Appendix 4E

Preliminary final report
for the year ended 31 December 2012

Name of entity	RNY Property Trust
ARSN	115 585 709
Reporting period	Twelve month period ended 31 December 2012
Previous corresponding period	Twelve month period ended 31 December 2011

Results for announcement to market

Financial Performance

	A $'000
Revenue/(loss) from ordinary activities	Up 72.9% to 119,115
Profit/(loss) from ordinary activities after tax attributable to unitholders	Up 487.8% to 38,842
Net profit/(loss) for the period attributable to unitholders	Up 487.8% to 38,842

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 2012	N/A
Date the December 2012 distribution is payable	N/A
Tax advantage component of the December 2012 distribution	N/A
The taxable component of the December 2012 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 2011 together with any public announcements made by the Trust during the year ended 31 December 2012 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 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 year ended 31 December 2012.

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
18 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 2012 owned 24 office properties (one warehouse property sold during the year) (2011: 24 office properties and 1 warehouse property held for sale) in the New York Tri-State area. The principal activity during the financial year has been in investing into the commercial office markets of the New York Tri-State area in the United States (US), which is in accordance with the stated investment strategy as set out in the Product Disclosure Statement dated 15 August 2005. There has been no change in the Trust's activities during or since the end of the financial year.

Distributions
No distributions were paid to unitholders for the year ended 31 December 2012 and no provision for distribution has been recognised in the financial statements.

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

Funding
The US LLC has US$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 31 December 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 31 December 2012, the lender controlled cash account balance was approximately US$1.7 million (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 initially instituted by the lender and the pre-existing cash management process remained in place, which resulted in approximately US$3.5 million flowing into the borrower's operating account which was used to fund property operating expenses and for general corporate purposes. The lender is contending that this cash should have been deposited into a lender controlled cash collateral account. Any restructuring or settlement with the lender would have to include a resolution to this issue.

At December 31, 2012, with regards to the Senior Bank loan, the US LLC has approximately US$2.2 million (31 December 2011: Nil) 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 cash and cash equivalents on the accompanying consolidated balance sheet.

At 31 December 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 12 of the accounts.

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 2012 was $38,842,414 (2011: Loss $10,014,836).

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$49.020 million (US$50.774 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, there were no significant changes in the state of affairs of the Group that occurred during the financial year.

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

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

Units on issue

The Trust had 263,413,889 fully paid units on issue at 31 December 2012 (31 December 2011: 263,413,889 fully paid units).

Trust Assets

At 31 December 2012, the Trust held total assets of $478.530 million (2011: $477.167 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 $444,688 (2011: $305,026) were paid to the Responsible Entity for the year. The Responsible Entity was also reimbursed for expenses amounting to $132,665 (2011: $129,430) for the year ended 31 December 2012.

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 2012 and 2011 the Trust was charged for insurance premiums incurred by the Responsible Entity in relation to an insurance policy which provides cover to directors and officers of the Responsible Entity. So long as the officers of RAML act in accordance with the Trust Constitution and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The disclosure of the nature of the liability and the amount of the premium paid is prohibited under the insurance contract. The auditors of the Trust are in no way indemnified out of the assets of the Trust.

Rounding of Amounts

Amounts in the financial report and the Directors' Report have been rounded to the nearest thousand dollars per ASIC 98/0100. The Trust is an entity to which the class order applies.

Corporate Governance
The directors of the Responsible Entity support the principles of corporate governance. The Responsible Entity's corporate governance statement is contained in the Corporate Governance section of the Annual Report.

Board Committees
At the date of this report, the Responsible Entity had an Audit and Risk Management Committee and a Compliance Committee. The responsibilities of these committees are described in the Corporate Governance Statement included in the Annual Report.

Auditor Independence and Non-audit Services
A copy of the auditor's independence declaration as required under section 307c of the Corporations Act 2001 immediately follows this report.
Details of non-audit services provided by the Trust's auditor, Ernst & Young (E&Y) are set out in Note 29 to the financial statements. The directors are satisfied that the provision of non-audit services provided by E&Y as the external auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of the non-audit services provided did not compromise the auditor independence requirements of the Corporations Act.

