

Appendix 4D

Half year report for the period ended 30 June 2014

Name of entity	RNY Property Trust
ARSN	115 585 709
Reporting period	Six month period ended 30 June 2014
Previous corresponding period	Six month period ended 30 June 2013

Results for announcement to market

Financial Performance

	A \$'000
Revenue from ordinary activities	Down 84.3% to 1,476
Profit/(loss) from ordinary activities after tax attributable to unitholders	Down 95.8% to 343
Net profit/(loss) for the period attributable to unitholders	Down 95.8% to 343

Distribution

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

Record date for determining entitlement to the distribution for the period ended 30 June 2014	N/A
Date the June 2014 distribution is payable	N/A
Tax advantage component of the June 2014 distribution	N/A
The taxable component of the June 2014 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 2013.

RNY Property Trust

ARSN 115 585 709

Financial Report

For the Half Year Ended 30 June 2014

RNY PROPERTY TRUST CONTENTS

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The directors of RNY Australia Management Limited (“RAML”), the Responsible Entity of RNY Property Trust (“RNY” or the “Trust”), present their report together with the financial report of the Trust and its controlled entity, together known as the “Group”, for the half year ended 30 June 2014.

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 2014 owned 21 office properties (31 December 2013: 21 office properties) in the New York Tri-State area. The US LLC has an approximate 7.8% interest in BRE/Melville Holdings LLC (“BRE/Melville”), a Delaware Limited Liability Company that as of 30 June 2014 owned 3 office properties (31 December 2013: 3 office properties). 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 2014 and no provision for distribution has been recognised in the current period

Funding

At June 30, 2014, with regards to one of the US LLC’s non-recourse secured loans (the “Senior Bank loan”), the US LLC has approximately US\$1.3 million (31 December 2013: US\$2.6 million) in a lender controlled cash account with the Senior Bank loan lender. The cash account is used to fund operating expenses, reserves and debt service on a monthly basis. Any remaining funds after providing for the aforementioned items is deposited into a leasing reserve. Such amounts are reflected in the share of US LLC’s other assets in the accompanying balance sheet.

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 2014 was \$342,925 (30 June 2013: Profit \$8,264,544).

The Trust executed 20 lease transactions during the period totalling 187,996 square feet (6.3% of the portfolio). The Trust’s portfolio reported an occupancy rate, at period end, of 78.6 %, achieved a renewal rate, during the period, of 72.5%, and reported a decrease of 1.0% in year-over-year, same property net operating income.

Investment properties

At 30 June 2014 the US LLC obtained independent valuations on five of its investment properties and assessed the carrying value of its remaining investment properties which resulted in an increase in investment property book values of approximately US\$300,000 (31 December 2013: decrease of US\$6.35 million).

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 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

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

Further information on likely developments in 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 2014 (31 December 2013: 263,413,889 units).

Interests of Responsible Entity

The Responsible Entity held no units in the Trust at 30 June 2014 (31 December 2013: Nil).

Indemnification and Insurance of Officers and Auditors

During the six months to 30 June 2014 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. To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the current financial period.

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

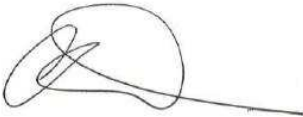
Dated this , 7th day of August 2014 in Sydney

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

In relation to our review of the financial report of RNY Property Trust for the half year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Chris Lawton
Partner

7 August 2014

**Statement of Comprehensive Income
for the half year ended 30 June 2014**

	Consolidated	
Note	30 Jun 2014	30 Jun 2013
	\$'000	\$'000
		(Restated)
CONTINUING OPERATIONS		
Share of net profit of US LLC		
Rental income from investment properties	24,772	25,475
Property related expenses	(13,626)	(12,770)
Net rental income	11,146	12,705
Other income	817	388
Loss in earnings of real estate joint venture	(748)	-
Borrowing costs	(7,562)	(8,513)
Other expenses	(1,270)	(1,000)
Net income from US LLC before fair value adjustments	2,383	3,580
(Loss)/Gain from investment property revaluations	(908)	5,831
Total share of net income from US LLC	1,475	9,411
Interest income	1	2
Total revenue and other income	1,476	9,413
Expenses		
Administration expenses	(77)	(77)
Finance costs	(129)	(108)
Management fees	(779)	(772)
Other expenses	(148)	(191)
Total expenses	1,133	1,148
Profit from continuing operations before tax expense	343	8,265
US withholding tax	-	-
NET PROFIT FROM CONTINUING OPERATIONS AFTER TAX	343	8,265
OTHER COMPREHENSIVE PROFIT/(LOSS) – RECYCLABLE		
Foreign currency translation (loss)/profit (net of tax)	(7,125)	13,570
Gain on financial instrument hedge (net of tax)	22	1,548
Other comprehensive (loss)/gain for the period, net of tax	(7,103)	15,118
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE PERIOD	(6,760)	23,383
Basic and diluted profit per unit from continuing operations (cents)	0.13	3.14

