Appendix 4E

Preliminary final report
for the year ended 31 December 2018

Name of entity	RNY Property Trust
ARSN	115 585 709
Reporting period	Year ended 31 December 2018
Previous corresponding period	Year ended 31 December 2017

Results for announcement to market

Financial Performance

	A $'000
Revenue/(loss) from ordinary activities	Up 99.3% to (194)
Profit/(loss) from ordinary activities after tax attributable to unitholders	Up 98.4% to (512)
Net profit/(loss) for the year attributable to unitholders	Up 98.4% to (512)

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 year ended 31 December 2018	N/A
Date the December 2018 distribution is payable	N/A
Tax advantage component of the December 2018 distribution	N/A
The taxable component of the December 2018 distribution comprises:	
Australian sourced income	Nil%
Foreign sourced income	Nil%
Foreign tax credit per unit	Nil

Disclosures in this report

This report is based on the financial statements which have not yet been audited and 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 2017 together with any public announcements made by the Trust during the year ended 31 December 2018 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

RNY PROPERTY TRUST
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Review of Operations

Results

The consolidated loss of the Group is presented in the Statement of Comprehensive Income. Net loss attributable to the members of the Group for the year ended 31 December 2018 was $0.512 million (2017: Loss $32.975 million).

Distributions

No distributions were paid to unitholders for the year ended 31 December 2018 and no provision for distribution has been recognised in the financial statements.

Funding

RNY Property Trust ('the Trust') 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 2018 owned 5 office properties in the New York Tri-State area. The principal source of finance for the US LLC and its controlled entities has been a non-recourse secured loan from ACORE Capital ('ACORE').

In the previous financial year, on 27 July 2017, ACORE issued a notice confirming that the loan was in default and demanding that the borrower parties and US LLC preserve all available cash in a segregated account to satisfy all outstanding obligations to the lender under the loan documents. The US LLC believed, after consulting with counsel, that the lender's demands were overreaching and excessive. During August 2017, the US LLC engaged in settlement discussions with ACORE regarding such matters, however these parties mutually agreed to discontinue settlement discussions, pending Aurora Funds Management Limited's ('Aurora') attempt to become or install a third-party as Responsible Entity of the Trust. Aurora (ACN 092 626 885, AFSL 222110), is the responsible entity of the Aurora Property Buy-Write Income Trust ('the Aurora AUP Trust') which is the Trust's largest unitholder with 81% of the Trust's units.

On 2 July 2018, Huntley Management Limited ABN 52 089 240 513 AFSL 229754 ('Huntley') received confirmation from ASIC that its request for a variation of its Australian Financial Services Licence had been approved, thereby enabling Huntley to become the responsible entity of the Trust, replacing RNY Australia Management Limited ('RAML'), effective immediately. Also, as of such date, Huntley appointed Aurora Funds Management Limited as the Investment Manager of the Trust. Following these developments, RAML's affiliates, who had previously provided various services to the properties (e.g. property management and leasing) immediately tendered their resignations from such roles, providing 30 days notice which ceased on 2 August 2018. As of 2 August 2018, Winthrop Management L.P. (based in the US) was appointed as the property sub-manager in respect of the properties.

On 16 July 2018, Aurora in its capacity as Investment Manager of the Trust, negotiated a letter of intent with ACORE, to modify the existing loan and cure any existing loan default.

On 30 August 2018, Aurora successfully executed a loan modification deed with ACORE to cure the existing loan default over the portfolio of property assets and facilitating a viable future for the portfolio of five (5) office properties in the New York Tri-State area.

The key terms of the loan modification included:

- RNY Australia Operating Company (US LLC), being 75% owned by the Trust, paying down the existing loan by USD$7.4 million, using USD$4.7 million of existing cash reserves from its related entities, with the balance provided by way of a short-term loan from Aurora;
- A further USD$1.25 million was required to be paid down on 15 November 2018. This was funded from a combination of a USD$704,750 loan from Aurora & a loan from the Trust of USD$545,250. The Trust borrowed AUD$750,000 to fund the loan;
- A further USD$1.5 million was required to replenish Lender reserve accounts, short term funding and costs associated with the default and modification;

- In exchange for these loan pay-downs and replenishment of the Lender reserve accounts, the Lender agreed to waive USD$4.6 million in accrued default interest contingent on there being no further default;
- The interest rate margin remained unchanged; and
- The Lender also agreed to provide a facility of USD$16.6 million to fund the capital expenditure and leasing costs associated with the Trust's proposed turnaround strategy.

