RNY
PROPERTY TRUST
ARSN 115 585 709

RNY

ANNUAL REPORT

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CONTENTS

The past year was a sluggish year for the US economy as it weakly began to recover from one of its worst economic downturns. While the US economy has shown clear signs of stabilizing, the recovery remains tepid and unemployment remains persistently high. Historically, commercial real estate's recovery lags the broader economy and is driven by job growth. Thus, we would expect 2011 to continue to be a challenging year for our industry. The good news is that companies are focused on growing their businesses as the economy recovers. This has resulted in greater leasing activity than in 2009. In addition, New York area markets are somewhat supply constrained and should recover more quickly when job growth resumes.

During these challenging times RNY's management remains focused on the operations of the Trust in an effort to control costs, conserve cash and retain tenants. In addition, we will continue to focus on our discussions to restructure and/or extend our expired debt maturities. As the largest unit holders 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 25 commercial office properties located in the New York Tri-State area markets (the "Portfolio") containing approximately 3.3 million square feet of lettable 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 premier real estate operators, developers and investment managers in the New York Tri-State area. RXR, and its affiliates, employs approximately 165 people and manages over US$3.2 billion of assets encompassing approximately 11.0 million square feet of office space in the Long Island, New Jersey and Westchester/Connecticut markets (the "NY Tri-State area markets"). 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.

2010 Results

From an operating perspective, 2010 was about being an aggressive, hands-on manager in a tough economic environment. For the year, RNY executed 67 leasing transactions totaling 460,732 square feet and achieved a 72.5% renewal rate. RNY management has focused on retaining our existing tenants. A by-product of this strategy is that we have been very competitive on rents. During the year, same space average rents decreased 14.7%, while year over year same space net operating income decreased 12.6%. For the year-ended 31 December 2010 RNY reported net profit after tax of $4.7 million or 1.78 cents per unit (adjusted for non-cash items) and distributable earnings of $7.4 million or 2.8 cents per unit. RNY did not distribute any of its 2010 earnings, reflecting a policy announced two years ago to suspend distributions.

During 2010, we experienced a softening in occupancy, as expected. Occupancy for the Portfolio on 31 December 2010 was 80.8%, down from 82.2% at 30 June and 88.4% on 31 December 2009. Demand in the suburban office market is materially driven by small to medium size businesses, who continue to suffer in the US economy. Small businesses continue to suffer 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 2010 as US unemployment rates remained high. These conditions made leasing challenging, with landlords offering significant concessions as competition for tenants continues to be fierce.

With regards to asset values, RNY management revalued the entire Portfolio at 31 December 2010. CB Richard Ellis was engaged to perform appraisals of seven of RNY's properties and to provide capitalisation rate data for the other 17 properties of the Portfolio. Management utilized these appraisals and cap rate data to complete the valuations. Such revaluations resulted in a 3.3% decrease in the value of the Portfolio for the six-month period ended 31 December 2010, and a 6.2% decrease year over year. The average per square foot value of the Portfolio decreased to US$141, and the resulting net tangible assets (NTA) decreased to US33 cents per unit at 31 December 2010.

During the year, our underlying gearing ratio increased to 76.4%, mainly due to the decrease in property values, but our cash flows remain solid and our underlying debt service ratio is 1.44x.

During 2010, US$247.6 million of US LLC mortgage debt matured. This mortgage debt consists of two separate loans of US$196.1 million and US$51.5 million which expired in September and October 2010, respectively. With regards to both of these loans, the US LLC has continued discussions and negotiations with the special servicers of each loan regarding an extension and/or restructuring. The US LLC continues to pay interest on these loans on a current basis. The US$196.1 million loan is secured by 9 properties valued at US$210.4 million as of 31 December 2010. The US$51.5 million loan is secured by 3 properties valued at US$57.8 million as of 31 December 2010. There are no assurances that we will be able to refinance or extend these loans. Such mortgage debt is recourse only to the properties which serve as collateral for each loan.

Outlook for 2011

We remain cautious about 2011 due to the uncertainty with regard to the pace and depth of a US recovery. While some measures of economic stability have returned to the US economy, high vacancy rates are commonplace throughout our suburban markets. Landlords continue to offer significant concessions to attract tenants. Much of the leasing activity taking place represents landlords taking tenants from a competing property. We don't expect positive absorption to occur until the employment situation in the US improves and businesses start expanding again. Although there are indications that the employment situation in the US may be improving in the private sector, these gains are being offset by government job cuts. In addition, small to medium size businesses continue to lag.

In this competitive market environment, management is maintaining our focus on the Portfolio's performance – with an emphasis on tenant retention. Our Portfolio expirations are very manageable during the next two years. In 2011, RNY has approximately 224,000 square feet set to expire (which accounts for 9.3% of the Portfolio's revenue and 6.8% of the Portfolio's square feet). Approximately 53% of this space is on Long Island, our strongest market. Our Portfolio has another 178,000 square feet (approximately 5.3% of the Portfolio's square feet) expiring in 2012. While our renewal rates in 2010 and 2009 were 72.5% and 77.7%, respectfully, based on our discussions with tenants we are forecasting a renewal rate of approximately 60% for 2011.

Another priority for RNY management is rebuilding occupancy in the Portfolio as leasing markets begin to show signs of recovery. We continue to provide competitive terms on lease renewals with a focus on rent concessions rather than build-out expenditures. We are also focused on operating our portfolio as efficiently as possible by controlling costs and limiting capital expenditures to essential projects.

In addition, the Board of Directors has continued to suspend unitholder distributions to strengthen our capital position and ensure that we have liquidity to either reinvest in the Portfolio or potentially to invest as part of a debt refinancing or restructuring. RNY's primary goal for 2011 will be to continue to actively negotiate a restructuring and/or refinancing of the US$247.6 million of US LLC mortgage debt that matured in 2010. This mortgage debt consists of two separate loans of US$196.1 million and US$51.5 million which expired in 2010. We are engaged in discussions regarding the extension or refinancing of such loans and are considering financial solutions as well as other options necessary to address our obligations under such mortgage debt. These negotiations are complex, but Management remains focused on these discussions and is working hard to resolve same as soon as possible. However, there are no assurances that we will be able to refinance or extend these loans. This mortgage debt is recourse only to the properties which serve as collateral for each loan and thus will not have any impact to the US LLC's overall credit.

Management believes that the best strategy in this environment is to be patient, focus on portfolio occupancy and prudent capital management. We believe that the long-term embedded value of the Portfolio will re-emerge, as the NY Tri-State area markets are consistently some of the healthiest and fastest to recover in the US. Management has a significant personal financial investment in the RNY portfolio. With the purchase of 51.3 million (19.5%) of the publicly traded RNY units during 2008, the Executive Directors positioned themselves as the largest unitholder of RNY.

Management and the Board will continue to evaluate the best strategic alternatives to realise the maximum value for unitholders.

Thank you for your continued support and confidence.

Scott Rechler
Chairman & Chief Executive Officer
RNY Australia Management Limited

LONG ISLAND

1. Hauppauge
150 Motor Parkway
300 Motor Parkway

2. Melville
35 Pinelawn Road
200 Broadhollow Road
520 Broadhollow Road
1660 Walt Whitman Road
50 Marcus Drive

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

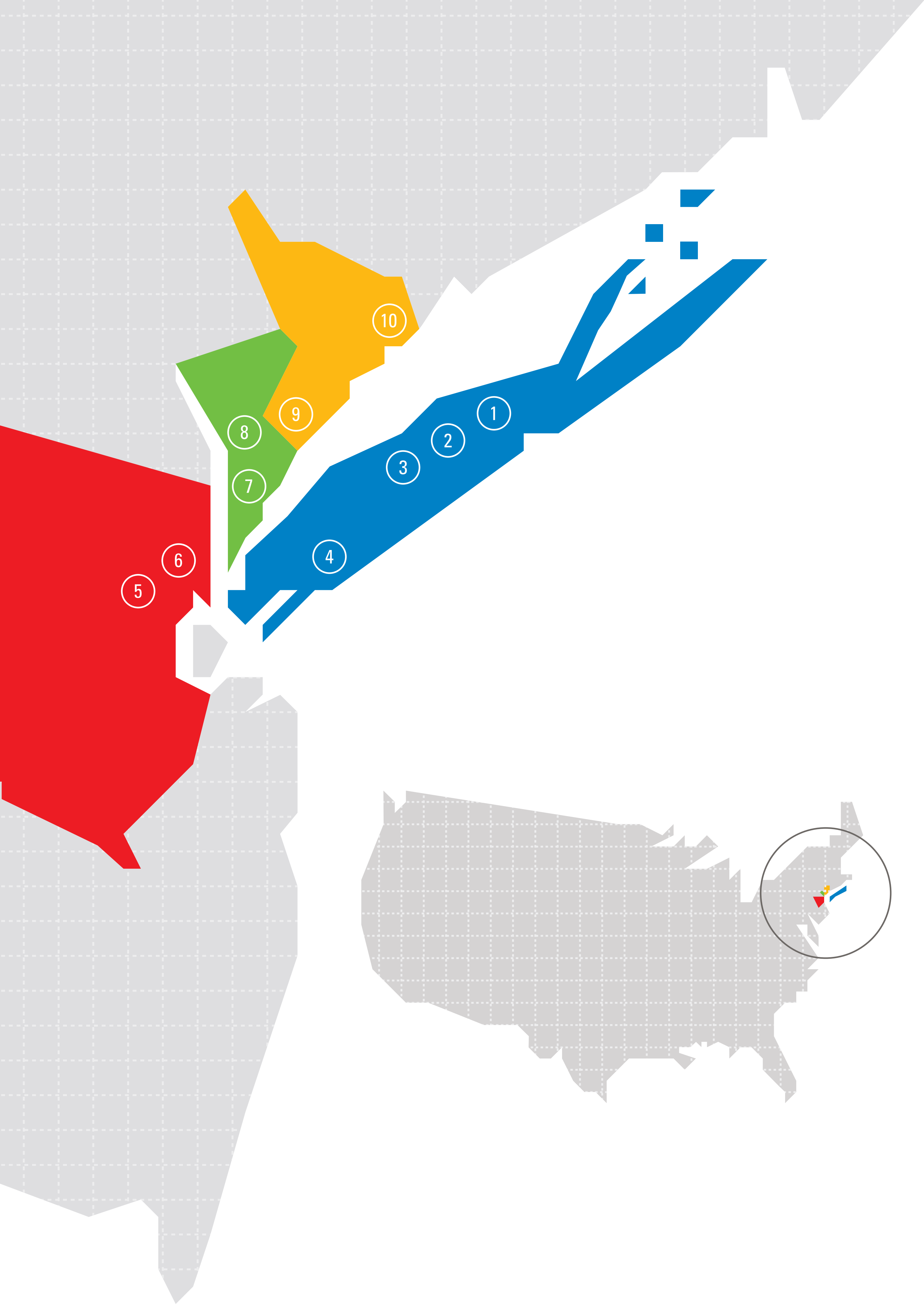
7. Elmsford
80 Grasslands Road
100 Grasslands Road

8. Tarrytown
505 White Plains Road
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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ADDRESS	MARKET	PURCHASE DATE	NLA (SQ FT)
TRANCHE I PROPERTIES			
225 High Ridge Road	Fairfield County	21 Sept '05	223,368
660 White Plains Road	Westchester County	21 Sept '05	253,438
150 Motor Parkway	Long Island	21 Sept '05	184,124
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	126,089
35 Pinelawn Road	Long Island	21 Sept '05	110,923
555 White Plains Road(5)	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	94,530
80 Grasslands Road	Westchester County	21 Sept '05	86,985
200 Broadhollow Road	Long Island	21 Sept '05	68,576
10 Rooney Circle	Northern New Jersey	21 Sept '05	70,873
300 Motor Parkway	Long Island	21 Sept '05	59,322
100 Grasslands Road	Westchester County	21 Sept '05	47,720
505 White Plains Road	Westchester County	21 Sept '05	26,600
TRANCHE II PROPERTIES			
710 Bridgeport Avenue(3)	Fairfield County	7 Jan '06	452,414
6800 Jericho Turnpike	Long Island	7 Jan '06	209,255
6900 Jericho Turnpike	Long Island	7 Jan '06	95,320
TRANCHE III PROPERTIES			
50 Marcus Drive	Long Island	Oct '06	163,762
580 White Plains Road	Westchester County	Oct '06	171,063
300 Executive Drive	Northern New Jersey	Oct '06	125,431
520 Broadhollow Road	Long Island	Oct '06	88,631
1660 Walt Whitman Road	Long Island	Oct '06	78,379
Total/average(6)			3,313,217

(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 2010, EXCEPT FOR 505 WHITE PLAINS ROAD, 555 WHITE PLAINS ROAD, 580 WHITE PLAINS ROAD, 6800 JERICHO TURNPIKE, 300 MOTOR PARKWAY, 200 BROADHOLLOW ROAD AND 300 EXECUTIVE DRIVE, WHICH WERE INDEPENDENTLY APPRAISED BY CB RICHARD ELLIS
(5) SUBSEQUENT TO YEAR END, BAYER HEALTHCARE, A 125,000 SQUARE FOOT TENANT, VACATED 32,000 SQUARE FEET. THIS AMOUNT HAS BEEN REMOVED FROM THE WEIGHTED AVERAGE LEASE TERM TO EXPIRY CALCULATIONS FOR THIS PROPERTY
(6) TOTALS MAY VARY SLIGHTLY DUE TO ROUNDING

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 '10	53.6	76.5	13.7	74.9	5.4
Dec '10	29.8	50.3	9.0	78.3	4.2
Dec '10	29.9	34.2	6.1	76.4	4.2
Dec '10	35.0	29.6	5.3	100.0	2.8
Dec '10	37.7	28.4	5.1	100.0	10.4
Dec '10	16.2	19.4	3.5	83.8	3.4
Dec '10	16.0	18.9	3.4	83.8	4.0
Dec '10	14.3	17.7	3.2	100.0	3.6
Dec '10	10.7	16.0	2.9	59.9	4.0
Dec '10	10.5	14.5	2.6	68.1	3.0
Dec '10	13.6	14.2	2.5	100.0	4.3
Dec '10	10.3	11.8	2.1	80.1	6.1
Dec '10	7.3	11.1	2.0	41.4	2.9
Dec '10	6.4	8.1	1.4	68.6	3.9
Dec '10	8.6	8.0	1.4	100.0	3.7
Dec '10	2.9	3.8	0.7	77.0	2.3
Dec '10	33.4	39.4	7.0	71.7	8.9
Dec '10	28.1	30.9	5.5	92.6	4.0
Dec '10	12.1	14.4	2.6	95.4	3.0
Dec '10	32.6	37.1	6.6	100.0	3.0
Dec '10	18.5	26.4	4.7	80.8	5.4
Dec '10	14.2	17.2	3.1	68.4	4.6
Dec '10	11.6	16.0	2.9	22.6	5.1
Dec '10	13.6	15.0	2.7	96.0	2.0
	466.9	559.2	100.0	80.8	4.5

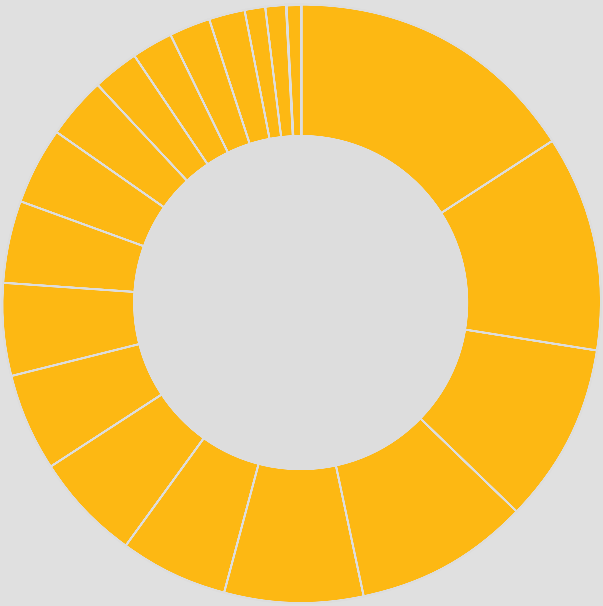
TENANT NAME	INDUSTRY	WEIGHTED AVERAGE TERM REMAINING (YEARS)	% OF BASE RENTAL REVENUE	% OF TOTAL NLA
TOP 25 TENANTS[1][2] (BASED ON BASE RENTAL REVENUE)				
Arrow Electronics Inc.	Defense/Electronics	3.0	9.2%	4.9%
Lockheed Martin Corp.	Defense/Electronics	2.7	5.6%	3.7%
Perkin Elmer Inc.	Technology	9.6	4.9%	7.4%
Radianz US	Telecom	10.4	4.8%	3.9%
Bayer Healthcare LLC	Pharmaceuticals	3.6	4.3%	2.9%
Amscan Inc.	Consumer Products	4.0	4.2%	3.0%
Synapse Group Inc.	Financial Services	5.8	2.8%	2.3%
Federal Aviation Admin.	Governmental	2.9	1.8%	0.9%
Bank of America NA	Financial Services	5.3	1.8%	0.9%
Lincoln Educational Srvs. Corp.	Other Professional Services	3.8	1.7%	1.8%
Ampacet Corporation	Manufacturing	10.3	1.6%	1.1%
Herbert L. Jamison & Co.	Insurance	3.4	1.5%	0.9%
AC Nielsen	Consulting/Research	4.2	1.5%	1.0%
Xerox Corporation	Consumer Products	0.5	1.3%	0.7%
Frequency Electronics Inc.	Defense/Electronics	3.1	1.1%	2.7%
HQ Global Workplaces	Real Estate	7.3	1.1%	1.4%
Oracle USA Inc.	Technology	2.0	1.1%	0.6%
Petroleum Heat & Power	Consumer Products	5.1	1.0%	0.6%
Patient Care Inc.	Healthcare	3.5	1.0%	0.7%
Philip Morris Mgmt. Co.	Consumer Products	4.7	0.9%	0.8%
D.L.C Management Corp.	Real Estate	6.7	0.8%	0.6%
North Shore Reg Health System	Healthcare	9.8	0.8%	0.6%
New York State Teachers United	Governmental	2.7	0.8%	0.4%
Ingerman Smith LLP	Legal Services	6.7	0.7%	0.4%
Massachusetts Mutual Life Insurance	Insurance	3.4	0.7%	0.4%

(1) Based on total assets under management at 1 January 2011, for all 24 properties.
(2) Ranked by 100% of annualised base rental revenue. Based on monthly rent in place as of 1 January 2011.

