Appendix 4E

Preliminary final report
for the year ended 31 December 2013

Name of entity	RNY Property Trust
ARSN	115 585 709
Reporting period	Twelve month period ended 31 December 2013
Previous corresponding period	Twelve month period ended 31 December 2012

Results for announcement to market

Financial Performance

	A $'000
Revenue/(loss) from ordinary activities	Down 67.7% to 13,421
Profit/(loss) from ordinary activities after tax attributable to unitholders	Down 71.3% to 11,138
Net profit/(loss) for the period attributable to unitholders	Down 71.3% to 11,138

Distributions

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

Record date for determining entitlement to the distribution for the period ended 31 December 2013	N/A
Date the December 2013 distribution is payable	N/A
Tax advantage component of the December 2013 distribution	N/A
The taxable component of the December 2013 distribution comprises: Australian sourced income Foreign sourced income	 Nil% Nil%
Foreign tax credit per unit	Nil

Disclosures in this report

This preliminary final report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, it is recommended that this report be read in conjunction with the Annual Report of RNY Property Trust for the year ended 31 December 2012 together with any public announcements made by the Trust during the year ended 31 December 2013 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

RNY Property Trust
ARSN 115 585 709

Financial Report
For the Year Ended 31 December 2013

RNY PROPERTY TRUST
CONTENTS

The directors of RNY Australia Management Limited ("RAML"), the Responsible Entity of RNY Property Trust ("RNY" or the "Trust"), present their report together with the financial report of the Trust and its controlled entity, together known as the "Group", for the year ended 31 December 2013.

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
19 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 2013 owned 21 office properties (2012: 24 office properties) in the New York Tri-State area. US LLC has an approximate 7.8% interest in BRE/Melville Holdings LLC ("BRE/Melville"), a Delaware Limited Liability Company that as of 31 December 2013 owned 3 office properties (2012: 0 office properties). 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 2013 and no provision for distribution has been recognised in the financial statements.

The Trust suspended distributions after the payment of the final distribution for the year ended 31 December 2008.

Funding
At December 31, 2013, with regards to one of the US LLC's non-recourse secured loans (the "Senior Bank loan"), the US LLC has approximately US$2.6 million (31 December 2012: US$2.2 million) in a lender controlled cash account with the Senior Bank loan lender. The cash account is used to fund operating expenses, reserves and debt service on a monthly basis. Any remaining funds after providing for the aforementioned items is deposited into a leasing reserve. Such amounts are reflected in share of US LLC's other assets in the accompanying balance sheet.

Review of Operations

Results
The consolidated profit of the Group is presented in the Statement of Comprehensive Income. Net profit attributable to the members of the Group for the year ended 31 December 2013 was $11,137,634, including gains on debt restructure and property conveyance of $7.5 million (2012: Profit $38,842,414, including gain on extinguishment of debt of $36.8 million).

Gain on debt restructure and property conveyance
On 3 July 2013 the US LLC completed a restructuring of its US$51.5 million CMBS loan (the "CMBS Loan") which matured in October 2010 following renegotiations with lenders. Such CMBS Loan consisted of a US$31.0 million A-note (the "A-note") and a US$20.5 million B-note (the "B-note"), and was collateralized by three properties (the "JV Properties") valued at US$37.4 million at 31 December 2013.

As part of such restructuring the US LLC transferred ownership of the JV Properties (the "JV Property Conveyance") to BRE/Melville, a newly-formed joint-venture between the owner of the B-note and the US LLC. The B-note owner contributed its US$20.5 million B-note and cash to BRE/Melville in return for an approximate 92.2% ownership interest in BRE/Melville. The US LLC contributed US$500,000 to BRE/Melville in exchange for an approximate 7.8% ownership interest in BRE/Melville. As a result, BRE/Melville owns the JV Properties, which remain encumbered by the A-note. The B-note owner will act as the managing member of BRE/Melville, while the US LLC will continue to operate the JV Properties. As a result of such JV Property Conveyance, the Group recognized a gain of $AU2.624 million (US$2.54 million) in its current year financials.

With regards to the A-note, the lender extended such note until October 2014 (with an additional two-year extension, subject to certain reserve funding requirements), waived all accrued and unpaid default interest and left the interest rate unchanged at 5.2%. Additionally, the lender utilized the net cash remaining in the lender controlled accounts to: (i) establish tax, insurance and working capital reserves, (ii) reimburse themselves for property costs paid out of lender's funds, (iii) pay certain closing expenses, and (iv) pay down the A-note to approximately US$27.4 million at closing. As a result of such restructuring, the Group recognized a gain of $AU4.857 million (US$4.701 million) in its current year financials.

Pursuant to the terms of BRE/Melville, the US LLC will have the ability to (i) participate in cash distributions from BRE/Melville on a pro-rata basis after the payment of certain reserves and other items, and (ii) share in promote fees based on various return hurdles.

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
The Trust's management is presently focussed on cash management and continuing to build and maintain occupancy. The Trust will seek to conserve cash by limiting base building capital expenditures to essential projects, continuing to hold back on distributions to unitholders, and seeking to strategically and selectively use cash in support of leasing efforts.

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 2013 (31 December 2012: 263,413,889 fully paid units).

Trust Assets
At 31 December 2013, the Trust's total assets held amounted to $144.593 million (2012: $113.414 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 $417,579 (2012: $444,688) were paid to the Responsible Entity for the year. The Responsible Entity was also reimbursed for expenses amounting to $128,617 (2012: $132,665) for the year ended 31 December 2013.

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 2013 and 2012 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 (EY) are set out in Note 25 to the financial statements. The directors are satisfied that the provision of non-audit services provided by EY as the external auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of the non-audit services provided did not compromise the auditor independence requirements of the Corporations Act.

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

/s/ Philip Meagher

Philip Meagher, Director
Dated this 27th day of February 2014 in Sydney

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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 2013, 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

Chris Lawton
Partner
27 February 2014

Statement of Comprehensive Income
year ended 31 December 2013

	Note	Consolidated 2013 $'000	2012 $'000 (Restated)
CONTINUING OPERATIONS			
Share of net profit of US LLC			
Rental income from investment properties		49,838	49,381
Property related expenses		(25,935)	(25,972)
Net rental income		23,903	23,409
Other income		1,504	3,049
Equity in earnings of real estate joint venture		242	-
Gain on extinguishment of debt	6(e)	-	36,765
Gain on debt restructure	6(e)	4,857	-
Gain on property conveyance	6(e)	2,624	-
Borrowing costs		(16,370)	(17,588)
Loss on sale of property held for sale		-	(389)
Other expenses		(2,270)	(1,965)
Net income from US LLC before fair value adjustments		14,490	43,281
Loss from investment property revaluations		(1,072)	(1,969)
Total share of net income from US LLC		13,418	41,312
Interest income		3	3
Other income		-	187
Total revenue and other income		13,421	41,502
Expenses			
Administration expenses		268	287
Finance costs		236	197
Management fees		1,562	1,483
Other expenses	3	217	566
Total expenses		2,283	2,533
Profit from continuing operations before tax expense		11,138	38,969
US withholding tax	4	-	127
NET PROFIT FROM CONTINUING OPERATIONS AFTER TAX		11,138	38,842
OTHER COMPREHENSIVE PROFIT/(LOSS) – RECYCLABLE			
Foreign currency translation profit/(loss) (net of tax)		18,172	(1,700)
Gain/(loss) on financial instrument hedge (net of tax)	6(i)	1,243	(2,792)
Other comprehensive gain/(loss) for the year, net of tax		19,415	(4,492)
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR		30,553	34,350
Basic and diluted profit per unit from continuing operations (cents)	16(a)	4.23	14.75

