Appendix 4D

Half year report

for the period ended 30 June 2012

Name of entity	RNY Property Trust
ARSN	115 585 709
Reporting period	Six month period ended 30 June 2012
Previous corresponding period	Six month period ended 30 June 2011

Results for announcement to market

Financial Performance

	A $'000
Revenue from ordinary activities	Up 148.1% to 82,480
Profit/(loss) from ordinary activities after tax attributable to unitholders	Up 15,517.6% to 31,452
Net profit/(loss) for the period attributable to unitholders	Up 15,517.6% to 31,452

Distribution

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

Record date for determining entitlement to the distribution for the period ended 30 June 2012	N/A
Date the June 2012 distribution is payable	N/A
Tax advantage component of the June 2012 distribution	N/A
The taxable component of the June 2012 distribution comprises:	
Australian sourced income	N/A
Foreign sourced income	N/A
Foreign tax credit per unit	N/A

The attached half year financial information should be read in conjunction with the annual Financial Report of RNY Property Trust for the year ended 31 December 2011.

RNY Property Trust

ARSN 115 585 709

Financial Report
For the Half Year Ended 30 June 2012

RNY PROPERTY TRUST
CONTENTS

The directors of RNY Australia Management Limited ("RAML"), the Responsible Entity of RNY Property Trust ("RNY" or the "Trust"), present their report together with the financial report of the Trust and its controlled entities, together known as the "Group", for the half year ended 30 June 2012.

Directors

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

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

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

Principal activities

The Trust is a registered managed investment scheme domiciled in Australia and has its principal place of business at Level 56, MLC Centre, 19 Martin Place, Sydney, NSW 2000. The Trust has a 100% interest in RNY Australia LPT Corp. (the "US REIT"), which in turn has a 75% interest in RNY Australia Operating Company LLC (the "US LLC"), a Delaware Limited Liability Company that as of 30 June 2012 owned 24 office properties and one (1) warehouse property currently held for sale (2011: 24 office properties and one (1) warehouse property held for sale) in the New York Tri-State area. The principal activity during the financial period was in accordance with the stated investment strategy as set out in the Product Disclosure Statement dated 15 August 2005. There has been no change in the Trust's principal activities during or since the end of the financial period.

Distributions

No distributions were paid to unitholders for the half year ended 30 June 2012 and no provision for distribution has been recognised in the current period.

Current funding

The US LLC has US$51.5 million of mortgage debt (the "October 2010 Mortgage Pool") that matured in October 2010. With regards to this loan, the US LLC has continued discussions with the lender related to an extension and/or restructuring of the loan. Penalty interest is being accrued on the October 2010 Mortgage Pool but is not currently being paid.

The October 2010 Mortgage Pool is secured by 3 properties valued at US$43.8 million as at 30 June 2012 and carries a fixed interest rate of 5.2% per annum. Subsequent to the maturity of the October 2010 Mortgage Pool, the US LLC continued to make monthly payments of interest only at the October 2010 Mortgage Pool fixed interest rate through the April 2012 payment date, at which time the lender exercised certain rights by appointing a special servicer to service the October 2010 Mortgage Pool on their behalf. Subsequent to the April 2012 payment date, the special servicer started receiving all rents from the affected properties directly and is providing only necessary funding to the US LLC. At 30 June 2012, the lender controlled cash account balance was approximately US$902,000 (31 December 2011: Nil). Such amounts are reflected in cash and cash equivalents on the accompanying consolidated balance sheet.

Current funding (continued)

The extension or restructuring of this loan is dependent on market conditions, including conditions in the debt markets and the fair values of the properties securing such loans. There are no assurances that the US LLC will be able to refinance or obtain extensions for this loan. Such mortgage debt is recourse only to the properties which serve as collateral for the loan. Notwithstanding, subsequent to the maturity of the loan, no cash sweep was instituted by the lender and the cash management process remained in place, which resulted in distributions to the US LLC in the amount of approximately US$3.5 million. The lender is contending that such distributions should be returned to the borrower entities. Any restructuring or settlement with the lender would have to include a resolution to this issue of post-maturity distributions.

