Appendix 4D

Half year report
for the period ended 30 June 2016

Name of entity	RNY Property Trust
ARSN	115 585 709
Reporting period	Six month period ended 30 June 2016
Previous corresponding period	Six month period ended 30 June 2015

Results for announcement to market

Financial Performance

	A $'000
Revenue from ordinary activities	Down 342.5% to (17,993)
Profit/(loss) from ordinary activities after tax attributable to unitholders	Down 258.6% to (19,194)
Net profit/(loss) for the period attributable to unitholders	Down 258.6% to (19,194)

Distribution

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

Record date for determining entitlement to the distribution for the period ended 30 June 2016	N/A
Date the June 2016 distribution is payable	N/A
Tax advantage component of the June 2016 distribution	N/A
The taxable component of the June 2016 distribution comprises:	
Australian sourced income	N/A
Foreign sourced income	N/A
Foreign tax credit per unit	N/A

The attached half year financial information should be read in conjunction with the annual Financial Report of RNY Property Trust for the year ended 31 December 2015.

RNY Property Trust
ARSN 115 585 709

Financial Report
For the Half Year Ended 30 June 2016

RNY PROPERTY TRUST
CONTENTS

The directors of RNY Australia Management Limited ("RAML"), the Responsible Entity of RNY Property Trust ("RNY" or the "Trust"), present their report together with the financial report of the Trust and its controlled entity, together known as the "Group", for the half year ended 30 June 2016.

Directors

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

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

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

Principal activities

The Trust is a registered managed investment scheme domiciled in Australia and has its principal place of business at Level 56, MLC Centre, 19 Martin Place, Sydney, NSW 2000. The Trust has a 100% interest in RNY Australia LPT Corp. (the "US REIT"), which in turn has a 75% interest in RNY Australia Operating Company LLC (the "US LLC"), a Delaware Limited Liability Company that as of 30 June 2016 owned 19 office properties (31 December 2015: 20 office properties) in the New York Tri-State area.

The principal activity during the financial period has been holding investments in the commercial office markets of the New York Tri-State area in the United States, 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 principal activities during or since the end of the financial period.

Funding

At 30 June 2016, with regards to two of the US LLC's non-recourse secured loans (the "Senior Bank Loan" and the "Acore Loan"), the US LLC has approximately US$2.8 million (31 December 2015: US$2.4 million) in lender controlled cash accounts with the Senior Bank Loan and Acore Loan lenders. The cash accounts are 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 the share of US LLC's other assets in the accompanying balance sheet.

On 8 January 2016 the US LLC completed a pay-off and refinancing of the US$72 million Citibank 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 and is secured over certain properties of the US LLC. 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, 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.

Results
The consolidated net loss of the Group is presented in the Statement of Comprehensive Income. Net loss attributable to the members of the Group for the half year ended 30 June 2016 was $19,194,281 (30 June 2015: Loss $5,353,391).

The Trust executed 29 lease transactions during the period totalling 222,055 square feet (7.7% of the portfolio). The Trust's portfolio reported an occupancy rate, at period end, of 74.8%, achieved a renewal rate, during the period, of 91.1%, and reported an increase of 0.4% in year-over-year, same property net operating income.

Distributions
No distributions were paid to unitholders for the half year ended 30 June 2016 and no provision for distribution has been recognised in the current period.

Investment properties
At 30 June 2016 the US LLC obtained independent valuations on nine of its investment properties and assessed the carrying value of its remaining investment properties which resulted in a decrease in investment property book values of approximately US$16.1 million (31 December 2015: decrease of US$56.5 million).

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

Matters subsequent to the end of the financial period
On 8 July 2016, the US LLC completed a modification agreement with the lender of its US$36 million mezzanine loan (the "Mezz Loan"), to restructure such debt. The Mezz Loan was issued in April 2012, matures in May 2017 and is collateralized by indirect ownership interests in nine properties owned by the US LLC (the "Mezz Loan Portfolio"). Material terms of the modification agreement include, but are not limited to: (i) the lender has agreed to waive certain loan provisions, including the debt service coverage ratio (the "DSCR") and the requirement that the US LLC post a letter of credit to cure any DSCR violations, as well as agreeing that monthly mezzanine interest shortfalls will be added to the outstanding principal balance, (ii) the US LLC will be required to meet certain leasing parameters, (iii) the assets of the Mezz Loan Portfolio are required to be under contract for sale by 31 December 2016, and (iv) the lender's profit participation interest in the proceeds from a sale of the Mezz Loan Portfolio increased from 15% of remaining proceeds after a 15% IRR to the US LLC to 25% of remaining proceeds after the US LLC receives US$2.75 million. At 30 June 2016, the Share of US LLC liabilities include approximately US$600,000 related to such 15% profit participation.