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

Balance Sheet
as at 31 December 2013

	Note	Consolidated 31 Dec 13 $'000	31 Dec 12 $'000 (Restated)	1 Jan 12 $'000 (Restated)
Current assets				
Cash and cash equivalents	15(b)	203	90	94
Trade and other receivables	5	16	15	14
Other current assets		32	36	29
Total current assets		251	141	137
Non-current assets				
Investments held in US LLC				
Share of US LLC's investment properties	7	353,291	331,880	338,076
Share of US LLC's liabilities		(239,248)	(248,065)	(281,769)
Share of US LLC's other assets		30,299	29,458	22,147
Total investment held in US LLC	6	144,342	113,273	78,454
Total non-current assets		144,342	113,273	78,454
Total assets		144,593	113,414	78,591
Current liabilities				
Related party payables	8	4,175	3,378	3,253
Trade and other payables	9	744	935	584
Total current liabilities		4,919	4,313	3,837
Non-current liabilities				
Preferred shares	10	140	120	123
Total non-current liabilities		140	120	123
Total liabilities		5,059	4,433	3,960
Net assets		139,534	108,981	74,631
Unitholders' Equity				
Units on Issue	11	251,377	251,377	251,377
Reserves	12	(24,975)	(44,390)	(39,898)
Accumulated deficit		(86,868)	(98,006)	(136,848)
TOTAL EQUITY		139,534	108,981	74,631

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

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000
Cash flows from operating activities			
Payments to suppliers		(2,292)	(2,093)
Income received from US LLC		2,446	1,930
Other income received		-	187
Interest received		3	3
Net cash inflow from operating activities		157	27
Cash flows from investing activities			
Net cash flow from investing activities		-	-
Cash flows from financing activities			
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		157	27
Cash and cash equivalents at beginning of year		90	94
Net foreign exchange differences		(44)	(31)
Cash and cash equivalents at end of year	15(b)	203	90

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

	Note	Units on Issue	Accumulated Deficit	Reserves	Total Equity
		$'000	**$'000**	**$'000**	**$'000**
CONSOLIDATED					
At 31 December 2011		251,377	(136,848)	(39,898)	74,631
Fair value movement of derivatives					
- recyclable	12	-	-	(2,792)	(2,792)
Foreign currency translations taken to equity					
- recyclable	12	-	-	(1,700)	(1,700)
Profit for the year		-	38,842	-	38,842
Total comprehensive income for the year, net of tax		-	38,842	(4,492)	34,350
Distributions		-	-	-	
At 31 December 2012		251,377	(98,006)	(44,390)	108,981
Fair value movement of derivatives					
- recyclable	12	-	-	1,243	1,243
Foreign currency translations taken to equity					
- recyclable	12	-	-	18,172	18,172
Profit for the year		-	11,138	-	11,138
Total comprehensive income for the year, net of tax		-	11,138	19,415	30,553
Distributions		-	-	-	-
At 31 December 2013		251,377	(86,868)	(24,975)	139,534

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 2013 was authorised for issue in accordance with a resolution of the directors on 27th February 2014.

The Trust was constituted on 2 August 2005. The Responsible Entity of the Trust is RNY Australia Management Limited ("RAML"). The Responsible Entity's registered office is at Level 56, MLC Centre, 19 Martin Place, Sydney, NSW 2000.

RNY Property Trust ("RNY" or the "Trust") is a trust limited by units incorporated in Australia. These units are publicly traded on the Australian Stock Exchange.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with the requirements of the Trust Constitution, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report is prepared in accordance with the historical cost convention except for investment properties and derivatives that are held at fair value.

The financial report has been prepared on a going concern basis.

The consolidated financial statements comprise the financial statements of the Trust and its subsidiary, RNY Australia LPT Corporation (the "US REIT"), together known as the "Group".

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars per ASIC 98/0100.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS").

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Trust has adopted the following amending standards as of 1 January 2013. Adoption of these amending standards did not have any effect on the financial position or performance of the Trust:
AASB 2011-8 *Amendments to AAS arising from AASB 13*
AASB 2012-2 *Amendments to AAS – Disclosures – Offsetting Financial Assets and Liabilities*
AASB 2012-5 *Amendments to AAS arising from Annual Improvements 2009-2011 Cycle*

2. Summary of Significant Accounting Policies (continued)

(b) Statement of Compliance (continued)

During the year, the Trust also adopted the following standards:

AASB 10 Consolidated Financial Statements: AASB 10 establishes a new control model that applies to all entities**.** It replaces part**s** of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation – Special Purpose Entities.*

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.

Consequential amendments were also made to other standards via AASB 2011-7.

AASB 11 Joint Arrangements: AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly- controlled Entities – Non-monetary Contributions by Ventures.* AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.

Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128.

AASB 12 Disclosure of Interests in Other Entities: AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and other structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

The Trust has applied the above standards retrospectively as at 1 January 2012 and comparative balances have been adjusted accordingly. As a result of the new standards, RNY is considered to have joint control over its investment in the US LLC and is therefore required to apply the equity method of accounting. The change to the equity method of accounting has no impact on the net assets or profits attributable to the RNY unitholders. The impact of the change in accounting standard on the financial statement line items is summarised in the following tables:

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

Restatement of prior year balances – Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME	**31 Dec 2012**		
	Previous	**Adjustment**	**Restated**
	$'000	**$'000**	**$'000**
CONTINUING OPERATIONS			
Rental income from investment properties	65,840	(65,840)	-
Other income	4,252	(4,065)	187
Interest income	3	-	3
Total revenue and other income	70,095	(69,905)	190
Gain on extinguishment of debt	49,020	(49,020)	-
Total share of net income from US LLC	-	41,312	41,312
	119,115	(77,613)	41,502
Property expenses	34,627	(34,627)	-
Borrowing costs	23,647	(23,450)	197
Other investment property expenses	2,622	(2,622)	-
Loss on sale of property	518	(518)	-
Loss from property valuations	2,625	(2,625)	-
Administration expenses	287	-	287
Management fees	1,483	-	1,483
Other expenses	566	-	566
Total expenses	66,375	(63,842)	2,533
Profit from continuing operations before tax expense	52,740	(13,771)	38,969
US withholding tax	127	-	127
NET PROFIT FROM CONTINUING OPERATIONS AFTER TAX	52,613	(13,771)	38,842
Foreign currency translation loss (net of tax)	(2,291)	(591)	(1,700)
Loss on financial instrument hedge (net of tax)	(3,723)	(931)	(2,792)
CHANGE IN COMPREHENSIVE PROFIT FOR YEAR	46,599	(12,249)	34,350
Profit from continuing operations after tax attributable to:			
Unitholders of RNY	38,842	-	38,842
Non-controlling interest	13,771	(13,771)	-
	52,613	(13,771)	38,842
Total comprehensive profit attributable to:			
Unitholders of RNY	34,350	-	34,350
Non-controlling interest	12,249	(12,249)	-
	46,599	(12,249)	34,350

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

<u>Restatement of prior year balances – Balance Sheet and</u>

	31 Dec 2012		
	Previous	**Adjustment**	**Restated**
	$'000	**$'000**	**$'000**
Current assets			
Cash and cash equivalents	13,400	(13,310)	90
Trade and other receivables	826	(811)	15
Other current assets	36	-	36
Total current assets	14,262	(14,121)	141
Non-current assets			
Investment properties	442,507	(442,507)	-
Other non-current assets	21,761	(21,761)	-
Investments held in US LLC	-	113,273	113,273
Total non-current assets	464,268	(350,995)	113,273
Total assets	478,530	(365,116)	113,414
Current liabilities			
Trade & other payables	16,747	(15,812)	935
Secured borrowings	49,626	(49,626)	-
Derivative financial instruments	1,364	(1,364)	-
Related party payables	-	3,378	3,378
Total current liabilities	67,737	(63,424)	4,313
Non-current liabilities			
Secured borrowings	261,592	(261,592)	-
Derivative financial instruments	2,359	(2,359)	-
Preferred shares	120	-	120
Total non-current liabilities	264,071	(263,951)	120
Total liabilities	331,808	(327,375)	4,433
Adjustment to net assets	146,722	(37,741)	108,981
Unitholders' Equity			
Attributable to RNY unitholders	108,981	-	108,981
Attributable to minority interest	37,741	(37,741)	-
Adjustment to unitholders' equity	146,722	(37,741)	108,981