At 30 June 2012 the current liabilities of the US LLC were greater than the current assets. The resulting net current deficit is partly attributable to the penalty interest that is being accrued, but not paid, on behalf of the October 2010 Mortgage Pool and a derivative liability associated with the Senior Bank loan listed in Note 4 of the accounts.

Review of Operations

Results

The consolidated net profit of the Group is presented in the Statement of Comprehensive Income. Net profit attributable to the members of the Group for the half year ended 30 June 2012 was $31,451,812 (30 June 2011: Loss $204,357).

The Trust executed 32 lease transactions during the period totalling 160,109 square feet (3.2% of the portfolio). The Trust's portfolio reported an occupancy rate, at period end, of 80.8%, achieved a renewal rate, during the period, of 73.5%, and reported an increase of 7.2% in year-over-year, same property net operating income.

Investment properties

At 30 June 2012 the US LLC obtained independent valuations on six of its investment properties and assessed the carrying value of its remaining investment properties which resulted in a reduction of investment property values of approximately US$7.55 million (31 December 2011: US$9.142 million).

Gain on extinguishment of debt

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 total discounted amount shown in the Statement of Comprehensive Income as a Gain on extinguishment of debt of AU$49.147 million (US$50.764 million) was comprised of gains relating to forgiveness of debt, default interest write-off, lender cash allocated to escrows and lender closing costs expensed.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial period

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

Likely developments and expected results of operations
Further information on likely developments in operations of the Trust and the expected result of these operations has not been included in this report because the responsible entity believes it is likely to result in unreasonable prejudice to the Trust.

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

Units on issue

There were 263,413,889 units of the Trust on issue at 30 June 2012 (31 December 2011: 263,413,889 units).

Interests of Responsible Entity
The Responsible Entity held no units in the Trust at 30 June 2012 (31 December 2011: Nil).

Indemnification and Insurance of Officers and Auditors
During the six months to 30 June 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 98/100**.** The Trust is an entity to which the class order applies.

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

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

/s/ Philip Meagher

Philip Meagher
Director
Dated this 16th day of August 2012 in Sydney

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Auditor's Independence Declaration to the directors of RNY Australia Management Limited, the Responsible Entity of RNY Property Trust

In relation to our review of the financial report of RNY Property Trust for the half-year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
16 August 2012

Statement of Comprehensive Income
for the half year ended 30 June 2012

	Notes	Consolidated 30 June 2012 A$'000	Consolidated 30 June 2011 A$'000
CONTINUING OPERATIONS			
Revenue and other income			
Rental income from investment properties		32,652	32,815
Other income		679	429
Gain on extinguishment of debt	4(c)	49,147	-
Interest income		2	2
Total revenue and other income		82,480	33,246
Expenses			
Property expenses		17,145	17,357
Borrowing costs		12,318	13,225
Loss from investment property valuations	3(a)	8,425	299
Other investment property expenses		1,322	1,187
Administration expenses		93	90
Management fees		751	760
Other expenses		180	213
Total expenses		40,234	33,131
Profit from continuing operations before income tax benefit		42,246	115
Income tax benefit		-	-
NET PROFIT FROM CONTINUING OPERATIONS AFTER TAX		42,246	115
OTHER COMPREHENSIVE GAIN/(LOSS)			
Foreign currency translation gain/(loss) (net of tax)		319	(6,474)
Net change in fair value of derivative		(3,084)	-
Other comprehensive gain/(loss) for the period, net of tax		2,765	(6,474)
TOTAL COMPREHENSIVE GAIN/(LOSS) FOR THE PERIOD		39,481	(6,359)
Profit/(loss) from continuing operations after tax is attributable to:			
Unitholders of RNY		31,452	(204)
Non-controlling interest		10,794	319
		42,246	115
Total comprehensive profit/(loss) for the period is attributable to:			
Unitholders of RNY		29,379	(4,722)
Non-controlling interest		10,102	(1,637)
		39,481	(6,359)
Basic and diluted earnings per unit from continuing operations attributable to RNY Unitholders (cents)		11.94	(0.08)