If the US LLC fails to meet the leasing and asset sale parameters set out in the modification agreement, the US LLC has agreed to deliver a 'deed-in-lieu of foreclosure' to the lender, effectively transferring ownership of the Mezz Loan Portfolio and forfeiting any equity value in the Mezz Loan Portfolio. The fair value of the assets pledged against the Senior Bank Loan and the Mezz Loan is approximately US$178.5 million compared to the total outstanding loan balance including accrued interest of approximately US$162.9 million within the US LLC at 30 June 2016. Both the Senior Bank Loan and the Mezz Loan are non-recourse loans.

On 8 July 2016, the US$115.5 million Senior Bank Loan, which is collateralised by the same nine properties as the Mezz Loan, was amended to account for the Mezz Loan modifications.

On 13 July 2016, the US LLC entered into a binding contract to sell 300 Motor Parkway. Settlement is expected to occur prior to the end of 2016.

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 is actively 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.

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

Units on issue
There were 263,413,889 units of the Trust on issue at 30 June 2016 (31 December 2015: 263,413,889 units).

Interests of Responsible Entity
The Responsible Entity held no units in the Trust at 30 June 2016 (31 December 2015: Nil).

Indemnification and Insurance of Officers and Auditors
During the six months to 30 June 2016 the Trust was charged for insurance premiums incurred by the Responsible Entity in relation to an insurance policy which provides cover to directors and officers of the Responsible Entity. So long as the officers of RAML act in accordance with the Trust Constitution and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The disclosure of the nature of the liability and the amount of the premium paid is prohibited under the insurance contract.

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

Rounding of Amounts
Amounts in the financial report and the Directors' Report have been rounded to the nearest thousand dollars per ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Trust is an entity to which the class order applies.

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

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

/s/ Philip Meagher

Philip Meagher
Director
Dated this 4th day of August 2016 in Sydney

Building a better working world

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

As lead auditor for the review of RNY Property Trust for the half-year ended 30 June 2016, 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 review*;* and

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

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

Ernst & Young

Anthony Ewan
Partner
4 August 2016

Statement of Comprehensive Income
for the half year ended 30 June 2016

	Note	Consolidated 30 Jun 2016 $'000	Consolidated 30 Jun 2015 $'000
CONTINUING OPERATIONS			
Share of net loss of US LLC			
Rental income from investment properties		28,172	27,002
Property related expenses		(16,076)	(15,860)
Net rental income		12,096	11,142
Other income		494	687
Loss on sale of investment property		(1,103)	(71)
Borrowing costs		(9,543)	(9,537)
Other expenses		(1,289)	(1,294)
Net income from US LLC before fair value adjustments		655	927
Loss from investment property revaluations		(18,649)	(4,994)
Total share of net loss from US LLC		(17,994)	(4,067)
Interest income		1	1
Total loss and other income		(17,993)	(4,066)
Expenses			
Administration expenses		(83)	(93)
Finance costs		(183)	(161)
Management fees		(799)	(897)
Other expenses		(136)	(136)
Total expenses		(1,201)	(1,287)
Loss from continuing operations before tax expense		(19,194)	(5,353)
US withholding tax		-	-
NET LOSS FROM CONTINUING OPERATIONS AFTER TAX		(19,194)	(5,353)
OTHER COMPREHENSIVE (LOSS)/INCOME – RECYCLABLE			
Foreign currency translation difference (net of tax)		(1,750)	9,577
Gain/(loss) on financial instrument hedge (net of tax)		119	(239)
Other comprehensive loss/(income) for the period, net of tax		(1,631)	9,338
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		(20,825)	3,985
Basic and diluted loss per unit from continuing operations (cents)		(7.29)	(2.03)

