 2.4, which recommends for a majority of the Board to be independent. However, the directors believe that the Trust benefits from the ongoing involvement of the RXR executive directors at the Board level, as the relationship with RXR is critical to the performance of the Trust and the three executive directors have an average of 26 years' experience in the industry, 23 years' experience at RXR (or its predecessor entities) and an extensive amount of local market insight, knowledge and industry relationships in connection with the New York Tri-State commercial office markets.

During the period from 1 January 2015 until 31 December 2015 the Board held 5 meetings with all Board members attending each meeting.

Board Profiles, Skills and Competencies

The skills, experience and expertise relevant to the position of each Director are set out below. The Board comprises a diverse range of skills and understanding gained by Directors from their decades of experience in the financial services, asset management, investment banking and property sectors. This expertise is supported by appropriate accounting, banking and finance and risk management skills.

Scott Rechler – Chairman and Chief Executive Officer

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

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

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

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

Michael Maturo – President and Chief Financial Officer

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

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

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

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

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

Jason Barnett – Senior Executive Vice President and General Counsel

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

the transaction. Mr Barnett is also one of the founders of RXR.

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

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

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

Philip Meagher – Independent Director

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

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

Mervyn Peacock – Independent Director

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

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

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

William Robinson – Independent Director

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

The Role of the Chairman

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

- (a) leading and facilitating the Board and its deliberations;
- (b) ensuring that the directors remain focused on the enhancement of unitholder value;
- (c) ensuring that management appropriately responds to questions and enquiries of members of the Board; and
- (d) acting as spokesman for the Trust and communicating and consulting with unitholders, shareholders and relevant stakeholders on significant issues, as appropriate.

Scott Rechler, the Chairman and Chief Executive Officer of RAML, is also the Chairman and Chief Executive Officer of RXR Realty LLC (“RXR”). RAML is an affiliate of RXR. Because of this, Mr Rechler is not

considered by RAML to be an independent director. This is a departure from the ASX Recommendation 2.5, but given Mr Rechler’s expertise and experience in the real estate industry and the New York Tri-State area markets, and other factors, such as RXR’s significant ownership interest in the Trust’s portfolio, the Board strongly believes that Mr Rechler’s continuation in both roles is in the best interests of the Trust.

Induction and Training

Upon their appointment RAML ensures that Directors are appropriately inducted and gain an understanding of the Board and the Trust (including its culture and values) and their rights, duties and responsibilities, the roles and responsibilities of senior executives, the role of the Board Committees, and meeting arrangements and Director interaction.

Directors are required to keep themselves adequately informed in respect of relevant industry and regulatory issues and changes.

RAML will provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

Code of Conduct

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

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

- (a) comply with all relevant laws and regulations;
- (b) act honestly and with integrity;
- (c) not place themselves in situations which result in a conflict of interest;
- (d) use RAML’s assets responsibly and in the best interests of RAML; and
- (e) be responsible and accountable for their actions.

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

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Audit and Risk Committee

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

- (a) the integrity of financial statements of the Trust;
- (b) monitoring the Trust's relationship with its external auditors (Ernst & Young);
- (c) overseeing the effectiveness of the internal audit function;
- (d) assessing the propriety of related party transactions;
- (e) assisting with the maintenance of an effective framework to deal with risk management; and
- (f) considering the adequacy of the Trust's, the Directors' and Officers' and other insurance cover.

As at the date of this report, the Audit Committee comprises Messrs Meagher, Peacock and Robinson. Mr Peacock is the Chairman of the Audit Committee. The Board has adopted a Charter for the Audit Committee which sets out the functions and responsibilities of the Audit Committee, a copy of which is listed on the Trust's website at www.rnypt.com.au.

Compliance Committee

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

Chief Executive Officer and Chief Financial Officer Declarations

The Board has received confirmation from both the Chief Executive Officer and Chief Financial Officer that their declaration for both the interim and full year financial reporting periods made in accordance with section 295A of the *Corporations Act 2001*, were based upon sound system of risk management and internal control and further that the system is operating effectively in all material respects in relation to financial reporting risk.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Continuous Disclosure

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

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

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Corporate Governance

The Trust's website at www.rnypt.com.au has a corporate governance section from where all relevant corporate governance information can be accessed, including Board and Committee Charters and various corporate governance policies. Details on the Board of Directors and current ASX announcements can also be found on the website.