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

**Balance Sheet
as at 30 June 2014**

	Note	Consolidated	
		30 Jun 2014 \$'000	31 Dec 2013 \$'000
Current assets			
Cash and cash equivalents		74	203
Trade and other receivables		24	16
Other current assets		10	32
Total current assets		<u>108</u>	<u>251</u>
Non-current assets			
Investments held in US LLC			
Share of US LLC's investment properties	4	335,828	353,291
Share of US LLC's liabilities	5	(225,335)	(239,248)
Share of US LLC's other assets		27,037	30,299
Total investment held in US LLC	3	<u>137,530</u>	<u>144,342</u>
Total non-current assets		<u>137,530</u>	<u>144,342</u>
Total assets		<u>137,638</u>	<u>144,593</u>
Current liabilities			
Related party payables		4,091	4,175
Trade and other payables		640	744
Total current liabilities		<u>4,731</u>	<u>4,919</u>
Non-current liabilities			
Preferred shares	6	133	140
Total non-current liabilities		<u>133</u>	<u>140</u>
Total liabilities		<u>4,864</u>	<u>5,059</u>
Net assets		<u>132,774</u>	<u>139,534</u>
Unitholders' Equity			
Units on Issue	7	251,377	251,377
Reserves	8	(32,078)	(24,975)
Accumulated deficit		(86,525)	(86,868)
TOTAL EQUITY		<u>132,774</u>	<u>139,534</u>

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

**Cash Flow Statement
for the half year ended 30 June 2014**

	Consolidated 30 Jun 2014	Consolidated 30 Jun 2013 (Restated)
	\$'000	\$'000
Cash flows from operating activities		
Income received from US LLC	955	1,334
Payments to suppliers	(1,068)	(1,300)
Interest received	1	2
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(112)	36
	<hr/>	<hr/>
Cash flows from investing activities		
Net cash flow from investing activities	-	-
	<hr/>	<hr/>
Cash flows from financing activities		
Net cash flow from financing activities	-	-
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(112)	36
Cash and cash equivalents at beginning of period	203	90
Net foreign exchange differences	(17)	(32)
Cash and cash equivalents at end of period	74	94
	<hr/> <hr/>	<hr/> <hr/>

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 2014**

	Note	Units on Issue	Accumulated Deficit	Reserves	Total Equity
		\$'000	\$'000	\$'000	\$'000
CONSOLIDATED					
At 1 January 2013		251,377	(98,006)	(44,390)	108,981
Foreign currency translations taken to equity					
- recyclable		-	-	13,570	13,570
Fair value movement of derivatives					
- recyclable		-	-	1,548	1,548
Profit for the half year		-	8,265	-	8,265
Total comprehensive income for the half year, net of tax		-	8,265	15,118	23,383
Distributions		-	-	-	-
At 30 June 2013		251,377	(89,741)	(29,272)	132,364

	Note	Units on Issue	Accumulated Deficit	Reserves	Total Equity
		\$'000	\$'000	\$'000	\$'000
CONSOLIDATED					
At 1 January 2014		251,377	(86,868)	(24,975)	139,534
Foreign currency translations taken to equity					
- recyclable		-	-	(7,125)	(7,125)
Fair value movement of derivatives					
- recyclable		-	-	22	22
Profit for the half year		-	343	-	343
Total comprehensive loss for the half year, net of tax		-	343	(7,103)	(6,760)
Distributions		-	-	-	-
At 30 June 2014		251,377	(86,525)	(32,078)	132,774

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

Notes to the Financial Statements for the half year ended 30 June 2014

1. Corporate Information

The financial report of RNY Property Trust (“RNY” or the “Trust”) for the half year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 7th August 2014.