ASSET AND TENANT DIVERSIFICATION

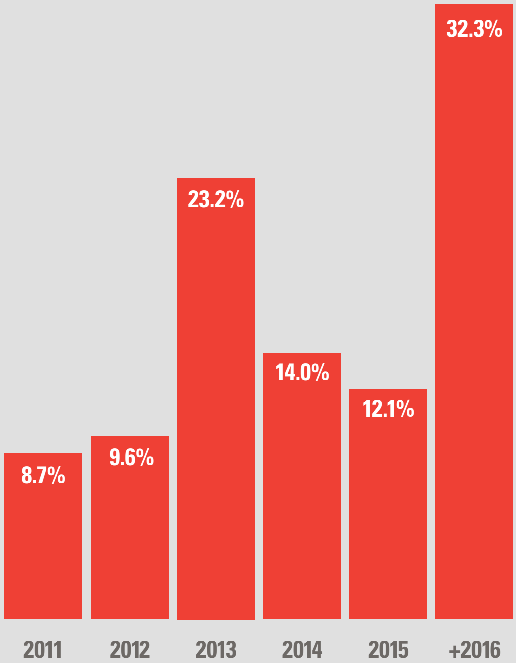
THE FOLLOWING CHARTS HIGHLIGHT THE TENANT INDUSTRY DIVERSIFICATION (FOR ALL TENANTS) AND LEASE EXPIRY PROFILE OF THE PROPERTIES

TENANT INDUSTRY DIVERSIFICATION



16.0%	Defense/Electronics
11.5%	Financial Services
9.8%	Consumer Products
9.6%	Technology
7.4%	Insurance
5.9%	Other Professional Services
5.9%	Telecom
5.2%	Governmental
5.0%	Legal Services
4.3%	Pharmaceuticals
4.3%	Healthcare
3.3%	Manufacturing
2.4%	Real Estate
2.3%	Consulting/Research
2.3%	Advertising
1.9%	Accounting
1.1%	Other
1.0%	Retail/Wholesale
0.8%	Commercial Banks

LEASE EXPIRY PROFILE (BY INCOME)



Following are some of the highlights from the fiscal year ending 31 December 2010 for RNY Property Trust ("RNY" or the "Trust"):

RNY

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 25 properties (the "Portfolio") containing approximately 3.3 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 its partners. RXR is one of the premier real estate operators, developers and investment managers in the NY Tri-State area. RXR employs approximately 165 people and manages over US$3.2 billion of assets encompassing approximately 11.0 million square feet of office space in the NY Tri-State area markets.

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 2010, RNY reported a net loss after tax of $32.9 million. Adjusted for non-cash items, for the year-ended 31 December 2010, RNY reported adjusted net profit after tax of $4.7 million or 1.78 cents per unit and distributable earnings of $7.4 million or 2.8 cents per unit. RNY did not distribute any of its 2010 earnings, reflecting a policy announced two years ago to suspend distributions. RNY ended the year with net tangible assets of $0.32 per unit.

At 30 June 2010, the Trust's management revalued the entire Portfolio. CB Richard Ellis ("CBRE"), an independent property appraisal firm, was engaged to perform appraisals of four RNY properties and to provide capitalisation rate data for the other 20 properties of the Portfolio. Management utilized the appraisals and cap rate data to complete these valuations. Such revaluations resulted in a 3.0% decrease in the Portfolio's value from 31 December 2009. The average per square foot value of the Portfolio decreased to US$146 (from US$150 per square foot at 31 December 2009).

At 31 December 2010 management again revalued the entire Portfolio, using the same process that was used at 30 June. CBRE was engaged to perform appraisals of seven RNY properties and to provide cap rate data for the other 17 properties of the Portfolio. Management then completed these valuations utilizing these appraisals and cap rate data. Such revaluations resulted in a 3.3% decrease in the Portfolio's value from 30 June and a 6.2% decrease in the Portfolio's value from 31 December 2009. The average per square foot value of the Portfolio decreased to US$141.

RNY's underlying gearing ratio on 31 December 2010 was 76.4%.

Leasing Highlights

For the year ended 31 December 2010, RNY executed 67 lease transactions totaling 460,732 square feet, representing 13.9% of the Portfolio, and achieved a renewal rate of 72.5%. Total same space average rents decreased 14.7% during the year, whilst same space net operating income decreased 12.6% for the period. During 2011, leases representing 223,665 square feet will be expiring, which is 6.7% of the total Portfolio (representing 6.8% of the Portfolio's revenue).

Portfolio Highlights

The Portfolio includes approximately 280 tenants, with two tenants, Arrow Electronics and Lockheed Martin Corp., representing 9.2% and 5.6%, respectively, of the Portfolio's revenue. Arrow Electronics is a global provider of products, services and solutions to industrial and commercial users of electronic components and enterprise computing solutions, with 2010 sales of US$18.7 billion. Arrow's lease at its headquarters at 50 Marcus Drive in Melville, NY expires at 31 December 2013. 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 2010 sales of US$45.8 billion. Lockheed's lease at 55 Charles Lindbergh Blvd in Uniondale, NY expires at 30 September 2013. No other tenants represent more than 5.0% of the Portfolio's revenue.

The tenants of the Portfolio represent a diverse variety of industries with no single industry accounting for too large a portion of the Portfolio's revenue. The top industries represented by the Portfolio's tenants are defense and electronics (16.0%), financial services (11.5%), consumer products (9.8%), and technology (9.6%). The Portfolio's occupancy on 1 January 2010 was 88.4%, which decreased to 82.2% at 30 June. At 31 December 2010 the occupancy of the entire Portfolio was 80.8%.

Recent Developments/Subsequent events

The Trust has two CMBS (commercial mortgage backed securities) mortgage loans, in the amounts of US$196.1 million and US$51.5 million, respectively, which matured during the period ended 31 December 2010. With regards to both of these loans, RNY continues to pay interest on a current basis and is continuing discussions with the CMBS special servicer for each loan (the "Special Servicers") related to an extension and/or restructuring of the loans. Please note, however, that there can be no assurances that discussions with the Special Servicers will be successful. Such mortgage debt is recourse only to the properties which serve as collateral for each loan.

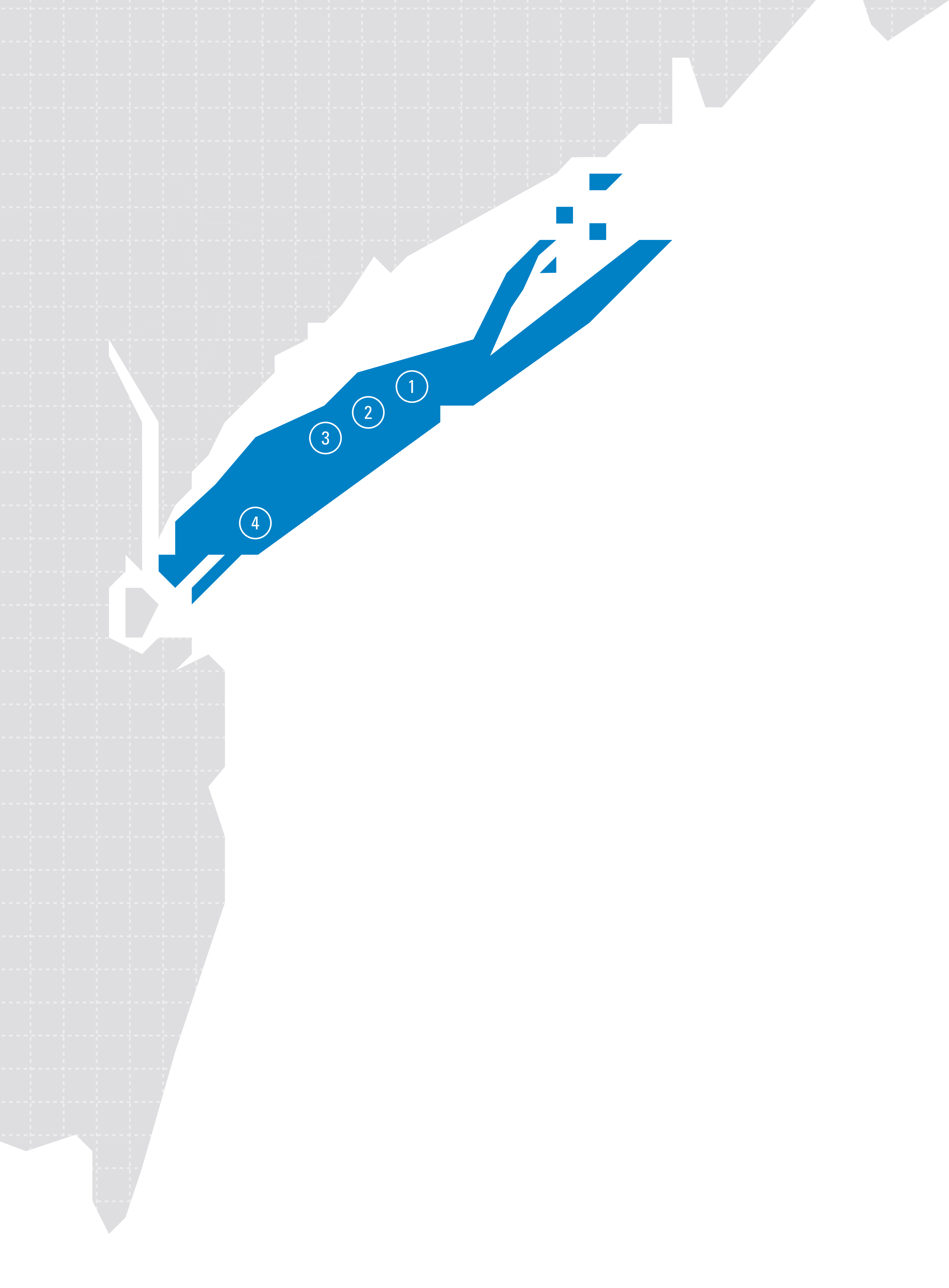
LONG ISLAND

1. Hauppauge
150 Motor Parkway
300 Motor Parkway

2. Melville
35 Pinelawn Road
200 Broadhollow Road
520 Broadhollow Road
1660 Walt Whitman Road
50 Marcus Drive

3. Syosset, NY
6800 Jericho Turnpike
6900 Jericho Turnpike

4. Uniondale
55 Charles Lindbergh Boulevard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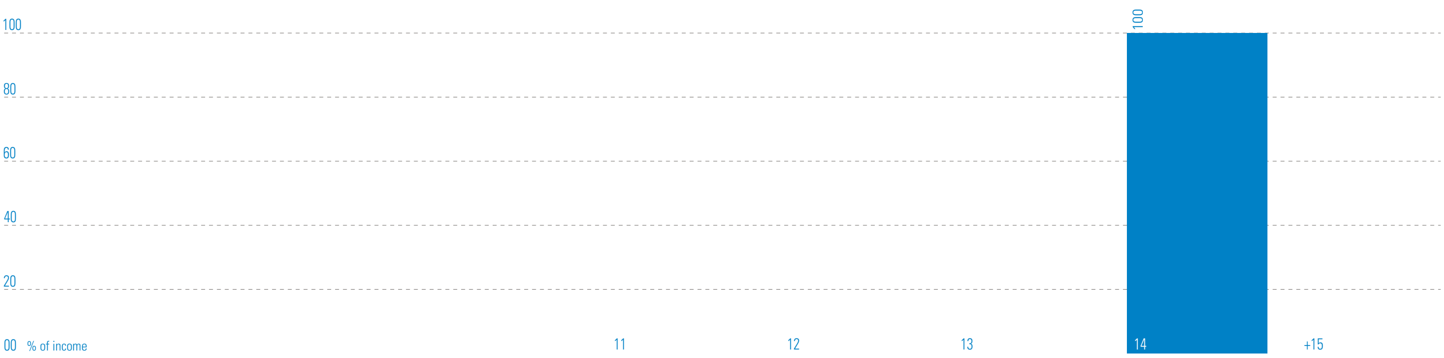
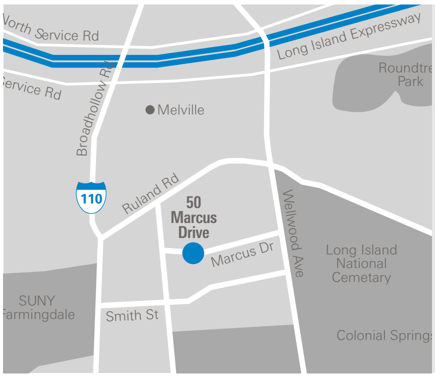
LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

50 Marcus Drive, Long Island is a 163,762 sq ft NLA, two storey office building. The site area is 12.9 acres and includes 1,040 parking spaces. It is located within easy access of the Long Island Expressway. It is 100% leased to Arrow Electronics with a remaining lease term of 3.0 years.



ACQUISITION SUMMARY

Trust's indirect interest in US LLC	75.0%
Purchase price (US$ million)*	37.1

VALUATION SUMMARY

Director valuation	Dec '10
Valuation (US$ million)	32.6

* 100% basis

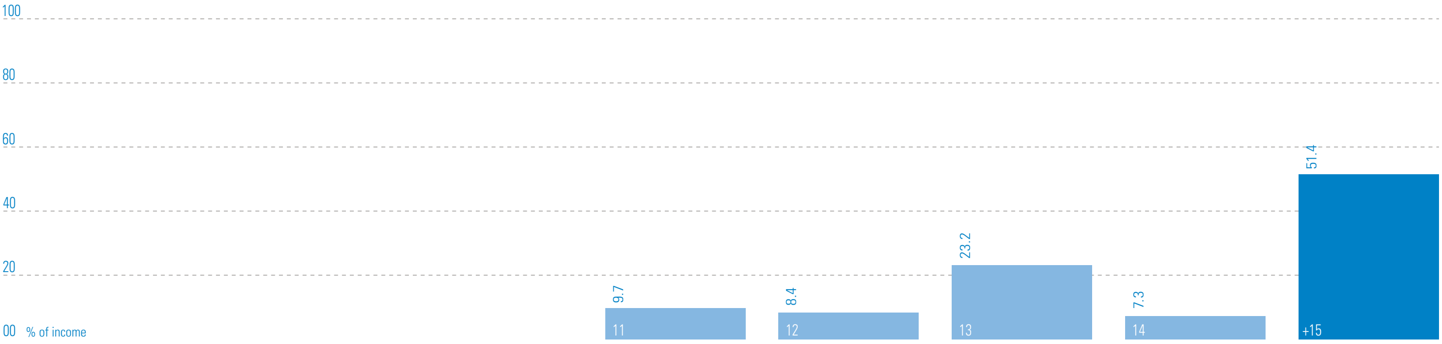
PROPERTY STATISTICS

Market	Long Island
Land area (acres)	12.9
Net Lettable Area (sq ft)	163,762
Occupancy (based on NLA)	100.0%
Lease term to expiry	3.0 years

MAJOR TENANTS SUMMARY

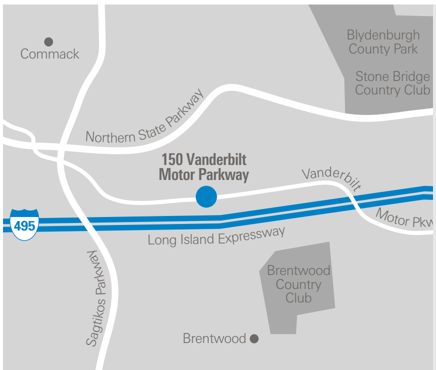
TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Arrow Electronics	Defense/Electronics	163,762	100.0%	December 2013	3.0
Other	Other tenant – 0				
Total		163,762	100.0%		

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

150 Motor Parkway, Long Island is a 184,124 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 76.4% and weighted average lease term to expiry (by income) is 4.2 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '10
Valuation (US$ million)	29.9

* 100% basis

PROPERTY STATISTICS

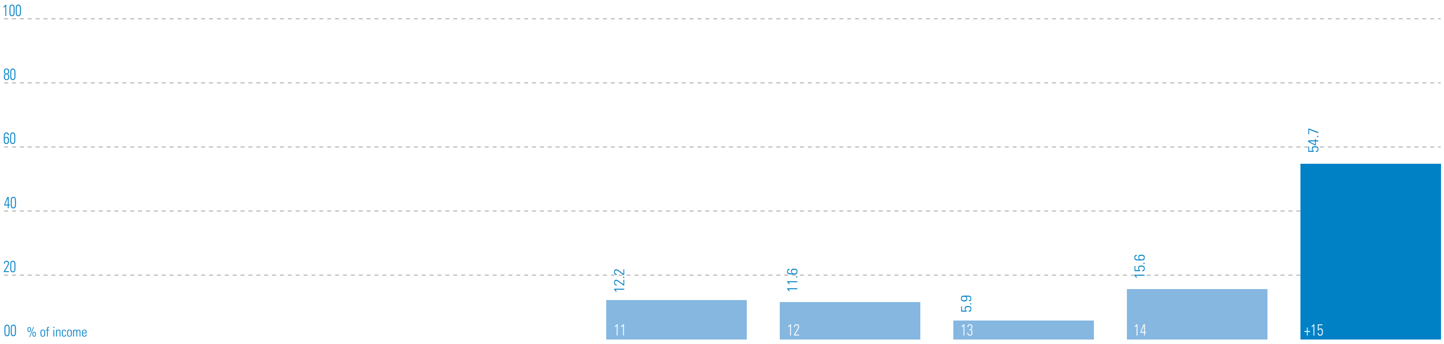
Market	Long Island
Land area (acres)	11.3
Net Lettable Area (sq ft)	184,124
Occupancy (based on NLA)	76.4%
Gross weighted average lease term to expiry (by income)	4.2

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	12.4%	July 2018	7.6
New York State United Teacher	Governmental	14,066	11.6%	September 2013	2.8
Ingerman Smith LLP	Legal Services	12,801	10.7%	August 2017	6.7
Liberty Mutual	Insurance	14,796	9.0%	January 2016	5.1
Other	Other tenants – 20	79,185	56.3%		
Total/average(1)		137,432	100.0%		4.2

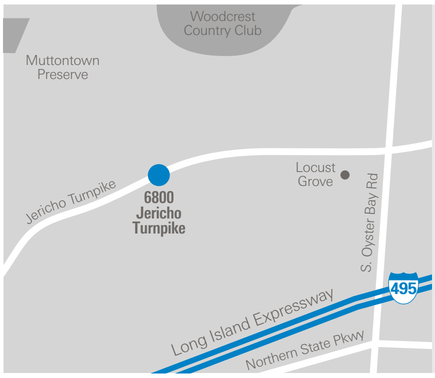
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

6800 Jericho Turnpike, Long Island is a 209,255 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 and Stewart Greenblatt Manning. Occupancy is 92.6% and weighted average lease term to expiry (by income) is 4.0 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

CBRE appraisal	Dec '10
Valuation (US$ million)	28.1

* 100% basis

PROPERTY STATISTICS

Market	Long Island
Land area (acres)	13.0
Net Lettable Area (sq ft)	209,255
Occupancy (based on NLA)	92.6%
Gross weighted average lease term to expiry (by income)	4.0 years

MAJOR TENANTS SUMMARY

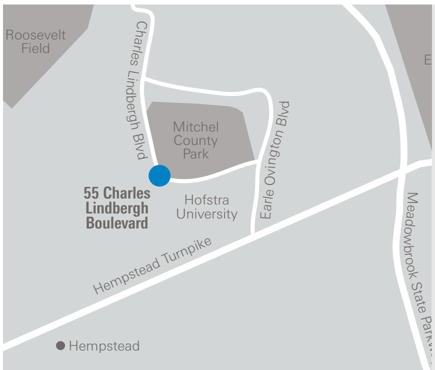
TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
AC Nielsen C/O VNU	Consulting/Research	34,276	17.3%	March 2015	4.2
Massachusetts Mutual Life	Insurance	13,839	8.5%	May 2014	3.4
Stewart Greenblatt Manning	Legal Services	13,411	7.5%	May 2015	4.4
Other	Other tenants – 42	132,278	66.7%		
Total/average[(1)]		193,804	100.0%		4.0

(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 100.0% 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)*	29.6

