



Financial Results & Overview for the
Half Year Ended 30 June 2016
Friday, 5 August 2016

- Of the three assets identified at year end that we would immediately bring to market, one was sold and another is currently in contract
 - Closed on the sale of 200 Broadhollow Road, Melville, NY on 30 June 2016 for US\$9.15 million (4.7% discount to 31 December 2015 book value of \$9.6 million)
 - Entered into a contract to sell 300 Motor Parkway for US\$5.07 million (5.7% premium to 31 December 2015 book value of \$4.8 million)
- We selected brokers to market select assets and are in the process of finalizing Offering Memorandums for distribution to the market
 - Process involved first obtaining lender approvals and executing amendments of the Torchlight mezz loan and SunTrust senior loan
- Subdued investor appetite and tepid lending markets for suburban office are adding to our challenge of selling the portfolio
- At this time we are comfortable with the 18-24 month target that we outlined on our year end call

Financial Summary

Net Loss After Tax/Distribution Statement

RNY

- Headline result of A\$19.194 million net loss after tax for period end 1H 2016 vs. A\$5.353 million net loss after tax for 1H 2015
- Adjusted Trust Net Profit after Tax (A-NPAT) of A\$545 thousand loss⁽¹⁾ vs. A\$359 thousand loss⁽¹⁾ at 30 June 2015
 - Distributable earnings of A\$1.695 million for the period

	Period ended 30 June 2016	
	(A\$ in 000's) ⁽¹⁾	(cents per unit)
Net Loss From US LLC	(17,994)	
Expenses of US REIT/Trust	(1,200)	
Net Loss After Taxes	(19,194)	(7.29)
Add: Property Fair Value Adjustments ⁽²⁾	18,649	
Adjusted Net Loss After Taxes ⁽³⁾	(545)	(0.21)
Add: Mortgage Cost Amortisation	1,067	
Add: Amortisation of Deferred Leasing Costs	1,133	
Add: Straight-Line Income Adjustments	40	
Distributable Earnings	\$1,695	0.64
Less: Earnings Retained to Fund Capital Expenditures	(1,695)	
Distribution to Unitholders	\$0	0.00

(1) Income statement foreign exchange rate of A\$0.7337

(2) Net of capitalised additions.

(3) Adjusted Trust NPAT (A-NPAT) is a non-IFRS figure that, in the opinion of the Board of Directors, provides a more appropriate representation of the operating performance of the underlying portfolio.

Financial Summary

Summary Balance Sheet

RNY

- Net valuation decrease to Trust operating properties of US\$16.1 million (A\$21.7 million)⁽¹⁾
 - Trust's share of this adjustment was US\$12.1 million (A\$16.2 million), equating to a decrease of 4.7%
- Period-end gearing ratio of 79.5% vs. 75.8% at 31 December 2015 (65.8% at 30 June 2015)

	<u>At 30 June 2016</u>	<u>At 31 December 2015</u>
	(A\$ in 000's) ⁽²⁾	(A\$ in 000's) ⁽²⁾
Total Assets	\$78,422	\$99,153
Total Liabilities	(\$6,929)	(\$6,835)
Net Assets (A\$)	\$71,493	\$92,318
Add: Adjustment for Fair Value of Derivative	851	970
Net Tangible Asset (NTA) (A\$)	\$72,344	\$93,288
Units on Issue	263,413,889	263,413,889
NTA Per Unit	\$0.27	\$0.35
Closing Price	\$0.13	\$0.28
Equity Market Capitalisation	\$34,243,806	\$73,755,889
Gearing Ratio	79.5%	75.8%

(1) Excludes 200 Broadhollow Road which was sold on 30 June 2016

(2) Balance sheet foreign exchange rate of A\$0.7426 at 30 June 2016 and A\$0.7306 at 31 December 2015.

- Executed 29 leases totaling 222,055 square feet in 1H 2016 ⁽¹⁾
 - 22,191 square feet of new/expansion deals, and 199,864 square feet of renewal/early renewal deals, including:
 - Synapse renewal of 57,135 square feet at 225 High Ridge Road
 - Lincoln Educational Services renewal of 45,408 square feet at 200 Executive Drive
 - Mental Health Associates renewal of 16,146 square feet and expansion of 1,354 square feet at 580 White Plains Road
 - Metropolitan Life Insurance renewal of 8,446 square feet and expansion of 3,023 square feet at 225 High Ridge Road
- Achieved a 91.1% renewal rate for the period ⁽¹⁾
- Period end occupancy was 74.8% vs. 74.4% at 31 December 2015 ⁽¹⁾
- Same space new base rent vs. expiring base rent decreased 5.9% on a cash basis but increased 6.1% on an average rent basis ⁽²⁾ (excluding the Synapse renewal at 225 High Ridge Road in Connecticut), continuing the trend that we've been seeing over the past few years
 - Synapse was coming off of a 10 year deal that was signed at the height of the market, so the recent renewal skews this statistic
- Activity has been solid since the end of Q2, with leases out and proposals for over 20K SF of new space and for nearly 45K square feet of renewals

(1) Excludes 200 Broadhollow Road which was sold on 30 June 2016.