Investors' Reports

The Trust prepares annual reports for investors for each financial year ending 31 December. These reports are posted on its website. Investors may elect to receive a hard-copy of the annual report or an email notification once they become available.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Risk Management

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

The Audit and Risk Committee has responsibility for overseeing risk management as well as the Board. The composition of the Committee is outlined under Principle 4. Under the Committee Charter, the Committee is responsible for the following functions to assist the Board in overseeing the Group:

- In consultation with management:
- Reviewing the scope of the external auditors' review of internal control and risk management, reviewing reports on significant findings and recommendations, together with management's responses.
- Recommending to the Board any changes to the Trust's internal control and risk management framework from time to time as appropriate.

The Audit and Risk Committee has met 2 times throughout the period 1 January 2015 till 31 December 2015, and all Committee members attended each meeting.

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

Risk Management Framework

The Trust has prepared a Risk Matrix which is reviewed by the Compliance Committee on a bi-annual basis and then presented to the Board. In the context of the Trust's strategy and activities, the Risk Matrix identifies and assesses the key categories of risk for the Trust and summarises and evaluates the effectiveness of the risk control environment for each category of risk identified for the Trust.

Internal Audit

The Board has determined having regard to the Group's size not to establish a separate internal audit function. As set out above the Audit and Risk Committee and Compliance Committee along with the Board has specific responsibilities in relation to risk management and internal control.

Safety and Sustainability

The Board monitors any material exposure to economic, environmental and social sustainability risks, via its Risk Matrix. There are no apparent significant risks associated with these factors at the time of the annual report.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

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

performance in the context of the Trust's strategy and objectives.

Further information relating to remuneration is disclosed in Note 18(iii) to the Financial Statements for the year ended 31 December 2015. Such Financial Statements are included in this Annual Report and can also be viewed at www.rnypt.com.au on the Trust's website.

Information relating to transactions with related parties is disclosed in Note 20 to the Financial Statements for the year ended 31 December 2015. Such Financial Statements are included in the Annual Report and can also be viewed at www.rnypt.com.au on the Trust's website.

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

ASX Principle**RAML Compliance****Principle 1: Lay solid foundations for management and oversight**

1.1	Formalise and disclose the functions reserved to the Board and those delegated to management	Complies
1.2	Companies should undertake appropriate checks before appointing or re-electing the Board members and disclose such information to security holders.	Complies
1.3	Provide written agreements with each director and senior executive setting out the terms of their acceptance.	Complies
1.4	The Company Secretary to be accountable directly to the Board through the Chair, on all matters to do with the proper functioning of the Board.	Complies
1.5	(a) Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to access annually both the objectives and progress in achieving them.	Complies
1.5	(b) Companies should include in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	
1.5	(c) Companies should include in each annual report the proportion of women employees in the whole organization, women in senior executive positions and women on the Board.	
1.6	Formalise and disclose a process for periodically evaluating the performance of the Board, its Committees and individual Directors and disclose if this has been undertaken in the reporting period.	Complies
1.7	Formalise and disclose a process for periodically evaluating the performance of the Senior Executives and disclose if this has been undertaken in the reporting period.	Complies

Principle 2: Structure the board to add value

2.1	The board should establish a Nomination Committee	Does not Comply
2.2	Formalise and disclose a board's skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Complies
2.3	Companies should disclose the names of the directors considered by the Board to be independent directors, and the length of service of each director	Complies
2.4	A majority of the Board should be independent directors	Does not Comply
2.5	The Chairman should be an independent director, and in particular should not be the same person as the CEO.	Does not Comply
2.6	Companies should have in place a program for inducting new Directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role effectively.	Complies

Principle 3: Act ethically and responsibly

3.1	Establish a code of conduct to guide the directors, the Chief Executive Officer (or equivalent) and any other key executive as to: <ul style="list-style-type: none"> • The practices necessary to maintain confidence in the company's integrity. • The practices necessary to take into account their legal obligations and reasonable expectations to their unitholders • The responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	Complies
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Principle 4: Safeguard integrity in corporate reporting