VALUATION SUMMARY

Director valuation	Dec '10
Valuation (US$ million)	35.0

* 100% basis

PROPERTY STATISTICS

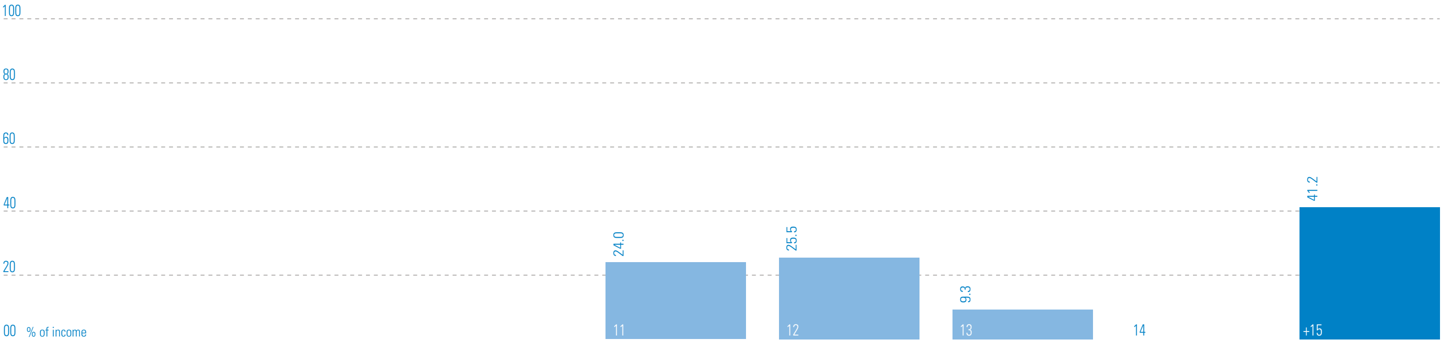
Market	Long Island
Land area (acres)	10.0
Net Lettable Area (sq ft)	214,581
Occupancy (based on NLA)	100.0%
Gross weighted average lease term to expiry (by income)	2.8

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Lockheed Martin Corporation	Defense/Electronics	123,554	83.3%	September 2013	2.8
Frequency Electronics	Defense/Electronics	91,027	16.7%	January 2014	3.1
Other	Other tenants – 0				
Total/average(1)		214,581	100.0%		2.8

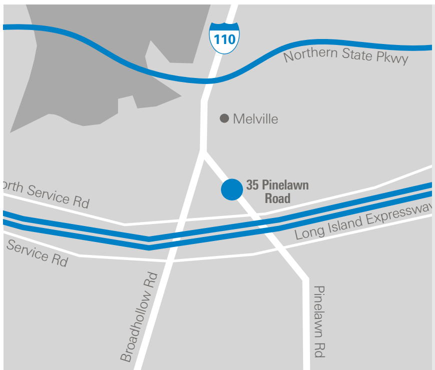
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

35 Pinelawn Road, Long Island is a 110,923 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 North Shore Regional Healthcare and Aramis Inc., Occupancy is 83.8% and weighted average lease term to expiry (by income) is 4.0 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '10
Valuation (US$ million)	16.0

* 100% basis

PROPERTY STATISTICS

Market	Long Island
Land area (acres)	6.0
Net Lettable Area (sq ft)	110,923
Occupancy (based on NLA)	83.8%
Gross weighted average lease term to expiry (by income)	4.0 years

MAJOR TENANTS SUMMARY

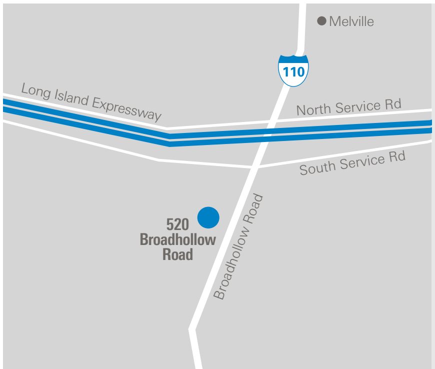
TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
North Shore Reg. Health	Healthcare	18,521	19.4%	September 2020	9.8
Aramis	Consumer Products	7,380	9.5%	October 2012	1.8
Pilots Benefits Group	Real Estate	5,043	5.0%	February 2018	7.2
Prestige Equipment Corp.	Other Professional Services	4,375	4.9%	October 2015	4.8
Other	Other tenants – 26	57,664	61.2%		
Total/average[(1)]		92,983	100.0%		4.0

(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME

PROPERTY OVERVIEW

520 Broadhollow Road, Long Island is an 88,631 sq ft NLA, single storey office building. The site area is 7.0 acres and includes 353 parking spaces. It is located within easy access of the Long Island Expressway. Major tenants include Petro Inc. Occupancy is 22.6% and weighted average lease term to expiry (by income) is 5.1 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '10
Valuation (US$ million)	11.6

* 100% basis

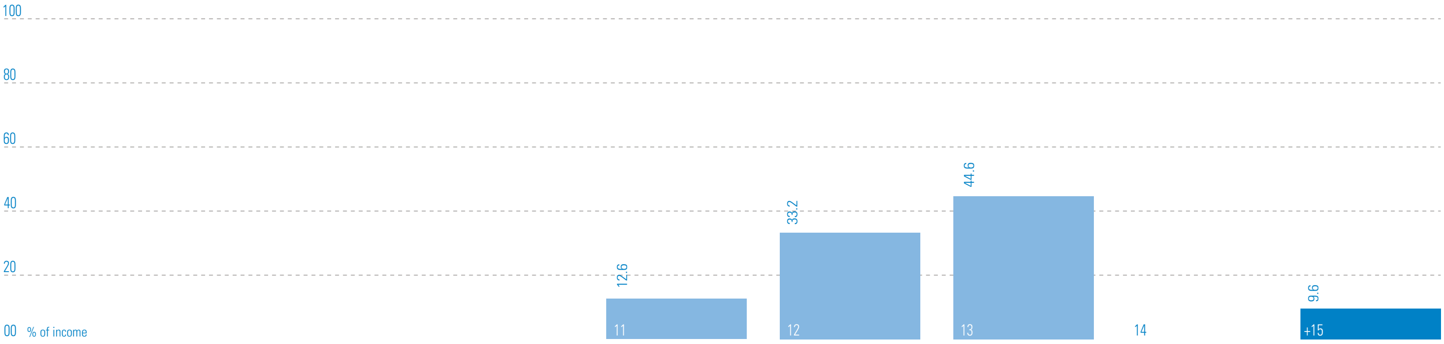
PROPERTY STATISTICS

Market	Long Island
Land area (acres)	7.0
Net Lettable Area (sq ft)	88,631
Occupancy (based on NLA)	22.6%
Gross weighted average lease term to expiry (by income)	5.1

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Petro Inc.	Consumer Products	20,014	100.0%	January 2016	5.1
Other	Other tenant – 0	0			
Total/average		20,014	100.0%		5.1

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

1660 Walt Whitman Road, Long Island is a 78,379 sq ft NLA, single storey office building. The site area is 6.5 acres and includes 304 parking spaces. It is located within easy access of the Long Island Expressway. Major tenants include Integrated Business Systems, Jadani PC Acq. Co. and Eckerd Corp. Occupancy is 96.0% 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)*	15.0

VALUATION SUMMARY

Director valuation	Dec '10
Valuation (US$ million)	13.6

* 100% basis

PROPERTY STATISTICS

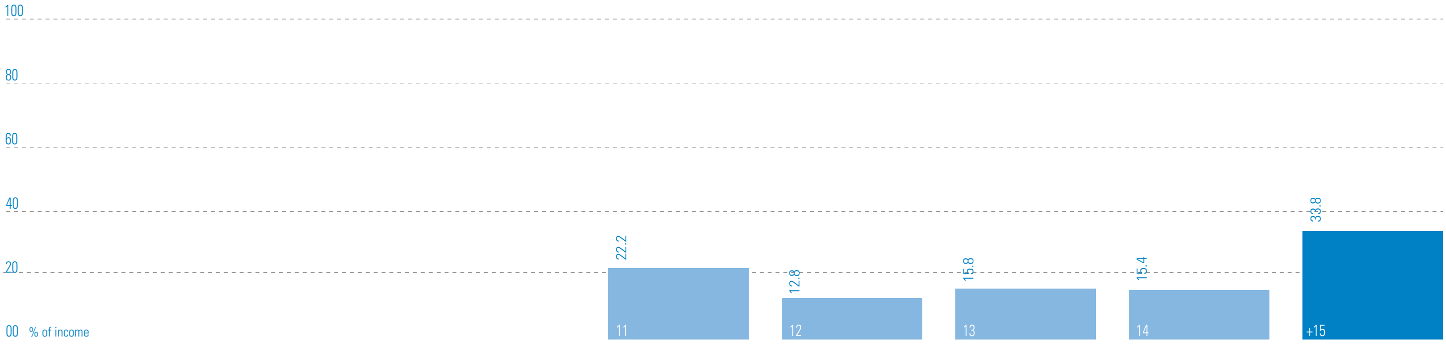
Market	Long Island
Land area (acres)	6.5
Net Lettable Area (sq ft)	78,379
Occupancy (based on NLA)	96.0%
Gross weighted average lease term to expiry (by income)	2.0 years

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Eckerd Corp.	Consumer Products	12,640	19.7%	February 2012	1.2
Daidee Inc.	Other Professional Services	13,243	19.3%	May 2013	2.4
Integrated Business Systems	Technology	10,747	15.0%	April 2013	2.3
Jadani PC Acq. Co.	Financial Services	8,724	13.5%	August 2012	1.7
Other	Other tenants – 4	29,872	32.6%		
Total/average(1)		75,226	100.0%		2.0

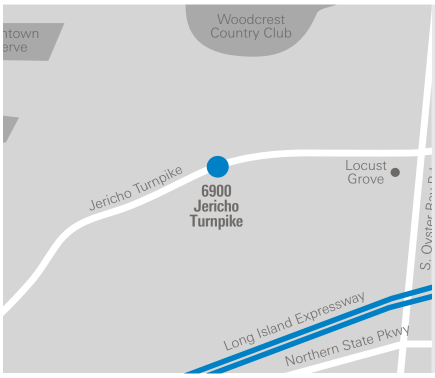
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

6900 Jericho Turnpike, Long Island is a 95,320 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, Lincoln Financial Group and United Jewish Appeal. Occupancy is 95.4% and weighted average lease term to expiry (by income) is 3.0 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '10
Valuation (US$ million)	12.1

* 100% basis

PROPERTY STATISTICS

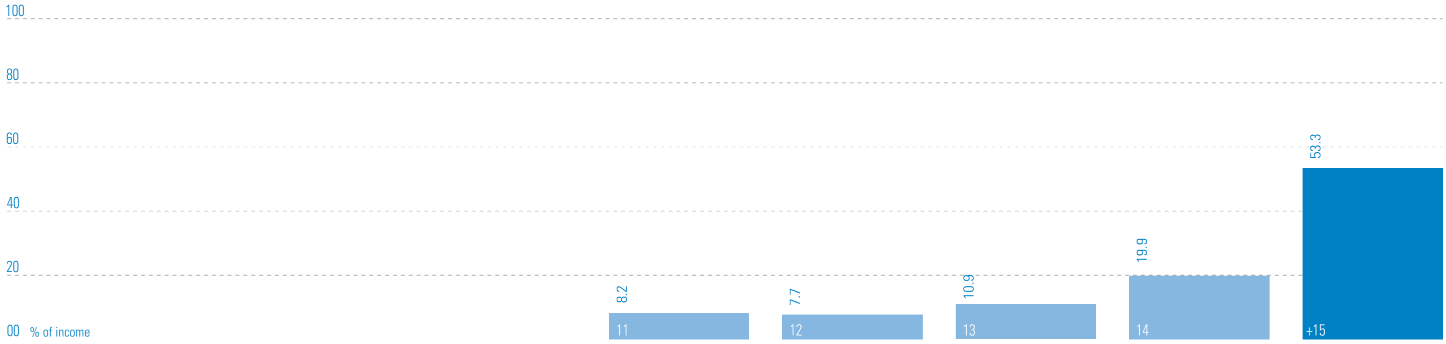
Market	Long Island
Land area (acres)	5.0
Net Lettable Area (sq ft)	95,320
Occupancy (based on NLA)	95.4%
Gross weighted average lease term to expiry (by income)	3.0

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Lincoln Financial Group	Financial Services	15,829	18.2%	June 2011	0.5
Hoffman & Baron LLP	Legal Services	17,298	16.1%	April 2016	5.3
United Jewish Appeal	Legal Services	10,848	13.3%	July 2014	3.6
Other	Other tenants – 9	46,967	52.4%		
Total/average[1]		90,942	100.0%		3.0

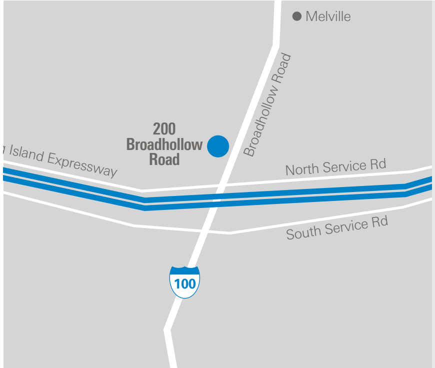
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

200 Broadhollow Road, Long Island is a 68,576 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 80.1% and weighted average lease term to expiry (by income) is 6.1 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

CBRE appraisal	Dec '10
Valuation (US$ million)	10.3

* 100% basis

PROPERTY STATISTICS

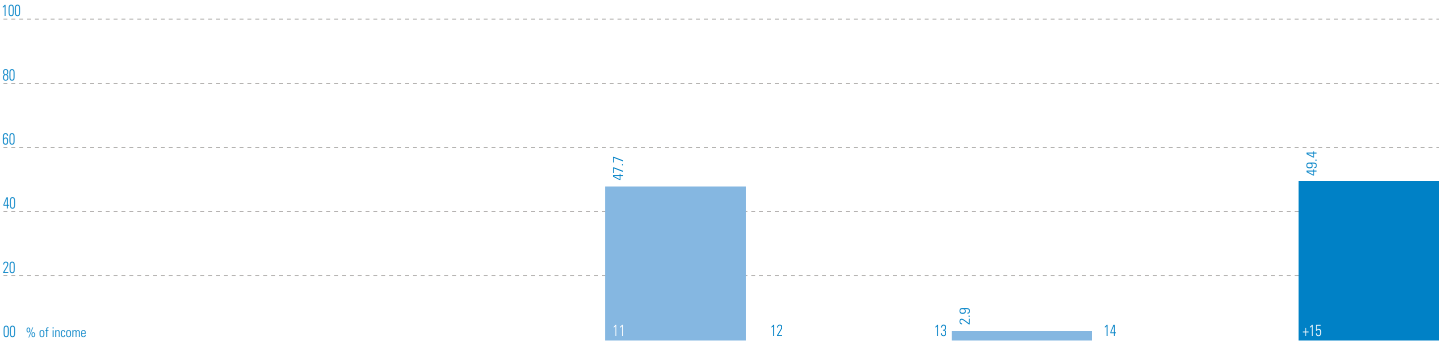
Market	Long Island
Land area (acres)	4.6
Net Lettable Area (sq ft)	68,576
Occupancy (based on NLA)	80.1%
Gross weighted average lease term to expiry (by income)	6.1 years

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	27.8%	March 2018	7.3
Guardian Life Insurance	Insurance	10,973	17.6%	November 2025	14.9
Willis of New York Inc.	Insurance	7,580	17.3%	May 2014	3.4
Other	Other tenants – 8	19,864	37.3%		
Total/average(1)		54,924	100.0%		6.1

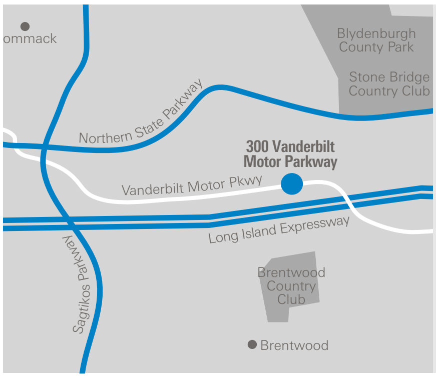
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

300 Motor Parkway, Long Island is a 59,322 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 68.6% and weighted average lease term to expiry (by income) is 3.9 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

CBRE appraisal	Dec '10
Valuation (US$ million)	6.4

* 100% basis

PROPERTY STATISTICS

Market	Long Island
Land area (acres)	4.2
Net Lettable Area (sq ft)	59,322
Occupancy (based on NLA)	68.6%
Gross weighted average lease term to expiry (by income)	3.9

MAJOR TENANTS SUMMARY

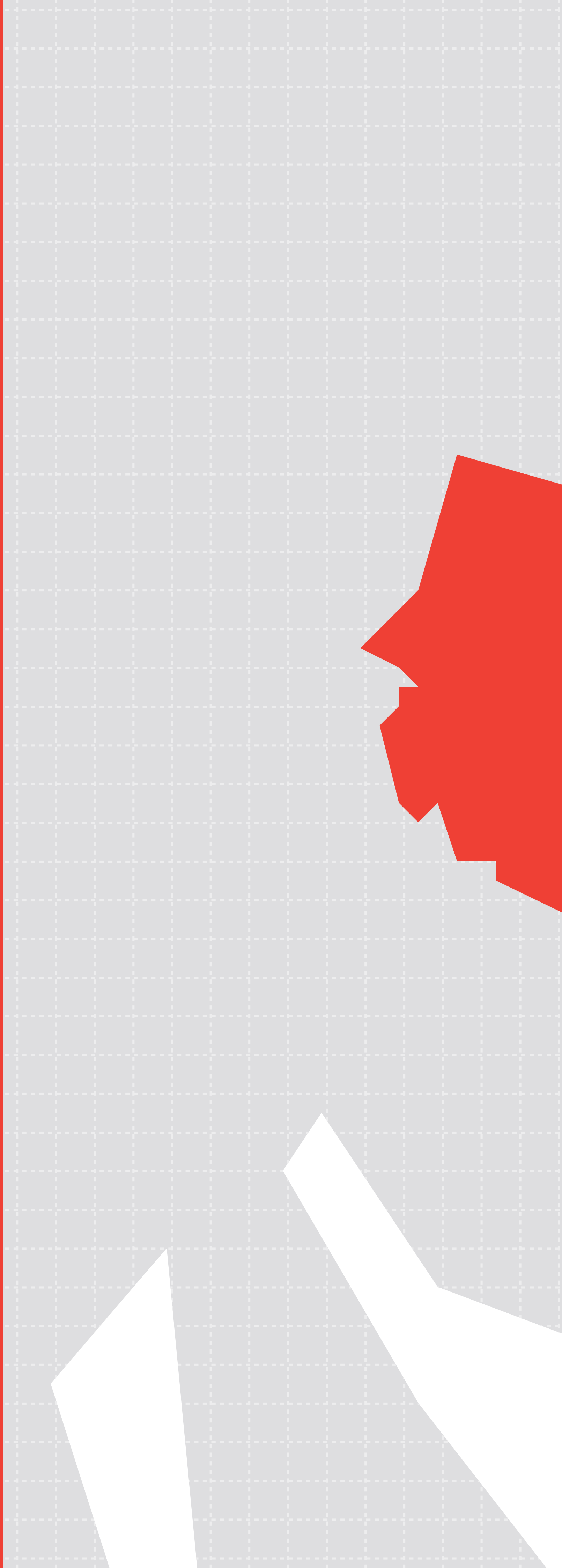
TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
NYS Dept. of Law	Governmental	18,077	43.8%	December 2011	1.0
United Abstract Group	Real Estate	15,011	33.0%	July 2016	5.6
From the Ashes d/b/a K. Peters	Healthcare	5,092	16.4%	January 2020	9.0
Other	Other tenants – 2	2,532	6.8%		
Total/average[(1)]		40,712	100.0%		3.9