As a further requirement of the loan modification, ACORE required Aurora to acquire the 25% minority interest held by RXR in the US LLC, which was completed on 15 August 2018.

At 31 December 2018, the US LLC had approximately US$693,871 (31 December 2017: US$569,619) in a lender controlled cash account under the ACORE Loan. The lender controlled cash account is used to fund operating expenses, debt service and reserve accounts on a monthly basis. The reserve accounts are used to fund real estate taxes, insurance, capital improvements and tenanting costs. At 31 December 2018, the US LLC had approximately US$1,316,874 (31 December 2017: US$1,263,086) in lender controlled reserve accounts. Such amounts are reflected in share of US LLC's other assets in the accompanying Balance Sheet.

Matters subsequent to the end of the financial year
On 8 February 2019 the ACORE loan Lender's requirements were satisfied resulting in the Amended and Restated Senior Loan Agreement extending the US LLC's loan facility for a further one (1) year term.

Further, following a 30 day notification period, CBRE, Inc will be appointed as the property sub-manager, effective 8 March 2019, replacing Winthrop.

Likely developments and expected results of operations
A capital raise is contemplated to repay short term funding provided by Aurora and to support the Trust's working capital requirements going forward.

Significant changes in the state of affairs
At 30 June 2018, the commercial property portfolio to was revalued to US$68.8 million, based on external valuations obtained. This valuation has been applied as at 31 December 2018.

As previously advised, the cash realisation strategy of the Trust's former responsible entity, RAML, has been discarded and a 'hold' strategy has been implemented. Aurora, as investment manager, is currently working with various stakeholders to improve the properties.

Statement of Comprehensive Income
year ended 31 December 2018

	Note	Consolidated 2018 $'000	2017 $'000
CONTINUING OPERATIONS			
Share of net loss of US LLC			
Rental income from investment properties		14,596	26,877
Property related expenses		(11,105)	(16,989)
Net rental income		3,491	9,888
Other income		900	1,131
Gain on remeasurement of mezzanine loan	3(a)	-	2,523
Borrowing costs		(2,644)	(15,037)
Loss on sale of property		-	(3,683)
Other expenses		(1,981)	(1,556)
Net income from US LLC before fair value adjustments		(234)	(6,734)
Loss from investment property revaluations		(158)	(24,658)
Adjustment to eliminate equity accounted investment		186	-
Total share of net loss from US LLC		**(206)**	**(31,392)**
Interest income		12	1
Total loss and other income		**(194)**	**(31,391)**
Expenses			
Administration expenses		(646)	(341)
Finance costs		(20)	(321)
Management fees		-	(631)
Other expenses		348	(291)
Total expenses		**(318)**	**(1,584)**
Loss from continuing operations before tax expense		**(512)**	**(32,975)**
NET LOSS FROM CONTINUING OPERATIONS AFTER TAX		**(512)**	**(32,975)**
OTHER COMPREHENSIVE INCOME – RECYCLABLE			
Foreign currency translation difference (net of tax)		751	(5,693)
Gain on financial instrument hedge (net of tax)	3(c)	-	244
Other comprehensive (loss) gain for the year, net of tax		**751**	**(5,449)**
TOTAL COMPREHENSIVE GAIN (LOSS) FOR THE YEAR		**239**	**(38,424)**
Basic and diluted loss per unit from continuing operations (cents)	8	(0.19)	(12.52)

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

Balance Sheet
as at 31 December 2018

	Note	Consolidated 31 Dec 18 $'000	Consolidated 31 Dec 17 $'000
Current assets			
Cash and cash equivalents		15	5,206
Trade and other receivables		16	11
Trade and other receivables – related parties	5	6,856	-
Other current assets		3	88
Total current assets		6,890	5,305
Non-current assets			
Investments held in US LLC			
Share of US LLC's investment properties	4	73,220	65,288
Share of US LLC's liabilities		(77,751)	(70,650)
Share of US LLC's other assets		4,345	6,414
Adjustment to US LLC investment		186	-
Total investment held in US LLC	3	-	1,052
Total non-current assets		-	1,052
Total assets		**6,890**	**6,357**
Current liabilities			
Trade and other payables		1,491	1,327
Total current liabilities		1,491	1,327
Non-current liabilities			
Trade and other payables - related party	6	113	-
Preferred shares		177	160
Total non-current liabilities		290	160
Total liabilities		**1,781**	**1,487**
Net assets		**5,109**	**4,870**
Unitholders' Equity			
Units on Issue		251,377	251,377
Reserves	7	2,135	1,384
Accumulated deficit		(248,403)	(247,891)
TOTAL EQUITY		**5,109**	**4,870**