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

Balance Sheet
as at 30 June 2016

	Note	Consolidated 30 Jun 2016 $'000	31 Dec 2015 $'000
Current assets			
Cash and cash equivalents		97	127
Trade and other receivables		27	10
Other current assets		11	31
Total current assets		135	168
Non-current assets			
Investments held in US LLC			
Share of US LLC's investment properties	4	327,809	359,550
Share of US LLC's liabilities	5	(277,282)	(288,358)
Share of US LLC's other assets		27,760	27,793
Total investment held in US LLC	3	78,287	98,985
Total non-current assets		78,287	98,985
Total assets		78,422	99,153
Current liabilities			
Related party payables		5,882	5,794
Trade and other payables		879	870
Total current liabilities		6,761	6,664
Non-current liabilities			
Preferred shares	6	168	171
Total non-current liabilities		168	171
Total liabilities		6,929	6,835
Net assets		71,493	92,318
Unitholders' Equity			
Units on Issue	7	251,377	251,377
Reserves	8	3,634	5,265
Accumulated deficit		(183,518)	(164,324)
TOTAL EQUITY		71,493	92,318

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

Cash Flow Statement
for the half year ended 30 June 2016

	Consolidated 30 Jun 2016 $'000	Consolidated 30 Jun 2015 $'000
Cash flows from operating activities		
Income received from US LLC	992	1,207
Payments to suppliers	(1,021)	(1,213)
Interest received	1	1
Net cash outflow from operating activities	(28)	(5)
Cash flows from investing activities		
Net cash flow from investing activities	-	-
Cash flows from financing activities		
Net cash flow from financing activities	-	-
Net decrease in cash and cash equivalents	(28)	(5)
Cash and cash equivalents at beginning of period	127	75
Net foreign exchange differences	(2)	(2)
Cash and cash equivalents at end of period	97	68

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

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

	Note	Units on Issue	Accumulated Deficit	Reserves	Total Equity
		$'000	$'000	$'000	$'000
CONSOLIDATED					
At 1 January 2016		251,377	(164,324)	5,265	92,318
Foreign currency translations taken to equity					
- recyclable		-	-	(1,750)	(1,750)
Fair value movement of derivatives					
- recyclable		-	-	119	119
Loss for the half year		-	(19,194)	-	(19,194)
Total comprehensive loss for the half year, net of tax		-	(19,194)	(1,631)	(20,825)
Distributions		-	-	-	-
At 30 June 2016		251,377	(183,518)	3,634	71,493

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

1. Corporate Information

The financial report of RNY Property Trust ("RNY" or the "Trust") for the half year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 4th August 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 2000.

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

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

2. Basis of Preparation of the Half Year Financial Report

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

The half year financial report should be read in conjunction with the annual Financial Report of RNY for the year ended 31 December 2015.

It is also recommended that the half year financial report be considered together with any public announcements made by RNY, its controlled entities and its associates during the half year ended 30 June 2016 in accordance with the continuous disclosure obligations arising under the Australian Stock Exchange Listing Rules.

(a) Basis of Accounting

This general purpose condensed financial report for the half year ended 30 June 2016 has been prepared in accordance with the Trust Constitution, AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements.

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

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

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars per ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

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

(b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiary, RNY Australia LPT Corporation (the “US REIT”), together known as the “Group” as at 30 June 2016.

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

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

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

(c) New Standards

From 1 January 2016 there were no new Standards and Interpretations, mandatory for annual periods beginning on or after 1 January 2016 requiring adoption by the Trust. There were no amending standards requiring adoption and the Trust has not elected to early adopt any new standards or amendments.

(d) Foreign currencies

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

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

- the assets and liabilities of these entities are translated at the rate of exchange ruling at the balance sheet date of A$1.00 = US$0.74 (31 December 2015: A$1.00 = US$0.73) and
- the Statement of Comprehensive Income of these entities are translated at the average rate for the period of A$1.00 = US$0.73 (30 June 2015: A$1.00 = US$0.78)

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

3. Investments in joint ventures

	Consolidated	
	30 Jun 2016	**31 Dec 2015**
	$'000	**$'000**
Investment in joint venture	**78,287**	**98,985**

Other details are as follows:

Entity	**Date Acquired**	**Payment Consideration**	**Country of incorporation**	**Ownership interest**
RNY Australia Operating Company LLC ("US LLC")	21 Sep 05	Cash	United States	75%

RNY has a 100% interest in RNY Australia LPT Corp. (US REIT), which in turn has a 75% interest in RNY Australia Operating Company LLC ("US LLC"), a Delaware Limited Liability Company that as of 30 June 2016 owned 19 office properties (31 Dec 2015: 20 office properties) in the New York Tri-State area. The owner of the remaining 25% interest is an affiliate of RXR Realty LLC ("RXR"), a private enterprise founded by Messrs. Rechler, Maturo and Barnett (three of the directors of the Trust).