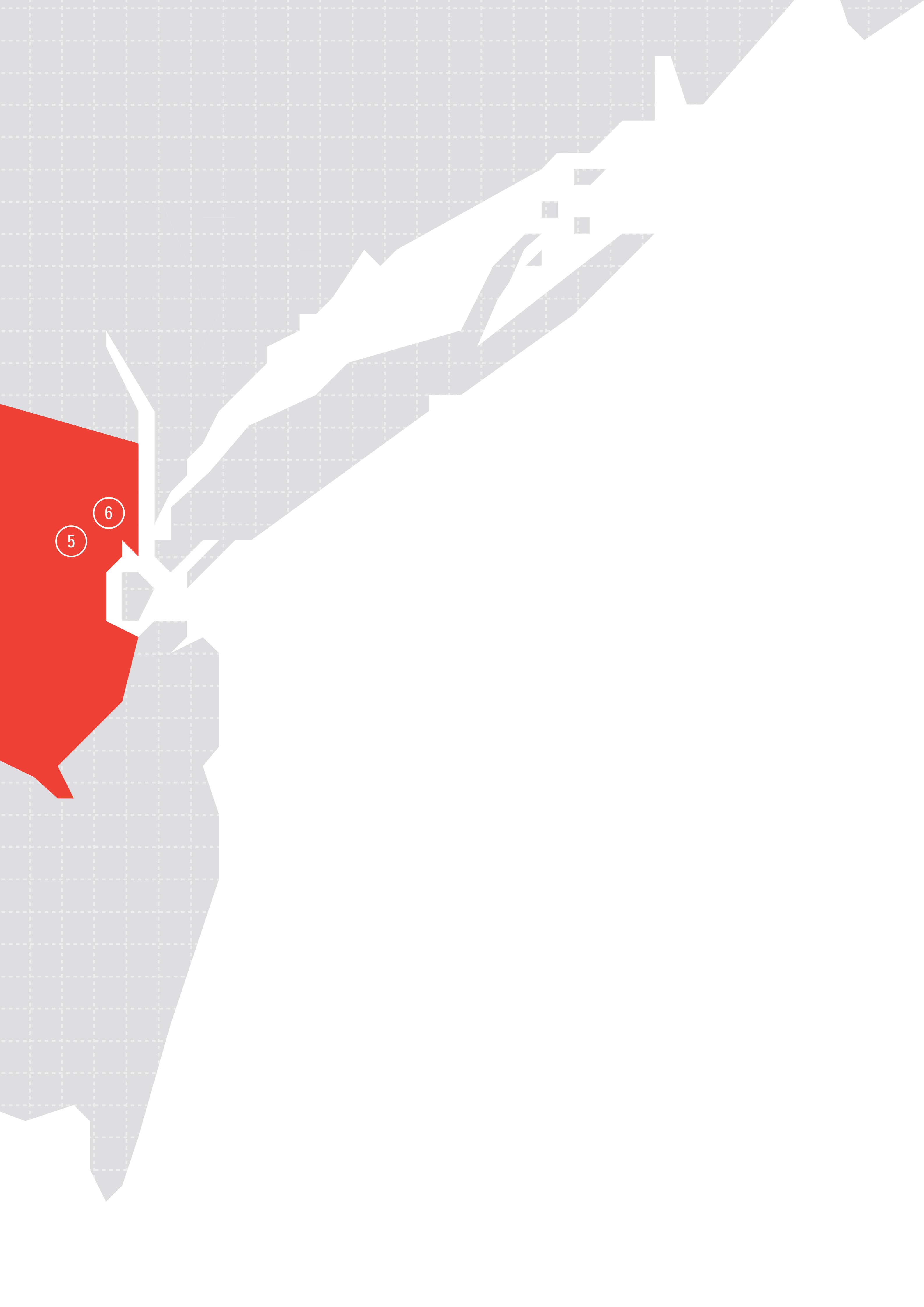
(1) Totals may vary due to rounding.

NORTHERN NEW JERSEY

5. West Orange
100 Executive Drive
200 Executive Drive
300 Executive Drive
10 Rooney Circle

6. Nutley
492 River Road

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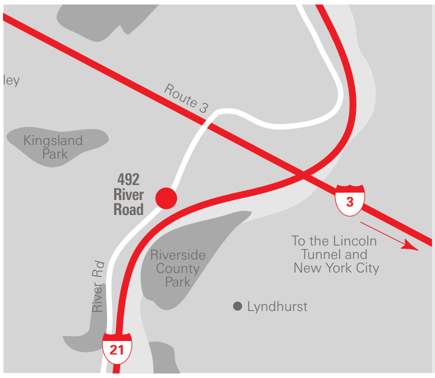
LEASE EXPIRY BY % OF INCOME

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 10.4 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '10
Valuation (US$ million)	37.7

* 100% basis

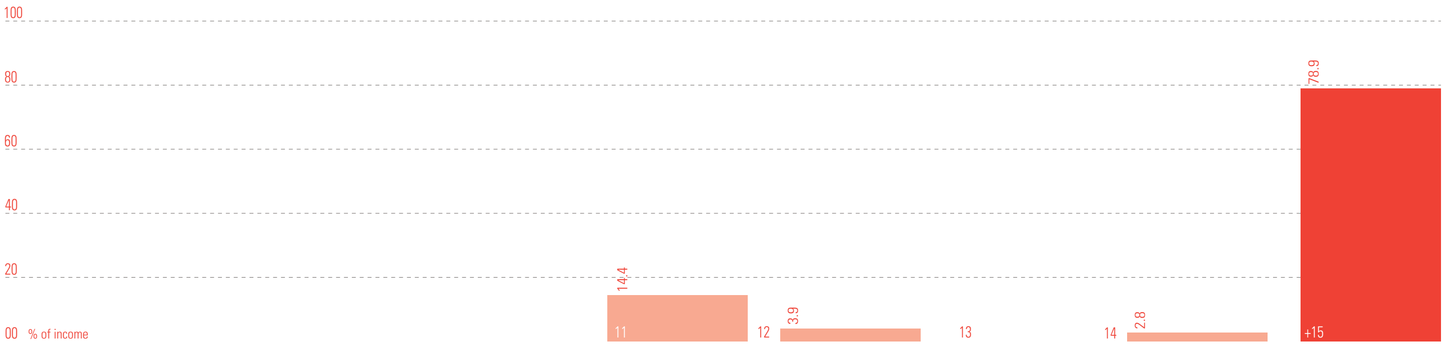
PROPERTY STATISTICS

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)	10.4 years

MAJOR TENANTS SUMMARY

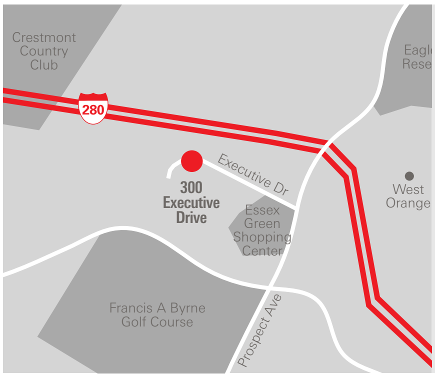
TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Radianz	Telecom	130,009	100.0%	May 2021	10.4
Other	Other tenants – 0	0			
Total		130,009	100.0%		

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

300 Executive Drive, Northern New Jersey is a 125,431 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, Computer Sciences and Government Employees Ins Co. Occupancy is 68.4% and weighted average lease term to expiry (by income) is 4.6 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

CBRE appraisal	Dec '10
Valuation (US$ million)	14.2

* 100% basis

PROPERTY STATISTICS

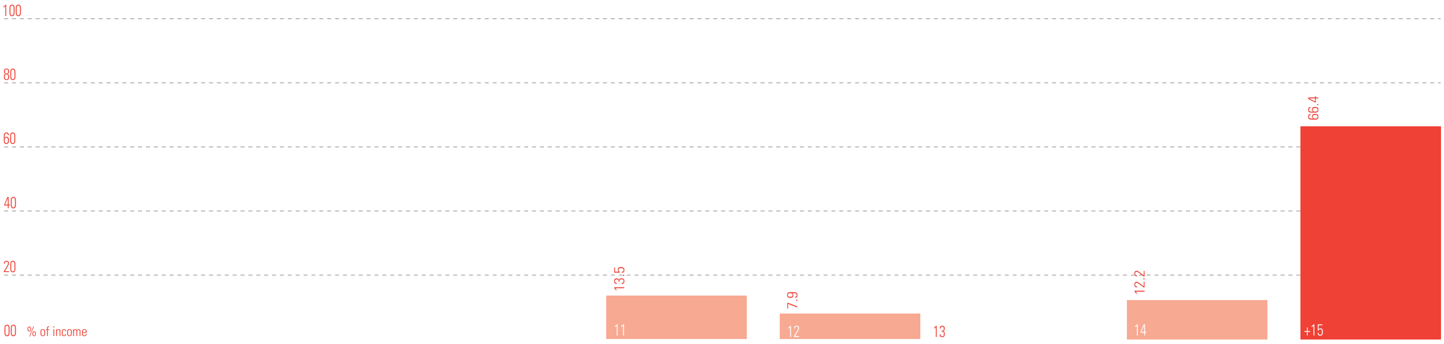
Market	Northern New Jersey
Land area (acres)	8.7
Net Lettable Area (sq ft)	125,431
Occupancy (based on NLA)	68.4%
Gross weighted average lease term to expiry (by income)	4.6

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Kessler Foundation	Healthcare	17,354	18.3%	June 2016	5.5
Government Employees Ins Co.	Insurance	13,886	17.7%	July 2015	4.6
National Cable Comm	Advertising	13,056	12.3%	August 2017	6.7
Computer Sciences	Technology	9,218	11.0%	August 2015	4.7
Other	Other tenants – 7	32,270	40.7%		
Total/average(1)		85,784	100.0%		4.6

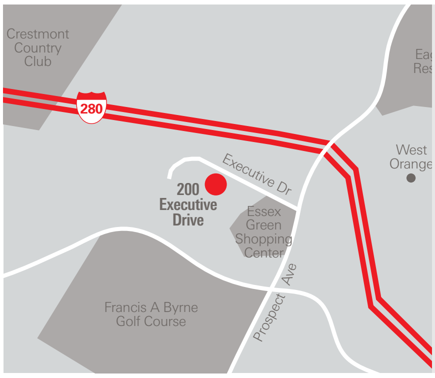
(1) Totals may vary due to rounding.

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 Partnership for Children. Occupancy is 59.9% and weighted average lease term to expiry (by income) is 4.0 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '10
Valuation (US$ million)	10.7

* 100% basis

PROPERTY STATISTICS

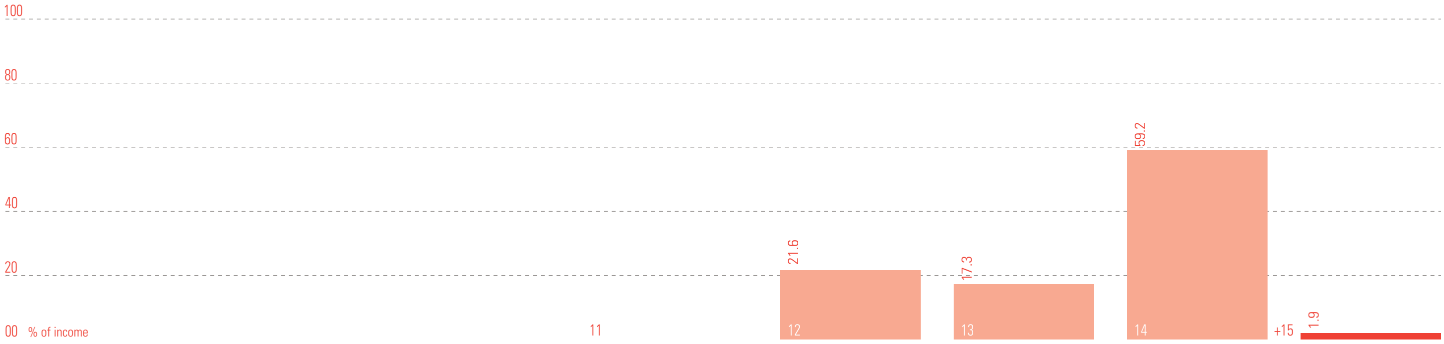
Market	Northern New Jersey
Land area (acres)	8.2
Net Lettable Area (sq ft)	106,327
Occupancy (based on NLA)	58.5%
Gross weighted average lease term to expiry (by income)	4.0 years

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	55.8%	December 2015	5.0
Partnership for Children	Governmental	5,717	12.2%	June 2014	3.5
Other	Other tenants – 4	12,593	32.0%		
Total/average(1)		63,718	100.0%		4.0

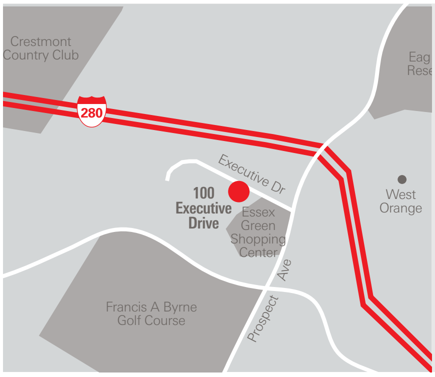
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

100 Executive Drive, Northern New Jersey is a 94,530 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 Herbert L Jamison, Patient Care Inc. and Feinstein-Raiss Klein. Occupancy is 68.1% and weighted average lease term to expiry (by income) is 3.0 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '10
Valuation (US$ million)	10.5

* 100% basis

PROPERTY STATISTICS

Market	Northern New Jersey
Land area (acres)	10.1
Net Lettable Area (sq ft)	94,530
Occupancy (based on NLA)	68.1%
Gross weighted average lease term to expiry (by income)	3.0

MAJOR TENANTS SUMMARY

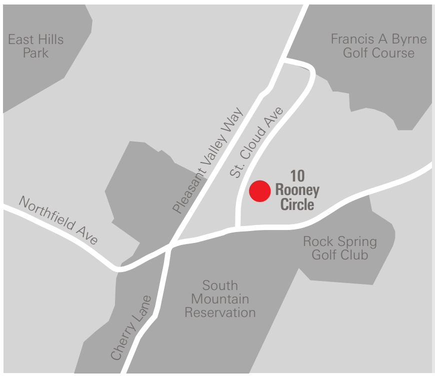
TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Herbert L Jamison	Insurance	31,390	51.0%	May 2014	3.4
Patient Care	Healthcare	14,503	21.6%	August 2012	1.7
Feinstein-Raiss Klein	Legal Services	9,114	14.3%	December 2013	3.0
Other	Other tenants – 4	9,339	13.1%		
Total/average[(1)]		64,346	100.0%		3.0

(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 2.9 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '10
Valuation (US$ million)	7.3

* 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)	2.9 years

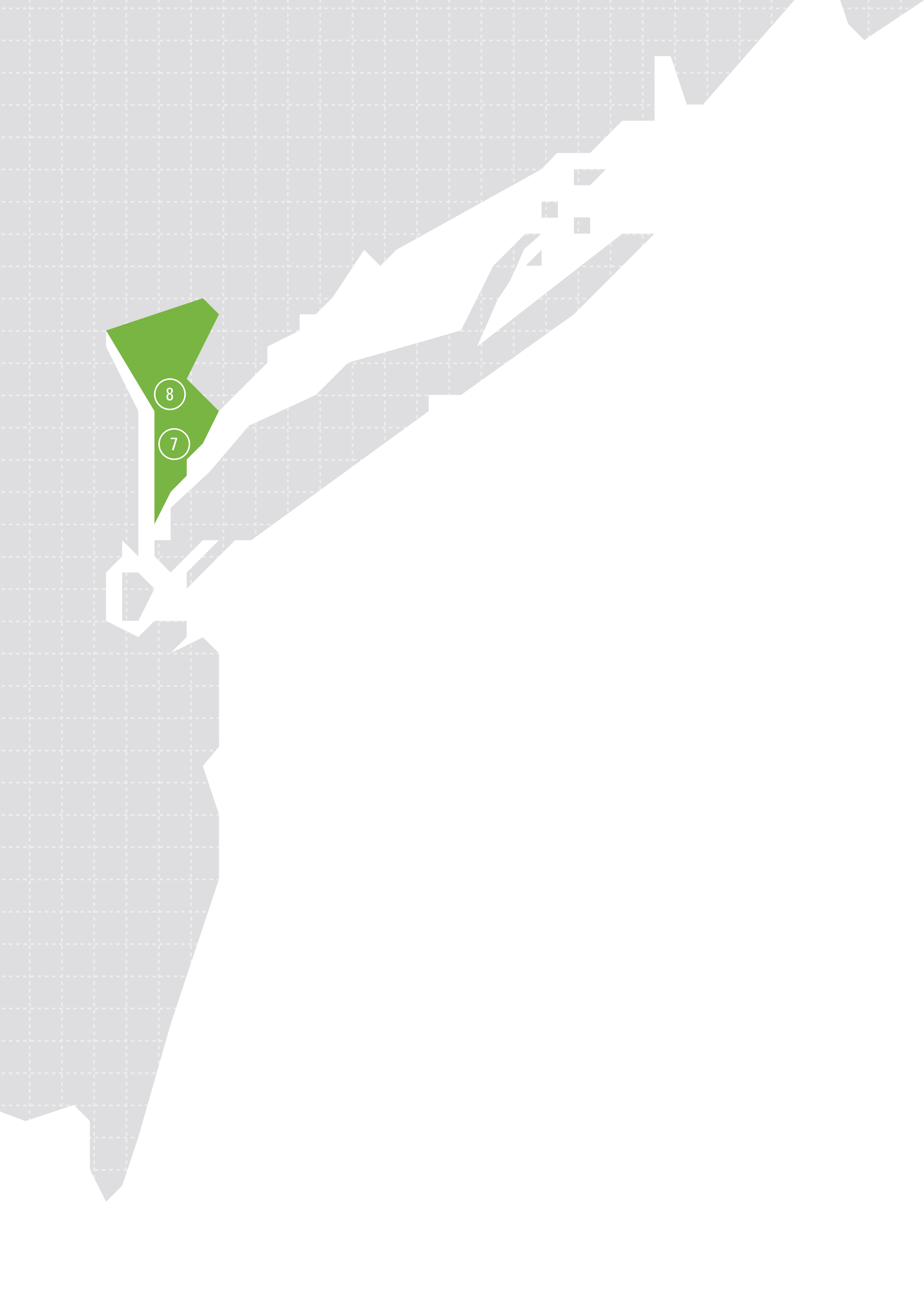
MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Federal Aviation Admin.	Governmental	29,372	100.0%	November 2013	2.9
Other	Other tenants – 0	0			
Total/average		29,372	100.0%		2.9

WESTCHESTER COUNTY

7. Elmsford
80 Grasslands Road
100 Grasslands Road

8. Tarrytown
505 White Plains Road
555 White Plains Road
560 White Plains Road
580 White Plains Road
660 White Plains Road