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

Statement of Cash Flows
year ended 31 December 2018

	Consolidated	
	2018	2017
	$'000	$'000
Cash flows from operating activities		
Payments to suppliers	(883)	(1,499)
Distributions received from US LLC	1,219	15,722
Interest received	-	1
Net cash inflow from operating activities	**336**	**14,224**
Cash flows from investing activities		
Investment in joint venture entities	-	(2,866)
Net cash flow from investing activities	**-**	**(2,866)**
Cash flows from financing activities		
Proceeds from borrowings	750	-
Proceeds from related party borrowings	106	-
Advances to related parties	(6,702)	-
Repayment of related party borrowings	-	(6,200)
Net cash flow from financing activities	**(5,846)**	**(6,200)**
Net increase/(decrease) in cash and cash equivalents	(5,510)	5,158
Cash and cash equivalents at beginning of year	5,206	59
Net foreign exchange differences	319	(11)
Cash and cash equivalents at end of year	**15**	**5,206**

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

		Units on Issue	Accumulated Deficit	Reserves	Total Equity
		$'000	**$'000**	**$'000**	**$'000**
CONSOLIDATED					
At 31 December 2016		251,377	(164,324)	5,265	92,318
Fair value movement of derivatives					
- recyclable		-	-	244	244
Foreign currency translations taken to equity					
- recyclable		-	-	(5,693)	(5,693)
Loss for the year		-	(32,975)	-	(32,975)
Total comprehensive loss for the year, net of tax		**-**	**(32,975)**	**(5,449)**	**(38,424)**
Distributions		-	-	-	-
At 31 December 2017		**251,377**	**(247,891)**	**1,384**	**4,870**
Fair value movement of derivatives					
- recyclable		-	-	-	-
Foreign currency translations taken to equity					
- recyclable		-	-	751	751
Loss for the year		-	(512)	-	(512)
Total comprehensive loss for the year, net of tax		**-**	**(512)**	**751**	**239**
Distributions		-	-	-	-
At 31 December 2018		**251,377**	**(248,403)**	**2,135**	**5,109**

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

1. Corporate Information

The RNY Property Trust ('RNY or the Trust') was constituted on 2 August 2005. The Responsible Entity of the Trust was changed to Huntley Management Limited ABN 52 089 240 513 AFSL 229754 ('Huntley') on 2 July 2018. Huntley's registered office is at Suite 301, Level 3, 37 Bligh Street, Sydney, NSW 2000.

The previous Responsible Entity of the Trust was RNY Australia Management Limited ("RAML") who was replaced by Huntley on 2 July 2018.

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

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars per Corporations Instrument 2016/191.

(b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiary as at 31 December 2018. 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.

(c) Significant accounting judgments, estimates and assumptions

(i) Significant accounting judgments

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

Accounting for Investment in US LLC

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

2. Summary of Significant Accounting Policies (continued)
(c) Significant accounting judgments, estimates and assumptions (continued)

Classification of leases as operating leases
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 financial report has been prepared on a going concern basis because the Trust expects to be able to pay its debts as and when they fall due in the ordinary course of business for the next twelve months subject to the ongoing financial support of Aurora Funds Management Limited CAN 092 626 885 AFSL 222110 as responsible entity for the Aurora Property Buy-Write Income Trust ('the Aurora AUP Trust') per the Letter of Support from the Aurora AUP Trust to RNY dated 17 September 2018.

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

Fair value of investment properties held by the US LLC – refer Note 2(k) and Note 4
Carrying value of commercial mortgages held by the US LLC – refer Note 2(m) and Note 3

(d) 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.

(e) 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.

(f) 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.

(g) 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.

2. Summary of Significant Accounting Policies (continued)

(h) 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.

(i) 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.

(j) Investments in joint ventures

The Trust holds an indirect investment in its joint venture, the US LLC, through its subsidiary, the US REIT. The 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 Comprehensive Income 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.