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

/s/ Philip Meagher

Philip Meagher, Director
Dated this 27th day of February 2013 in Sydney

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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 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
27 February 2013

Statement of Comprehensive Income
year ended 31 December 2012

	Note	Consolidated 2012 $'000	Consolidated 2011 $'000
CONTINUING OPERATIONS			
Revenue and other income			
Rental income from investment properties	3	65,840	66,481
Other income		4,252	2,390
Gain on extinguishment of debt	12(f)	49,020	-
Interest income		3	4
Total revenue and other income		119,115	68,875
Expenses			
Property expenses	4	34,627	35,806
Borrowing costs	5	23,647	26,752
Loss from investment property revaluations		2,625	13,904
Loss from revaluation of property held for sale		-	91
Loss on sale of property held for sale		518	-
Other investment property expenses		2,622	2,691
Administration expenses		287	286
Management fees		1,483	1,536
Other expenses		566	369
Total expenses		66,375	81,435
Profit/(loss) from operations before tax expense		52,740	(12,560)
US withholding tax	6	127	-
NET PROFIT/(LOSS) FROM OPERATIONS AFTER TAX		52,613	(12,560)
OTHER COMPREHENSIVE LOSS - RECYCLABLE			
Foreign currency translation loss (net of tax)		(2,291)	(311)
Loss on financial instrument hedge (net of tax)	27(d)	(3,723)	-
Other comprehensive loss for the year, net of tax		(6,014)	(311)
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		46,599	(12,871)
Profit/(Loss) from continuing operations after tax is attributable to:			
Unitholders of RNY		38,842	(10,015)
Non-controlling interest		13,771	(2,545)
		52,613	(12,560)
Total comprehensive profit/(loss) for the year is attributable to:			
Unitholders of RNY		34,350	(9,963)
Non-controlling interest		12,249	(2,908)
		46,599	(12,871)
Basic and diluted profit/(loss) per unit from operations attributable to RNY Unitholders (cents)	20(a)	14.75	(3.80)

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

Balance Sheet
as at 31 December 2012

	Note	Consolidated 31 Dec 12 $'000	Consolidated 31 Dec 11 $'000
Current assets			
Cash and cash equivalents	19(b)	13,400	13,430
Trade and other receivables	7	826	878
Other current assets		36	29
		14,262	14,337
Investment property held for sale	8	-	1,384
Total current assets		14,262	15,721
Non-current assets			
Investment properties	9	442,507	450,768
Other non-current assets	10	21,761	10,678
Total non-current assets		464,268	461,446
Total assets		478,530	477,167
Current liabilities			
Trade and other payables	11	16,747	19,684
Secured borrowings – current	12(a)	49,626	243,796
Derivative financial instruments	13	1,364	-
Total current liabilities		67,737	263,480
Non current liabilities			
Secured borrowings – non current	12(b)	261,592	112,798
Derivative financial instruments	13	2,359	-
Preferred shares	14	120	123
Total non-current liabilities		264,071	112,921
Total liabilities		331,808	376,401
Net assets		146,722	100,766
Unitholders' Equity			
Units on Issue	15	251,377	251,377
Reserves	16	(44,390)	(39,898)
Accumulated deficit		(98,006)	(136,848)
		108,981	74,631
Non-controlling interest		37,741	26,135
TOTAL EQUITY		146,722	100,766

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

Cash Flow Statement
year ended 31 December 2012

	Note	Consolidated 2012 $'000	2011 $'000
Cash flows from operating activities			
Receipts from customers		70,059	67,825
Payments to suppliers		(39,859)	(38,729)
Interest received		3	4
Interest and borrowing costs paid		(16,909)	(19,154)
Net cash inflow from operating activities		13,294	9,946
Cash flows from investing activities			
Payments for property plant & equipment		(5,571)	(4,766)
Payments for deferred leasing costs		(1,455)	(1,389)
Proceeds from disposal of property held for resale		152	-
Repayment of note receivable		8	-
Net cash outflow from investing activities		(6,866)	(6,155)
Cash flows from financing activities			
Proceeds from new borrowings		153,120	-
Repayment of borrowings		(155,207)	(761)
Debt raising costs paid		(3,425)	-
Distributions paid to minority shareholders		(643)	(746)
Net cash outflow from financing activities		(6,155)	(1,507)
Net increase in cash and cash equivalents		273	2,284
Cash and cash equivalents at beginning of year		13,430	11,528
Net foreign exchange differences		(303)	(382)
Cash and cash equivalents at end of year	19(b)	13,400	13,430

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

	Note	Units on Issue	Accumulated Deficit	Reserves	Owners of RNY	Non-controlling interest	Total Equity
		$'000	$'000	$'000	$'000	$'000	$'000
CONSOLIDATED							
At 31 December 2010		251,377	(126,833)	(39,950)	84,594	29,789	114,383
Foreign currency translations taken to equity							
- recyclable	16	-	-	52	52	(363)	(311)
Loss for the year		-	(10,015)	-	(10,015)	(2,545)	(12,560)
Total comprehensive loss for the year, net of tax		-	(10,015)	52	(9,963)	(2,908)	(12,871)
Distributions		-	-	-	-	(746)	(746)
At 31 December 2011		251,377	(136,848)	(39,898)	74,631	26,135	100,766
Fair value movement of derivatives							
- recyclable	16	-	-	(2,792)	(2,792)	(931)	(3,723)
Foreign currency translations taken to equity							
- recyclable	16	-	-	(1,700)	(1,700)	(591)	(2,291)
Profit for the year		-	38,842	-	38,842	13,771	52,613
Total comprehensive profit for the year, net of tax		-	38,842	(4,492)	34,350	12,249	46,599
Distributions		-	-	-	-	(643)	(643)
At 31 December 2012		251,377	(98,006)	(44,390)	108,981	37,741	146,722

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 2012 was authorised for issue in accordance with a resolution of the directors on 27th February 2013.