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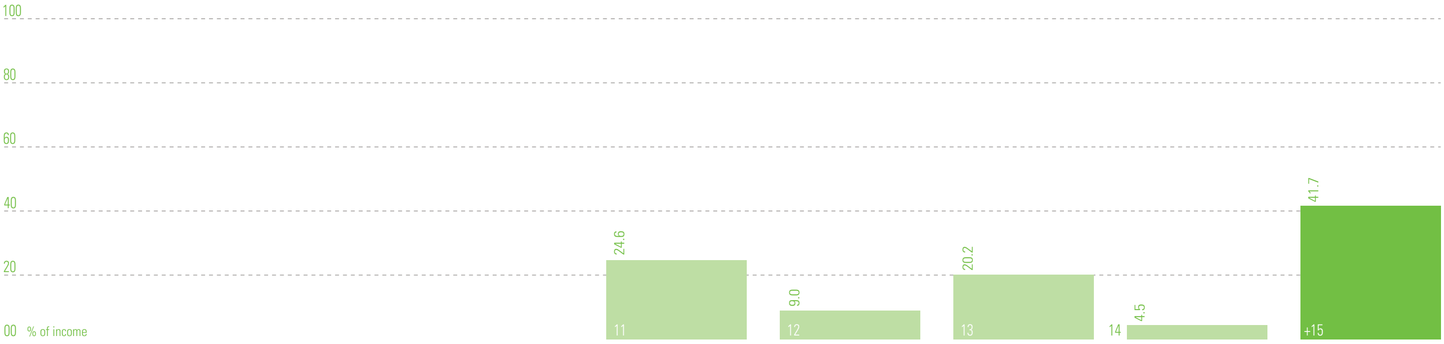
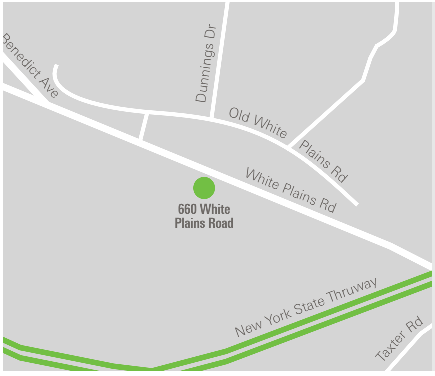
LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

660 White Plains Road, Westchester County is a 253,438 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., AllState Insurance Co. and Datacap Inc. Occupancy is 78.3% and weighted average lease term to expiry (by income) is 4.2 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '10
Valuation (US$ million)	29.8

* 100% basis

PROPERTY STATISTICS

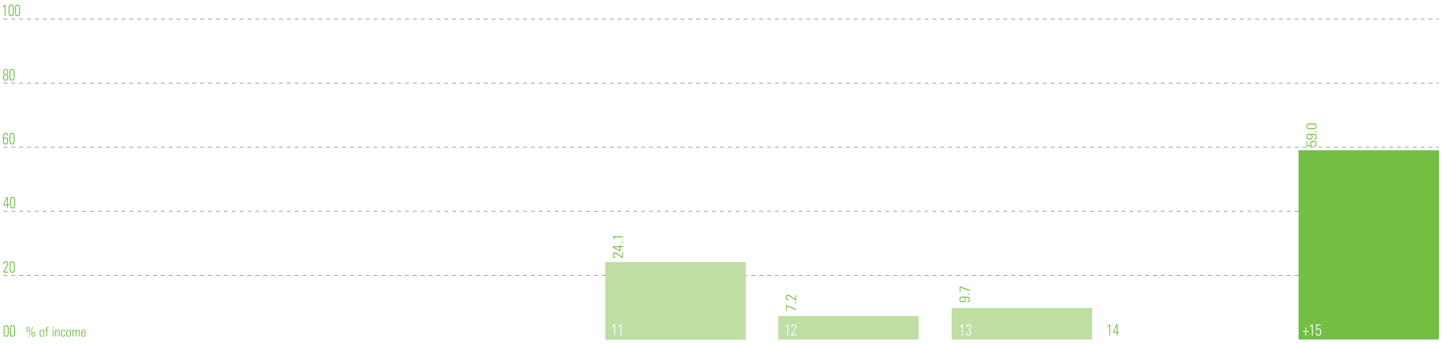
Market	Westchester County
Land area (acres)	10.9
Net Lettable Area (sq ft)	253,438
Occupancy (based on NLA)	78.3%
Gross weighted average lease term to expiry (by income)	4.2 years

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Ampacet Corp.	Manufacturing	36,474	17.2%	March 2021	10.3
AllState Insurance Co.	Insurance	15,470	7.6%	August 2016	5.7
Datacap Inc.	Technology	13,139	6.3%	June 2013	2.5
American List Counsel Inc	Advertising	10,330	6.0%	June 2013	2.5
Other	Other tenants – 31	122,936	62.9%		
Total/average[(1)]		198,349	100.0%		4.2

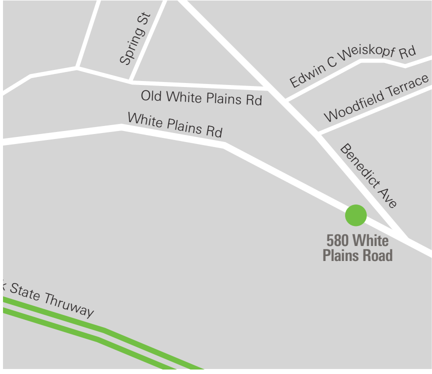
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

580 White Plains Road, Westchester County is a 171,063 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 Corporation, D.L.C. Management Corp. and Mental Health Associates. Occupancy is 80.8% and weighted average lease term to expiry (by income) is 5.4 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

CBRE appraisal	Dec '10
Valuation (US$ million)	18.5

* 100% basis

PROPERTY STATISTICS

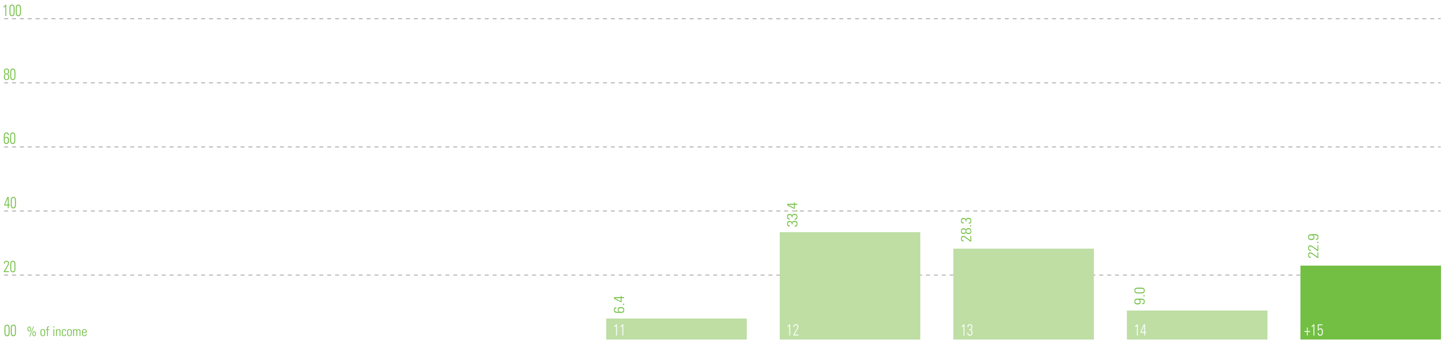
Market	Westchester County
Land area (acres)	6.1
Net Lettable Area (sq ft)	171,063
Occupancy (based on NLA)	80.8%
Gross weighted average lease term to expiry (by income)	5.4

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Xerox Corporation	Consumer Products	24,330	21.1%	June 2011	0.5
D.L.C. Management Corp.	Real Estate	18,747	13.5%	August 2017	6.7
Mental Health Associates	Healthcare	16,146	9.7%	December 2020	10.0
580 Center Management Corp.	Other Professional Services	10,749	8.2%	April 2026	15.3
Other	Other tenants – 17	68,300	47.5%		
Total/average(1)		138,272	100.0%		5.4

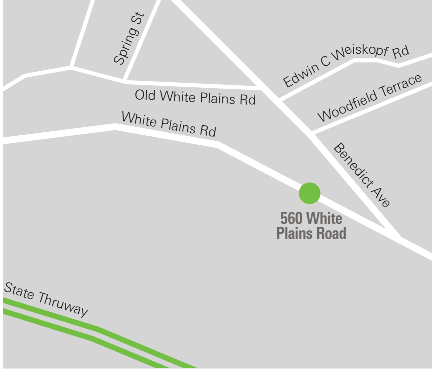
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

560 White Plains Road, Westchester County is a 126,089 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 83.8% and weighted average lease term to expiry (by income) is 3.4 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '10
Valuation (US$ million)	16.2

* 100% basis

PROPERTY STATISTICS

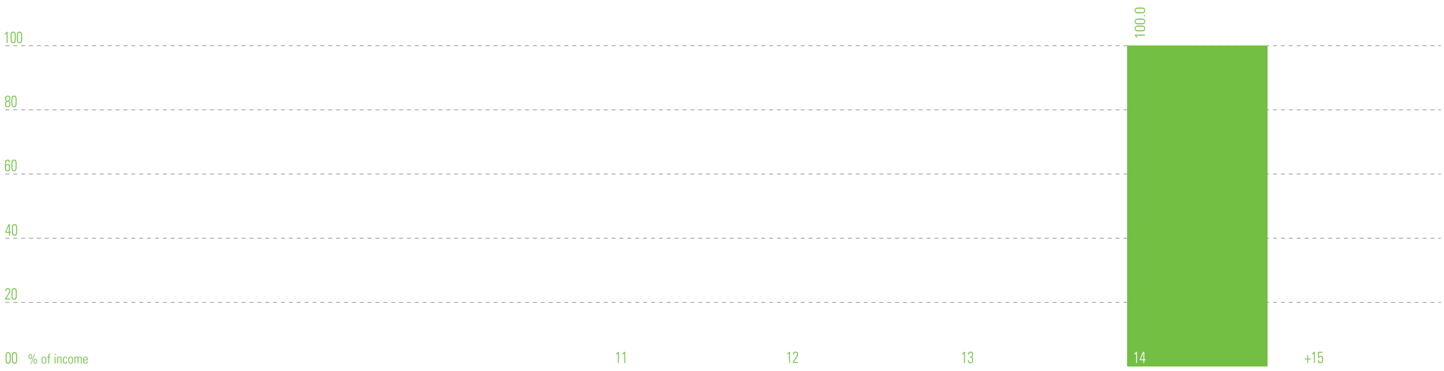
Market	Westchester County
Land area (acres)	4.0
Net Lettable Area (sq ft)	126,089
Occupancy (based on NLA)	83.8%
Gross weighted average lease term to expiry (by income)	3.4 years

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Oracle USA	Technology	21,179	21.8%	December 2012	2.0
Clarfeld Financial Advisors	Financial Services	15,831	14.3%	September 2013	2.8
ENT and Allergy Associates	Healthcare	13,785	12.0%	December 2019	9.0
Complus Data Innovations	Technology	7,250	7.0%	February 2017	6.2
Other	Other tenants – 13	47,594	44.8%		
Total/average(1)		105,639	100.0%		3.4

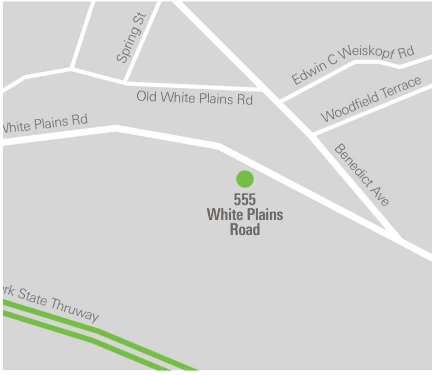
(1) Totals may vary due to rounding.

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 100% and weighted average lease term to expiry (by income) is 3.6 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

CBRE appraisal	Dec '10
Valuation (US$ million)	14.3

* 100% basis

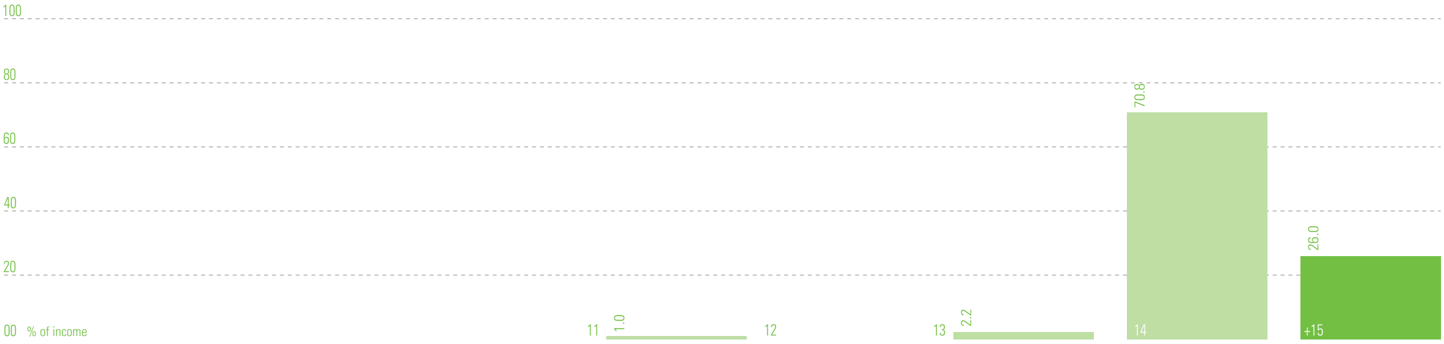
PROPERTY STATISTICS

Market	Westchester County
Land area (acres)	4.2
Net Lettable Area (sq ft)	125,497
Occupancy (based on NLA)	100.0%
Gross weighted average lease term to expiry (by income)	3.6

MAJOR TENANTS SUMMARY

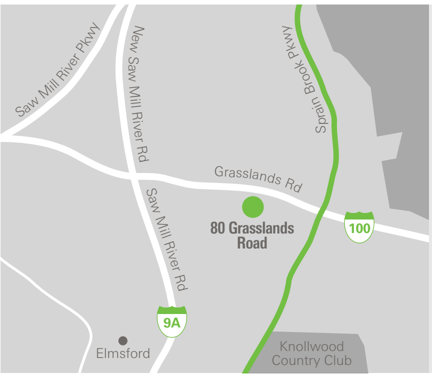
TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Bayer Healthcare LLC	Pharmaceuticals	125,497	100.0%	July 2014	3.6
Other	Other tenants – 0				
Total/average		125,497	100.0%		3.6

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

80 Grasslands Road, Westchester County is a 86,985 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 4.3 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '10
Valuation (US$ million)	13.6

* 100% basis

PROPERTY STATISTICS

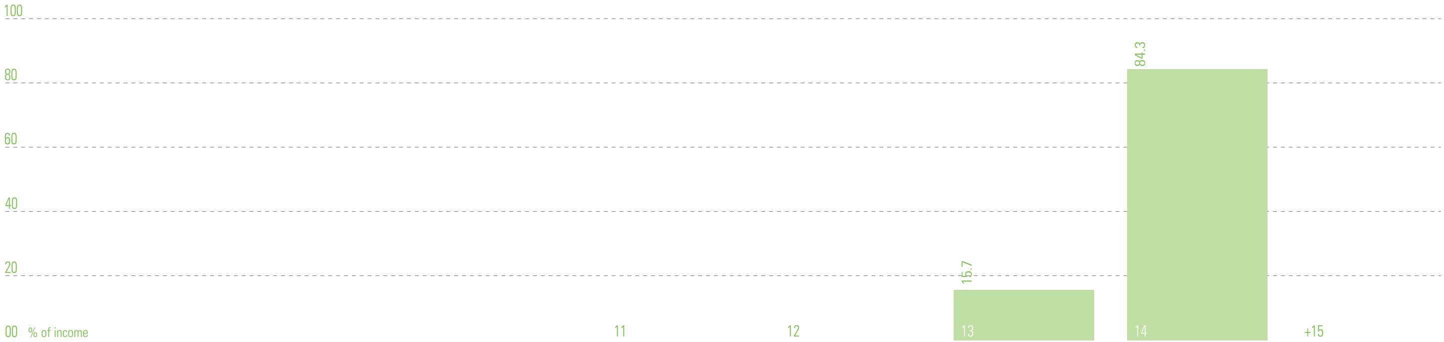
Market	Westchester County
Land area (acres)	4.9
Net Lettable Area (sq ft)	86,985
Occupancy (based on NLA)	100.0%
Gross weighted average lease term to expiry (by income)	4.3 years

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Amscan	Consumer Products	60,184	70.8%	December 2014	4.0
Liberty Mutual	Insurance	24,191	26.0%	April 2016	5.3
Insler & Herman LLP	Legal Services	1,740	2.2%	March 2013	2.2
Other	Other tenants – 1	870	1.0%		
Total/average(1)		86,985	100.0%		4.3

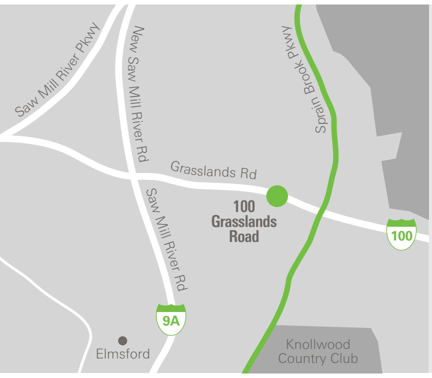
(1) Totals may vary due to rounding.

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 3.7 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '10
Valuation (US$ million)	8.6

* 100% basis

PROPERTY STATISTICS

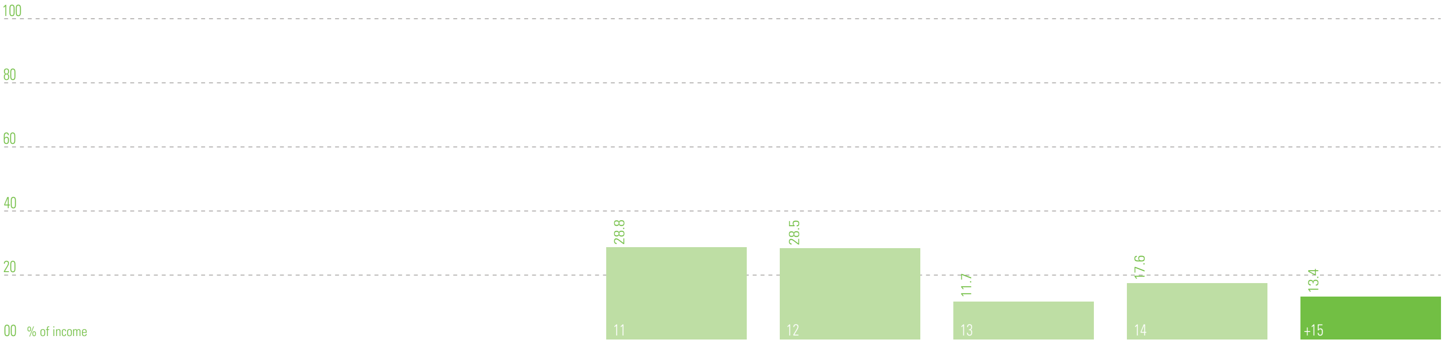
Market	Westchester County
Land area (acres)	8.5
Net Lettable Area (sq ft)	47,720
Occupancy (based on NLA)	100.0%
Gross weighted average lease term to expiry (by income)	3.7

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Amscan	Consumer Products	39,551	84.3%	December 2014	4.0
Cooper Electric	Retail/Wholesale	8,169	15.7%	March 2013	2.2
Other	Other tenants – 0				
Total/average(1)		47,720	100.0%		3.7

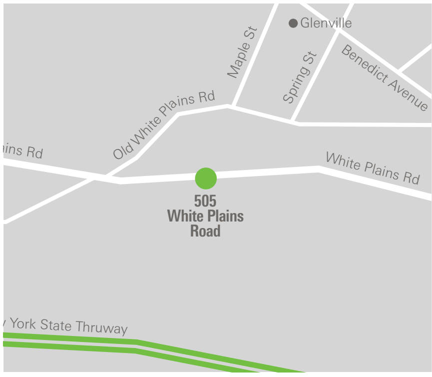
(1) Totals may vary due to rounding.