CASH FLOW STATEMENT	31 Dec 2012		
	Previous	**Adjustment**	**Restated**
	$'000	**$'000**	**$'000**
Cashflows from operating activities	13,294	(13,267)	27
Cashflows used in investing activities	(6,866)	6,866	-
Cashflows used in financing activities	(6,155)	6,155	-
Net adjustment to cash and cash equivalents	273	(246)	27

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 which may have an impact, but have not been adopted by the Group for the annual reporting period ended 31 December 2013 are as follows.

Reference	Title	Summary	Application Date of Standard*	Impact on Group Financial Report	Application Date for Group*
AASB 2011-4	Amendments to AAS to remove certain AASB 124 disclosure requirements	Amendments to remove individual key management personnel disclosure requirements from AASB 124	1 July 2013	Refer note below**	1 Jan 2014
AASB 2013-3	Amendments to AASB136 – Recoverable Amount Disclosures for Non-Financial Assets	Amending disclosure requirements in AASB 136 Impairment of Assets	1 Jan 2014	Refer note below**	1 Jan 2014
AASB 1031	Materiality	Interim Standard to give guidance on materiality in various other Standards	1 Jan 2014	Refer note below**	1 Jan 2014
AASB 9	Financial Instruments	Simplify classification of financial instruments and introduction of new hedge accounting requirements	1 Jan 2017	Refer note below**	1 Jan 2017

*Designates the beginning of the applicable annual reporting period

**At 31 December 2013 management is in the process of assessing the impact of the above Accounting Standards on the financial report. We will continue to assess the impact of future applicable standards and interpretations as they come into effect.

2. Summary of Significant Accounting Policies (continued)

(c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiary as at 31 December 2013. Information from the financial statements of the consolidated entity is included from the date the parent entity obtained control.

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

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

(d) Significant accounting 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:

<u>*Accounting for Investment in US LLC*</u>

Under the new control model established in Accounting Standard *AASB 10: Consolidated Financial Statements,* management has determined that the Group does not have sufficient control of its joint venture partner (the US LLC) to be able to consolidate this entity. Accordingly, US LLC is now accounted for using the equity method of accounting.

<u>*Operating lease commitments*</u>

Space in each of the investment properties owned by US LLC is leased to third parties. US LLC retains all the significant risks and rewards of ownership of these properties and has accordingly classified the leases as operating leases.

(ii) Significant estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. There are no key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period apart from the following assumptions:

Investment properties held by the US LLC – refer Note 2(l)
Derivative financial instruments – refer Note 2(s)

(e) Provision for distribution

A provision for distribution is recognised in the balance sheet if the distribution has been declared or publicly recommended on or before balance date.

(f) Cash and cash equivalents

Cash at bank and short term deposits are stated at nominal values. For the purpose of the statement of cash flows, cash includes deposits at call, which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

2. Summary of Significant Accounting Policies (continued)

(g) Trade and other receivables

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

The collectability of debts is assessed on an ongoing basis and specific provision is made for any doubtful accounts when collection of the full amount is no longer probable. Bad debts are written off when identified.

(h) Creditors and accruals

Liabilities are recognised for amounts to be paid in the future for services received, whether or not billed. Creditors are normally settled within 30 days. Liabilities for creditors are carried at the original invoice amount.

(i) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, with the exception of certain loan establishment costs which are amortised over the life of the loan.

Borrowing costs include:

- Interest on bank overdrafts and short-term and long-term borrowings.
- Amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

(j) Investments in Controlled Entities

The Trust's direct investment in its subsidiary (the "US REIT") is carried at cost in the parent entity, less any adjustment for impairment. Balances and transactions between the Trust and US REIT have been eliminated in preparing the consolidated financial statements.

(k) Investments in joint ventures

The Trust holds an indirect investment in its joint venture (the US LLC) through its subsidiary (the US REIT). US LLC is a joint venture in which the Trust has joint control and is accounted for using the equity method of accounting in the consolidated financial statements.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in the OCI of the investee is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises a share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

2. Summary of Significant Accounting Policies (continued)

(k) Investments in joint ventures (continued)

The aggregate of the Group's share of profit or loss of the joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in joint venture, At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is evidence, the Group calculates the amount of the impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as "Share of Net Income from US LLC" in the statement of comprehensive income.

(l) Investment Properties held by joint ventures

The joint venture's investment properties are carried at fair value. Independent valuations of investment properties are obtained at intervals of not more than three years from suitably qualified property valuers. Such valuations are reflected in the 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.

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 2013, a spot rate of A$1.00 = US$0.89 was used (31 December 2012: A$1.00 = US$1.04).

Exchange differences arising from amounts payable and receivable are treated as operating revenue or expense in the period in which they arise, except for a monetary item arising under a foreign currency contract outstanding at the reporting date where the exchange rate for the monetary item is fixed in the contract and is translated at the exchange rate fixed in the contract.

Translation of financial reports of foreign operations

The functional currency of RNY's controlled entity and equity accounted investment is United States dollars.

As at the reporting date, the assets and liabilities of these entities are translated into the presentation currency of RNY at the rate of exchange ruling at the balance sheet date and the Statement of Comprehensive Income is translated at the average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to the foreign currency translation reserve.

(n) Interest bearing loans and borrowings

Loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

(o) Contributed Equity

Issued capital is recognised at the fair value of the consideration received by the Trust. Any transaction costs arising on the issue of ordinary units are recognised directly in equity as a reduction of the unit proceeds received.

2. Summary of Significant Accounting Policies (continued)

(p) Revenue

Revenue from rents, interest and distributions is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue brought to account but not received at balance date is recognised as a receivable. Rental income earned under leases with fixed increases is recognised in income on a straight line basis over the lease term.

(q) Earnings per unit (EPU)

Basic EPU is calculated as net profit attributable to members divided by the weighted average number of ordinary units. Diluted EPU is calculated as the net profit attributable to members divided by the weighted average number of ordinary units adjusted for the effects of all dilutive potential ordinary units. RNY has no dilutive potential ordinary units therefore its basic and diluted EPU are the same.

(r) Taxes

Income Tax

Under current Australian tax legislation, the Trust is not liable to pay Australian income tax provided its taxable income and taxable realised gains are fully distributed to unitholders.

Under the US Internal Revenue Code, US REIT has elected to be taxed as a Real Estate Investment Trust (REIT), and on this basis, US REIT should not be subject to US federal income taxes to the extent that it distributes annually all of its taxable income and capital gains to its shareholders. In order to maintain its qualification as a REIT, US REIT must distribute at least 90% of its taxable income (net of capital gains) to its shareholders annually.

Under current Australian tax legislation, unitholders of RNY may be entitled to receive a foreign tax credit for United States withholding tax deducted from dividends and interest paid to RNY by US REIT.

The Trust may realise a capital gain or loss on sale or transfer of its US investments that may attract a US tax liability. If a capital gain is distributed, a US withholding tax liability may arise and give rise to a foreign tax credit which would be available to Australian unitholders.