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 notwithstanding the net current deficiency of the Trust (refer Note 12(g)).

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

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

(b) Statement of Compliance

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

From 1 January 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 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 *Amendments to Australian Accounting Standards – Deferred Tax*

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 2012 are as follows.

Reference	Title	Summary	Application Date of Standard*	Impact on Group Financial Report	Application Date for Group*
AASB 9	Financial Instruments	Simplify classification of financial instruments	1 Jan 2013	Refer note below**	1 Jan 2015
AASB 10	Consolidated Financial Statements	Establishes a new control model that applies to all entities. It replaces parts 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.	1 Jan 2013	Refer note below***	1 Jan 2013
AASB 11	Joint Arrangements	Establishment of principles for financial reporting by entities that have an interest in arrangements that are controlled jointly	1 Jan 2013	Refer note below**	1 Jan 2013
AASB 12	Disclosure of interests in other entities	Details disclosure requirements relating to interests in subsidiaries, joint arrangements & associates.	1 Jan 2013	Refer note below**	1 Jan 2013
AASB 13	Fair Value Measurement	Framework for measurement & disclosure of fair value	1 Jan 2013	Refer note below**	1 Jan 2013

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

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 2011-8	Amendments to AAS arising from AASB 13	Impact of AASB 13 changes on other accounting standards	1 Jan 2013	Refer note below**	1 Jan 2013
AASB 2011-9	Amendments to AAS – Presentation of OCI items	Impact of Other Comprehensive Income presentation on various accounting standards	1 July 2012	Refer note below**	1 Jan 2013
AASB 2012-2	Amendments to AAS – Offsetting financial assets & liabilities	Amendments to AASB 7 to enable users to evaluate effect of offsetting arrangements in financial statements	1 Jan 2013	Refer note below**	1 Jan 2013
AASB 2012-3	Amendments to AAS – Offsetting financial assets & liabilities	Guidance to assist with application of AASB 132 Financial Instruments: Presentation	1 Jan 2013	Refer note below**	1 Jan 2013

*Designates the beginning of the applicable annual reporting period

**At 31 December 2012 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.

***Management of the Responsible Entity is in the process of reviewing the structure and inter-relationship between RNY and the US LLC in light of the following key elements under the new control model:

- Power over the investee;
- Exposure, or rights, to variable returns from involvement with the investee; and
- The ability to use power over the investee to affect the amount of the investor's returns.

Due to the highly judgmental nature of the control assessment including the unique nature of the RNY and US LLC structure, management is not yet in a position to determine whether the application of AASB 10 in subsequent periods may result in a different conclusion to that which is currently applicable under AASB 127. There is a possibility that, once this assessment has been completed, management may conclude that RNY does not control the US LLC under the new standard and, therefore, the investment in US LLC would be deconsolidated and treated as an equity-accounted associate investment. Such a change in the basis of accounting would result in a decrease in total net profit and total assets, equivalent to the 25% share in the US LLC not held by RNY, but would not change the total net profit or total assets attributable to RNY unitholders.

2. Summary of Significant Accounting Policies (continued)

(c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at 31 December 2012. Information from the financial statements of the consolidated entity is included from the date the parent entity obtained control.

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

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

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

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

(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:

Operating lease commitments

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

(ii) Significant estimates and assumptions

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

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

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

(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, the US REIT and the US LLC have been eliminated in preparing the consolidated financial statements.

(k) Investment Properties

The Group's investment properties are carried at fair value. Independent valuations of investment properties are obtained at intervals of not more than three years from suitably qualified property valuers. Such valuations are reflected in the consolidated financial statements of the Group. Notwithstanding, the directors of US REIT and the Responsible Entity assess the carrying value of each investment property at each reporting date to ensure that the carrying value does not materially differ from its fair value. Where the carrying value differs from fair value, the relevant assets are adjusted to their fair value.

The prime valuation methodology used by the property valuers in determining fair value, is to discount the expected net cash flows to their present value using a market determined risk-adjusted discount rate applicable to the respective asset. For assets which have not been externally valued at reporting date, a similar valuation methodology has been used by the directors of RAML. Changes in fair value of an investment property are recorded in the statement of comprehensive income.

Expenditure capitalised to properties include the costs of acquisition, capital and refurbishment additions. Land and buildings are considered to have the function of an investment and are therefore regarded as a composite asset. The buildings and components thereof (including plant and equipment) are not depreciated.

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

2. Summary of Significant Accounting Policies (continued)

(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 2012, a spot rate of A$1.00 = US$1.04 was used (31 December 2011: A$1.00 = US$1.02).