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

4. Share of US LLC's Investment Properties

(a) Summary

	Consolidated 30 Jun 2016 A$'000	Consolidated 31 Dec 2015 A$'000
Investment properties at fair value held in equity accounted investments	327,809	359,550

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:		
Lease straight – line asset*	9,763	10,556
Lease commissions	7,713	7,663
Deferred revenues**	(2,061)	(2,578)
Total other investment value	**15,415**	**15,641**

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

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

Carrying amount at the start of the period	359,550	378,018
Fair value decrement (unrealised)	(18,649)	(65,274)
Capital additions	1,622	4,384
Other investment value	792	(910)
Book value of property disposals	(9,696)	(2,469)
Foreign exchange (loss)/gain	(5,810)	45,801
Carrying amount at the end of the period	**327,809**	**359,550**

At 30 June 2016, the investment portfolio occupancy rate was 74.8 % (31 December 2015: 74.6%) with a weighted average lease expiry of 3.2 years (31 December 2015: 3.4 years).

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

(b) Table of properties

The attached table shows details of property investments held through controlled entities as at 30 June 2016. The amounts below represent the consolidated entity's 75% beneficial share of these properties at balance dates. Amounts are in US Dollars and Australian Dollars where indicated.

Property Address	Date of Acquisition	Region	Book Value At 31 Dec 15 @75% US $'000	Book Value At 30 Jun 16 @75% US $'000	Latest Independent Appraisal[(i)] @75% US $'000	Date of Latest Independent Appraisal	Book Value At 31 Dec 15 @75% AUD $'000	Book Value At 30 Jun 16 @75% AUD $'000	Latest Independent Appraisal[(i)] @75% AUD $'000
35 Pinelawn Rd, Long Island [(ii)]	21 Sep 05	Long Island	10,575	10,200	10,575	31 Dec 15	14,474	13,736	14,240
150 Motor Parkway, Long Island [(ii)]	21 Sep 05	Long Island	16,575	13,275	13,275	30 Jun 16	22,687	17,876	17,876
660 White Plains Rd, Westchester County [(ii)]	21 Sep 05	Westchester	28,875	28,950	28,875	31 Dec 15	39,522	38,985	38,884
100 Executive Dr, Nth New Jersey [(ii)]	21 Sep 05	New Jersey	3,075	2,813	2,813	30 Jun 16	4,209	3,788	3,788
100 Grasslands Rd, Westchester County [(ii)]	21 Sep 05	Westchester	8,175	8,175	8,175	31 Dec 15	11,189	11,008	11,008
80 Grasslands Rd, Westchester County [(ii)]	21 Sep 05	Westchester	8,925	7,950	7,950	30 Jun 16	12,216	10,706	10,706
200 Executive Dr, Nth New Jersey [(ii)]	21 Sep 05	New Jersey	4,500	4,088	4,088	30 Jun 16	6,159	5,505	5,505
492 River Rd, Nth New Jersey [(ii)]	21 Sep 05	New Jersey	30,225	30,525	30,225	31 Dec 15	41,370	41,105	40,701
225 High Ridge Rd, Fairfield County [(ii)]	21 Sep 05	Connecticut	29,400	27,862	29,400	31 Dec 15	40,241	37,520	39,591
300 Motor Parkway, Long Island [(iii)]	21 Sep 05	Long Island	3,600	3,806	3,600	31 Dec 15	4,927	5,124	4,848
55 Charles Lindbergh Blvd, Long Island	21 Sep 05	Long Island	18,600	18,937	18,600	31 Dec 15	25,459	25,502	25,047
200 Broadhollow Rd, Long Island [(iv)]	21 Sep 05	Long Island	7,200	-	-	-	9,855	-	-
10 Rooney Circle, Nth New Jersey	21 Sep 05	New Jersey	2,400	2,400	2,400	31 Dec 15	3,285	3,232	3,232
560 White Plains Rd, Westchester County	21 Sep 05	Westchester	7,875	8,325	7,875	31 Dec 15	10,779	11,210	10,605
555 White Plains Rd, Westchester County	21 Sep 05	Westchester	7,500	6,525	6,525	30 Jun 16	10,266	8,787	8,787
6800 Jericho Turnpike, Long Island	6 Jan 06	Long Island	16,950	16,950	16,950	31 Dec 15	23,200	22,825	22,825
6900 Jericho Turnpike, Long Island	6 Jan 06	Long Island	7,988	6,525	6,525	30 Jun 16	10,933	8,787	8,787
710 Bridgeport Ave, Fairfield County	6 Jan 06	Connecticut	23,850	23,700	23,700	30 Jun 16	32,644	31,915	31,915