Under AIFRS, a deferred tax liability or asset must be recognised based on movements in the carrying value and tax cost base of investment property assets, with any movements reflected in the Statement of Comprehensive Income as a tax expense or benefit. The US tax rate of 15% is applicable for the valuation uplift on such investment property assets which are held for use.

Goods and Services Tax

Revenues, expenses and assets (with the exception of receivables) are recognised net of the amount of Goods and Services Tax (GST) to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition, or as an expense. Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from or payable to the taxation authority is included in the balance sheet as a receivable or a payable.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

2. Summary of Significant Accounting Policies (continued)

(s) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they have actually been highly effective throughout the financial reporting period for which they were designated.

The Group uses derivative financial instruments, such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each balance date. The valuation is determined using present value calculations in swap models, which incorporate various inputs including the credit quality of counterparties and interest rate curves. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

Cash flow hedges

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

For cash flow hedges that meet the strict criteria for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement as other operating expenses. Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

The Group does not enter into derivative financial instrument for trading or speculative purposes.

2. Summary of Significant Accounting Policies (continued)

(t) 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.

(u) 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.

(v) Impairment of Assets

The directors of the Responsible Entity, US REIT and US LLC assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, an estimate is made of the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and written down to its recoverable amount.

(w) Comparatives

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

3. Other expenses

	Consolidated 2013 $'000	Consolidated 2012 $'000
Administration & marketing	(11)	332
Consulting fees	70	79
Insurance	158	155
	217	**566**

4. Income tax benefit

	2013 $'000	2012 $'000
(a) Income tax benefit		
Deferred US withholding tax benefit	-	-
(b) Reconciliation of withholding tax expense		
The prima facie tax on profit before tax expense is reconciled to the tax benefit provided in the financial statements as follows:		
Net profit before tax benefit	11,138	38,969
Prima facie US withholding tax expense at the US rate of 15% (2012: 15%)	1,671	5,845
Tax effect of amounts that are not assessable for withholding tax purposes	(1,671)	(5,718)
US withholding tax expense	**-**	**127**

Refer Note 14 for details of Deferred Tax Assets

5. Trade and other receivables

	Consolidated 2013 $'000	Consolidated 2012 $'000
Other receivables	**16**	**15**

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

6. Investments in joint ventures

	Consolidated 2013 $'000	2012 $'000
Investment in joint venture	**144,342**	**113,273**

Other details are as follows:

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

RNY has a 100% interest in RNY Australia LPT Corp. (US REIT), which in turn has a 75% interest in RNY Australia Operating Company LLC ("US LLC"), a Delaware Limited Liability Company that as of 31 December 2013 owned 21 office properties (2012: 24 office properties) in the New York Tri-State area. The owner of the remaining 25% interest is an affiliate of RXR Old Realty LLC (formerly known as RXR Co Realty LLC) ("RXR"), a private enterprise founded by Messrs. Rechler, Maturo and Barnett (three of the directors of the Trust). Additionally, US LLC has an approximate 7.8% interest in BRE/Melville Holdings LLC ("BRE/Melville"), a Delaware Limited Liability Company that as of 31 December 2013 owned 3 office properties (2012: 0 office properties).

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

6. Investments in joint ventures (continued)

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

	Note	Consolidated 2013 $'000	2012 $'000
Movements in carrying amounts			
Carrying amount at the beginning of the year		113,273	78,454
Dividends received		(2,446)	(1,930)
Share of profit of joint venture		13,418	41,312
Share of other comprehensive income of joint venture		1,243	(2,792)
Effect of changes in exchange rates		18,854	(1,771)
Carrying amount at the end of the year		**144,342**	**113,273**
Balance Sheet of US LLC			
<u>*Current assets*</u>			
Cash and cash equivalents (i)		15,748	13,309
Trade and other receivables		1,298	811
		17,046	14,120
<u>*Non-current assets*</u>			
Investment properties		471,055	442,507
Other non-current assets		23,353	25,157
		494,408	467,664
Total Assets		511,454	481,784
Current liabilities	6(a)(i)	17,487	66,803
Non-current liabilities	6(a)(ii)	301,511	263,951
Total Liabilities		318,998	330,754
Equity of US LLC		**192,456**	**151,030**
Proportion of the Group's ownership		**75%**	**75%**
Carrying amount of the investment		**144,342**	**113,273**

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

6. Investments in joint ventures (continued)

(a) Share of US LLC liabilities

(i) Current liabilities comprise:

Facility	US $'000 @ 100% 2013	US $'000 @ 100% 2012	AUD $'000 @ 100% 2013	AUD $'000 @ 100% 2012	Int Rate	Maturity Date
Fixed rate commercial mortgage						
Tranche III mortgage*	-	51,532	-	49,627	5.20%	Restructured July 2013
Trade & other creditors	14,540	16,420	16,251	15,812	n/a	Current
Interest rate swap - current	1,106	1,416	1,236	1,364	*see note (a)*	Current
Total	**15,646**	**69,368**	**17,487**	**66,803**		
Group share @ 75%			**13,115**	**50,102**		

(ii) Non-current liabilities comprise:

Facility	US $'000 @ 100% 2013	US $'000 @100% 2012	AUD $'000 @100% 2013	AUD $'000 @ 100% 2012	Int Rate	Maturity Date
Fixed rate commercial mortgages						
Tranche II mortgage*	72,000	72,000	80,465	69,337	5.32%	Jan 2016
Dec 2009 mortgage*	40,867	41,741	45,672	40,198	6.125%	Jan 2017
Mezzanine loan	36,000	36,000	40,232	34,669	*see note (b)*	May 2017
Floating rate commercial Mortgage						
Senior Bank loan*	120,184	121,896	134,314	117,388	*see note (a)*	May 2017
Interest rate swap – non current	741	2,450	828	2,359	*see note (a)*	May 2017
Total	**269,792**	**274,087**	**301,511**	**263,951**		
Group share @ 75%			**226,133**	**197,963**		

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

Note (a). The Senior Bank loan bears interest at a variable rate of LIBOR plus 3.95% per annum. The US LLC has an interest rate swap agreement in place at 31 December 2013 with a notional amount of $US120.2 million (2012: $US121.9 million) which fixes LIBOR at approximately 1.33% per annum. The swap is being used to hedge the expected interest cost payable on this loan. As a result, the Senior Bank loan bears interest at an all-in rate of approximately 5.28% per annum for the term of the loan. The current portion of the swap shown above represents the present value of interest amounts payable within the next 12 months under the swap agreement.

6. Investments in joint ventures (continued)

(a) Share of US LLC liabilities (continued)

Note (b). The Mezzanine loan accrues interest at a fixed rate of 13% per annum to maturity. Interest only payments were made from April 2012 at a fixed rate of 6% per annum in year 1, 8% per annum in year 2 and 13% per annum thereafter to maturity. Accrued and unpaid interest is due at maturity.

(b) Assets pledged as security:

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

	2013 $'000 @ 75%	2012 $'000 @ 75%
Non-current assets		
Tranche II mortgage		
Investment properties	108,041	90,824
Tranche III mortgage		
Investment properties	-	31,636
Dec 2009 mortgage		
Investment properties	74,346	64,138
Senior Bank loan		
Investment properties	170,904	145,282
Total non-current assets pledged as security	**353,291**	**331,880**

(c) Terms and conditions relating to secured borrowings

All secured borrowings were negotiated as non-recourse loans with exposure being limited to the properties pledged for each loan facility. There are no set-off arrangements involving the other assets of the Group. The above borrowings are not subject to any gearing covenants.