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

Translation of financial reports of foreign operations

The functional currency of RNY's controlled entities is United States dollars.

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

(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 income statement.

(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.

2. Summary of Significant Accounting Policies (continued)

(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.

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)

(r) 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. 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.

(s) Leasing fees

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

2. Summary of Significant Accounting Policies (continued)(t) Leasing Incentives

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

(u) Impairment of Assets

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

(w) Comparatives

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

	Consolidated	
	2012	**2011**
	$'000	**$'000**

3. Rental income from investment properties

	2012 $'000	2011 $'000
Rental income and outgoings recoveries	66,285	65,342
Straight lining of rental income	(445)	1,139
	65,840	**66,481**

4. Property expenses

	2012 $'000	2011 $'000
Property operating expenses	20,677	21,295
Impairment charge for year	671	919
Real estate taxes	13,140	13,452
Ground rent	139	140
	34,627	**35,806**

5. Borrowing costs

	2012 $'000	2011 $'000
Interest expense	22,874	26,497
Other finance costs	773	255
	23,647	**26,752**

6. Income tax benefit

(a) Income tax benefit

	2012 $'000	2011 $'000
Deferred US withholding tax benefit	-	-

(b) Reconciliation of withholding tax expense

The prima facie tax on profit/(loss) before tax expense is reconciled to the tax benefit provided in the financial statements as follows:

	2012 $'000	2011 $'000
Net profit/(loss) before tax benefit	52,740	(12,560)
Prima facie US withholding tax expense/(benefit) at the US rate of 15% (2011: 15%)	7,911	(1,884)
Tax effect of amounts that are not assessable for withholding tax purposes	(7,784)	1,884
US withholding tax expense	**127**	**-**

Refer Note 18 for details of Deferred Tax Assets

7. Trade and other receivables

	Consolidated 2012 $'000	Consolidated 2011 $'000
Tenant receivables	2,029	2,394
Less: provision for impairment loss	(1,251)	(1,410)
	778	984
Accrued tenant escalations	33	(120)
Other receivables	15	14
	826	**878**

Tenant receivables balances are held in the US LLC. They are non-interest bearing and generally payable on 30 day terms. The US LLC assesses the collectability of its accounts receivable related to base rents, tenant escalations and reimbursements and other revenue and provides for an impairment charge for uncollectible amounts based on historical bad debts, customer credit worthiness and current economic trends. An impairment loss of $A670,519 (2011: $A918,776) has been recognised by the US LLC for the current year. No individual amount within the impairment allowance is material.

Movements in the provision for impairment loss were as follows:

	2012	2011
At 1 January	1,410	1,025
Charge for the year	670	919
Amounts written off	(798)	(535)
Foreign exchange translation	(31)	1
	1,251	**1,410**

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

	0-30 days $'000	31-60 days PDNI* $'000	61-90 days PDNI* $'000	+91 days PDNI* $'000	+91 Days CI** $'000	Total $'000
2012 year	389	226	20	143	1,251	2,029
2011 year	369	329	148	138	1,410	2,394

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

**Considered impaired

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

8. Investment property held for sale – current asset

Property Address	Date of Acquisition	Book Value At 31 Dec 12 US $'000	Book Value At 31 Dec 11 US $'000		Book Value At 31 Dec 12 AUD $'000	Book Value At 31 Dec 11 AUD $'000
1155 Railroad Ave, Fairfield County	26 Jun 07	-	1,406		-	1,384

During 2012, the US LLC entered into a contract for the sale of this property on a settlement basis via the issuance of an interest bearing loan to the purchaser.

9. Investment Properties

	Consolidated 2012 $'000	Consolidated 2011 $'000
Investment properties at fair value	**442,507**	**450,768**

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

	2012 $'000	2011 $'000
Included in the carrying value of investment properties are the following		
Straight – line asset*	10,308	11,124
Lease commissions	8,702	9,203
Deferred revenues**	(3,773)	(3,842)
Total	15,237	16,485

*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:

	2012 $'000	2011 $'000
Carrying amount at the start of the year	450,768	459,453
Fair value decrement	(2,625)	(13,904)
Capital additions	4,992	4,766
Other investment value	(885)	154
Foreign exchange gain/(loss)	(9,743)	299
Carrying amount at the end of the year	**442,507**	**450,768**

At 31 December 2012, the investment portfolio occupancy rate was 80.2% (2011: 80.5%) with a weighted average lease expiry of 3.5 years (2011: 3.9 years). Certain of the Group's properties are pledged as security for the Group's borrowings. See note 12 for further details.