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

Balance Sheet
as at 30 June 2012

	Notes	Consolidated As at 30 Jun 2012 A$'000	Consolidated As at 31 Dec 2011 A$'000
Current assets			
Cash and cash equivalents	4(d)	11,000	13,430
Trade and other receivables		1,103	878
Other current assets		6	29
		12,109	14,337
Investment property held for sale		1,380	1,384
Total current assets		13,489	15,721
Non-current assets			
Investment properties	3	441,811	450,768
Other non-current assets		18,627	10,678
Total non-current assets		460,438	461,446
Total assets		473,927	477,167
Current liabilities			
Trade and other payables		12,490	19,684
Derivative financial instruments		1,011	-
Secured borrowings – current	4(a)	50,566	243,796
Total current liabilities		64,067	263,480
Non current liabilities			
Secured borrowings – non current	4(b)	267,707	112,798
Derivative financial instruments		2,073	
Preferred shares	5	123	123
Total non-current liabilities		269,903	112,921
Total liabilities		333,970	376,401
Net assets		139,957	100,766
Unitholders' Equity			
Units on issue	6	251,377	251,377
Reserves		(41,971)	(39,898)
Accumulated losses		(105,396)	(136,848)
		104,010	74,631
Non-controlling interest		35,947	26,135
TOTAL EQUITY		139,957	100,766

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

	Consolidated 30 Jun 2012 A$'000	Consolidated 30 Jun 2011 A$'000
Cash flows from operating activities		
Receipts from customers	33,639	32,614
Payments to suppliers	(17,141)	(14,808)
Interest received	2	2
Interest and borrowing costs paid	(11,934)	(13,112)
Net cash inflow from operating activities	4,566	4,696
Cash flows from investing activities		
Payments for property plant & equipment	(2,145)	(2,503)
Payments for deferred leasing costs	(259)	(755)
Net cash outflow from investing activities	(2,404)	(3,258)
Cash flows from financing activities		
Proceeds from new borrowings	156,020	-
Repayment of borrowings	(156,986)	(372)
Debt raising costs paid	(3,451)	-
Distributions paid to minority shareholders	(290)	(366)
Net cash outflow from financing activities	(4,707)	(738)
Net (decrease)/increase in cash and cash equivalents	(2,545)	700
Cash and cash equivalents at beginning of period	13,430	11,528
Net foreign exchange differences	115	(922)
Cash and cash equivalents at end of period	11,000	11,306

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

Statement of Changes in Equity
for the half year ended 30 June 2012

	Note	Units on Issue	Accumulated Loss	Reserves	Owners of RNY	Non-controlling interest	Total Equity
		$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
CONSOLIDATED							
At 1 January 2011		251,377	(126,833)	(39,950)	84,594	29,789	114,383
Foreign currency translations taken to equity		-	-	(4,518)	(4,518)	(1,956)	(6,474)
Profit/(loss) for the half year		-	(204)	-	(204)	319	115
Total comprehensive loss for the half year, net of tax		-	(204)	(4,518)	(4,722)	(1,637)	(6,359)
Distributions		-	-	-	-	(366)	(366)
At 30 June 2011		251,377	(127,037)	(44,468)	79,872	27,786	107,658

	Note	Units on Issue	Accumulated Loss	Reserves	Owners of RNY	Non-controlling interest	Total Equity
		$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
CONSOLIDATED							
At 1 January 2012		251,377	(136,848)	(39,898)	74,631	26,135	100,766
Foreign currency translations taken to equity		-	-	240	240	79	319
Fair value movement of derivative				(2,313)	(2,313)	(771)	(3,084)
Profit for the half year		-	31,452	-	31,452	10,794	42,246
Total comprehensive profit for the half year, net of tax		-	31,452	(2,073)	29,379	10,102	39,481
Distributions		-	-	-	-	(290)	(290)
At 30 June 2012		251,377	(105,396)	(41,971)	104,010	35,947	139,957

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

1. Corporate Information

The financial report of RNY Property Trust ("RNY" or the "Trust") for the half year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 16 August 2012.

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

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

The nature of the operations and principal activities of the Trust are described in Note 11.