The investment properties pledged as security for the Senior Bank loan are subject to a quarterly debt service coverage calculation test (the "DSCR Test"), which is applied in the aggregate to the investment properties as a group. Should the investment properties not meet the DSCR Test, a sweep period would commence. All excess cash flow would be deposited into a lender controlled cash collateral account until a) the investment properties are in compliance with the DSCR Test for two consecutive quarters or b) a letter of credit is provided which, if applied to the Senior Loan balance, would cause the investment properties to be in compliance with the DSCR Test. At 31 December 2013, the investment properties were in compliance with the DSCR test.

6. Investments in joint ventures (continued)

(d) Fair values

Current borrowings

The Group share of fair values of current borrowings in the US LLC are calculated below.

	2013 Carrying Amount $'000 @ 75%	2013 Fair Value $'000 @ 75%	2012 Carrying amount $'000 @ 75%	2012 Fair Value $'000 @ 75%
Tranche III mortgage	-	-	37,220	37,220

The carrying value of this loan reasonably approximated its fair value at the end of the 2012 year.

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 4.3% (2012: 5.0%) and 11% (2012: 10.0%) for the mezzanine loan.

	2013 Carrying Amount $'000 @ 75%	2013 Fair Value $'000 @ 75%	2012 Carrying amount $'000 @ 75%	2012 Fair Value $'000 @ 75%
Tranche II mortgage	60,349	61,537	52,003	52,480
Dec 2009 mortgage	34,254	36,247	30,148	31,522
Senior Bank loan	100,735	105,353	88,041	89,366
Mezzanine loan	30,174	31,878	26,002	28,775
	225,512	**235,015**	**196,194**	**202,143**

(e) Gains on debt restructure, property conveyance and extinguishment of debt

Gains in the 2013 year

On 3 July 2013 the US LLC completed a restructuring of its US$51.5 million CMBS loan (the "CMBS Loan") which matured in October 2010 following renegotiations with lenders. Such CMBS Loan consisted of a US$31.0 million A-note (the "A-note") and a US$20.5 million B-note (the "B-note"), and was collateralized by three properties (the "JV Properties") valued at US$37.4 million at 31 December 2013.

As part of such restructuring the US LLC transferred ownership of the JV Properties (the "JV Property Conveyance") to BRE/Melville Holdings LLC ("BRE/Melville") a newly-formed joint-venture between the owner of the B-note and the US LLC. The B-note owner contributed its US$20.5 million B-note and cash to BRE/Melville in return for an approximate 92.2% ownership interest in BRE/Melville. The US LLC contributed US$500,000 to BRE/Melville in exchange for an approximate 7.8% ownership interest in BRE/Melville. As a result, BRE/Melville owns the JV Properties, which remain encumbered by the A-note. The B-note owner will act as the managing member of BRE/Melville, while the US LLC will continue to operate the JV Properties. As a result of such JV Property Conveyance, the Group recognized a gain of $AU2.624 million (US$2.540 million) in its current year financials.

With regards to the A-note, the lender extended such note until October 2014 (with an additional two-year extension, subject to certain reserve funding requirements), waived all accrued and unpaid default interest and left the interest rate unchanged at 5.2%. Additionally, the lender utilized the net

6. Investments in joint ventures (continued)

(e) Gains on debt restructure, property conveyance and extinguishment of debt

cash remaining in the lender controlled accounts to: (i) establish tax, insurance and working capital reserves, (ii) reimburse themselves for property costs paid out of lender's funds, (iii) pay certain closing expenses, and (iv) pay down the A-note to approximately US$27.4 million at closing. As a result of such restructuring, the Group recognized a gain of approximately $AU4.857 million (US$4.701 million) in its current year financials.

Pursuant to the terms of BRE/Melville, the US LLC will have the ability to (i) participate in cash distributions from BRE/Melville on a pro-rata basis after the payment of certain reserves and other items, and (ii) share in promote fees based on various return hurdles.

Gain in the 2012 year

On 7 April 2012 RNY completed a discounted pay-off and refinancing of the US LLC's US$196.1 million CMBS loan which had matured on 11 September 2010. The Group's share of the discounted amount shown as a Gain on extinguishment of debt of AU$36.765 million ($US38.081 million) was comprised of gains relating to forgiveness of debt, default interest write-off, lender cash allocated to escrows and lender closing costs expensed.

(f) Summarised statement of profit of US LLC

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Revenue & other income		
Rental income from investment properties	66,451	65,840
Other income	2,005	4,065
Equity in earnings of real estate joint venture	323	-
Gain on debt restructure	6,476	-
Gain on property conveyance	3,499	-
Gain on extinguishment of debt	-	49,020
Total revenue	78,754	118,925
Expenses		
Property expenses	34,580	34,627
Borrowing costs	21,827	23,450
Loss from investment property revaluations	1,429	2,625
Loss on sale of property held for sale	-	518
Other expenses	3,027	2,622
Total expenses	60,863	63,842
Net profit of US LLC before income tax	17,891	55,083
Income tax expense	-	-
Net profit from continuing operations after income tax	17,891	55,083
Other comprehensive profit/(loss) – recyclable		
Gain/(loss) on financial instrument hedge - (net of tax)	1,657	(3,723)
Total comprehensive profit for the year	19,548	51,360
Proportion of the Group's ownership:	**75%**	**75%**
Group's share of profit of US LLC for the year	13,418	41,312
Group's share of other comprehensive gain/(loss) for the year	1,243	(2,792)
Group's share of profit for the year	**14,661**	**38,520**

6. Investments in joint ventures (continued)

(g) Commitments and contingencies of joint venture

(i) Leasing arrangements

The US LLC enters into lease arrangements with the various tenants that occupy the 21 properties (2012: 24 properties) owned by the company in the New York Tri-State area.

The Group's share of 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	
	2013	**2012**
	$'000	**$'000**
	@ 75%	**@ 75%**
Within 1 year	40,417	38,975
Later than 1 year but not later than 5 years	102,857	90,534
Later than 5 years	32,181	31,631
	175,455	**161,140**

(ii) Capital Commitments

The US LLC had no future capital commitments existing at balance date.

(iii) Contingent liabilities

The US LLC had no contingent liabilities existing at balance date.

(iv) Impairment losses

The US LLC had impairment losses relating to doubtful debts existing at balance date which were not considered material.

(h) Liquidity risk of joint venture

Liquidity risk is the risk that the US LLC will not be able to meet its obligations to repay its financial liabilities as and when they fall due.

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 joint venture has adopted further strategies to manage liquidity risk, these include 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.

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

	US LLC	
	2013	**2012**
	$'000	**$'000**
	@ 75%	**@ 75%**
Liabilities maturing in:		
6 months or less	23,721	59,874
6 to 12 months	9,299	7,223
1 to 5 years	258,321	238,576
	291,341	305,673

6. Investments in joint ventures (continued)

(i) Interest rate risk of joint venture

The US LLC's exposure to market risk for changes in interest rates relates mainly to the mortgage debts held in the US LLC. The US LLC also had an interest rate swap agreement in place at 31 December 2013 to hedge interest cost payable over the term of its Senior Bank loan. Refer to Note 6(a) for details of these exposures.

Interest rate swaps measured at fair value through other comprehensive income (OCI) are designated as hedging instruments in cash flow hedges of interest rates on secured borrowings. The terms of the interest rate swap match the terms of the highly probable forecast interest payments on the Senior Bank loan. As a result, no hedge ineffectiveness arises requiring recognition through profit and loss. The cash flow hedge was assessed to be highly effective and as at 31 December 2013, share of a fair value increment of $A1,657k (2012: decrement $A3,723k) was included in OCI of the US LLC for the year in respect of the swap. The Group's share of these movements is shown in the Statement of Comprehensive Income.