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

505 White Plains Road, Westchester County is a 26,600 sq ft NLA, two storey office building. The site area is 1.4 acres and includes 89 parking spaces. It is located within easy access of the Westchester Parkway System. Major tenants include Bank of America, Elliot Associates Inc., INC Printing & Graphics and North East Advertising Corp. Occupancy is 77.0% 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)*	3.8

VALUATION SUMMARY

CBRE appraisal	Dec '10
Valuation (US$ million)	2.9

* 100% basis

PROPERTY STATISTICS

Market	Westchester County
Land area (acres)	1.4
Net Lettable Area (sq ft)	26,600
Occupancy (based on NLA)	77.0%
Gross weighted average lease term to expiry (by income)	2.3 years

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Bank of America	Commercial Bank	3,102	17.6%	September 2014	3.8
Elliot Associates Inc.	Other Professional Services	2,679	11.7%	January 2013	2.1
INC Printing & Graphics	Other Professional Services	2,567	12.3%	June 2012	1.5
North East Advertising Corp.	Advertising	1,941	10.3%	November 2011	0.9
Other	Other tenants – 13	10,206	48.1%		
Total/average(1)		20,495	100.0%		2.3

(1) Totals may vary due to rounding.

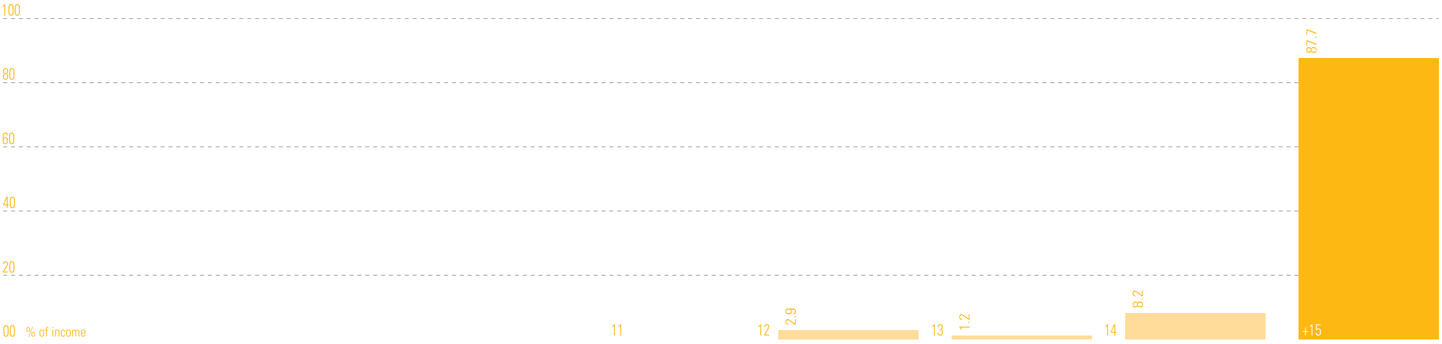
FAIRFIELD COUNTY

9. Stamford
225 High Ridge Road

10. Shelton
710 Bridgeport Avenue

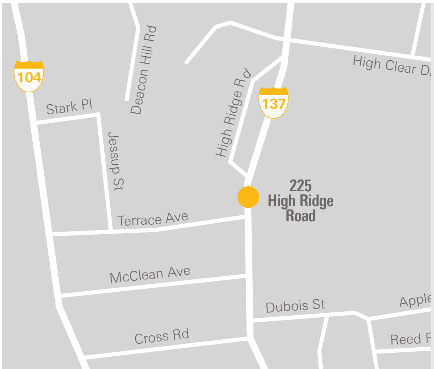

10
9

LEASE EXPIRY BY % OF INCOME



PROPERTY OVERVIEW

225 High Ridge Road, Fairfield County is a 223,368 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 Harbor Watch Capital Mgmt. Occupancy is 74.9% and weighted average lease term to expiry (by income) is 5.4 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '10
Valuation (US$ million)	53.6

* 100% basis

PROPERTY STATISTICS

Market	Fairfield County
Land area (acres)	14.0
Net Lettable Area (sq ft)	224,690
Occupancy (based on NLA)	74.9%
Gross weighted average lease term to expiry (by income)	5.4 years

MAJOR TENANTS SUMMARY

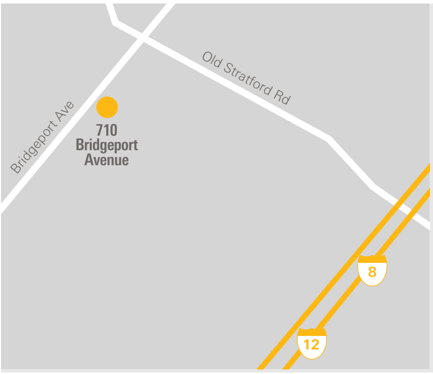
TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Synapse Group Inc.	Financial Services	74,945	38.3%	September 2016	5.8
Bank of America	Financial Services	30,749	24.8%	April 2016	5.3
Philip Morris Management	Consumer Products	28,001	12.9%	September 2015	4.8
Harbor Watch Capital Mgmt	Financial Services	15,451	9.5%	October 2018	7.8
Other	Other tenants – 6	18,129	14.6%		
Total/average(1)		167,275	100.0%		5.4

(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 71.7% and weighted average lease term to expiry (by income) is 8.9 years.



ACQUISITION SUMMARY

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

VALUATION SUMMARY

Director valuation	Dec '10
Valuation (US$ million)	33.4

* 100% basis

PROPERTY STATISTICS

Market	Fairfield County
Land area (acres)	36.1
Net Lettable Area (sq ft)	452,414
Occupancy (based on NLA)	71.7%
Gross weighted average lease term to expiry (by income)	8.9

MAJOR TENANTS SUMMARY

TENANT	INDUSTRY	LEASED AREA (SQ FT)	% OF TOTAL RENT	LEASE EXPIRY DATE	REMAINING TERM (YEARS)
Perkin Elmer	Technology	245,704	89.3%	July 2020	9.6
Panolam Industries	Manufacturing	78,877	10.7%	April 2014	3.3
Other	Other tenant – 0	0			
Total/average(1)		324,581	100.0%		8.9

(1) Totals may vary due to rounding.

The board of directors of RAML (the "Board") 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 and the Code of Conduct.

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 2010 to 31 December 2010.

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.

Structure of the Board

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 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 RNY Australia Management Limited ("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 Recommendations 2.2 and 2.3, 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.

The Role of the Chief Executive Officer

The Board has delegated day to day management of the Trust's assets to the Chief Executive Officer and senior management.

The Role of Board Committees

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.

ASX Recommendation 2.4 recommends that listed entities establish a nomination committee. However, since the date the Trust was listed on the ASX these functions have been carried out by the Board. The Board does not consider that a separate nomination committee would be appropriate at this stage. The Board committees currently in operation are detailed below.

Audit and Risk Management Committee

At the date of this statement, the members of the Audit and Risk Management Committee (the "Audit Committee") are Messrs Meagher, Peacock and Robinson. 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

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 2.1, 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 20 years experience in the industry, 17 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 2010 until 31 December 2010 the Board held 5 meetings with all Board members attending each meeting, except for Mr Rechler who was absent from one Board meeting, and Messrs Maturo and Barnett who were both absent from two Board meetings.

Board Profiles

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's vision and leadership guided Reckson where he served as Chief Executive Officer and Chairman through its years of dynamic growth throughout Long Island, New Jersey, New York City, Westchester and Connecticut, overseeing in excess of US$6 billion in acquisitions and developments and managing over 20 million square feet of commercial property in New York's Tri-State area. Mr Rechler's real estate acumen and entrepreneurial spirit have delivered stellar returns to investors including over a 700% total return to Reckson's shareholders.

Mr Rechler was the architect of Reckson's successful IPO in 1995 and was with Reckson from 1989 until January 2007. During his tenure he served as President, Chief Executive Officer, a member of Reckson's Board of Directors from its formation, as well as the Chairman of the Board.

Mr Rechler is actively involved with the Real Estate Roundtable, for which he is a member of the Board of Directors and Co-Chair of its Political Action Committee.

Mr Rechler prides himself on enhancing the communities where RXR operates. As such, Mr Rechler serves as a board member of the Association for a Better Long Island, Board member of the Association for a Better 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.

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, a 1000+ attorney 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 30 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 is a solicitor of the Supreme Court of New South Wales.

Mr Meagher is currently a Responsible Officer 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 35 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 currently holds a number of directorships including UniSuper Ltd, Riverland Water Pty Ltd, and The Infrastructure Fund of India.

Mr Peacock qualified as an Associate of the Australian Society of Accountants, is a Fellow of the Financial Services Institute of Australasia, and is 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. He is currently Chairman of a US mutual fund – Emerging Market Growth Fund Limited. 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 and CIGA Hotels SPA. 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 .

Monitoring Directors' Performance

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

The Board's formal self-assessment and evaluation of its Directors and key executives was last conducted during February 2009. There was no formal evaluation undertaken in 2010, although the Chairman has the responsibility of continually monitoring the performance of the Board.

Ethical and Responsible Decision Making

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.

Similarly, a Securities Trading Policy (the "Trading Policy") was adopted by the Board on 13 September 2005. A further update to this policy was approved by the Board on 29 December 2010. Under the Trading Policy, directors and employees of RAML are encouraged to be long-term holders of units in the Trust. However, the Trading Policy is designed to regulate the timing of any acquisition or disposal of units in the Trust by directors and employees of RAML so as to ensure that the "insider trading" prohibitions prescribed under the Corporations Act are not breached. A copy of the Trading Policy may be reviewed at www.rnypt.com.au on the Trust's website.

Integrity in Financial Reporting

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.

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.

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 Manager and Trust level are managed through RAML's risk management frameworks and procedures.

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.

Remuneration

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, 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 21(iii) to the Financial Statements for the year ended 31 December 2010. 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 23 to the Financial Statements for the year ended 31 December 2010. Such Financial Statements are included in the Annual Report and can also be viewed at www.rnypt.com.au on the Trust's website.

Please visit the Trust's website www.rnypt.com.au for further information on the Trust's corporate governance policies.

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 oversight		
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management	Complies
1.2	Companies should disclose the process for evaluating senior executive performance	Complies
1.3	Provide the information in the Guide to reporting on Principle 1	Complies
Principle 2: Structure the board to add value		
2.1	A majority of the Board should be independent directors	Does not Comply
2.2	The Chairman should be an independent director	Does not Comply
2.3	The roles of the Chairman and Chief Executive Officer should not be exercised by the same individual	Does not Comply
2.4	The board should establish a Nomination Committee	Does not Comply
2.5	Companies should disclose process for evaluating the performance of the Board, its committees and individual directors	Complies
2.6	Provide the information in the Guide to reporting on Principle 2	Complies
Principle 3: Promote ethical and responsible decision-making		
3.1	Establish a code of conduct to guide the directors, the Chief Executive Officer (or equivalent) and any other key executive as to: • 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
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees	Complies
3.3	Provide the information indicated in the Guide to reporting on Principle 3	Complies
Principle 4: Safeguard integrity in financial reporting		
4.1	The Board should establish an audit committee	Complies
4.2	Structure the audit committee so that it consists of: • Only non-executive directors • A majority of independent directors • An independent Chairman who is not Chairman of the Board • At least three members	Complies
4.3	The Audit Committee should have a formal charter	Complies
4.4	Provide the information indicated in the Guide to reporting on Principle 4,	Complies
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
5.2	Provide the information indicated in the Guide to reporting on Principle 5	Complies
Principle 6: Respect the rights of shareholders		
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	Complies
6.2	Provide the information indicated in the Guide to reporting on Principle 6.	Complies
Principle 7: Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	Complies
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Complies
7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Complies
7.4	Companies should provide the information indicated in the Guide to report on principle 7.	Complies
Principle 8: Remunerate fairly and responsibly		
8.1	The Board should establish a Remuneration Committee.	Does not Comply
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Complies
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Complies

SUPPLEMENTARY UNITHOLDER INFORMATION
AS AT 10 MARCH 2011

RANGE OF UNITHOLDERS

Holding	Number of Holders	Number of Units
1-1,000	16	8,239
1,001-5,000	34	119,541
5,001-10,000	65	569,541
10,001-100,000	295	11,594,640
100,001 and over	93	251,121,928
Total number of unitholders	503	263,413,889
Number of unitholders holding less than a marketable parcel	40	

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
Orbis Investment Management	32,129,227	12.20
Intelligent Investor Funds Pty Ltd	23,579,289	8.95
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. HSBC Custody Nominees (Aust) Ltd	84,698,539	32.15
2. National Nominees Ltd	50,560,653	19.19
3. Citicorp Nominees Pty Ltd	25,737,747	9.77
4. J P Morgan Nominees Australia Ltd	13,049,210	4.95
5. Bond Street Custodians Ltd	11,846,230	4.50
6. HSBC Custody Nominees (Aust) Ltd-GSCO	10,517,734	3.99
7. Citicorp Nominees Pty Ltd <Cwlth Prop>	13,511,949	3.82
8. BSF (BVI) Limited	5,600,000	2.13
9. J P Morgan Nominees Australia Ltd (cash income)	3,603,336	1.37
10. ABN AMRO Clearing Sydney Nominees	3,436,830	1.30
11. H&B Sandler Super Fund	2,000,000	.76
12. Mattani Super Fund	1,932,061	.73
13. Browns Supperannuation	1,836,366	.70
14. Brazil Farming Pty	1,700,000	.65
15. Pan Australian Nominees	1,578,762	.60
16. Mr Alan Derek Back	1,517,000	.58
17. UBS Wealth Mgmt Aust Nominees Pty Ltd	1,017,968	.39
18. Mr B Johnson & Ms A Hall	1,000,000	.38
19. Mr Ian Davies	905,313	.34
20. Pagred Nominees Pty Ltd	830,000	.32
Total in this Report	**233,422,438**	**88.61**
Total Other Investors	**29,991,451**	**11.39**
Total Units on Issue	**263,413,889**	**100.00%**

CORPORATE DIRECTORY

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
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DESIGN: COLLIER & ASSOCIATES THE STRATEGIC DESIGN COMPANY #15561

RNY Property Trust

ARSN 115 585 709

Financial Report
For the Year Ended 31 December 2010

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 entities, together known as the "Group", for the year ended 31 December 2010.

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
16 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 2010 owned 24 office properties and one (1) warehouse property currently held for sale (2009: 24 office properties and 1 warehouse property held for sale) 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 2010 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
The US LLC has US$247.6 million of mortgage debt consisting of two separate loans of US$196.1 million and US$51.5 million that matured in September and October 2010, respectively.
With regards to both of these loans, the US LLC has continued discussions with the CMBS Special Servicer related to an extension and/or restructuring of each of these loans and continues to pay interest on a current basis.
The US$196.1 million loan is secured by 9 properties valued at US$210.4 million as of 31 December 2010.
The US$51.5 million loan is secured by 3 properties valued at US$57.8 million as of 31 December 2010.
There are no assurances that the Company will be able to refinance or extend these loans. Such mortgage debt is recourse only to the properties which serve as collateral for each loan.

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 2010 was $25,385,455 (2009: Loss $53,113,878).

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 financial year.

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

Likely developments and expected results of operations
Further information on likely developments in the 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 2010 (31 December 2009: 263,413,889 fully paid units).

Trust Assets
At 31 December 2010, the Trust held total assets of $483.399 million (2009: $582.913 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 $451,373 (2009: $591,268) were paid to the Responsible Entity for the year. The Responsible Entity was also reimbursed for expenses amounting to $114,770 (2009: $133,973) for the year ended 31 December 2010.

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 2010 and 2009 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. The auditors of the Trust are in no way indemnified out of the assets of the Trust.