(2) Base rent excludes recoveries.

Summary Debt Information

At 30 June 2016

RNY

All figures in US\$ unless noted

	Balance (000's)	30 June 2016 Valuations (000's)	Weighted Average Interest Rate	Maturity Date	DSCR ⁽¹⁾	30 June 2016 Occupancy	31 December 2015 Occupancy
ACORE Pool ⁽²⁾	75,538	101,650	5.15%	Feb. 2019	1.44	69.9%	68.9%
ISB Pool	29,753	44,475	4.25%	Jan. 2017	1.75	72.5%	72.2%
SunTrust/TL Pool - Senior	115,522	178,450	5.28%	May 2017	0.92	80.0%	80.1%
SunTrust/TL Pool - Mezz ⁽³⁾	46,264	N/A	14.00%	May 2017	N/A	N/A	N/A
Total/Weighted Average	267,077	324,575	6.64%		1.16	74.8%	74.4%

➤ Torchlight Mezz Loan Amendment

- Facing a DSCR covenant trigger at 30 June 2016, we felt it prudent to approach our lender and negotiate a loan amendment to give us the flexibility required to execute our strategic liquidation plan
- Negotiated amended terms include:
 - Minimum debt service coverage ratio requirements and prepayment penalties for asset sales are waived
 - Interest shortfalls will be added to the outstanding principal balance on a monthly basis
 - All assets required to have an executed sales contract by 31 December 2016 with an outside closing date of 28 February 2017, subject to a two month extension upon selling six or more assets and paying down the senior loan
 - A lease renewal must be executed with BT Radianz (492 River Road) by 31 December 2016
 - Lender's profit participation has been modified from 15% of all cash after Borrower received a 15% IRR to 25% of all cash after Borrower receives \$2.75M
- If the leasing or asset sale parameters are not met, the lender has certain remedies including foreclosure on the equity in the properties
 - The SunTrust/Torchlight pool of assets represents roughly AU\$0.08 of the Trust's NTA, based on 30 June valuations

(1) Based on interest paid; excludes accruals.

(2) Interest rate is floating. Rate shown reflects the rate in effect at 30 June 2016.

(3) The mezzanine balance includes accrued interest in the amount of \$10.3 million.

Property Revaluations

RNY

All figures in US\$ unless noted

- Management revalued the portfolio at 30 June 2016. As part of the revaluation, the Trust engaged Cushman & Wakefield to perform appraisals of nine of the Trust's properties, while 300 Motor Parkway was valued based on the contract for sale. Management utilized the 31 December 2015 appraisals along with current cap rate and discount rate data to value the Trust's other operating properties. The table below summarizes the changes to the Trust's share of fair value (all figures in chart below are in US\$000's):

Region	30-Jun	31-Dec	Change from 31 December 2015		30-Jun	Change from 30 June 2015	
	2016	2015	US\$	%	2015	US\$	%
Total Long Island	69,694	74,288	(4,594)	(6.2%)	99,000	(29,306)	(29.6%)
Total New Jersey	45,675	48,900	(3,225)	(6.6%)	55,200	(9,525)	(17.3%)
Total Westchester	76,500	79,050	(2,550)	(3.2%)	84,225	(7,725)	(9.2%)
Total Connecticut	51,563	53,250	(1,687)	(3.2%)	58,725	(7,162)	(12.2%)
Total Portfolio	<u>243,432</u>	<u>255,488</u>	<u>(12,056)</u>	<u>(4.7%)</u>	<u>297,150</u>	<u>(53,718)</u>	<u>(18.1%)</u>

Note: Represents RNY's 75% interest. Prior periods have been adjusted to exclude 200 Broadhollow Road sold on 30 June 2016.