9. Investment Properties

The attached table shows details of property investments held through controlled entities as at 31 December 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 31 Dec 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 31 Dec 12 @100% AUD $'000	Latest Independent Appraisal(i) @100% AUD $'000
35 Pinelawn Rd, Long Island	21 Sep 05	Long Island	15,300	16,600	15,300	31 Dec 11		15,065	15,986	14,734
150 Motor Parkway, Long Island	21 Sep 05	Long Island	27,800	27,700	26,500	30 Jun 12		27,373	26,676	25,520
660 White Plains Rd, Westchester County	21 Sep 05	Westchester	31,000	34,000	31,000	31 Dec 11		30,524	32,743	29,854
100 Executive Dr, Nth New Jersey	21 Sep 05	New Jersey	9,400	8,600	8,600	30 Jun 12		9,256	8,282	8,282
100 Grasslands Rd, Westchester County	21 Sep 05	Westchester	8,600	9,550	8,500	30 Jun 10		8,468	9,197	8,186
80 Grasslands Rd, Westchester County	21 Sep 05	Westchester	13,800	14,150	14,000	30 June 12		13,588	13,627	13,482
200 Executive Dr, Nth New Jersey	21 Sep 05	New Jersey	9,700	9,700	9,700	31 Dec 11		9,551	9,341	9,341
492 River Rd, Nth New Jersey	21 Sep 05	New Jersey	37,800	37,450	37,800	30 Jun 11		37,219	36,065	36,402
225 High Ridge Rd, Fairfield County	21 Sep 05	Connecticut	42,200	43,400	42,200	31 Dec 11		41,552	41,795	40,639
300 Motor Parkway, Long Island	21 Sep 05	Long Island	6,400	7,300	7,300	31 Dec 12		6,302	7,030	7,030
505 White Plains Rd, Westchester County	21 Sep 05	Westchester	2,900	2,800	2,900	31 Dec 10		2,855	2,696	2,793
55 Charles Lindbergh Blvd, Long Island	21 Sep 05	Long Island	35,000	36,000	35,000	31 Dec 11		34,462	34,669	33,706
200 Broadhollow Rd, Long Island	21 Sep 05	Long Island	9,900	10,800	10,800	31 Dec 12		9,748	10,401	10,401
10 Rooney Circle, Nth New Jersey	21 Sep 05	New Jersey	5,800	5,500	6,800	30 Jun 11		5,711	5,296	6,549
560 White Plains Rd, Westchester County	21 Sep 05	Westchester	16,400	16,000	16,400	30 Jun 11		16,148	15,408	15,794
555 White Plains Rd, Westchester County	21 Sep 05	Westchester	14,300	14,400	14,300	31 Dec 10		14,080	13,867	13,771
6800 Jericho Turnpike, Long Island	6 Jan 06	Long Island	27,200	28,200	28,200	31 Dec 12		26,782	27,157	27,157
6900 Jericho Turnpike, Long Island	6 Jan 06	Long Island	13,600	14,850	13,900	30 Jun 11		13,391	14,301	13,386

9. Investment Properties (continued)

Property Address	Date of Acquisition	Region	Book Value At 31 Dec 11 @100% US $'000	Book Value At 31 Dec 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 31 Dec 12 @100% AUD $'000	Latest Independent Appraisal(i) @100% AUD $'000
710 Bridgeport Ave, Fairfield County	6 Jan 06	Connecticut	37,400	38,500	37,400	30 Jun 11		36,826	37,076	36,017
580 White Plains Rd, Westchester County	6 Oct 06	Westchester	23,500	25,400	25,400	31 Dec 12		23,139	24,461	24,461
300 Executive Dr, Nth New Jersey	6 Oct 06	New Jersey	14,200	14,800	14,800	31 Dec 12		13,982	14,253	14,253
1660 Walt Whitman Rd, Long Island	6 Oct 06	Long Island	13,300	10,900	10,900	30 Jun 12		13,096	10,497	10,497
520 Broadhollow Rd, Long Island	6 Oct 06	Long Island	11,600	9,600	9,600	30 Jun 12		11,422	9,245	9,245
50 Marcus Drive, Long Island	6 Oct 06	Long Island	30,700	23,300	23,300	30 Jun 12		30,228	22,438	22,438
			457,800	459,500	450,600			450,768	442,507	433,938

(i) CB Richard Ellis, Inc. – Valuation and Advisory Services ("CBRE") performed appraisals for five of the Group's properties at 31 December 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.