4.1	The Board should establish an audit committee	Complies
4.1(a)(1)	At least three members – all of whom are non-executive directors and a majority of whom are independent directors	
4.1(a)(2)	Is chaired by an independent director, who is not the chair of the Board	
4.1(a)(3)	Have in place a charter of the committee	
4.1(a)(4)	Have the requisite skills and qualifications to be a member of the Committee	
4.1(a)(5)	Note the number of times the Committee met within the period and the attendance of its members.	
4.2	A formal declaration from the CEO and CFO that the financial statements for the period comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the entity	Complies
4.3	If an AGM is undertaken ensure that the auditor is available to attend the AGM to answer questions from security holders.	Not applicable

Principle 5: Make timely and balanced disclosure

5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance	Complies
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Principle 6: Respect the rights of shareholders

6.1	Companies should provide information about itself and its governance to investors via its website.	Complies
6.2	Design and disclose a communications strategy to promote effective communication with shareholders. and encourage effective participation at general meetings.	Complies
6.3	Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Complies
6.4	Companies should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies

Principle 7: Recognise and manage risk

7.1	Companies should establish a Committee to oversee risk, each of which	Complies
7.1(a)(1)	has at least three members, a majority of whom are independent directors; and	
7.1(a)(2)	is chaired by an independent director; and disclose:	
7.1(a)(3)	the charter of the Committee	
7.1(a)(4)	the members of the Committee; and	
7.1(a)(5)	as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	
7.1(b)	if it does not have a risk committee in place, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	
7.2	The Board or a Committee of the Board should:	Complies
7.2(a)	review the entity's risk management framework, at least annually to satisfy itself that it, continues to be sound; and	
7.2(b)	disclose in relation to each reporting period, whether such a review has taken place.	
7.3	Companies should disclose:	Complies
7.3(a)	if it, has an internal audit function, how the function is structured and what role it performs; or	
7.3(b)	if it, does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	
7.4	Companies should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Complies

ASX Principle

RAML Compliance

Principle 8: Remunerate fairly and responsibly

<p>8.1 The Board should establish a Remuneration Committee which;</p> <p>8.1(a)(1) has at least three members, a majority of whom are independent directors; and</p> <p>8.1(a)(2) is chaired by an independent director, and disclose</p> <p>8.1(a)(3) the charter of the committee;</p> <p>8.1(a)(4) the members of the committee; and</p> <p>8.1(a)(5) as at the end of each reporting period the number of times the committee met and the committees attendance.</p> <p>8.1(b) if it, does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for each director and senior executives and ensuring such remuneration is appropriate and not excessive.</p>	Does not Comply
<p>8.2 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.</p>	Complies
<p>8.3 Companies which have an equity based remuneration scheme should:</p> <p>8.3(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit, the economic risk of participating in the scheme; and</p> <p>8.3(b) disclose that policy or a summary of it.</p>	Complies

RANGE OF UNITHOLDERS

Holding	Number of Holders	Number of Units
1–1,000	75	5,948
1,001–5,000	53	159,216
5,001–10,000	60	515,792
10,001–100,000	354	15,438,772
100,001 and over	160	247,294,161
Total number of unitholders	702	263,413,889
Number of unitholders holding less than a marketable parcel	112	

SUBSTANTIAL UNITHOLDERS (PER FORM 604 FILINGS ON ASX)

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

TWENTY LARGEST UNITHOLDERS (PER LINK MARKET SERVICES)

Unitholder	Number of Units	% of Units on Issue
1. Citicorp Nominees Pty Ltd	75,755,137	28.76
2. National Nominees Ltd	35,066,054	13.31
3. JP Morgan Nominees Australia Ltd	22,576,533	8.57
4. HSBC Custody Nominees (Aust) Ltd	14,825,724	5.63
5. RBC Investor Services	8,762,751	3.33
6. One Managed Inv Funds	7,651,318	2.90
7. Mr & Mrs Evans (Superfund)	7,250,000	2.75
8. Bond Street Custodians Ltd	6,909,683	2.62
9. Pythagoras Aust Pty Ltd	5,963,404	2.27
10. Rudie Pty Ltd	4,584,181	1.74
11. ABN AMRO Clearing Sydney Nominees Pty Ltd	3,376,601	1.28
12. Mr Hancock	2,250,000	.85
13. Jelly Pty Ltd	2,227,800	.85
14. Mr C Lopherd	2,119,871	.80
15. Dr H Sandler & Mrs B Sandler	2,000,000	.76
16. Brazil Farming Pty Ltd	1,500,000	.57
17. Jed Asset Co Pty Ltd	1,400,000	.53
18. Mrs L Lynch	1,310,000	.50
19. National Nominees Ltd (DB A/C)	1,310,000	.50
20. BNP Paribas Nom. Pty Ltd	1,256,747	.48
Total in this Report	208,095,804	79.00
Total Other Investors	55,318,085	21.00
Total Units on Issue	263,413,889	100.00%