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

(b) Table of properties (continued)

Property Address	Date of Acquisition	Region	Book Value At 31 Dec 15 @75% US $'000	Book Value At 30 Jun 16 @75% US $'000	Latest Independent Appraisal[(i)] @75% US $'000	Date of Latest Independent Appraisal		Book Value At 31 Dec 15 @75% AUD $'000	Book Value At 30 Jun 16 @75% AUD $'000	Latest Independent Appraisal[(i)] @75% AUD $'000
580 White Plains Rd, Westchester County	6 Oct 06	Westchester	17,700	16,575	16,575	30 Jun 16		24,227	22,320	22,320
300 Executive Dr, Nth New Jersey	6 Oct 06	New Jersey	8,700	5,850	5,850	30 Jun 16		11,908	7,878	7,878
			262,688	243,431	243,976			359,550	327,809	328,543

(i) Cushman and Wakefield performed appraisals for nine of the joint ventures properties at 30 June 2016 as noted above. Internal appraisals were then performed at balance date on the remainder of the properties based on current market capitalisation rates.

(ii) Properties pledged as security against the Senior Bank loan and the Mezz Loan have an aggregate value of US$178.5 million (75% share US$133.8 million) and are subject to certain leasing and asset sale parameters as set forth in the Senior and Mezz Loan modification agreements dated 8 July 2016 (see Subsequent Events Note 14 for further details).

(iii) 300 Motor Parkway is under contract to be sold. Settlement is expected to occur prior to the end of 2016.

(iv) On 30 June 2016 the US LLC sold 200 Broadhollow Road for US$9.15 million. The Group's 75% share of the sale price was US$6.86 million and the property's carrying value at 31 December 2015 was US$7.2 million.

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

Region	Market Capitalisation Rate		Discount Rate	
	31 Dec 15	30 Jun 16	31 Dec 15	30 Jun 16
Westchester	7.80%	7.78%	8.85%	8.80%
Long Island	7.77%	7.70%	8.20%	8.14%
New Jersey	8.00%	7.93%	8.63%	8.55%
Connecticut	8.67%	8.57%	9.03%	9.28%

5. Share of US LLC's liabilities

(i) Current liabilities comprise:

Facility	US $'000 @ 100% 30 Jun 16	US $'000 @ 100% 31 Dec 15	AUD $'000 @ 100% 30 Jun 16	AUD $'000 @ 100% 31 Dec 15	Int Rate	Maturity Date
Trade & other creditors	5,163	6,188	6,953	8,470	n/a	Current
Accrued mortgage interest	11,726	11,554	15,791	15,815		Current
Interest rate swap - current	843	866	1,135	1,185	*see note (a)*	Current
Fixed rate commercial mortgages						
Dec 2009 mortgage*	29,753	-	40,067	-	4.25%	Jan 2017
Mezzanine loan*	36,000	-	48,478	-	*see note (b)*	May 2017
Tranche II mortgage*	-	72,000	-	98,549	5.32%	Jan 2016
Floating rate commercial Mortgage						
Senior Bank loan*	115,522	-	155,564	-	*see note (a)*	May 2017
Total	**199,007**	**90,608**	**267,988**	**124,019**		
Group share @ 75%			**200,991**	**93,014**		

(ii) Non-current liabilities comprise:

Facility	US $'000 @ 100% 30 Jun 16	US $'000 @100% 31 Dec 15	AUD $'000 @100% 30 Jun 16	AUD $'000 @ 100% 31 Dec 15	Int Rate	Maturity Date
Fixed rate commercial mortgages						
Dec 2009 mortgage*	-	37,717	-	51,625	4.25%	Jan 2017
Mezzanine loan*	-	36,000	-	49,274	*see note (b)*	May 2017
Floating rate commercial Mortgage						
Acore loan*	75,538	-	101,721	-	*see note (c)*	Jan 2019
Senior Bank loan*	-	116,495	-	159,451	*see note (a)*	May 2017
Interest rate swap – non current	-	79	-	109	*see note (a)*	May 2017
Total	**75,538**	**190,291**	**101,721**	**260,459**		
Group share @ 75%			**76,291**	**195,344**		
Share of LLC's Liabilities			**277,282**	**288,358**		

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

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

Note (a). The Senior Bank loan bears interest at a variable rate of LIBOR plus 3.95% per annum. The US LLC has an interest rate swap agreement in place at 30 June 2016 with a notional amount of $US115.5 million (31 Dec 2015: $US116.5 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 represents the present value of interest amounts payable until the maturity date in May 2017 under the swap agreement. On 8 July 2016, the Senior Bank loan was modified in connection with the Mezz Loan modification. Refer to subsequent events Note 14 for further details of this amendment.