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

Region	Market Capitalisation Rate	Discount Rate
Westchester	8.02%	8.60%
Long Island	7.84%	8.93%
New Jersey	8.79%	9.46%
Connecticut	8.74%	8.84%

10. Other non-current assets

	Consolidated 2012 $'000	Consolidated 2011 $'000
Prepaid property expenses	12,053	7,060
Prepaid leasing costs	506	523
Prepaid mortgage costs	4,068	1,455
Mortgage note receivable	1,075	-
Other receivable	4,059	1,640
	21,761	**10,678**

11. Trade and other payables

	Consolidated 2012 $'000	Consolidated 2011 $'000
Property trade creditors	1,297	2,071
Accrued property expenses	11,949	14,336
Security deposits	2,566	2,692
Other creditors and accruals	772	498
Owing to related parties	163	87
	16,747	**19,684**

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

12. Secured Borrowings

(a) Current secured borrowings:

Facility	US $'000 2012	US $'000 2011	AUD $'000 2012	AUD $'000 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	49,626	50,740	5.20%	Oct 2010
Total	**51,532**	**247,600**	**49,626**	**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 2012	US $'000 2011	AUD $'000 2012	AUD $'000 2011	Int Rate	Maturity Date
Fixed rate commercial mortgages						
Tranche II mortgage**	72,000	72,000	69,337	70,894	5.32%	Jan 2016
Dec 2009 mortgage**	41,741	42,557	40,198	41,904	6.125%	Jan 2017
Mezzanine loan	36,000	-	34,669	-	*see note (b)*	May 2017
Floating rate commercial mortgages						
Senior Bank loan**	121,896	-	117,388	-	*see note (a)*	May 2017
Total	**271,637**	**114,557**	**261,592**	**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.

12. Secured Borrowings (continued)

(c) Assets pledged as security:

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

	Consolidated	
	2012 **$'000**	**2011** **$'000**
Non-current assets		
Tranche I mortgage		
Investment properties	-	192,596
Tranche II mortgage		
Investment properties	121,099	120,322
Tranche III mortgage		
Investment properties	42,180	54,746
Dec 2009 mortgage		
Investment properties	85,516	83,104
Senior Bank loan		
Investment properties	193,712	-
Total non-current assets pledged as security	**442,507**	**450,768**

(d) Terms and conditions relating to secured borrowings

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

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 2012, the investment properties were in compliance with the DSCR test.

12. Secured Borrowings (continued)

(e) Fair values

Current borrowings

The fair values of the current borrowings are calculated below.

	2012 Carrying Amount $'000	2012 Fair Value $'000	2011 Carrying amount $'000	2011 Fair Value $'000
Tranche I mortgage	-	-	193,056	193,056
Tranche III mortgage*	49,626	49,626	50,740	50,740
	49,626	**49,626**	**243,796**	**243,796**

The Tranche III mortgage matured in October 2010 respectively. The terms of the 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 dates, however interest continues to be paid on this loan at the 5.2% fixed rate. Unpaid penalty interest has been accrued in the accounts.

The carrying value of this loan reasonably approximates their fair value at the end of the current 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 5.0% (mezzanine loan:10.0%) (2011: 5.0%).

	2012 Carrying Amount $'000	2012 Fair Value $'000	2011 Carrying amount $'000	2011 Fair Value $'000
Tranche II mortgage	69,337	69,973	70,894	71,738
Dec 2009 mortgage	40,198	42,029	41,904	44,074
Senior Bank loan	117,388	119,155	-	-
Mezzanine loan	34,669	38,367	-	-
	261,592	**269,524**	**112,798**	**115,812**

(f) 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$49.020 million ($US50.774 million) was comprised of gains relating to forgiveness of debt, default interest write-off, lender cash allocated to escrows and lender closing costs expensed.

12. Secured Borrowings (continued)

(g) 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 31 December 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 31 December 2012, the lender controlled cash account balance was approximately US$1.7 million (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 initially instituted by the lender and the pre-existing 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 December 31, 2012, with regards to the Senior Bank loan, the US LLC has approximately US$2.2 million (31 December 2011: Nil) 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 cash and cash equivalents on the accompanying consolidated balance sheet.

At 31 December 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.

13. Derivative financial instruments

	Consolidated	
	2012	**2011**
	$'000	**$'000**
Current		
Interest rate swap liability at fair value	**1,364**	**-**
Non-current		
Interest rate swap liability at fair value	**2,359**	**-**

14. Preferred Shares

	Consolidated	
	2012	**2011**
	$'000	**$'000**
Preferred shares	**120**	**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 $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.

15. Units on Issue

	Consolidated 2012 Units	Consolidated 2011 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 2012 $'000	Consolidated 2011 $'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.

16. Reserves

	Consolidated 2012 $'000	Consolidated 2011 $'000
Foreign currency translation reserve	(41,598)	(39,898)
Cash flow hedge reserve	(2,792)	-
	(44,390)	**(39,898)**
Movement in foreign currency translation reserve (i)		
Balance at the beginning of the year	(39,898)	(39,950)
(Loss)/gain on translation of controlled foreign entities	(1,700)	52
Balance at end of the year	**(41,598)**	**(39,898)**

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

	Consolidated 2012 $'000	Consolidated 2011 $'000
Movement in cash flow hedge reserve		
Balance at the beginning of the year	-	-
Loss on revaluation of derivatives	(2,792)	-
Balance at end of the year	**(2,792)**	**-**