The aggregate of the Group's share of profit or loss from continuing operations after tax of the joint venture is shown on the face of the Statement of Comprehensive Income as 'Share of net loss of US LLC'. The joint venture's share of other comprehensive income or loss is detailed in Note 3(c) to these accounts.

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

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

2. Summary of Significant Accounting Policies (continued)

(k) Investment Properties held by joint ventures

The joint venture's investment properties are carried at fair value. Independent valuations of investment properties are obtained at intervals of not more than three years from suitably qualified property valuers. Such valuations are reflected in the carrying value of the associate. Notwithstanding, the directors of US REIT and the Responsible Entity assess the carrying value of each investment property at each reporting date to ensure that the carrying value does not materially differ from its fair value. Where the carrying value differs from fair value, the relevant assets are adjusted to their fair value. The joint ventures properties held for sale are carried either at contracted sales price where a contract for sale has been entered into or at fair value as detailed above where no contract for sale exists.

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 Changes in fair value of an investment property are recorded in the Statement of Comprehensive Income as part of the share of net income or loss from the US LLC. At 30 June 2018, independent valuations were obtained for the five joint venture's investment properties. The director's have retained the 30 June 2018 valuation as at 31 December 2018. At 31 December 2017, internal valuations were performed on all of the joint venture's investment properties based on representative market capitalisation rates.

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.

(l) 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 2018, a spot rate of A$1.00 = US$0.70 was used (31 December 2017: A$1.00 = US$0.78).

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.

2. Summary of Significant Accounting Policies (continued)

(m) 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 Statement of Comprehensive Income.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

2. Summary of Significant Accounting Policies (continued)

(q) Taxes (continued)

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 Statement of Cash Flows 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.

(r) 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.

(s) Comparatives

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

3. Investments in joint ventures

	Consolidated	
	2018	**2017**
	$'000	**$'000**
Investment in joint venture	**-**	**1,052**

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 2018 owned 5 office properties (2017: 5 office properties) in the New York Tri-State area. The owner of the remaining 25% interest is an affiliate of Aurora Funds Management Limited ("Aurora"). Aurora (ACN 092 626 885, AFSL 222110), is the responsible entity of the Aurora Property Buy-Write Income Trust ('the Aurora AUP Trust') which is the Trust's largest unitholder with 81% of the Trust's units. During the year ended 31 December 2018, Aurora's affiliate purchased the 25% interest from the previous owner, who was an affiliate of RXR Realty LLC ('RXR'), a private enterprise founded by Messrs. Rechler, Maturo and Barnett (three of the directors of the previous Responsible Entity).

Under the structure created above, RNY (through the US REIT) and Aurora exercise joint control over the property investments held in the US LLC. Aurora 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.

3. Investments in joint ventures (continued)

In previous periods, the Group had adopted the equity method of accounting for its investment in the US LLC. However, in the current year, equity accounting has been discontinued to the extent that the Group's share of joint venture losses exceeds the carrying value of Group's investment in the US LLC.

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

		Consolidated	
		2018	2017
	Note	$'000	$'000
Movements in carrying amounts			
Carrying amount at the beginning of the year		1,052	51,099
Distributions received		(1,219)	(15,722)
Share of loss of joint venture		(206)	(31,392)
Share of other comprehensive income of joint venture		-	244
Investment in joint venture entities		-	2,866
Effect of changes in exchange rates		187	(6,043)
		(186)	**1,052**
Add: adjust to bring carrying value of joint venture to nil		186	-
Carrying amount at the end of the year		**-**	**1,052**
Balance Sheet of US LLC		*@ 100%*	*@ 100%*
Current assets			
Cash and cash equivalents [(ii)]		4,532	6,723
Trade and other receivables		241	299
Other current assets		1,020	1,529
Properties held for sale		-	-
		5,793	8,551
Non-current assets			
Investment properties		97,627	87,051
Other non-current assets		-	-
		97,627	87,051
Total Assets		103,420	95,602
Current liabilities	3(a)(i)	90,904	94,200
Non-current liabilities	3(a)(ii)	12,764	-
Total Liabilities		103,668	94,200
Equity of US LLC		**(248)**	**1,402**
		75%	**75%**
Proportion of the Group's ownership			
Group's ownership share @ 75%		(186)	1,052
Add: adjust to bring carrying value of US LLC investment at the current period end to nil[(i)]		186	-
Carrying amount of the investment		**-**	**1,052**

(i) In the current year, equity accounting has been discontinued to the extent that the Group's share of joint venture losses exceeds the carrying value of Group's investment in the US LLC. Consequently, the carrying value of the Group's investment in its associate has been reduced to nil.