(j) Capital management in the joint venture

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 2013 and 2012 were as follows:

	US LLC	
	2013	**2012**
	$'000	**$'000**
Total borrowings	225,512	233,414
Less: cash and cash equivalents	(11,811)	(9,982)
Net debt	213,701	223,432
Total equity	133,035	103,528
Total capital	346,736	326,960
Gearing ratio	61.6%	68.3%

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

(k) Current funding

At December 31, 2013, with regards to the Senior Bank loan, the US LLC has approximately US$2.6 million (31 December 2012: US$2.2 million) in a lender controlled cash account with the Senior Bank loan lender. The cash account is used to fund operating expenses, reserves and debt service on a monthly basis. Any remaining funds after providing for the aforementioned items is deposited into a leasing reserve.

7: Share of US LLC's Investment Properties

	Consolidated	
	2013	**2012**
	$'000	**$'000**
Investment properties held in equity accounted Investments at fair value	**353,291**	**331,880**

The Trust has an interest in property investments held by equity accounted investments, through the indirect holding of a 75% interest in the US LLC. The amounts set out in this note represent the 75% interest in these properties.

Included in the carrying value of investment properties are the following		
Straight – line asset*	9,196	7,731
Lease commissions	7,606	6,526
Deferred revenues**	(2,857)	(2,829)
Total	13,945	11,428

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

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

Carrying amount at the start of the year	331,880	338,076
Fair value decrement (unrealised)	(1,072)	(1,969)
Capital additions	4,778	3,744
Other investment value	944	(665)
Book value of property disposals	(35,419)	-
Foreign exchange gain/(loss)	52,180	(7,306)
Carrying amount at the end of the year	**353,291**	**331,880**

At 31 December 2013, the investment portfolio occupancy rate was 80.9 % (2012: 80.2%) with a weighted average lease expiry of 3.8 years (2012: 3.5 years). Certain of the joint venture's properties are pledged as security for the joint venture's borrowings. See note 6(b) for further details.

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

The attached table shows details of property investments held through controlled entities and joint ventures as at 31 December 2013. The amounts below represent the Consolidated Entity's 75% beneficial share of these properties at balance dates.
Amounts are in US Dollars and Australian Dollars where indicated.

Property Address	Date of Acquisition	Region	Book Value At 31 Dec 12 @75% US $'000	Book Value At 31 Dec 13 @75% US $'000	Latest Independent Appraisal(i) @75% US $'000	Date of Latest Independent Appraisal	Book Value At 31 Dec 12 @75% AUD $'000	Book Value At 31 Dec 13 @75% AUD $'000	Latest Independent Appraisal(i) @75% AUD $'000
35 Pinelawn Rd, Long Island	21 Sep 05	Long Island	12,450	11,250	11,250	31 Dec 13	11,990	12,573	12,573
150 Motor Parkway, Long Island	21 Sep 05	Long Island	20,775	20,475	19,875	30 Jun 12	20,007	22,882	22,212
660 White Plains Rd, Westchester County	21 Sep 05	Westchester	25,500	27,225	23,250	31 Dec 11	24,557	30,426	25,983
100 Executive Dr, Nth New Jersey	21 Sep 05	New Jersey	6,450	5,700	6,450	30 Jun 12	6,211	6,370	7,208
100 Grasslands Rd, Westchester County	21 Sep 05	Westchester	7,162	7,350	7,800	30 Jun 13	6,897	8,214	8,717
80 Grasslands Rd, Westchester County	21 Sep 05	Westchester	10,612	10,050	10,500	30 June 12	10,220	11,231	11,734
200 Executive Dr, Nth New Jersey	21 Sep 05	New Jersey	7,275	7,125	7,275	31 Dec 11	7,006	7,963	8,130
492 River Rd, Nth New Jersey	21 Sep 05	New Jersey	28,087	30,750	30,750	31 Dec 13	27,048	34,365	34,365
225 High Ridge Rd, Fairfield County	21 Sep 05	Connecticut	32,550	33,000	31,650	31 Dec 11	31,346	36,880	35,371
300 Motor Parkway, Long Island	21 Sep 05	Long Island	5,475	5,175	5,475	31 Dec 12	5,273	5,783	6,119
505 White Plains Rd, Westchester County	21 Sep 05	Westchester	2,100	2,025	2,025	31 Dec 13	2,022	2,263	2,263
55 Charles Lindbergh Blvd, Long Island	21 Sep 05	Long Island	27,000	28,500	28,500	31 Dec 13	26,002	31,851	31,851
200 Broadhollow Rd, Long Island	21 Sep 05	Long Island	8,100	8,175	8,100	31 Dec 12	7,800	9,136	9,052
10 Rooney Circle, Nth New Jersey	21 Sep 05	New Jersey	4,125	5,100	5,100	30 Jun 13	3,972	5,700	5,700
560 White Plains Rd, Westchester County	21 Sep 05	Westchester	12,000	11,025	11,025	31 Dec 13	11,556	12,321	12,321
555 White Plains Rd, Westchester County	21 Sep 05	Westchester	10,800	12,300	13,350	30 Jun 13	10,401	13,746	14,920
6800 Jericho Turnpike, Long Island	6 Jan 06	Long Island	21,150	20,625	21,150	31 Dec 12	20,368	23,050	23,637
6900 Jericho Turnpike, Long Island	6 Jan 06	Long Island	11,137	10,950	11,175	30 Jun 13	10,725	12,237	12,489

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

Property Address	Date of Acquisition	Region	Book Value At 31 Dec 12 @75% US $'000	Book Value At 31 Dec 13 @75% US $'000	Latest Independent Appraisal(i) @ 75% US $'000	Date of Latest Independent Appraisal	Book Value At 31 Dec 12 @75% AUD $'000	Book Value At 31 Dec 13 @75% AUD $'000	Latest Independent Appraisal(i) @75% AUD $'000
710 Bridgeport Ave, Fairfield County	6 Jan 06	Connecticut	28,875	28,500	28,125	30 Jun 13	27,807	31,851	31,432
580 White Plains Rd, Westchester County	6 Oct 06	Westchester	19,050	19,875	19,050	31 Dec 12	18,346	22,212	21,290
300 Executive Dr, Nth New Jersey	6 Oct 06	New Jersey	11,100	10,950	11,100	31 Dec 12	10,690	12,237	12,405
1660 Walt Whitman Rd, Long Island (ii)	6 Oct 06	Long Island	8,175	-	-	30 Jun 12	7,873	-	-
520 Broadhollow Rd, Long Island (ii)	6 Oct 06	Long Island	7,200	-	-	30 Jun 12	6,934	-	-
50 Marcus Drive, Long Island (ii)	6 Oct 06	Long Island	17,475	-	-	30 Jun 12	16,829	-	-
			344,623	316,125	312,975		331,880	353,291	349,772

(i) CB Richard Ellis, Inc. – Valuation and Advisory Services ("CBRE") performed appraisals for five of the joint venture's properties at 31 December 2013 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 joint venture's properties at the appraisal dates shown above.

(ii) 1660 Walt Whitman Rd, 520 Broadhollow Rd and 50 Marcus Drive were transferred to a separate joint venture in July 2013 as part of a debt restructuring negotiation. The US LLC has an approximate 7.8% equity interest in the new joint venture.

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

Region	Market Capitalisation Rate	Discount Rate
Westchester	7.75%	8.58%
Long Island	7.83%	8.79%
New Jersey	8.63%	9.31%
Connecticut	8.48%	8.58%

7. Investment Properties (continued)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of investment properties by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Group used Level 3 valuation techniques to determine the fair value of the investment properties held at 31 December 2012 and 2013. There were no transfers between Level 1, 2 and 3 during the respective periods.

Sensitivity analysis

The joint venture's properties are susceptible to changes in the discount rates used in the property valuation process.