2. Basis of Preparation of the Half Year Financial Report

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

The half year financial report should be read in conjunction with the annual Financial Report of RNY for the year ended 31 December 2011.

It is also recommended that the half year financial report be considered together with any public announcements made by RNY, its controlled entities and its associates during the half year ended 30 June 2012 in accordance with the continuous disclosure obligations arising under the Australian Stock Exchange Listing Rules.

(a) Basis of Accounting

This general purpose condensed financial report for the half year ended 30 June 2012 has been prepared in accordance with the Trust Constitution, AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements.

The half year financial report has been prepared on a historical cost basis except for derivative financial instruments and investment properties that are held at fair value.

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

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars per ASIC 98/100.

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

(b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiary, RNY Australia LPT Corporation (the “US REIT”), along with the US REITs investment in RNY Australia Operating Company LLC (the “US LLC”) together known as the “Group” as at 30 June 2012.

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

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

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

(c) Statement of Compliance

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

From 1 January 2012 the Trust has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 January 2012. Adoption of these Standards and Interpretations did not have any material effect on the financial position or performance of the Trust.

- AASB 1054 *Additional Australian Disclosures (requirements in addition to IFRS)*

The following amending standards have also been adopted from 1 January 2012:

- AASB 2010-8 *Amendment to Australian Accounting Standards – Deferred Tax.*
- AASB 2011-5 A*mendments to Australian Accounting Standards to extend relief from Consolidation, Equity Accounting & Joint Venture Accounting*

The Trust has not elected to early adopt any new standards or amendments.

(d) Foreign currencies

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

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

- the assets and liabilities of these entities are translated at the rate of exchange ruling at the balance sheet date of A$1.00 = US$1.02 (31 December 2011: A$1.00 = US$1.02) and
- the Statement of Comprehensive Income of these entities are translated at the average rate for the period of A$1.00 = US$1.03 (30 June 2011: A$1.00 = US$1.03)

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

3. Investment Properties

	Consolidated 30 Jun 2012 A$'000	Consolidated 31 Dec 2011 A$'000
Investment properties at fair value	441,811	450,768

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

Included in the carrying value of investment properties are the following:		
Straight – line asset*	10,681	11,124
Lease commissions	9,023	9,203
Deferred revenues**	(3,957)	(3,842)
Total other investment value	**15,747**	**16,485**

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

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

Carrying amount at the start of the period	450,768	459,453
Fair value adjustment	(8,425)	(13,904)
Capital additions	1,699	4,766
Other investment value	(683)	154
Foreign exchange gain/(loss)	(1,548)	299
Carrying amount at the end of the period	**441,811**	**450,768**

3. Investment Properties

The attached table shows details of property investments held through controlled entities as at 30 June 2012. Amounts are in US Dollars and Australian Dollars where indicated.