(ii) Certain cash included above is subject to control by certain lenders. Refer to Note 3(d) for further details.

3. Investments in joint ventures (continued)
(a) Share of US LLC liabilities

(i) Current liabilities comprise:

Facility	US $'000 @ 100% 2018	US $'000 @ 100% 2017	AUD $'000 @ 100% 2018	AUD $'000 @ 100% 2017	Int Rate	Maturity Date
Trade & other creditors	2,871	2,404	4,074	3,083	n/a	Current
Accrued mortgage interest	447	3,211	634	4,116	*see note (a)*	Current
Loan from associates	553	-	785	-	*12.0%*	Current
Floating rate commercial mortgage						
Acore loan*	60,191	67,861	85,411	87,001	*see note (a)*	Feb 2019
Total	**64,062**	**73,476**	**90,904**	**94,200**		
Group share @ 75%			**68,178**	**70,650**		

* This mortgage is secured over the remaining properties of the US LLC.

Note (a)
The ACORE loan was negotiated as a non-recourse loan with exposure being limited to the properties pledged for the loan facility. There are no set-off arrangements involving the other assets of the Group. The following borrowings are not subject to any gearing covenants.

The ACORE Loan, which matures in February 2019 (now 2020 under the Loan Extension), contains two (and four (4) under the Loan Modification) 1-year extension options, bears interest at a variable rate of LIBOR plus weighted average rate of 4.7% per annum, with a minimum LIBOR rate of 25 basis points, and requires monthly payments of interest only during the initial 3-year term. The US LLC has entered into an interest rate cap agreement to protect itself from potentially rising interest rates, which caps LIBOR at 2.5% per annum over the first two years of the term. In January 2018 (and again in February 2019), as required per the loan documents, US LLC entered into an extension of the interest rate cap agreement. As a result, the ACORE Loan bears interest at a minimum weighted average rate of 4.95% and a maximum weighted average rate of 7.2% per annum over the loan term. In addition, the ACORE Loan is subject to customary financial covenants.

With regard to the ACORE Loan, the US LLC, as the guarantor of certain equity funding obligations under the loan, was in violation of the net worth requirement (as of 31 December 2016) and the liquidity requirement (as of 1 January 2017).

On 30 August 2018, Aurora Funds Management Limited (Aurora), successfully negotiated a loan modification deed in respect of the ACORE Loan, providing RNY with the opportunity to cure the existing loan default over the portfolio of five (5) office properties in the New York Tri-State area.

All secured borrowings are non-recourse loans with exposure generally being limited to the properties pledged for each loan facility.

Note (b)
During the year ended 31 December 2018, the US LLC borrowed funds from RNY totalling USD$545,250. Interest is charged at 12% of the daily loan balances of the loan. As at 31 December 2018, total loan funds of US$545,250 and total interest of US$8,166 is payable to RNY.

3. Investments in joint ventures (continued)
(a) Share of US LLC liabilities (continued)

(ii) Non-current liabilities comprise:

Facility	US $'000 @ 100% 2018	US $'000 @ 100% 2017	AUD $'000 @ 100% 2018	AUD $'000 @ 100% 2017	Int Rate	Maturity Date
Loan from associates	8,995	-	12,764	-	*see note (a)*	Non-current
Total	**8,995**	**-**	**12,764**	**-**		
Group share @ 75%			**9,573**	**-**		

Note (a)
During the year ended 31 December 2018, the US LLC borrowed funds from Aurora Funds Management Limited ('Aurora') and its affiliates totalling US$4,448,260. Interest is charged at 12%-22% of the daily loan balances of the various loans. As at 31 December 2018, total loan funds of US$4,448,260 and total interest of US$242,661 is payable to Aurora and its affiliates.

During the year ended 31 December 2018, the US LLC borrowed funds from the US REIT totalling $4,304,499.

(b) Share of US LLC other assets:
The following table illustrates summarised financial information relating to the investment in the US LLC:

Other assets of US LLC @ 31 Dec 2018 (in 000's)	US LLC @ 100% In US$	Trust's Share @ 75% In AU$
Cash and cash equivalents [(i)]	3,194	3,399
Trade and other receivables	170	181
Other current assets	701	764
Total Other Assets	**4,065**	**4,344**

(i) Certain cash included above is subject to control by certain lenders. See below for further details.