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. As per this amendment, (i) the US LLC paid 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. At 30 June 2016, the Share of US LLC liabilities shown in the balance sheet includes total additional interest payable under this agreement amounting to US$10.9 million.

The Mezz Loan was further modified on 8 July 2016. Refer to subsequent events Note 14 for further details of this amendment.

Note (c). On 8 January 2016 the US LLC completed a pay-off and refinancing of the US$72 million Citibank 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 and is secured over certain properties of the US LLC.

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, 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.

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

Current funding:

At June 30 2016, with regards to the Senior Bank loan and the Acore Loan, the US LLC has approximately US$2.8 million (31 December 2015: US$2.4 million) in lender controlled cash accounts with the Senior Bank loan and Acore Loan lenders. The cash accounts are used to fund operating expenses, reserves and debt service on a monthly basis. Any remaining funds after providing for the aforementioned items are deposited into a leasing reserve.

6. Preferred shares

	Consolidated 30 Jun 2016 A$'000	Consolidated 31 Dec 2015 A$'000
Preferred shares	**168**	**171**

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

7. Units on Issue

Ordinary Units	Consolidated 30 Jun 2016 Units	Consolidated 31 Dec 2015 Units
(a) Movements in Ordinary units on issue		
Units on issue at beginning of the period – fully paid	263,413,889	263,413,889
Units on issue at the end of the period – fully paid	263,413,889	263,413,889

	Consolidated 30 Jun 2016 A$'000	Consolidated 31 Dec 2015 A$'000
(b) Movement in issued equity		
Issued equity at the beginning of the period	251,377	251,377
Issued equity at the end of the period	**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.

8. Reserves

	Consolidated 30 Jun 2016 $'000	Consolidated 31 Dec 2015 $'000
Foreign currency translation reserve	4,485	6,235
Cash flow hedge reserve	(851)	(970)
	3,634	**5,265**
Movement in foreign currency translation reserve (i)		
Balance at the beginning of the period	6,235	(10,756)
(Loss)/profit on translation of controlled foreign entities	(1,750)	16,991
Balance at end of the period	**4,485**	**6,235**

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

Movement in cash flow hedge reserve		
Balance at the beginning of the period	(970)	(1,228)
Gain on revaluation of derivative	119	258
Balance at end of the period	**(851)**	**(970)**

9. Earnings per unit

	Consolidated 30 Jun 2016 Cents	Consolidated 30 Jun 2015 Cents
Basic and diluted loss per unit	(7.29)	(2.03)

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

Adjusted basic loss per unit*	(0.21)	(0.14)

*This calculation is based on the following adjusted net loss:

	$'000	$'000
Total comprehensive (loss)/income attributable to RNY unitholders	(20,825)	3,985
add: loss from investment property revaluations	18,649	4,994
(less)/add: (gain)/loss on financial instrument hedge	(119)	239
add/(less): foreign currency translation loss/(gain)	1,750	(9,577)
Adjusted net loss used in calculation above	(545)	(359)

10. Commitments and Contingencies

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

11. Distribution Statement

	Consolidated	
	30 Jun 2016 A$'000	**30 Jun 2015 A$'000**
Total comprehensive (loss)/income for the period attributable to unitholders of RNY	(20,825)	3,985
Adjusted for RNY share of:		
Loss from investment property revaluations	18,649	4,994
Straight lining of rental income	40	29
Mortgage cost amortisation	1,067	525
Leasing cost amortisation	1,133	1,318
(Gain)/loss on financial instrument hedge	(119)	239
Foreign currency translation loss/(gain)	1,750	(9,577)
INCOME AVAILABLE FOR DISTRIBUTION	1,695	1,513
Amounts retained	(1,695)	(1,513)
DISTRIBUTION PAYABLE	-	-
Distribution per unit (cents)	-	-

No distribution was paid to unitholders for the half year ended 30 June 2016 and no provision for distribution has been recognised in the current period.