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Responsible Entity of the Trust

RNY Australia

Management Limited (RAML)

19 Martin Place

MLC Centre

Level 56

Sydney NSW 2000

Phone: (02) 9293 2911

Fax: (02) 9293 2912

Directors of RAML

Scott Rechler, Chairman

Jason Barnett

Michael Maturo

Philip Meagher

Mervyn Peacock

William Robinson

Company Secretary

Francis Sheehan

Independent Accountant

Ernst & Young

Ernst & Young Centre

680 George Street

Sydney NSW 2000

Legal Adviser

Greenwich Legal

Level 11

50 Margaret Street

Sydney NSW 2000

Unit Registry

Link Market Services Limited

Level 12, 680 George Street

Locked Bag A14

Sydney NSW 1235

Phone: 1 300 554 474 or (02) 8270 7111

International: (61 2) 8280 7111

Fax: (02) 9287 0303

RNY Property Trust

ARSN 115 585 709

Financial Report

For the Year Ended 31 December 2015

RNY PROPERTY TRUST

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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

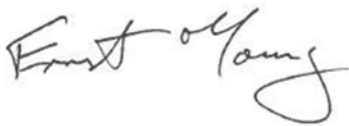
Dated this 25th day of February 2016 in Sydney

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

A member firm of Ernst & Young Global Limited
Liability is limited by a scheme approved under Professional Standards Legislation

Statement of Comprehensive Income
year ended 31 December 2015

		Consolidated	
	Note	2015	2014
		\$'000	\$'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	31 Dec 14
		\$'000	\$'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		<u>168</u>	<u>134</u>
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	<u>98,985</u>	<u>146,937</u>
Total non-current assets		<u>98,985</u>	<u>146,937</u>
Total assets		<u>99,153</u>	<u>147,071</u>
Current liabilities			
Related party payables	8	5,794	4,846
Trade and other payables	9	870	797
Total current liabilities		<u>6,664</u>	<u>5,643</u>
Non-current liabilities			
Preferred shares	10	171	152
Total non-current liabilities		<u>171</u>	<u>152</u>
Total liabilities		<u>6,835</u>	<u>5,795</u>
Net assets		<u>92,318</u>	<u>141,276</u>
Unitholders' Equity			
Units on Issue	11	251,377	251,377
Reserves	12	5,265	(11,984)
Accumulated deficit		(164,324)	(98,117)
TOTAL EQUITY		<u>92,318</u>	<u>141,276</u>

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

Cash Flow Statement
year ended 31 December 2015

		Consolidated	
	Note	2015	2014
		\$'000	\$'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			
Cash and cash equivalents at beginning of year		75	(101)
Net foreign exchange differences		75	203
		(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.

Statement of Changes in Equity
year ended 31 December 2015

	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

**Notes to the Financial Statements
year ended 31 December 2015**

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(1)

(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.

Notes to the Financial Statements
year ended 31 December 2015

	Consolidated	
	2015	2014
	\$'000	\$'000
3. Other expenses		
Administration & marketing	41	46
Consulting fees	69	76
Insurance	163	157
	273	279

4. Income tax benefit

(a) Income tax benefit

Deferred US withholding tax benefit	-	-
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(b) Reconciliation of withholding tax expense

The prima facie tax on profit before tax expense is reconciled to the tax benefit provided in the financial statements as follows:

Net loss 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	2014
	\$'000	\$'000
5. Trade and other receivables		
Other receivables	10	19

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

Notes to the Financial Statements
year ended 31 December 2015

6. Investments in joint ventures

	Consolidated	
	2015	2014
	\$'000	\$'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.