Property Address	Date of Acquisition	Region	Book Value At 31 Dec 11 @100% US $'000	Book Value At 30 Jun 12 @100% US $'000	Latest Independent Appraisal(i) @100% US $'000	Date of Latest Independent Appraisal	Book Value At 31 Dec 11 @100% AUD $'000	Book Value At 30 Jun 12 @100% AUD $'000	Latest Independent Appraisal(i) @100% AUD $'000
35 Pinelawn Rd, Long Island	21 Sep 05	Long Island	15,300	16,050	15,300	31 Dec 11	15,065	15,749	15,013
150 Motor Parkway, Long Island	21 Sep 05	Long Island	27,800	26,500	26,500	30 Jun 12	27,373	26,003	26,003
660 White Plains Rd, Westchester County	21 Sep 05	Westchester	31,000	31,900	31,000	31 Dec 11	30,524	31,302	30,419
100 Executive Dr, Nth New Jersey	21 Sep 05	New Jersey	9,400	8,600	8,600	30 Jun 12	9,256	8,439	8,439
100 Grasslands Rd, Westchester County	21 Sep 05	Westchester	8,600	9,550	8,500	30 Jun 10	8,468	9,371	8,341
80 Grasslands Rd, Westchester County	21 Sep 05	Westchester	13,800	14,000	14,000	30 Jun 12	13,588	13,738	13,738
200 Executive Dr, Nth New Jersey	21 Sep 05	New Jersey	9,700	9,700	9,700	31 Dec 11	9,551	9,518	9,518
492 River Rd, Nth New Jersey	21 Sep 05	New Jersey	37,800	37,450	37,800	30 Jun 11	37,219	36,748	37,092
225 High Ridge Rd, Fairfield County	21 Sep 05	Connecticut	42,200	43,100	42,200	31 Dec 11	41,552	42,292	41,409
300 Motor Parkway, Long Island	21 Sep 05	Long Island	6,400	7,200	6,400	31 Dec 10	6,302	7,065	6,280
505 White Plains Rd, Westchester County	21 Sep 05	Westchester	2,900	2,800	2,900	31 Dec 10	2,855	2,748	2,846
55 Charles Lindbergh Blvd, Long Island	21 Sep 05	Long Island	35,000	35,500	35,000	31 Dec 11	34,462	34,835	34,344
200 Broadhollow Rd, Long Island	21 Sep 05	Long Island	9,900	10,400	10,300	31 Dec 10	9,748	10,205	10,107
10 Rooney Circle, Nth New Jersey	21 Sep 05	New Jersey	5,800	5,500	6,800	30 Jun 11	5,711	5,397	6,673
560 White Plains Rd, Westchester County	21 Sep 05	Westchester	16,400	16,000	16,400	30 Jun 11	16,148	15,700	16,093
555 White Plains Rd, Westchester County	21 Sep 05	Westchester	14,300	14,400	14,300	31 Dec 10	14,080	14,130	14,032
6800 Jericho Turnpike, Long Island	6 Jan 06	Long Island	27,200	27,600	28,100	31 Dec 10	26,782	27,083	27,573
6900 Jericho Turnpike, Long Island	6 Jan 06	Long Island	13,600	14,500	13,900	30 Jun 11	13,391	14,228	13,639

Property Address	Date of Acquisition	Region	Book Value At 31 Dec 11 @100% US $'000	Book Value At 30 Jun 12 @100% US $'000	Latest Independent Appraisal[(i)] @ 100% US $'000	Date of Latest Independent Appraisal	Book Value At 31 Dec 11 @100% AUD $'000	Book Value At 30 Jun 12 @100% AUD $'000	Latest Independent Appraisal[(i)] @100% AUD $'000
710 Bridgeport Ave, Fairfield County	6 Jan 06	Connecticut	37,400	38,200	37,400	30 Jun 11	36,826	37,484	36,699
580 White Plains Rd, Westchester County	6 Oct 06	Westchester	23,500	23,150	18,500	31 Dec 10	23,139	22,716	18,153
300 Executive Dr, Nth New Jersey	6 Oct 06	New Jersey	14,200	14,350	14,200	31 Dec 10	13,982	14,081	13,934
1660 Walt Whitman Rd, Long Island	6 Oct 06	Long Island	13,300	10,900	10,900	30 Jun 12	13,096	10,696	10,696
520 Broadhollow Rd, Long Island	6 Oct 06	Long Island	11,600	9,600	9,600	30 Jun 12	11,422	9,420	9,420
50 Marcus Drive, Long Island	6 Oct 06	Long Island	30,700	23,300	23,300	30 Jun 12	30,228	22,863	22,863
			457,800	450,250	441,600		450,768	441,811	433,324

(i) CB Richard Ellis, Inc. – Valuation and Advisory Services ("CBRE") performed appraisals for six of the Group's properties at 30 June 2012 as noted above. Internal appraisals were then performed at balance date on the remainder of the properties based on capitalisation rates advised by CBRE. In addition CBRE performed appraisals for the remainder of the Group's properties at the appraisal dates shown above.