17. Distribution Statement

	Consolidated 2012 $'000	Consolidated 2011 $'000
Total comprehensive profit/(loss) for the period attributable to unitholders of RNY	34,350	(9,963)
Adjusted for RNY share of:		
Loss from investment property revaluations	1,969	10,428
Loss from revaluation of property held for sale	-	68
Gain on extinguishment of debt	(36,765)	-
Straight lining of rental income	333	(854)
Mortgage cost amortisation	580	199
Leasing cost amortisation	1,601	1,658
Loss on financial instrument hedge	2,792	-
Foreign currency translation loss/(gain)	1,700	(52)
INCOME AVAILABLE FOR DISTRIBUTION	6,560	1,484
Other amounts retained	(6,560)	(1,484)
DISTRIBUTION PAID AND PAYABLE	-	-

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

18. Deferred tax asset

At 31 December 2012, the Group has temporary differences for which no deferred tax asset is recognised on the balance sheet of $AU5.951 million (2011: $AU8.102 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.

19. Reconciliation of net profit/(loss) to net cash flows

	Consolidated 2012 $'000	2011 $'000
(a) Reconciliation of net profit/(loss) to net cash inflow from operating activities		
Net profit/(loss) for the year from continuing operations	52,613	(12,560)
Decrease in receivables and other assets	1,803	408
Increase in payables and other liabilities	4,743	8,082
Gain on extinguishment of debt	(49,020)	-
Movement in investment property valuations	2,625	13,904
Movement in valuation of property held for resale	-	91
Loss on disposal of property held for resale	518	-
Net realised foreign exchange loss	12	21
Net cash inflow from operating activities	13,294	9,946
(b) Components of cash		
Cash as at the end of the financial year as shown in the Cash Flow Statement is reconciled to the Balance Sheet as follows:		
Cash and liquid assets*	13,400	13,430

*Certain cash included above held in the US LLC is subject to control by certain lenders. Refer Note 12 for further details.

20. Earnings per unit

	Consolidated 2012 Cents	2011 Cents
(a) Basic and diluted earnings per unit	14.75	(3.80)

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.

(b) Basic earnings per unit after adjusting for fair value movements and foreign currency movements*	1.54	0.18

	2012 $'000	2011 $'000
*This calculation is based on the following adjusted net income/(loss):		
Total comprehensive income/(loss) attributable to RNY unitholders	34,350	(9,963)
add: loss from investment property revaluations	1,969	10,428
less: gain on extinguishment of debt	(36,765)	
add: loss from revaluation of property held for sale	-	68
add: loss on financial instrument hedge	2,792	-
add/(less): foreign currency translation loss/(gain)	1,700	(52)
Adjusted net profit used in calculation above	4,046	481

21. Commitments, Contingencies and Impairment Losses

Leasing arrangements

The US LLC enters into lease arrangements with the various tenants that occupy the 24 properties (2011: 25 properties) owned by the company in the New York Tri-State area.

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

	US LLC 2012 $'000	2011 $'000
Within 1 year	51,967	55,754
Later than 1 year but not later than 5 years	120,712	136,352
Later than 5 years	42,174	51,619
	214,853	**243,725**

(b) Capital Commitments

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

(c) Contingent liabilities

The Group had no contingent liabilities existing at balance date.

(d) Impairment losses

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

22. 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 24(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.

22. Key Management Personnel (continued)

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

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

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

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

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

23. Parent Entity Information

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

	RNY Property Trust 2012 $'000	RNY Property Trust 2011 $'000
Current assets	239	176
Total assets	109,263	74,848
Current liabilities	282	217
Total liabilities	282	217
Units on issue	251,781	251,781
Accumulated deficit	(142,800)	(177,150)
Total Unitholders' Equity	**108,981**	**74,631**
Profit/(loss) from continuing operations before income tax	34,477	(9,963)
Income tax/withholding tax applicable	127	-
Total comprehensive profit/(loss) for the period after tax	**34,350**	**(9,963)**

24. Related Party Disclosure

(i) Subsidiaries

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

Name	Country of incorporation	Equity interest 2012 %	Equity interest 2011 %	Investment 2012 $'000	Investment 2011 $'000
RNY Australia LPT Corp ("US REIT")	United States	100	100	109,024[(a)]	74,672[(a)]
Investment held indirectly through the US REIT					
RNY Australia Operating Company LLC ("US LLC")	United States	75[(b)]	75[(b)]	121,332	126,026

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

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

(ii) Responsible Entity

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

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

24. 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 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

24. 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 2011					
Consolidated					
RNY Australia Management Ltd:					
- asset management fees	-	305	-	-	-
- expense reimbursements	-	129	-	-	-
RNY Australia Asset Manager LLC					
- asset management fees	-	1,230	-	-	-
Loan from the US LLC to US REIT	165	-	-	-	3,253
Loan from RAML to RNY	-	-	-	-	87
Parent					
RNY Australia Management Ltd:					
- asset management fees	-	305	-	-	-
- expense reimbursements	-	129	-	-	-
Distribution received by RNY from US REIT	-	-	930	-	-
Loan from RAML to RNY	-	-	-	-	87

24. 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 2012 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 $444,688 (2011: $305,026).