- Substantially all of the decrease is attributable to the assets appraised on 30 June 2016
 - This was primarily the result of appraisers using more conservative modeling assumptions
- Average per square foot value of the Trust's share of the portfolio was US\$112
- An average terminal cap rate of 7.95% was used in the valuation of the portfolio
- NTA decreased in US dollars from US\$0.29 to US\$0.20 and decreased from A\$0.35 at 31 December 2015 to A\$0.27 per unit at period end

Property Sales Update

RNY

All figures in US\$ unless noted

- Sale of 200 Broadhollow Road for \$9.15 million (4.7% discount to 31 December book value of \$9.6 million), \$133 per square foot, closed on 30 June 2016
 - As per the ACORE loan documents, 100% of all sales proceeds go to pay down the existing loan as well as fund lender controlled reserves for future leasing and building capital required in the ACORE portfolio
- Entered into a contract for the sale of 300 Motor Parkway for a price of \$5.07 million (5.7% premium to 31 December book value of \$4.8 million), \$85 per square foot, and expect a closing in late 3Q/early 4Q
 - All net sales proceeds (approximately \$2.3 million) after the repayment of the allocated ISB loan amount get distributed to borrower to be held for leasing, capital expenditures, and general & administrative costs
- The Torchlight debt modification was finalized on 8 July 2016 and brokers have been engaged to market 8 of the 9 assets that secure the loan
 - Execution of BT Radianz extension will improve value and marketability of 492 River Road, so we are trying to execute an amendment before bringing to market
- Currently in discussions with ACORE to allow for the sale of 10 Rooney Circle and 555 White Plains Road in conjunction with office park sales that include the Torchlight/SunTrust assets
 - Anticipate that the remaining ACORE assets are to be held until second half of 2017 to allow for time to stabilize and for the burn off of the yield maintenance fees
- As a result of the above, we are currently targeting having all assets, except for the remaining ACORE assets, to be sold or with an executed contract by year end

Property Sales – Anticipated Timing

RNY

All figures in US\$ unless noted

Property	Engaged Broker	Commencement of Marketing Process	Anticipated Distribution of Offering Memorandum	Targeted Sale Date					
				Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
ISB									
300 Motor Parkway	N/A	NA	NA	X					
300 Executive Drive	X	June, 2016	September, 2016		X				
710 Bridgeport Ave		August, 2016	September, 2016		X				
SunTrust/TL									
100 Grasslands Road	X	June, 2016	August 3rd, 2016		X				
80 Grasslands Road	X	June, 2016	August 3rd, 2016		X				
660 White Plains Road	X	June, 2016	August, 2016		X				
100 Executive Drive	X	June, 2016	September, 2016		X				
200 Executive Drive	X	June, 2016	September, 2016		X				
225 Highridge Road	X	June, 2016	September, 2016		X				
35 Pinelawn Drive	X	June, 2016	September, 2016			X			
150 Motor Parkway	X	June, 2016	September, 2016			X			
492 River Road		September, 2016	Q4 2016			X			
ACORE									
10 Rooney Circle	X	June, 2016	September, 2016		X				
555 White Plains Road	X	June, 2016	September, 2016		X				
55 Charles Lindbergh Blvd.		Q2 2017	Q2 2017					X	
560 White Plains Road		Q2 2017	Q2 2017					X	
580 White Plains Road		Q2 2017	Q2 2017					X	
6800 Jericho Turnpike		Q2 2017	Q2 2017					X	
6900 Jericho Turnpike		Q2 2017	Q2 2017					X	

Note: The above timeline reflects targeted timing; actual timing may vary. Timing may be accelerated or delayed depending on leasing progress and other property activity. 10 Rooney & 555 WPR timing is dependent on finalizing discussions with ACORE.

- Management intends to continue actively pursuing its strategic monetization plan to maximize the value of the units in this challenging sales market
 - Bring the Suntrust/Torchlight assets to market ASAP
 - Need to meet the leasing and sale parameters of the Torchlight mezz debt modification
 - Look to sell remaining ISB assets prior to January 2017 maturity
 - 300 Motor Parkway is under contract and expected to close late 3Q/early 4Q 2016
 - Anticipate engaging an investment sales broker for 710 Bridgeport Avenue shortly
 - 300 Executive Drive in West Orange will be marketed along with 100/200 Executive (part of the Torchlight loan pool)
 - Finalize discussions with ACORE to allow for the sale of 10 Rooney Circle and 555 White Plains Road
 - 10 Rooney is part of the same office park as the Executive Drive buildings and will be marketed along with them
 - 555 White Plains Road might offer buyers a unique redevelopment opportunity, given its level of occupancy
 - Cash Management
 - Unrestricted cash on US LLCs books of approximately US\$509 thousand at 30 June 2016
 - Cash reserves of roughly US\$5.4 million held in escrow by our lenders for leasing and capital expenditures
 - Continue to be disciplined with respect to capital outlays, investing only where required or where we get an immediate return on the invested dollars
 - We will continue to conserve cash by holding back on distributions to unitholders
 - The external manager of the Trust has agreed to defer payment of asset management fees in excess of its costs until such time that there is sufficient net cash proceeds from the sale of assets
 - » Approximately US\$368K was deferred during the period



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