(c) Assets pledged as security:
The Group share of carrying amounts of assets pledged as security for current secured borrowings are:

	2018 $'000 @ 75%	2017 $'000 @ 75%
Property assets		
Acore Loan		
Investment properties	73,220	65,288
Total property assets pledged as security	**73,220**	**65,288**

3. Investments in joint ventures (continued)
(d) Summarised statement of comprehensive income of US LLC

	Consolidated	
	2018	**2017**
	$'000	**$'000**
	@ 100%	*@ 100%*
Revenue & other income		
Rental income from investment properties	19,461	35,836
Gain on remeasurement of mezzanine loan	-	3,364
Other income	1,200	1,508
Total revenue	20,661	40,708
Expenses		
Property expenses	(14,807)	(22,652)
Borrowing costs	(3,525)	(20,049)
Loss from investment property revaluations	(211)	(32,877)
Loss on sale of property	-	(4,911)
Other expenses	(2,641)	(2,075)
Total expenses	(21,184)	(82,564)
Net loss of US LLC before income tax	**(523)**	**(41,856)**
Income tax expense	-	-
Net loss from continuing operations after income tax	**(523)**	**(41,856)**
Other comprehensive income – recyclable		
Gain on financial instrument hedge - (net of tax)	-	325
Total comprehensive loss for the year	**(523)**	**(41,531)**
Proportion of the Group's ownership:	**75%**	**75%**
Group's share of loss of US LLC for the year	(392)	(31,392)
Group's share of other comprehensive gain for the year	-	244
Add: adjust for Group's share of losses not recognised for the current year	186	-
Group's share of loss for the year	**(206)**	**(31,148)**

(e) Current funding

At 31 December 2018, with regards to the ACORE Loan, the US LLC has approximately US$0.7 million (31 December 2017: US$0.6 million) in a lender controlled cash account. The lender controlled cash account is used to fund operating expenses, debt service and reserve accounts on a monthly basis. At 31 December 2018, the US LLC had approximately US$1.3 million (31 December 2017: US$1.3 million) in lender controlled reserve accounts. The reserve accounts are used to fund real estate taxes, insurance, capital improvements and tenanting costs. Additionally, the US LLC has approximately US$1.0 million of cash related to tenant security deposits and $US0.1 million of unrestricted cash on the US LLC Balance Sheet at balance date. Such amounts are reflected in share of US LLC's other assets in the accompanying Balance Sheet.

4. Share of US LLC's Properties

	Consolidated 2018 $'000	Consolidated 2017 $'000
Investment properties – at fair value	73,220	65,288
Properties held for sale – at fair value	-	-
Investment properties and properties held for sale held in equity accounted investments	**73,220**	**65,288**

The Trust has an interest in properties 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 these properties are the following:		
Straight – line asset*	4,684	3,830
Lease commissions	3,106	2,624
Deferred revenues**	(508)	(543)
Total	**7,282**	**5,911**

* 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 properties at the beginning and end of the financial year is set out below:

Carrying amount at the start of the year	65,288	287,915
Fair value decrement (unrealised)	(118)	(24,658)
Capital additions	355	1,636
Other investment value	739	1,759
Book value of property disposals	-	(181,848)
Effects of foreign exchange movements	6,974	(19,516)
Carrying amount at the end of the year	**73,220**	**65,288**

At 31 December 2018, the investment portfolio occupancy rate was 73.04% (2017: 75.6%) with a weighted average lease expiry of 4.74 years (2017: 3.6 years). All of the joint venture's properties are pledged as security for the joint venture's borrowings. See Note 3(c) for further details.

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

The table below shows the valuation details of the investment properties held.