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.

25. Net Asset Backing per Unit

	Consolidated	
	2012	2011
	$	$
Net asset backing per unit	$0.41	$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

26. 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 20(b) 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.

27. 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.

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

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

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

(c) Net 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 are calculated using current market interest rates. Refer to Note 12(e) for details of fair value calculations.

27. Financial risk management objectives and policies (continued)

(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.

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

				Consolidated	
	Note	**Fixed/ Floating**	**Interest Rate**	**2012 $'000**	**2011 $'000**
Financial Assets					
Cash – $AUD accounts		Floating	3.2%	77	66
Cash – $USD accounts		Non interest	n/a	13,323	13,364
Total Financial Assets	19(b)			13,400	13,430
Financial Liabilities					
Secured borrowings – Tranche 1	12(a)	Fixed	5.20%	-	193,056
Secured borrowings – Tranche 2	12(b)	Fixed	5.32%	69,337	70,894
Secured borrowings – Tranche 3	12(a)	Fixed	5.20%	49,626	50,740
Secured borrowings – Dec 2009	12(b)	Fixed	6.125%	40,198	41,904
Secured borrowings – Senior Bank*	12(b)	Floating*	5.28%	117,388	-
Mezzanine loan	12(b)	Fixed	Various	34,669	-
Interest rate swaps	13	Fixed	1.33%	3,723	-
Preference shares	14	Fixed	12.5%	120	123
Total Financial Liabilities				315,061	356,717
Net Exposure				(301,661)	(343,287)

*In relation to the Senior Bank loan, the US LLC had an interest rate swap agreement in place at 31 December 2012 with a notional amount of $US123 million (2011:Nil) whereby the Group receives a variable rate of interest equal to LIBOR plus 3.95% on the notional amount and pays interest at a fixed rate of 5.28%. The swap is being used to hedge the expected interest cost payable over the term of the loan. The cashflows are expected to occur each month over the term of the loan.

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 2012, a fair value decrement of $A3,723k was included in OCI for the year in respect of the swap.

27. Financial risk management objectives and policies (continued)

(d) Interest rate risk and cash flow hedges (continued)

Sensitivity Analysis

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

The Group's interest rate swaps are susceptible to interest rate risk arising from uncertainties about future interest rates. A reasonable and possible decrease of 0.5% in interest rates could have an impact of approximately $1.7m decrease in the equity attributable to the Group. An increase of 0.5% in interest rates could have an impact of approximately $2.6m increase in the equity attributable to the Group.

(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.

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

	Consolidated	
	2012 $'000	**2011 $'000**
Liabilities maturing in:		
6 months or less	76,738	272,636
6 to 12 months	9,887	3,522
1 to 5 years	318,101	92,789
Over 5 years	120	42,240
	404,846	411,187

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

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

(f) Fair values

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 2012, the Group held a Level 2 interest rate swap liability at fair value in the statement of financial position (Note 13). There were no transfers between Level 1, 2 and 3 during the year.

28. Capital management

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

Capital management in the US LLC

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

Management monitors capital in the US LLC through the gearing ratio (net debt/total capital). At the time of the IPO the long term gearing ratio of the US LLC was forecast as approximately 55%. The gearing ratios based on continuing operations at 31 December 2012 and 2011 were as follows:

	US LLC	
	2012 **$'000**	**2011** **$'000**
Total borrowings	311,218	356,594
Less: cash and cash equivalents	(13,310)	(13,336)
Net debt	297,908	343,258
Total equity	138,038	91,323
Total capital	435,946	434,581
Gearing ratio	68.3%	79.0%

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

29. Auditor's Remuneration

	Consolidated 2012 $	Consolidated 2011 $
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	153,470	165,400
- other services in relation to the entity and any other entity in the Consolidated Entity		
- taxation services	24,651	27,590
	178,121	192,990
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	264,200	290,700
	264,200	290,700
Amounts received or due and receivable by audit firms other than Ernst & Young for:		
- compliance services	14,000	14,000
	456,321	**497,690**

30. 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 2012 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 2012.

On behalf of the Board

/s/ Philip Meagher

Philip Meagher
Director

Sydney, 27th February 2013

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Independent auditor's report to the members of RNY Property Trust

Report on the financial report

We have audited the accompanying financial report of RNY Property Trust (the Trust), which comprises the consolidated statement of financial position as at 31 December 2012, 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 RNY Australia Management Limited, the Responsible Entity of the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is attached to 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 2012 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(b).

Ernst & Young

Ernst & Young

Mark Conroy

Mark Conroy
Partner
Sydney
27 February 2013