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 (E&Y) are set out in Note 28 to the financial statements. The directors are satisfied that the provision of non-audit services provided by E&Y 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 31st day of March 2011 in Sydney

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680 George Street
Sydney NSW 2000 Australia
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Auditor's Independence Declaration to the Directors of RNY Australia Management Limited, the Responsible Entity of RNY Property Trust

In relation to our audit of the financial report of RNY Property Trust for the financial year ended 31 December 2010 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
31 March 2011

Statement of Comprehensive Income
year ended 31 December 2010

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
CONTINUING OPERATIONS			
Revenue and other income			
Rental income from investment properties	3	75,963	96,632
Net changes in the fair value of derivatives		-	9,182
Other income		2,281	2,062
Interest income		3	37
Total revenue and other income		78,247	107,913
Expenses			
Property expenses	4	39,559	46,244
Borrowing costs	5	25,099	25,673
Loss from investment property revaluations		40,099	109,340
Other investment property expenses		3,867	3,416
Administration expenses		313	311
Management fees		1,804	2,402
Other expenses		368	397
Total expenses		111,109	187,783
Loss from continuing operations before income tax benefit		(32,862)	(79,870)
Income tax benefit	6	-	(5,397)
NET LOSS FROM CONTINUING OPERATIONS AFTER TAX		(32,862)	(74,473)
OTHER COMPREHENSIVE LOSS			
Foreign currency translation loss (net of tax)		(18,693)	(75,197)
Other comprehensive loss for the year, net of tax		(18,693)	(75,197)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(51,555)	(149,670)
Loss from continuing operations after tax is attributable to:			
Unitholders of RNY		(25,385)	(53,114)
Non-controlling interest		(7,477)	(21,359)
		(32,862)	(74,473)
Total comprehensive loss for the year is attributable to:			
Unitholders of RNY		(38,970)	(107,042)
Non-controlling interest		(12,585)	(42,628)
		(51,555)	(149,670)
Basic and diluted earnings per unit from continuing operations attributable to RNY Unitholders (cents)	19	(9.64)	(20.16)

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

Distribution Statement
year ended 31 December 2010

	Notes	Consolidated 2010 $'000	2009 $'000
Total comprehensive loss for the period attributable to unitholders of RNY		(38,970)	(107,042)
Adjusted for RNY share of:			
Loss from investment property revaluations		30,074	82,005
Straight lining of rental income		(799)	(1,046)
Cash from discontinued operations		-	(19)
Net unrealised gain on revaluation/settlement of derivatives		-	(9,517)
Deferred tax benefit		-	(5,397)
Mortgage cost amortisation		998	1,313
Leasing cost amortisation		2,493	2,047
Foreign currency translation loss		13,585	53,928
INCOME AVAILABLE FOR DISTRIBUTION		7,381	16,272
Other amounts retained		(7,381)	(16,272)
DISTRIBUTION PAID AND PAYABLE	13	-	-
Distribution per unit (cents)		-	-

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

Balance Sheet
as at 31 December 2010

	Notes	Consolidated 31 Dec 10 $'000	31 Dec 09 $'000 (Restated)	1 Jan 09 $'000 (Restated)
Current assets				
Cash and cash equivalents	18(b)	11,528	13,692	16,960
Trade and other receivables	7	1,568	1,244	3,939
Other current assets		38	54	42
		13,134	14,990	20,941
Investment property held for sale	8	1,476	1,672	-
Total current assets		14,610	16,662	20,941
Non-current assets				
Investment properties	9	459,453	555,156	845,212
Other non-current assets	10	9,336	11,095	14,962
Total non-current assets		468,789	566,251	860,174
Total assets		483,399	582,913	881,115
Current liabilities				
Trade and other payables	11	11,784	11,439	17,887
Derivative financial instruments		-	-	10,509
Secured borrowings – current	12(a)	243,630	276,064	63,509
Provision for distribution	13	-	-	5,927
Total current liabilities		255,414	287,503	97,832
Non current liabilities				
Deferred withholding tax liability	14	-	-	6,176
Secured borrowings – non current	12(b)	113,479	129,333	461,319
Preferred shares	15	123	139	180
Total non-current liabilities		113,602	129,472	467,675
Total liabilities		369,016	416,975	565,507
Net assets		114,383	165,938	315,608
Unitholders' Equity				
Units on Issue	16	251,377	251,377	251,377
Reserves	17	(39,950)	(26,365)	27,563
Accumulated deficit		(126,833)	(101,448)	(48,334)
		84,594	123,564	230,606
Non-controlling interest		29,789	42,374	85,002
TOTAL EQUITY		114,383	165,938	315,608

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

Cash Flow Statement
year ended 31 December 2010

	Notes	Consolidated 2010 $'000	Consolidated 2009 $'000
Cash flows from operating activities			
Receipts from customers		77,920	101,389
Payments to suppliers		(44,276)	(62,339)
Interest received		3	37
Interest and borrowing costs paid		(24,589)	(25,250)
Net cash inflow from operating activities		9,058	13,837
Cash flows from investing activities			
Payments for property plant & equipment		(6,639)	(8,640)
Net cash outflow from investing activities		(6,639)	(8,640)
Cash flows from financing activities			
Repayment of borrowings		(660)	-
Distribution paid		-	(5,927)
Net cash outflow from financing activities		(660)	(5,927)
Net increase/(decrease) in cash and cash equivalents		1,759	(730)
Cash and cash equivalents at beginning of year		13,692	16,960
Net foreign exchange differences		(3,923)	(2,538)
Cash and cash equivalents at end of year	18(b)	11,528	13,692

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

	Note	Units on Issue	Undistributed Loss	Reserves	Owners of RNY	Non-controlling interest	Total Equity
		$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
CONSOLIDATED							
At 31 December 2008		251,377	(48,334)	27,563	230,606	85,002	315,608
Foreign currency translations taken to equity	17	-	-	(53,928)	(53,928)	(21,269)	(75,197)
Loss for the year		-	(53,114)	-	(53,114)	(21,359)	(74,473)
Total comprehensive loss for the year, net of tax		-	(53,114)	(53,928)	(107,042)	(42,628)	(149,670)
Distributions		-	-	-	-	-	-
At 31 December 2009		251,377	(101,448)	(26,365)	123,564	42,374	165,938
Foreign currency translations taken to equity	17	-	-	(13,585)	(13,585)	(5,108)	(18,693)
Loss for the year		-	(25,385)	-	(25,385)	(7,477)	(32,862)
Total comprehensive loss for the year, net of tax		-	(25,385)	(13,585)	(38,970)	(12,585)	(51,555)
Distributions		-	-	-	-	-	-
At 31 December 2010		251,377	(126,833)	(39,950)	84,594	29,789	114,383

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 2010 was authorised for issue in accordance with a resolution of the directors on 31 March 2011.

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 derivative financial instruments and investment properties that are held at fair value.

The consolidated financial statements comprise the financial statements of the Trust and its subsidiary, RNY Australia LPT Corporation (US REIT), along with the US REITs investment in RNY Australia Operating Company LLC (the "US LLC") 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").

From 1 January 2010 the Trust has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 January 2010. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Trust.

- AASB 127 (Revised) *Consolidated and Separate Financial Statements*

The following amending standards have also been adopted from 1 January 2010:

- AASB 2008-3 *Amendment to Australian Accounting Standards arising from AASB 127.*
- AASB 2008-6 *Amendment to Australian Accounting Standards arising from the Annual Improvements Project.*
- AASB 2009-4 *Amendment to Australian Accounting Standards arising from the Annual Improvements Project.*
- AASB 2009-5 *Amendment to Australian Accounting Standards arising from the Annual Improvements Project.*

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

Australian Accounting Standards (“AAS”) and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 31 December 2010 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	1 Jan 2013	Not material	1 Jan 2013
AASB 124 (revised)	Related party disclosures	Simplify and clarify related party definition	1 Jan 2011	Not material	1 Jan 2011
AASB 2009-11	Amendments to AAS arising from AASB 9	Impact of AASB 9 changes on other accounting standards	1 Jan 2013	Not material	1 Jan 2013
AASB 2009-12	Amendments to AAS	Various amendments to Accounting Standards and Interpretations	1 Jan 2011	Not material	1 Jan 2011
AASB 2010-4	Further amendments to AAS arising from the Annual Improvements Project	Various amendments relating to accounts disclosures	1 Jan 2011	Not material	1 Jan 2011

*Designates the beginning of the applicable annual reporting period

Management will continue to assess the impact of these standards and interpretations on Group financial reporting as the standards come into effect.

2. Summary of Significant Accounting Policies (continued)

(c) Restatement of prior year balances

In previous periods RNY has accounted for its investment in the US LLC, in which it holds a 75% interest, using the equity method of accounting. This was deemed the most appropriate method given the level of involvement that the 25% minority interest holder had over the affairs of the US LLC. After discussions with the Australian Securities and Investments Commission, RAML has confirmed that the investment in the US LLC will be accounted for on a consolidated basis. Accordingly, the attached accounts reflect consolidated amounts with adjustments for the non-controlling interest where applicable.

Comparative numbers have also been adjusted in the accounts to reflect this change. As a result of the re-statement, all financial statement line items have changed with the exception of:

Balance sheet line items
Other current assets
Preferred shares
Units on issue
Reserves
Accumulated deficit

Statement of Comprehensive Income line items
Net changes in the fair value of derivatives
Interest income
Income tax benefit

Cash flow statement line items
Interest received
Distribution paid

(d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at 31 December 2010. 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.

Non-controlling interests are allocated their share of net profit after tax in the Statement of Comprehensive Income and are presented within equity in the consolidated Balance Sheet, separately from the equity of the RNY unitholders.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

2. Summary of Significant Accounting Policies (continued)

(e) Significant accounting judgements, estimates and assumptions

(i) Significant accounting judgements

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

Operating lease commitments

Space in each of the investment properties owned by the US LLC, is leased to third parties. The 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:

Investment properties held by the US LLC – refer Note 2(l)
Properties held for sale – refer Note 2(l)
Derivative financial instruments – refer Note 2(v)

(f) 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.

(g) 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.

(h) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount, less a provision for any uncollectible debts.

The collectibility 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.

2. Summary of Significant Accounting Policies (continued)

(i) 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.

(j) 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.

(k) Investments in Controlled Entities

The Trust's direct investment in its subsidiary (the US REIT) is carried at cost, less any adjustment for impairment.

Balances and transactions between the Trust, the US REIT and the US LLC have been eliminated in preparing the consolidated financial statements.

(l) Investment Properties

The Group'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 consolidated financial statements of the Group. 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.

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.

Investment properties held for sale are carried at fair value and classified as current assets in the balance sheet.

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 2010, a spot rate of A$1.00 = US$1.02 was used (31 December 2009: A$1.00 = US$0.90).

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 entities 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.

(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.

(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.

2. Summary of Significant Accounting Policies (continued)

(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 disposal of its US investments that may attract a US tax liability. 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. Gains from such disposals attract a US tax rate of 38.25% for land disposals and a rate of 15% for building disposals.

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) Leasing fees

Costs that are directly associated with negotiating and executing the on-going renewal of tenant lease agreements (including commissions, legal fees and costs of preparing and processing documentation for new leases) are capitalised to the carrying value of the property and amortised on a straight line basis over the lease term.

(t) Leasing Incentives

Lease incentives in the form of up-front payments, contributions to certain lessee costs, relocation costs and fit-outs that are offered in relation to the on-going operation of the property are recognised as part of the carrying value of the investment properties. The aggregate cost of incentives is amortised on a straight line basis over the lease term.

(u) Impairment of Assets

The directors of the Responsible Entity, the US REIT and the 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.

(v) Derivative financial instruments

At 31 December 2010 (2009: nil) the Group has no outstanding derivative positions.

The Group had previously used derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments were stated at fair value.

The fair value of forward exchange contracts was calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts was determined by reference to market values for similar instruments.

For derivatives that did not qualify for hedge accounting, any gains or losses arising from changes in fair value were taken directly to net profit or loss for the year.

(w) Comparatives

Where necessary, comparative information has been reclassified to conform with changes in presentation in these financial statements.

	Consolidated	
	2010	**2009**
	$'000	**$'000**

3. Rental income from investment properties

Rental income and outgoings recoveries	74,897	95,238
Straight lining of rental income	1,066	1,394
	75,963	**96,632**

4. Property expenses

Property operating expenses	24,632	29,551
Real estate taxes	14,770	16,511
Ground rent	157	182
	39,559	**46,244**

5. Borrowing costs

Interest expense	23,868	24,083
Other finance costs	1,231	1,590
	25,099	**25,673**

6. Income tax benefit

(a) Income tax benefit

Deferred US withholding tax benefit	**-**	**(5,397)**

(b) Reconciliation of withholding tax expense

The prima facie tax on loss before tax expense is reconciled to the tax benefit provided in the financial statements as follows:		
Net loss before tax benefit	(32,862)	(79,870)
Prima facie US withholding tax benefit at the US rate of 15% (2009: 15%)	(4,929)	(11,981)
Tax effect of amounts that are not assessable for withholding tax purposes	4,929	11,981
Tax effect of amounts subject to US withholding tax relating to fair value adjustments to properties	-	(5,397)
US withholding tax benefit	**-**	**(5,397)**

The deferred withholding tax liability balances are shown at Note 14

	Consolidated 2010 $'000	Consolidated 2009 $'000

7. Trade and other receivables

	2010 $'000	2009 $'000
Tenant receivables	1,915	3,009
Less: provision for impairment loss	(1,025)	(2,060)
	890	949
Accrued tenant escalations	665	273
Other receivables	13	22
	1,568	**1,244**

Tenant receivables balances are held in the US LLC. They are non-interest bearing and generally payable on 30 day terms. The US LLC assesses the collectability of its accounts receivable related to base rents, tenant escalations and reimbursements and other revenue and provides for an impairment charge for uncollectible amounts based on historical bad debts, customer credit worthiness and current economic trends. An impairment loss of $A627,479 (2009:$A1,803,352) has been recognised by the US LLC for the current year. These amounts have been included in rental income from investment properties. No individual amount within the impairment allowance is material.

Movements in the provision for impairment loss were as follows:

	2010 $'000	2009 $'000
At 1 January	2,060	1,032
Charge for the year	627	1,803
Amounts written off	(1,420)	(540)
Foreign exchange translation	(242)	(235)
	1,025	**2,060**

At 31 December the ageing analysis of tenant receivables was as follows:

	0-30 days $'000	31-60 days $'000	61-90 days $'000	+91 Days PDNI* $'000	+91 Days CI** $'000	Total $'000
2010 year	329	228	165	168	1,025	1,915
2009 year	259	192	12	486	2,060	3,009

*Past due not impaired
(these amounts have been assessed as collectible by management)

**Considered impaired

Other balances within trade and other receivables have subsequently been received when due.

8. Investment property held for sale – current asset

Property Address	Date of Acquisition	Book Value At 31 Dec 10 US $'000	Book Value At 31 Dec 09 US $'000		Book Value At 31 Dec 10 AUD $'000	Book Value At 31 Dec 09 AUD $'000
1155 Railroad Ave, Fairfield County	26 Jun 07	1,500	1,500		1,476	1,672

The property is stated in the accounts at fair value. A contract for the sale of this property is currently being negotiated.

9: Investment Properties

	Consolidated 2010 $'000	2009 $'000
Investment properties at fair value	459,453	555,156

The Trust has an interest in property investments, through the indirect holding of a 75% interest in the US LLC.

	2010 $'000	2009 $'000
Included in the carrying value of investment properties are the following		
Straight – line asset*	10,122	10,491
Lease commissions	9,858	10,882
Deferred revenues**	(3,660)	(3,724)
Total	16,320	17,649

*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:

	2010 $'000	2009 $'000
Carrying amount at the start of the year	555,156	845,212
Fair value decrement	(40,099)	(109,340)
Capital additions	5,895	5,632
Other investment value	744	3,007
Transfer to properties held for sale	-	(1,672)
Foreign exchange loss	(62,243)	(187,683)
Carrying amount at the end of the year	**459,453**	**555,156**

At 31 December 2010, the investment portfolio occupancy rate was 80.8% (2009:88.4%) with a weighted average lease expiry of 4.5 years (2009: 4.5 years). Certain of the Group's properties are pledged as security for the Group's borrowings. See note 12 for further details.

9. Investment Properties

The attached table shows details of property investments held through controlled entities as at 31 December 2010. Amounts are in US Dollars and Australian Dollars where indicated.

Property Address	Date of Acquisition	Region	Book Value At 31 Dec 09 @100% US $'000	Book Value At 31 Dec 10 @100% US $'000	Latest Independent Appraisal[i] @100% US $'000	Date of Latest Independent Appraisal	Book Value At 31 Dec 09 @100% AUD $'000	Book Value At 31 Dec 10 @100% AUD $'000	Latest Independent Appraisal[i] @100% AUD $'000
35 Pinelawn Rd, Long Island	21 Sep 05	Long Island	17,400	16,000	17,400	31 Dec 09	19,400	15,743	17,121
150 Motor Parkway, Long Island	21 Sep 05	Long Island	33,400	29,900	33,400	31 Dec 09	37,239	29,421	32,864
660 White Plains Rd, Westchester County	21 Sep 05	Westchester	35,100	29,800	35,100	31 Dec 09	39,135	29,322	34,537
100 Executive Dr, Nth New Jersey	21 Sep 05	New Jersey	11,949	10,500	11,200	30 Jun 10	13,323	10,332	11,020
100 Grasslands Rd, Westchester County	21 Sep 05	Westchester	7,760	8,600	8,500	30 Jun 10	8,652	8,462	8,364
80 Grasslands Rd, Westchester County	21 Sep 05	Westchester	14,000	13,600	14,000	31 Dec 09	15,609	13,382	13,775
200 Executive Dr, Nth New Jersey	21 Sep 05	New Jersey	11,400	10,700	11,400	31 Dec 09	12,710	10,529	11,217
492 River Rd, Nth New Jersey	21 Sep 05	New Jersey	36,673	37,700	40,900	30 Apr 08	40,889	37,095	40,244
225 High Ridge Rd, Fairfield County	21 Sep 05	Connecticut	51,900	53,600	51,900	31 Dec 09	57,866	52,740	51,068
300 Motor Parkway, Long Island	21 Sep 05	Long Island	7,585	6,400	6,400	31 Dec 10	8,457	6,297	6,297
505 White Plains Rd, Westchester County	21 Sep 05	Westchester	3,108	2,900	2,900	31 Dec 10	3,465	2,853	2,853
55 Charles Lindbergh Blvd, Long Island	21 Sep 05	Long Island	33,750	35,042	35,400	30 Jun 09	37,630	34,480	34,832
200 Broadhollow Rd, Long Island	21 Sep 05	Long Island	11,215	10,300	10,300	31 Dec 10	12,504	10,135	10,135
10 Rooney Circle, Nth New Jersey	21 Sep 05	New Jersey	7,435	7,300	8,900	31 Dec 08	8,290	7,183	8,757
560 White Plains Rd, Westchester County	21 Sep 05	Westchester	16,034	16,200	16,600	30 Jun 09	17,877	15,940	16,334
555 White Plains Rd, Westchester County	21 Sep 05	Westchester	16,420	14,300	14,300	31 Dec 10	18,308	14,071	14,071
6800 Jericho Turnpike, Long Island	6 Jan 06	Long Island	31,331	28,100	28,100	31 Dec 10	34,933	27,649	27,649
6900 Jericho Turnpike, Long Island	6 Jan 06	Long Island	13,983	12,100	15,300	30 Jun 09	15,590	11,906	15,055

9. Investment Properties (continued)

Property Address	Date of Acquisition	Region	Book Value At 31 Dec 09 @100% US $'000	Book Value At 31 Dec 10 @100% US $'000	Latest Independent Appraisal[(i)] @ 100% US $'000	Date of Latest Independent Appraisal	Book Value At 31 Dec 09 @100% AUD $'000	Book Value At 31 Dec 10 @100% AUD $'000	Latest Independent Appraisal[(i)] @100% AUD $'000
710 Bridgeport Ave, Fairfield County	6 Jan 06	Connecticut	36,660	33,400	38,500	30 Jun 09	40,874	32,865	37,883
580 White Plains Rd, Westchester County	6 Oct 06	Westchester	19,841	18,500	18,500	31 Dec 10	22,122	18,203	18,203
300 Executive Dr, Nth New Jersey	6 Oct 06	New Jersey	12,733	14,200	14,200	31 Dec 10	14,197	13,972	13,972
1660 Walt Whitman Rd, Long Island	6 Oct 06	Long Island	14,196	13,600	15,700	30 Jun 09	15,828	13,382	15,448
520 Broadhollow Rd, Long Island	6 Oct 06	Long Island	13,825	11,600	11,300	30 Jun 10	15,414	11,414	11,119
50 Marcus Drive, Long Island	6 Oct 06	Long Island	40,221	32,600	33,000	30 Jun 10	44,844	32,077	32,471
			497,919	466,942	493,200		555,156	459,453	485,289

(i) CB Richard Ellis, Inc. – Valuation and Advisory Services ("CBRE") performed appraisals for seven of the Group's properties at 31 December 2010 as noted above. Internal appraisals were then performed at balance date on the remainder of the properties based on capitalisation rates advised by CBRE. In addition CBRE performed appraisals for the remainder of the Group's properties at the appraisal dates shown above.