A small increase in these discount rates could lead to a material decrease in property value and a consequential decrease in the net profit and equity of the Group. A small decrease in these rates could lead to a material increase in property values and a consequential increase in the net profit and equity of the Group.

	Consolidated	
	2013	**2012**
	$'000	**$'000**

8. Due to related parties

Amount owing to related party	**4,175**	**3,378**

The related party loan is repayable on demand. Interest is charged quarterly on the daily balance, based on the commercial rate at which funds are borrowed by the related party. The average interest rate charged for the 2013 year was 6.35% (2012: 6.25%)

9. Trade and other payables

Other creditors & accruals	559	772
Owing to related parties	185	163
	744	**935**

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

10. Preferred Shares

Preferred shares	**140**	**120**

To comply with US regulations relating to US REITs, on 31 January 2006 an additional 125 persons were allotted shares in the US REIT at $US1,000 per share. The preferred shares are not convertible into shares of any other class or series. An annual coupon rate of 12.5% applies to these shares. In accordance with Australian accounting standards, the preferred stock has been classified as long term debt and the amounts paid or payable to the preferred shareholders are included in interest expense.

11. Units on Issue

	Consolidated 2013 Units	Consolidated 2012 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 2013 $'000	Consolidated 2012 $'000
(b) Movement in issued equity		
Issued equity at the beginning of the year	251,377	251,377
Movements in equity during the year	-	-
Issued equity at the end of the year	**251,377**	**251,377**

Each unit ranks equally with all other ordinary units for the purpose of distributions and on termination of the Trust. Ordinary units entitle the holder to one vote, either in person or by proxy, at a meeting of the Trust.

12. Reserves

	Consolidated 2013 $'000	Consolidated 2012 $'000
Foreign currency translation reserve	(23,426)	(41,598)
Cash flow hedge reserve	(1,549)	(2,792)
	(24,975)	**(44,390)**

Movement in foreign currency translation reserve (i)		
Balance at the beginning of the year	(41,598)	(39,898)
Gain/(loss) on translation of controlled foreign entities	18,172	(1,700)
Balance at end of the year	**(23,426)**	**(41,598)**

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

Movement in cash flow hedge reserve		
Balance at the beginning of the year	(2,792)	-
Gain/(loss) on revaluation of derivatives	1,243	(2,792)
Balance at end of the year	**(1,549)**	**(2,792)**

13. Distribution Statement

	Consolidated 2013 $'000	Consolidated 2012 $'000
Total comprehensive profit for the period attributable to unitholders of RNY	30,553	34,350
Adjusted for RNY share of:		
Loss from investment property revaluations	1,072	1,969
Loss from revaluation of property held for sale		-
Gain on extinguishment of debt	-	(36,765)
Gain on debt restructure	(4,857)	-
Gain on property conveyance	(2,624)	-
Straight lining of rental income	(713)	333
Mortgage cost amortisation	765	580
Leasing cost amortisation	1,887	1,601
(Gain)/loss on financial instrument hedge	(1,243)	2,792
Foreign currency translation (gain)/loss	(18,172)	1,700
INCOME AVAILABLE FOR DISTRIBUTION	6,668	6,560
Other amounts retained	(6,668)	(6,560)
DISTRIBUTION PAID AND PAYABLE	-	-

14. Deferred tax asset

At 31 December 2013, the Group share of temporary differences for which no deferred tax asset is recognised on the balance sheet is $AU1.132 million (2012: $AU4.463 million).

A deferred tax asset has not been recognised in the accounts as it is not considered probable that future gains will be available against which the temporary differences can be utilised.

15. Reconciliation of net profit to net cash flows

	Consolidated 2013 $'000	2012 $'000
(a) Reconciliation of net profit to net cash inflow from operating activities		
Net profit for the year from continuing operations	11,138	38,842
Decrease/(increase) in receivables and other assets	7	(10)
(Decrease)/increase in payables and other liabilities	(35)	565
Net realised foreign exchange loss	19	12
Undistributed income transferred to reserves of equity accounted joint ventures	(10,972)	(39,382)
Net cash inflow from operating activities	157	27

(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:

	2013	2012
Cash and liquid assets*	203	90

16. Earnings per unit

	Consolidated 2013 Cents	2012 Cents
(a) Basic and diluted earnings per unit	4.23	14.75

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.

	2013	2012
(b) Basic earnings per unit after adjusting for fair value movements and foreign currency movements*	1.80	1.54

	2013 $'000	2012 $'000
*This calculation is based on the following adjusted net income/(loss):		
Total comprehensive income attributable to RNY unitholders	30,553	34,350
add: loss from investment property revaluations	1,072	1,969
less: gain on extinguishment of debt	-	(36,765)
less: gain on debt restructure	(4,857)	-
less: gain on property conveyance	(2,624)	-
(less)/add: (gain)/loss on financial instrument hedge	(1,243)	2,792
(less)/add: foreign currency translation (gain)/loss	(18,172)	1,700
Adjusted net profit used in calculation above	4,729	4,046

17. Commitments, Contingencies and Impairment Losses

Commitments, contingent liabilities and impairment losses relating to the joint venture are detailed in Note 6(g). There are no other commitments, contingent liabilities or impairment losses existing at balance date.

18. Key Management Personnel

(i) Directors

The directors of RAML, the responsible entity of RNY are considered to be key management personnel.

Chairman **-** *Executive*
Mr Scott Rechler

Executive directors
Mr Michael Maturo
Mr Jason Barnett

Non executive directors
Mr Philip Meagher
Mr Mervyn Peacock
Mr William Robinson

(ii) Other Key Management Personnel

Individuals

Name	**Position**	**Employer**
Francis Sheehan	Fund Manager - Australia	RXR Property Management LLC
Michael McMahon	Fund Manager - New York	RXR Property Management LLC

Corporation

RAML, the Responsible Entity of RNY.

(iii) Remuneration of Key Management Personnel

Other than the fees paid by the Trust to the Responsible Entity referred to in Note 20(iii), no amounts are paid by the Trust directly to the Key Management Personnel of the Trust for services to the Trust.

The non-executive Directors of the Responsible Entity receive remuneration in their capacity as Directors of the Responsible Entity. These amounts are paid directly from the Responsible Entity, RAML. Consequently, no compensation as defined in AASB 124: *Related Parties* is paid by the Trust to its Key Management Personnel.

18. Key Management Personnel (continued)

(iv) Units in the Trust held by related parties
The interests of the Directors of RAML in units of the Trust at year end are set out below:

	Units held Opening balance	Acquired during year	Units held Closing balance
Non Executive Directors			
Phillip Meagher	60,000	-	60,000
Mervyn Peacock	70,000	-	70,000
Executive Directors			
Scott Rechler*	51,252,240	-	51,252,240
Michael Maturo*	51,252,240	-	51,252,240
Jason Barnett*	51,252,240	-	51,252,240

* These units are held by an entity which is controlled by Scott Rechler, Michael Maturo and Jason Barnett

The directors do not hold any options to buy units in RNY.

All equity transactions between Key Management Personnel and RNY have been entered into under arm's length terms and conditions.

19. Parent Entity Information

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

	Note	RNY Property Trust 2013 $'000	RNY Property Trust 2012 $'000
Current assets		228	239
Non-current assets	20(i)	139,597	109,024
Total assets		139,825	109,263
Current liabilities		291	282
Total liabilities		291	282
Units on issue		251,781	251,781
Accumulated deficit		(112,247)	(142,800)
Total Unitholders' Equity		**139,534**	**108,981**
Profit from continuing operations before income tax		30,553	34,477
Income tax/withholding tax applicable		-	127
Total comprehensive profit for the period after tax		**30,553**	**34,350**

20. Related Party Disclosure

(i) Investment in Controlled Entity and joint venture

The consolidated financial statements include the financial statements of RNY and its subsidiary, the US REIT. The US REIT in turn holds an interest in the US LLC, a jointly controlled entity owning properties in the New York Tri State area. The Group's interest in the US LLC is accounted for using the equity method of accounting.