Notes to the Financial Statements
year ended 31 December 2015

6. Investments in joint ventures (continued)

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

	Note	Consolidated 2015 \$'000	2014 \$'000
<i>Movements in carrying amounts</i>			
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
<i>Balance Sheet of US LLC</i>			
<i>Current assets</i>			
Cash and cash equivalents ⁽ⁱ⁾		14,003	15,260
Trade and other receivables		1,930	1,556
		15,933	16,816
<i>Non-current assets</i>			
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.

Notes to the Financial Statements
year ended 31 December 2015

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	<i>see note (a)</i>	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
<i>Fixed rate commercial mortgages</i>						
Tranche II mortgage*	-	72,000	-	87,784	5.32%	Jan 2016
Dec 2009 mortgage*	37,717	39,719	51,625	48,425	4.25%	Jan 2017
					<i>see note (c)</i>	
Mezzanine loan	36,000	36,000	49,274	43,892	<i>see note (b)</i>	May 2017
<i>Floating rate commercial Mortgage</i>						
Senior Bank loan*	116,495	118,379	159,451	144,330	<i>see note (a)</i>	May 2017
Interest rate swap – non current	79	348	109	425	<i>see note (a)</i>	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	2014
	\$'000	\$'000
	@ 75%	@ 75%
Non-current assets		
<i>Tranche II mortgage</i>		
Investment properties	93,777	117,502
<i>Dec 2009 mortgage</i>		
Investment properties	73,706	79,462
<i>Senior Bank loan / Mezz Loan</i>		
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 occurrence 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.

Notes to the Financial Statements
year ended 31 December 2015

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.

Notes to the Financial Statements
year ended 31 December 2015

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	Book Value	Latest	Date of Latest Independent Appraisal	Book Value	Book Value	Latest
			At 31 Dec 14	At 31 Dec 15	Independent Appraisal ⁽ⁱ⁾		At 31 Dec 14	At 31 Dec 15	Independent Appraisal ⁽ⁱ⁾
			@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	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	Book Value	Latest	Date of Latest Independent Appraisal	Book Value	Book Value	Latest
			At 31 Dec 14	At 31 Dec 15	Independent Appraisal ⁽ⁱ⁾		At 31 Dec 14	At 31 Dec 15	Independent Appraisal ⁽ⁱ⁾
			@75% US \$'000	@75% US \$'000	@ 75% US \$'000		@75% AUD \$'000	@75% AUD \$'000	@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	\$'000

8. Due to related parties

Amount owing to related party	5,794	4,846
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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
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To comply with US regulations relating to US REITs, on 31 January 2006 an additional 125 persons were allotted shares in the US REIT at \$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	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	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	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

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	2014
	\$'000	\$'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)
	2,722	3,571
INCOME AVAILABLE FOR DISTRIBUTION		
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	2014
	\$'000	\$'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
	<u>75</u>	<u>(101)</u>
<i>Net cash inflow/(outflow) from operating activities</i>		
(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:		
Cash and liquid assets	<u>127</u>	<u>75</u>

16. Earnings per unit

	Consolidated	
	2015	2014
	Cents	Cents
(a) Basic and diluted earnings per unit	<u>(25.13)</u>	<u>(4.27)</u>
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.		
(b) Basic earnings per unit after adjusting for fair value movements and foreign currency movements*	<u>(0.35)</u>	<u>0.08</u>
	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>

*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	<u>(933)</u>	<u>203</u>

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	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		Investment	
		2015 %	2014 %	2015 \$'000	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
<i>Investment in joint venture held indirectly through the US REIT</i>					
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
<i>For the year ended 31 December 2015</i>					
<i>Consolidated</i>					
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
<i>Parent</i>					
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
<i>For the year ended 31 December 2014</i>					
<i>Consolidated</i>					
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
<i>Parent</i>					
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	<u>\$0.35</u>	<u>\$0.54</u>

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	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.

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:

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

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:

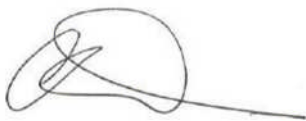
- a. the financial report of RNY Property Trust is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
 - ii complying with Australian 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