12. Net Asset Backing per Unit

	Consolidated 30 Jun 2016 A$	**Consolidated 31 Dec 2015 A$**
Net asset backing per unit	$0.27	$0.35

Net asset backing per unit is calculated by dividing the equity attributed to unitholders of RNY by the number of ordinary units on issue being 263,413,889 units

13. Segment reporting

The Group has identified its operating segment based on internal reports that are reviewed and used by the Board of Directors of the Responsible Entity (the chief operating decision makers) in assessing the performance and in determining the allocation of resources.

The Group's management has determined that RNY has one operating segment, represented by the investment in the US LLC.

RNY's income is derived from indirect investments in office properties located outside Australia, held via the US LLC and from short term deposits and money market securities which are held for and are incidental to those property investments. Except for cash deposits and derivatives held in Australia, all such investments are located in the United States.

The performance measures used by management differ from those disclosed in the Statement of Comprehensive Income as certain adjustments are made to arrive at an adjusted net profit or loss which better facilitates the decision making of the chief operating decision makers. The adjustments made to the segment result are detailed in Note 9 of these accounts. A reconciliation of adjusted net loss to the comprehensive (loss)/income shown in the statement of comprehensive income is also provided in the note.

Segment revenues are derived from a broad tenant base across the 19 operating properties owned by the US LLC. There is no single tenant providing revenues greater than 10% of the segment's total income.

14. Subsequent Events

On 8 July 2016 the US LLC completed a modification agreement with the lender of its US$36 million Mezz Loan to restructure such debt. The Mezz Loan was issued in April 2012, matures in May 2017 and is collateralized by indirect ownership interests in nine properties owned by the US LLC (the "Mezz Loan Portfolio"). Material terms of the modification agreement include, but are not limited to: (i) the lender has agreed to waive certain loan provisions, including the debt service coverage ratio (the "DSCR") and the requirement that the US LLC post a letter of credit to cure any DSCR violations, as well as agreeing that monthly mezzanine interest shortfalls will be added to the outstanding principal balance, (ii) the US LLC will be required to meet certain leasing parameters, (iii) the assets of the Mezz Loan Portfolio are required to be under contract for sale by 31 December 2016, and (iv) the lender's profit participation interest in the proceeds from a sale of the Mezz Loan Portfolio increased from 15% of remaining proceeds after a 15% IRR to the US LLC to 25% of remaining proceeds after the US LLC receives US$2.75 million. At 30 June 2016, the Share of US LLC liabilities include approximately US$600,000 related to such 15% profit participation.

If the US LLC fails to meet the leasing and asset sale parameters set out in the modification agreement the US LLC has agreed to deliver a 'deed-in-lieu of foreclosure' to the lender, effectively transferring ownership of the Mezz Loan Portfolio and forfeiting any equity value in the Mezz Loan Portfolio. The fair value of the assets pledged against the Senior Bank loan and the Mezz Loan is approximately US$178.5 million compared to the total outstanding loan balance including accrued interest of approximately US$162.9 million within the US LLC at 30 June 2016. Both the Senior Bank loan and the Mezz Loan are non-recourse loans.

14. Subsequent Events (continued)

On 8 July 2016, the US$115.5 million Senior Bank loan, which is collateralised by the same nine properties as the Mezz Loan, was amended to account for the Mezz Loan modifications.

On 13 July 2016, the US LLC entered into a binding contract to sell 300 Motor Parkway. Settlement is expected to occur prior to the end of 2016.

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

In the opinion of the directors:

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

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and the performance for the half year ended on that date; and

  (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

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

/s/ Philip Meagher

Philip Meagher
Director

Sydney, 4th August 2016

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working world

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Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of RNY Property Trust, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, and the directors' declaration of RNY Australia Management Limited, the Responsible Entity of the consolidated entity comprising the Trust and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the 30 June 2016 Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of RNY Property Trust and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and

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

Emphasis of Matter

Without qualification to our unmodified review report, we draw attention to Note 14 in the financial report which describes the amended terms of the refinanced mezzanine loan agreement. 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 USLLC is unable to meet the required sale parameters in the timeframe set by the lender and foreclosure proceedings against these properties are commenced.

Ernst & Young

Ernst & Young

Anthony Ewan
Partner
Canberra
4 August 2016