A summary of these investments is as follows. See Note 6 for further details

Name	Country of Incorporation	Equity interest 2013 %	Equity interest 2012 %	Investment 2013 $'000	Investment 2012 $'000
RNY Australia LPT Corp ("US REIT")	United States	100	100		
At cost				252,529	252,529
Less: impairment [(a)]				(112,932)	(143,505)
				139,597	109,024
Investment in joint venture held indirectly through the US REIT					
RNY Australia Operating Company LLC ("US LLC")	United States	75[(b)]	75[(b)]	138,159	121,332

(a) The Trust's investment in the US REIT has been adjusted in both the current and prior year to its net asset value which is the best estimate of its recoverable amount. At balance date an impairment provision exists which was partly reversed in the current year.

(b) The owner of the remaining 25% interest is an affiliate of RXR Old Realty LLC ("RXR"), a private enterprise founded by Messrs. Rechler, Maturo and Barnett (three of the directors of the Trust).

(ii) Responsible Entity

The Responsible Entity of the Trust is RAML (ACN 114 294 281), a wholly owned subsidiary of RXR Co Australia RE Holdings, Inc, a company incorporated in Delaware, USA. RXR Co Australia RE Holdings, Inc. is an affiliate of RXR.

The manager of RNY's indirect investments in the US LLC is RNY Australia Asset Manager LLC, a company organised in the United States.

20. Related Party Disclosure (continued)

(iii) Transactions with related parties

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

Related party	Interest paid (received) on related party loans AUD $'000	Purchases from related parties AUD $'000	Distributions received from related parties AUD $'000	Amounts owed by related parties AUD $'000	Amounts owed to related parties AUD $'000
For the year ended 31 December 2013					
Consolidated					
RNY Australia Management Ltd:					
- asset management fees	-	418	-	-	-
- expense reimbursements	-	129	-	-	-
RNY Australia Asset Manager LLC					
- asset management fees	-	1,144	-	-	-
Loan from the US LLC to US REIT	236	-	-	-	4,175
Loan from RAML to RNY	-	-	-	-	185
Parent					
RNY Australia Management Ltd:					
- asset management fees	-	418	-	-	-
- expense reimbursements	-	129	-	-	-
Distribution received by RNY from US REIT	-	-	895	-	-
Loan from RAML to RNY	-	-	-	-	185

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

Related party	Interest paid (received) on related party loans AUD $'000	Purchases from related parties AUD $'000	Distributions received from related parties AUD $'000	Amounts owed by related parties AUD $'000	Amounts owed to related parties AUD $'000
For the year ended 31 December 2012					
Consolidated					
RNY Australia Management Ltd:					
- asset management fees	-	445	-	-	-
- expense reimbursements	-	133	-	-	-
RNY Australia Asset Manager LLC					
- asset management fees	-	1,038	-	-	-
Loan from the US LLC to US REIT	197	-	-	-	3,378
Loan from RAML to RNY	-	-	-	-	163
Parent					
RNY Australia Management Ltd:					
- asset management fees	-	445	-	-	-
- expense reimbursements	-	133	-	-	-
Distribution received by RNY from US REIT	-	-	904	-	-
Loan from RAML to RNY	-	-	-	-	163

20. Related Party Disclosure (continued)

(iii) Transactions with related parties (continued)

Terms and conditions of transactions with related parties

All transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties. Interest is charged on loans between the parties at commercial rates.

Outstanding balances at year-end are unsecured and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables.

For the year ended 31 December 2013 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 $417,579 (2012: $444,688).

In accordance with the Trust Constitution, the Responsible Entity is entitled to claim reimbursement for all expenses reasonably and properly incurred in connection with the Trust or in performing its obligations under the Constitution.

21. Net Asset Backing per Unit

	Consolidated	
	2013	2012
	$	$
Net asset backing per unit	$0.53	$0.41

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

22. Segment Reporting

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

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

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

The performance measures used by management differ from those disclosed in the Statement of Comprehensive Income as certain adjustments are made to arrive at an adjusted net profit or loss which better facilitates the decision making of the chief operating decision makers. The adjustments made to the segment result are detailed in Note 16(b) of these accounts. A reconciliation of adjusted net profit to the consolidated net profit shown in the statement of comprehensive income is also provided in the note.

Segment revenues are derived from a broad tenant base across the 21 operating properties owned by the US LLC. There is no single tenant providing revenues greater than 10% of the segment's total income.

23. Financial risk management objectives and policies

The Group's principal financial instruments comprise receivables, payables, cash and short term deposits.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different type of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rates and foreign exchange rates and the use of future cash flow forecasts to monitor liquidity risk.

The Board reviews and approves policies for managing each of these risks as summarised below. Refer to the Corporate Governance Statement included in the annual report for more details on the structure and responsibilities of the Board.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and approves policies for managing each of the risks discussed in this section.

23. Financial risk management objectives and policies (continued)

(a) Foreign currency risk

As a result of the Trust's investments in the United States and its transactions with entities in the United States, the Trust can potentially be affected significantly by movements in the $US/$AU exchange rates.

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

(b) Credit risk

Credit risk is the risk that counter parties to a financial asset will fail to discharge their obligations, causing the Trust to incur a financial loss. The Group has no significant exposure to credit risk.

(c) Fair values

The carrying values of the Group's financial assets and liabilities (excluding loans and borrowings) included in the Balance Sheet approximate their fair values. Refer to Note 2 for the methods and assumptions adopted in determining net fair values for investments.

The fair values of interest bearing loans and borrowings held in the US LLC are calculated using current market interest rates. Refer to Note 6(d) for details of these fair value calculations.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2013, the US LLC held a Level 2 interest rate swap liability at fair value (Note 6(a)). There were no transfers between Level 1, 2 and 3 during the year.

(d) Interest rate risk and cash flow hedges

The Group's exposure to market risk for changes in interest rates relates mainly to the mortgage debts held in the US LLC. Refer to Note 6(i) for details.

(e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations to repay its financial liabilities as and when they fall due. Liquidity risk mainly lies in the US LLC. Refer to Note 6(h) for details.

24. Capital management

The Group has been founded on a capital structure which allows RNY to own, through its 100% ownership of the US REIT, a 75% indirect interest in US properties held in the US LLC. No external borrowings exist in RNY or the US REIT and management has no current plans to implement borrowings in these entities. The Group is not subject to any externally imposed capital requirements.

For details of capital management in the US LLC refer to Note 6(j)

25. Auditor's Remuneration

	Consolidated 2013 $	Consolidated 2012 $
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	157,400	153,470
- other services in relation to the entity and any other entity in the Consolidated Entity		
- taxation services	12,000	24,651
	169,400	178,121
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	281,200	264,200
	281,200	264,200
Amounts received or due and receivable by audit firms other than Ernst & Young for:		
- compliance services	14,000	14,000
	464,600	**456,321**

26. 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.

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 2013 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 2013.

On behalf of the Board

/s/ Philip Meagher

Philip Meagher
Director

Sydney, 27th February 2014

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Independent auditor's report to the members RNY Property Trust

Report on the financial report

We have audited the accompanying financial report of RNY Property Trust (the 'Trust'), which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of RNY Australia Management Limited, the Responsible Entity of the Trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(b), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the responsible entity a written Auditor's Independence Declaration, a copy of which follows the directors' report.

Opinion

In our opinion:

a. the financial report of RNY Property Trust is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 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

Chris Lawton
Partner
Sydney
27 February 2014