Property Address	Date of Acquisition	Region	Book Value At 31 Dec 17 @75% US $'000	Book Value At 31 Dec 18 @75% US $'000		Book Value At 31 Dec 17 @75% AUD $'000	Book Value At 31 Dec 18 @75% AUD $'000
Investment Properties						(i)	(i)
55 Charles Lindbergh Blvd, Long Island	21 Sep 05	Long Island	16,800	17,325		21,538	24,584
560 White Plains Rd, Westchester County	21 Sep 05	Westchester	5,700	3,675		7,308	5,215
6800 Jericho Turnpike, Long Island	6 Jan 06	Long Island	14,025	14,625		17,980	20,753
6900 Jericho Turnpike, Long Island	6 Jan 06	Long Island	6,675	6,900		8,558	9,791
580 White Plains Rd, Westchester County	6 Oct 06	Westchester	7,725	9,075		9,904	12,877
Total Investment Properties			50,925	51,600		65,288	73,220
Total share of US LLC's Properties			50,925	51,600		65,288	73,220

(i) Cushman and Wakefield performed appraisals for the five joint venture's properties at 30 June 2018. The carrying values above reflect these valuations.

5. Trade & Other Receivables - Related Parties

	Consolidated 2018 $'000	Consolidated 2017 $'000
Amount owing from related party	6,856	-

During the year ended 31 December 2018, the Trust lent funds to the US LLC totalling AU$750,000. Interest is charged at 12% of the daily loan balance. As at 31 December 2018, total loan funds of AU$750,000 and total interest of AU$11,589 is payable from the US LLC to the Trust.

During the year ended 31 December 2018, the US REIT lent funds to US LLC totalling AU$6,094,678.

6. Trade & Other Payables - Related Parties

	Consolidated 2018 $'000	Consolidated 2017 $'000
Amount owing to related party	113	-

On 2 July 2018, RNY received a loan from the Aurora Property Buy-Write Income Trust. The principal and accrued interest is repayable on 2 July 2023. Interest is accrued on the daily balance of the loan at a rate of 12% p.a..

7. Reserves

	Consolidated 2018 $'000	Consolidated 2017 $'000
Foreign currency translation reserve	2,135	1,384
Cash flow hedge reserve	-	-
	2,135	**1,384**
Movement in foreign currency translation reserve (i)		
Balance at the beginning of the year	1,384	7,077
(Loss)/gain on translation of controlled foreign entities	751	(5,693)
Balance at end of the year	**2,135**	**1,384**

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

	Consolidated 2018 $'000	Consolidated 2017 $'000
Movement in cash flow hedge reserve		
Balance at the beginning of the year	-	(244)
Gain on revaluation of derivatives	-	244
Balance at end of the year	**-**	**-**

8. Distribution Statement

	Consolidated 2018 $'000	Consolidated 2017 $'000
Total comprehensive gain (loss) for the year attributable to unitholders of RNY	239	(38,424)
Adjusted for RNY share of:		
Loss from investment property revaluations	-	24,658
Straight lining of rental income	-	(1,541)
Gain on re-measurement of mezzanine loan	-	(2,523)
Mortgage cost amortisation	-	851
Leasing cost amortisation	-	943
Gain on financial instrument hedge	-	(244)
Foreign currency translation loss/(gain)	(751)	5,693
LOSS AVAILABLE FOR DISTRIBUTION	**(512)**	**(10,587)**
Other amounts retained	-	-
DISTRIBUTION PAID AND PAYABLE	**-**	**-**

9. Earnings Per Unit

	Consolidated 2018 Cents	Consolidated 2017 Cents
(a) Basic and diluted earnings per unit	(0.19)	(12.52)

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 (2017: 263,413,889).

10. Net Asset Backing per Unit

	Consolidated 2018 $	Consolidated 2017 $
Net asset backing per unit	$0.02	$0.02

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 (2017: 263,413,889 units).

11. Subsequent Events

On 8 February 2019 the ACORE loan Lender's requirements were satisfied resulting in the Amended and Restated Senior Loan Agreement extending the US LLC's loan facility for a further one (1) year term.

Further, following a 30 day notification period, CBRE, Inc will be appointed as the Property sub-manager, effective 8 March 2019, replacing Winthrop.

12. Compliance Statement

(i) This Preliminary Financial Report has been prepared in accordance with the Australian Stock Exchange listing rules.

(ii) This report and the financial statements upon which the report is based use the same accounting policies.

(iii) This report is based on financial statements that have not been audited and there is no audit report attached. The audit report is likely to contain an emphasis of matter referring to the Summary of Significant Accounting Policies, Significant Estimates and Assumptions included in Note 2(c)(ii), of this financial report namely that the parent entity RNY Property Trust is reliant on financial support from its majority unitholder to provide sufficient liquidity to pay its debts as and when they fall due.