4. Secured borrowings

(a) Current secured borrowings:

Facility	US $'000 30 Jun 2012	US $'000 31 Dec 2011	AUD $'000 30 Jun 2012	AUD $'000 31 Dec 2011	Int Rate	Maturity Date
*Fixed rate commercial mortgages***						
Tranche I mortgage	-	196,068	-	193,056	5.20%	Sep 2010
Tranche III mortgage*	51,532	51,532	50,566	50,740	5.20%	Oct 2010
Total	**51,532**	**247,600**	**50,566**	**243,796**		

*The Tranche III mortgage matured in October 2010. The terms of this loan agreement allows for penalty interest at a rate of 3.0% above the fixed rate to be charged on the mortgage from the loan maturity date, however interest continues to be paid on this loan at the 5.2% fixed rate. Unpaid penalty interest has been accrued in the accounts.

(b) Non-current secured borrowings:

Facility	US $'000 30 Jun 2012	US $'000 31 Dec 2011	AUD $'000 30 Jun 2012	AUD $'000 31 Dec 2011	Int Rate	Maturity Date
*Fixed rate commercial mortgages***						
Tranche II mortgage	72,000	72,000	70,651	70,894	5.32%	Jan 2016
Dec 2009 mortgage	42,155	42,557	41,366	41,904	6.125%	Jan 2017
Senior Bank loan	122,664	-	120,365	-	*see note (a)*	May 2017
Mezzanine loan	36,000	-	35,325	-	*see note (b)*	May 2017
Total	**272,819**	**114,557**	**267,707**	**112,798**		

** 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 entered into an interest rate swap agreement which fixes LIBOR at approximately 1.33% per annum. 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.

Note (b). The Mezzanine loan accrues interest at a fixed rate of 13% per annum to maturity. Interest only payments are required at a fixed rate of 6% per annum in year one, 8% per annum in year two and 13% per annum thereafter to maturity. Accrued and unpaid interest is due at maturity.

4. Secured borrowings (continued)

(c) Gain on extinguishment of debt

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 total discounted amount shown as a Gain on extinguishment of debt of AU$49.147 million ($US50.764 million) was comprised of gains relating to forgiveness of debt, default interest write-off, lender cash allocated to escrows and lender closing costs expensed.

(d) Current funding:

The US LLC has US$51.5 million of mortgage debt (the "October 2010 Mortgage Pool") that matured in October 2010. With regards to this loan, the US LLC has continued discussions with the lender related to an extension and/or restructuring of the loan. Penalty interest is being accrued on the October 2010 Mortgage Pool but is not currently being paid.

The October 2010 Mortgage Pool is secured by 3 properties valued at US$43.8 million as at 30 June 2012 and carries a fixed interest rate of 5.2% per annum. Subsequent to the maturity of the October 2010 Mortgage Pool, the US LLC continued to make monthly payments of interest only at the October 2010 Mortgage Pool fixed interest rate through the April 2012 payment date, at which time the lender exercised certain rights by appointing a special servicer to service the October 2010 Mortgage Pool on their behalf. Subsequent to the April 2012 payment date, the special servicer started receiving all rents from the affected properties directly and is providing only necessary funding to the US LLC. At 30 June 2012, the lender controlled cash account balance was approximately US$902,000 (31 December 2011: Nil). Such amounts are reflected in cash and cash equivalents on the accompanying consolidated balance sheet.

The extension or restructuring of this loan is dependent on market conditions, including conditions in the debt markets and the fair values of the properties securing such loans. There are no assurances that the US LLC will be able to refinance or obtain extensions for this loan. Such mortgage debt is recourse only to the properties which serve as collateral for the loan. Notwithstanding, subsequent to the maturity of the loan, no cash sweep was instituted by the lender and the cash management process remained in place, which resulted in distributions to the US LLC in the amount of approximately US$3.5 million. The lender is contending that such distributions should be returned to the borrower entities. Any restructuring or settlement with the lender would have to include a resolution to this issue of post-maturity distributions.

At 30 June 2012 the current liabilities of the US LLC were greater than the current assets. The resulting net current deficit is partly attributable to the penalty interest that is being accrued, but not paid, on behalf of the October 2010 Mortgage Pool and a derivative liability associated with the Senior Bank loan listed in this Note.