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
Westchester	8.16%	8.96%
Long Island	7.95%	8.97%
New Jersey	8.14%	8.99%
Connecticut	8.48%	8.73%

10. Other non-current assets

	Consolidated 2010 $'000	Consolidated 2009 $'000
Prepaid property expenses	7,342	7,879
Prepaid leasing costs	560	863
Prepaid mortgage costs	1,434	2,353
	9,336	**11,095**

11. Trade and other payables

	Consolidated 2010 $'000	Consolidated 2009 $'000
Property trade creditors	447	958
Accrued property expenses	8,110	6,632
Security deposits	2,630	3,211
Other creditors and accruals	457	500
Owing to related parties	140	138
	11,784	**11,439**

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

12. Secured Borrowings

(a) Current secured borrowings:

Facility	US $'000 2010	US $'000 2009	AUD $'000 2010	AUD $'000 2009	Int Rate	Maturity Date
Fixed rate commercial mortgages						
Tranche I mortgage	196,100	196,100	192,923	218,642	5.20%	Sep 2010
Tranche III mortgage	51,501	51,501	50,707	57,422	5.20%	Oct 2010
Total	**247,601**	**247,601**	**243,630**	**276,064**		

(b) Non-current secured borrowings:

Facility	US $'000 2010	US $'000 2009	AUD $'000 2010	AUD $'000 2009	Int Rate	Maturity Date
Fixed rate commercial mortgages						
Tranche II mortgage	72,000	72,000	70,845	80,276	5.32%	Jan 2016
Dec 2009 mortgage	43,330	44,000	42,634	49,057	6.125%	Jan 2017
Total	**115,330**	**116,000**	**113,479**	**129,333**		

12. Secured Borrowings (continued)

(c) Assets pledged as security:

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

	Consolidated 2010 $'000	Consolidated 2009 $'000
Non-current assets		
Tranche I mortgage		
Investment properties	207,026	244,823
Tranche II mortgage		
Investment properties	121,364	145,132
Tranche III mortgage		
Investment properties	56,873	76,086
Dec 2009 mortgage		
Investment properties	74,190	89,115
Total non-current assets pledged as security	**459,453**	**555,156**

(d) 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.

(e) Fair values

Current borrowings

The fair values of the current borrowings are calculated below.

	2010 Carrying Amount $'000	2010 Fair Value $'000	2009 Carrying amount $'000	2009 Fair Value $'000
Tranche I mortgage*	192,923	192,923	218,642	217,220
Tranche III mortgage*	50,707	50,707	57,422	57,049
	243,630	**243,630**	**276,064**	**274,269**

* The Tranche I and Tranche III mortgages matured in September and October 2010 respectively. Interest continues to be paid on these loans at the 5.2% fixed rate. The carrying value of these loans reasonably approximates their fair value at the end of the current year. The fair values of the borrowings in the comparative year are calculated by discounting the expected future cash flows at an estimated December 2009 market interest rate of 6.125%.

12. Secured Borrowings (continued)

(e) Fair values (continued)

Non-current borrowings

The fair values of the non-current borrowings are calculated below by discounting the expected future cash flows at the prevailing market interest rate of 5.0% (2009: 6.125%).

	2010		2009	
	Carrying Amount $'000	Fair Value $'000	Carrying amount $'000	Fair Value $'000
Tranche II mortgage	70,845	71,876	80,276	76,996
Dec 2009 mortgage	42,634	45,199	49,057	49,057
	113,479	**117,075**	**129,333**	**126,053**

(f) Funding

The US LLC has US$247.6 million of mortgage debt (shown above) consisting of two separate loans of US$196.1 million (the "September 2010 Mortgage Pool") and US$51.5 million (the "October 2010 Mortgage Pool") that matured in September and October 2010, respectively. With regards to both of these loans, the US LLC has continued discussions with the CMBS Special Servicer related to an extension and/or restructuring of each of these loans.

The September 2010 Mortgage Pool requires payments of interest only and encumbers and cross collateralizes nine of the US LLC's properties valued at $US210.4 million as at 31 December 2010. During 2009 and through to the 2010 maturity date the September 2010 Mortgage Pool carried a fixed interest rate of 5.2% per annum. The lender under the September 2010 Mortgage Pool has exercised certain rights by appointing a special servicer to service the mortgage pool on their behalf, receiving all rents from the affected properties directly and providing only necessary funding to the US LLC.

Subsequent to the maturity of the September 2010 Mortgage Pool, the US LLC continued to make monthly payments of interest only at the September 2010 Mortgage Pool fixed interest rate.

The October 2010 Mortgage Pool is secured by 3 properties valued at $US57.8 million as at 31 December 2010 and carries a fixed interest rate of 5.2% per annum. Subsequent to the maturity of the October 2010 Mortgage Pool, the US LLC continued to make monthly payments of interest only at the October 2010 Mortgage Pool fixed interest rate.

The US LLC's management is evaluating alternative financing solutions for the September and October 2010 Mortgage Pools as well as other options necessary to address the obligations under such mortgage debt, including restructuring of the loans and extension of term which the US LLC's management believes is reasonably possible. The extension or restructuring of these loans is dependent on market conditions, including conditions in the debt markets and the fair values of the properties securing such loans. There are no assurances that the Company will be able to refinance or obtain extensions for these loans. Such mortgage debt is recourse only to the properties which serve as collateral for each loan.

13. Provision for distribution

The Trust's last distribution was paid on 27 February 2009, being the final distribution for the 2008 year. The Trust suspended distributions after this payment.

14. Deferred withholding tax liability and tax losses

Deferred withholding tax liability
The deferred tax liability of the US LLC relates to US federal income taxes payable on the difference between the adjusted tax cost base and the carrying value of the investment properties held in the US LLC. At 31 December 2010 the US LLC had no deferred tax liability (2009: Nil).

United States Tax Losses
At 31 December 2010, the Group has US capital losses for which no deferred tax asset is recognised on the balance sheet of $8.521 million (2009: $AU6.127 million). These are available for offset against future US capital gains subject to the continued meeting of relevant statutory tests under US taxation law.

15. Preferred Shares

	Consolidated	
	2010	2009
	$'000	$'000
Preferred shares	**123**	**139**

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.

16. Units on Issue

	Consolidated 2010 Units	Consolidated 2009 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 2010 $'000	Consolidated 2009 $'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.

17. Reserves

Foreign currency translation reserve	**(39,950)**	**(26,365)**
Movement in foreign currency translation reserve (i)		
Balance at the beginning of the year	(26,365)	27,563
Loss on translation of controlled foreign entities	(13,585)	(53,928)
Balance at end of the year	**(39,950)**	**(26,365)**

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

18. Reconciliation of net loss to net cash inflow from operating activities

	Consolidated	
	2010	**2009**
	$'000	**$'000**
(a) Reconciliation of net loss to net cash inflow from operating activities		
Net loss for the year	(32,862)	(74,473)
Decrease/(increase) in receivables and other assets	1,451	(2)
Increase/(decrease) in payables and other liabilities	345	(6,449)
Income tax benefit	-	(5,397)
Fair value movement in derivatives	-	(10,509)
Movement in investment property valuations	40,099	109,340
Net realised foreign exchange loss	25	1,327
Net cash inflow from operating activities	**9,058**	**13,837**

(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	**11,528**	**13,692**

19. Earnings per unit

	Consolidated	
	2010	**2009**
	Cents	**Cents**
Basic and diluted earnings per unit	(9.64)	(20.16)
Basic earnings per unit after adjusting for fair value movements, deferred tax expense and unrealised gains/losses on derivatives*	1.78	5.31

*This calculation is based on the following adjusted net loss:	**2010** **$'000**	**2009** **$'000**
Total comprehensive loss attributable to RNY unitholders	(38,970)	(107,042)
add: loss from investment property revaluations	30,074	82,005
less: unrealised derivative gain	-	(9,517)
less: deferred tax benefit	-	(5,397)
add: foreign currency translation loss	13,585	53,928
Adjusted net profit used in calculation above	4,689	13,977

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.

20. Commitments, Contingencies and Impairment Losses

Leasing arrangements

The US LLC enters into lease arrangements with the various tenants that occupy the 25 properties (2009: 25 properties) owned by the company in the New York Tri-State area.

The minimum lease payments receivable on fixed term non-cancellable leases of investment properties not recognised in the financial statements as receivables are as follows:

	US LLC	
	2010	**2009**
	$'000	**$'000**
Within 1 year	54,250	64,691
Later than 1 year but not later than 5 years	156,037	189,904
Later than 5 years	63,115	87,493
	273,402	**342,088**

(b) Capital Commitments

The Group had no future capital commitments existing at balance date.

(c) Contingent liabilities

The Group had no contingent liabilities existing at balance date.

(d) Impairment losses

Other than as mentioned in Note 7 to the accounts, the Group had no impairment losses existing at balance date.

21. Key Management Personnel (continued)

(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 23(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.

21. 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 arms length terms and conditions.

22. Parent Entity Information

The following table provides information relating to RNY Property Trust, the parent entity of the Group.

	RNY Property Trust 2010 $'000	RNY Property Trust 2009 $'000
Current assets	186	246
Total assets	84,866	123,810
Current liabilities	272	246
Total liabilities	272	246
Units on issue	251,781	251,781
Accumulated deficit	(167,187)	(128,217)
Total Unitholders' Equity	**84,594**	**123,564**
Loss from continuing operations before income tax	(38,970)	(107,042)
Income tax applicable	-	-
Total comprehensive loss for the period after tax	**(38,970)**	**(107,042)**

23. Related Party Disclosure

(i) Subsidiaries

The consolidated financial statements include the financial statements of RNY and its subsidiary, the US REIT.

Name	Country of incorporation	Equity interest		Investment	
		2010	2009	2010	2009
		%	%	$'000	$'000
RNY Australia LPT Corp ("US REIT")	United States	100	100	84,679[a]	123,564[a]
Investment held indirectly through the US REIT					
RNY Australia Operating Company LLC ("US LLC")	United States	75[b]	75[b]	128,210	147,800

(a) Due to the decline in the value of the US dollar against the Australian dollar and the decline in the fair value of investment properties in the US LLC, the Trust's investment in the US REIT has been written down in both the current and prior year to its net asset value which is the best estimate of its recoverable amount.

(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.

23. Related Party Disclosure (continued)

(iii) Transactions with related parties

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Related party	Interest paid (received) on related party loans AUD $'000	Purchases from related parties AUD $'000	Distributions received from related parties AUD $'000	Amounts owed by related parties AUD $'000	Amounts owed to related parties AUD $'000
For the year ended 31 December 2010					
Consolidated					
RNY Australia Management Ltd:					
- asset management fees	-	451	-	-	-
- expense reimbursements	-	115	-	-	-
RNY Australia Asset Manager LLC					
- asset management fees	-	1,353	-	-	-
Loan from the US LLC to US REIT	176	-	-	-	3,083
Loan from RAML to RNY	-	-	-	-	140
Parent					
RNY Australia Management Ltd:					
- asset management fees	-	451	-	-	-
- expense reimbursements	-	115	-	-	-
Distribution received by RNY from US REIT	-	-	964	-	-
Loan from RAML to RNY	-	-	-	-	140

23. Related Party Disclosure (continued)
(iii) Transactions with related parties (continued)

Related party	Interest paid (received) on related party loans AUD $'000	Purchases from related parties AUD $'000	Distributions received from related parties AUD $'000	Amounts owed by related parties AUD $'000	Amounts owed to related parties AUD $'000
For the year ended 31 December 2009					
Consolidated					
RNY Australia Management Ltd:					
- asset management fees	-	591	-	-	-
- expense reimbursements	-	134	-	-	-
RNY Australia Asset Manager LLC					
- asset management fees	-	1,811	-	-	-
Loan from the US LLC to US REIT	113	-	-	-	3,314
Loan from RAML to RNY	-	-	-	-	138
Parent					
RNY Australia Management Ltd:					
- asset management fees	-	591	-	-	-
- expense reimbursements	-	134	-	-	-
Distribution received by RNY from US REIT	-	-	1,682	-	-
Loan from RAML to RNY	-	-	-	-	138

23. 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 2010 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 $451,373 (2009: $591,268).

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.

24. Net Asset Backing per Unit

	Consolidated	
	2010 $	2009 $
Net asset backing per unit	$0.32	$0.47

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

25. 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 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 19 of these accounts. A reconciliation of adjusted net profit to the consolidated net loss shown in the statement of comprehensive income is also provided in the note.

Segment revenues are derived from a broad tenant base across the 24 operating properties owned by the Group. There is no single tenant providing revenues greater than 10% of the segment's total income.

26. 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.

In the past the Group entered into derivative transactions in the form of forward currency contracts. The purpose was to manage currency risks inherent in the six monthly distributions made by the US controlled entities to RNY. After the suspension of Trust distributions, the Group closed out the balance of its forward currency contracts during the 2009 year and currently holds no open contracts.

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.

26. Financial risk management objectives and policies (continued)

(a) Derivative financial instruments

In previous years the Responsible Entity had a policy to undertake foreign exchange hedging of forecast distributions to insulate against movements in exchange rates, both favourable and unfavourable.
After the suspension of distributions from the Trust at the end of the 2008 year, all foreign currency hedges were closed out. The net impact in the 2009 year was a gain of $9,182,000 shown in the statement of comprehensive income.

This policy was intended to provide a degree of certainty for Unitholders that changes in the exchange rate between the US dollar and the Australian dollar would not have a significant impact on the distributions in Australia within the subsequent five year period and that the impact of any sustained changes in the exchange rate are phased in progressively. The cost of implementing these hedges was incorporated into the hedged exchange rate. Security could be given over the direct and indirect assets of the Trust to the counterparty to the foreign exchange hedges to protect against default.

The foreign exchange hedging arrangements entered into by the Trust were not deemed to be hedges for accounting purposes. Therefore the 2009 Statement of Comprehensive Income experienced volatility due to the revaluation of derivatives.

(b) 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.

In the past the Trust has used derivative financial instruments to hedge its exposure to foreign currency movements. Refer to Note (a) above for more details.

Currently, there is minimal exposure to foreign currency risk due to the insignificant amount of cash held by the Trust in US dollars

(c) 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. Previously the Trust had significant derivative financial instruments held with two international bank counterparties which were considered to be high quality financial institutions.

The main form of credit risk is now the risk of default by a tenant in an investment property of the US LLC. To manage this risk, prospective tenants are carefully checked for credit worthiness and receivables are monitored closely on an ongoing monthly basis. Generally security deposits equivalent to two months rent are also taken at the time of a new tenant signing.

The maximum exposure to credit risk is the fair value of the receivables shown in Note 7 of these accounts. As noted above, security held against the Trust's receivables takes the form of security deposits.

26. Financial risk management objectives and policies (continued)

(d) Net fair values

The carrying values of the entity'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 fair values of interest bearing loans and borrowings are calculated using current market interest rates. Refer to Note 12(e) for details of fair value calculations.

(e) Interest rate risk

The consolidated entity's exposure to market risk for changes in interest rates relates mainly to the mortgage debts held in the US LLC. Liquidity risk is the risk that the US LLC will not be able to meet its obligations in relation to investment activities or other operations.

Liquidity risk is managed by adhering to restrictions under the US LLC's investment strategy from entering into contractual arrangements that produce an exposure not covered by sufficient liquid assets or a total investment exposure in excess of total equity held in the US LLC.

The following tables set out the carrying amount of the financial instruments in the group that are exposed to interest rate risk.

				Consolidated	
	Note	**Fixed/ Floating**	**Interest Rate**	**2010 $'000**	**2009 $'000**
Financial Assets					
Cash – $AUD accounts		Floating	3.9%	25	46
Cash – $USD accounts		Non interest	n/a	11,503	13,646
Total Financial Assets	18(b)			11,528	13,692
Financial Liabilities					
Secured borrowings – Tranche 1	12(a)	Fixed	5.20%	192,923	218,642
Secured borrowings – Tranche 2	12(b)	Fixed	5.32%	70,845	80,276
Secured borrowings – Tranche 3	12(a)	Fixed	5.20%	50,707	57,422
Secured borrowings – Dec 2009	12(b)	Fixed	6.125%	42,634	49,057
Preference shares	15	Fixed	12.5%	123	139
Total Financial Liabilities				357,232	405,536
Net Exposure				(345,704)	(391,844)

Due to the fixed rate nature of the secured borrowings held by the Group and the small amounts of interest bearing cash balances held, there is insignificant risk to the Group from any movement in interest rates.

26. Financial risk management objectives and policies (continued)

(f) 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.

The outstanding contractual maturities of the Group's financial liabilities are:

	Consolidated	
	2010 $'000	**2009 $'000**
Liabilities maturing in:		
6 months or less	264,617	21,866
6 to 12 months	3,512	283,927
1 to 5 years	25,521	29,102
Over 5 years	116,528	140,110
	410,178	475,005

Liquidity risk mainly lies in the US LLC. Liquidity risk is managed by adhering to restrictions under the US LLC's investment strategy from entering into contractual arrangements that produce an exposure not covered by sufficient liquid assets or a total investment exposure in excess of total equity held in the US LLC.

Given the current economic climate, the Group has adopted further strategies to manage liquidity risk. These include the suspension of distributions by the Trust, the restructuring of the loan portfolio of the US LLC and the limiting of capital expenditure to essential capital works only. Furthermore, cash flows are now monitored on a monthly basis to ensure adequate funds are available to meet future liabilities.

Similar policies are adopted by the other entities in the Group.

The following tables set out the maturity analysis of the Group's assets and liabilities based on management's expectations. Management considers that the risks implied in the tables reflect a balanced view of the entities' cash inflows and outflows.

CONSOLIDATED As at 31 December 2010	**6 months or less $'000**	**6-12 months $'000**	**1-5 years $'000**	**Over 5 years $'000**	**TOTAL $'000**
Financial Assets					
Cash	11,528	-	-	-	11,528
Trade & other receivables	1,568	-	-	-	1,568
Total Financial Assets	13,096	-	-	-	13,096
Financial Liabilities					
Trade & other payables	11,462	322	-	-	11,784
Secured borrowings	253,155	3,190	25,521	116,405	398,271
Preference shares	-	-	-	123	123
Total Financial Liabilities	264,617	3,512	25,521	116,528	410,178
Net maturity*	(251,521)	(3,512)	(25,521)	(116,528)	(397,082)

*Net cash flows are based on the prevailing exchange rate as at 31 December 2010.

27. 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.

Capital management in the US LLC

When managing capital, management's objective is to ensure that the entity continues as a going concern as well as to maintain optimal returns for the Group's unitholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management monitors capital in the US LLC through the gearing ratio (net debt/total capital). At the time of the IPO the long term gearing ratio of the US LLC was forecast as approximately 55%. The gearing ratios based on continuing operations at 31 December 2010 and 2009 were as follows:

	US LLC	
	2010 $'000	**2009 $'000 (restated)**
Total borrowings	357,109	405,397
Less: cash and cash equivalents	(11,463)	(13,619)
Net debt	345,646	391,778
Total equity	104,784	154,513
Total capital	450,430	546,291
Gearing ratio	76.7%	71.7%

The US LLC is not subject to any externally imposed capital requirements.

28. Auditor's Remuneration

	Consolidated 2010 $	Consolidated 2009 $
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	166,000	181,043
- other services in relation to the entity and any other entity in the Consolidated Entity		
- taxation services	12,000	14,000
	178,000	195,043
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	326,190	359,528
	326,190	359,528
Amounts received or due and receivable by audit firms other than Ernst & Young for:		
- compliance services	14,000	14,000
	518,190	**568,571**

29. Subsequent Events

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

Directors Declaration

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

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 2010 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 2010.

On behalf of the Board

/s/ Philip Meagher

Philip Meagher
Director

Sydney, 31 March 2011

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Independent auditor's report to the Unitholders of 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 balance sheet as at 31 December 2010, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration of directors' of RNY Australia Management Limited, the Responsible Entity of 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 the Responsible Entity 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 is included in 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 positions as at 31 December 2010 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).

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
Sydney
31 March 2011