5. Preferred shares

	Consolidated 30 Jun 2012 A$'000	Consolidated 31 Dec 2011 A$'000
Preferred shares	**123**	**123**

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

6. Units on Issue

Ordinary Units	Consolidated 30 Jun 2012 Units	Consolidated 31 Dec 2011 Units
(a) Movements in Ordinary units on issue		
Units on issue at beginning of the period – fully paid	263,413,889	263,413,889
Units on issue at the end of the period – fully paid	263,413,889	263,413,889

	Consolidated 30 Jun 2012 A$'000	Consolidated 31 Dec 2011 A$'000
(b) Movement in issued equity		
Issued equity at the beginning of the period	251,377	251,377
Issued equity at the end of the period	**251,377**	**251,377**

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

7. Earnings per unit

	Consolidated 30 Jun 2012 Cents	Consolidated 30 Jun 2011 Cents
Basic and diluted earnings per unit	11.94	(0.08)

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

Adjusted basic earnings per unit*	0.35	0.01
*This calculation is based on the following adjusted net (loss)/profit:	$'000	$'000
Total comprehensive profit/(loss) attributable to RNY unitholders	29,379	(4,722)
add: loss from investment property revaluations	6,319	224
less: gain on extinguishment of debt	(36,860)	-
add: loss on financial instrument hedge	2,313	
add/less: foreign currency loss/(gain)	(240)	4,518
Adjusted net profit used in calculation above	911	20

8. Commitments and Contingencies

Commitments and contingencies of the US LLC

(a) Leasing arrangements – commitments receivable

The US LLC enters into lease arrangements with the various tenants that occupy 24 of the properties (2011: 24 properties) owned by the company in the New York Tri-State area.

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

	Consolidated 30 Jun 2012 A$'000	Consolidated 30 Jun 2011 A$'000
Within 1 year	54,455	52,248
Later than 1 year but not later than 5 years	129,382	139,095
Later than 5 years	48,542	52,841
	232,379	**244,184**

Other than as outlined above, the consolidated entity and the US LLC had no other commitments or contingencies existing at balance date.

9. Distribution Statement

	Consolidated	
	30 Jun 2012 A$'000	**30 Jun 2011 A$'000**
Total comprehensive profit/(loss) for the period attributable to unitholders of RNY	29,379	(4,722)
Adjusted for RNY share of:		
Loss from investment property revaluations	6,319	224
Straight lining of rental income	252	(606)
Gain on extinguishment of debt	(36,860)	-
Mortgage cost amortisation	222	104
Leasing cost amortisation	868	795
Loss on financial instrument hedge	2,313	-
Foreign currency translation (gain)/loss	(240)	4,518
INCOME AVAILABLE FOR DISTRIBUTION	2,253	313
Amounts retained	(2,253)	(313)
DISTRIBUTION PAYABLE	-	-
Distribution per unit (cents)	-	-

No distribution was paid to unitholders for the half year ended 30 June 2012 and no provision for distribution has been recognised in the current period.

10. Net Asset Backing per Unit

	Consolidated 30 Jun 2012 A$	Consolidated 31 Dec 2011 A$
Net asset backing per unit	$0.39	$0.28

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

11. Segment reporting

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

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

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

The performance measures used by management differ from those disclosed in the Statement of Comprehensive Income as certain adjustments are made to arrive at an adjusted net profit or loss which better facilitates the decision making of the chief operating decision makers. The adjustments made to the segment result are detailed in Note 7 of these accounts. A reconciliation of adjusted net profit to the consolidated net loss shown in the statement of comprehensive income is also provided in the note.

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

12. Subsequent Events

There has not arisen in the interval between the end of the financial period 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.

Directors Declaration

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

In the opinion of the directors:

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

    (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and the performance for the half year ended on that date; and

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

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

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

/s/ Philip Meagher
Philip Meagher
Director

Sydney, 16th August 2012

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of RNY Property Trust, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, and the directors' declaration of RNY Australia Management Limited, the Responsible Entity of the consolidated entity comprising the Trust and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the 30 June 2012 Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of RNY Property Trust and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

ERNST & YOUNG

a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the half-year ended on that date; and

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

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
16 August 2012