The Trust was constituted on 2 August 2005. The Responsible Entity of the Trust is RNY Australia Management Limited (“RAML”). The Responsible Entity’s registered office is at Level 56, MLC Centre, 19 Martin Place, Sydney 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 13.

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 2013.

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 2014 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 2014 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 joint ventures which adopt the equity method of accounting. Derivative financial instruments and investment properties within the joint venture 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”), together known as the “Group” as at 30 June 2014.

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 2014 the Trust has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 January 2014. Adoption of these Standards and Interpretations did not have any material effect on the financial position or performance of the Trust.

- AASB 1031 *Materiality*

The following amending standards have also been adopted from 1 January 2014:

- AASB 2013-3 *Amendments to AAS 136 disclosure requirements*
- AASB 2013-9 – *Amendments to AAS relating to Conceptual Framework, Materiality and Financial Instruments*

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

During the 2013 year, the Trust adopted the following standards:

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of interests in other entities*
- AASB 2011-4 *Amendments to AAS arising from AASB 124 disclosure requirements*

The Trust applied the above standards retrospectively for the first time in the full year 2013 accounts. As a result of the new standards, RNY is considered to have joint control over its investment in the US LLC and is therefore required to apply the equity method of accounting. The change to the equity method of accounting has no impact on the net assets or profits attributable to the RNY unitholders. The impact of the change in accounting standard on the June 2013 comparative information in the Statement of Comprehensive Income for this half year is summarised in the following table:

**Notes to the Financial Statements
for the half year ended 30 June 2014**

**2. Basis of Preparation of Half Year Financial Report (continued)
(c) Statement of Compliance (continued)**

Restatement of prior half year balances – Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME	30 Jun 2013		
	Previous \$'000	Adjustment \$'000	Restated \$'000
CONTINUING OPERATIONS			
Rental income from investment properties	33,967	(33,967)	-
Other income	517	(517)	-
Gain from investment property valuations	7,775	(7,775)	-
Interest income	2	-	2
Total revenue and other income	42,261	(42,259)	2
Total share of net income from US LLC	-	9,411	9,411
	42,261	(32,848)	9,413
Property expenses	17,027	(17,027)	-
Borrowing costs	11,459	(11,351)	108
Other investment property expenses	1,333	(1,333)	-
Administration expenses	77	-	77
Management fees	772	-	772
Other expenses	191	-	191
Total expenses	30,859	(29,711)	1,148
Profit from continuing operations before tax expense	11,402	(3,137)	8,265
Income tax expense	-	-	-
NET PROFIT FROM CONTINUING OPERATIONS AFTER TAX	11,402	(3,137)	8,265
Foreign currency translation gain (net of tax)	18,258	(4,688)	13,570
Gain on financial instrument hedge (net of tax)	2,064	(516)	1,548
CHANGE IN COMPREHENSIVE PROFIT FOR PERIOD	31,724	(8,341)	23,383
Profit from continuing operations after tax attributable to:			
Unitholders of RNY	8,265	-	8,265
Non-controlling interest	3,137	(3,137)	-
	11,402	(3,137)	8,265
Total comprehensive profit attributable to:			
Unitholders of RNY	23,383	-	23,383
Non-controlling interest	8,341	(8,341)	-
	31,724	(8,341)	23,383

Refer to the financial statements for the full year to 31 December 2013 for details of prior period Balance Sheet restatements resulting from the change to the equity method of accounting.

**Notes to the Financial Statements
for the half year ended 30 June 2014**

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

(c) Statement of Compliance (continued)

Restatement of prior half year balances – Cash Flow Statement

CASH FLOW STATEMENT

	30 June 2013		
	<u>Previous</u>	<u>Adjustment</u>	<u>Restated</u>
	\$'000	\$'000	\$'000
Cashflows from operating activities	7,932	(7,896)	36
Cashflows used in investing activities	(2,531)	2,531	-
Cashflows used in financing activities	(1,705)	1,705	-
Net adjustment to cash and cash equivalents	<u>3,696</u>	<u>(3,660)</u>	<u>36</u>

(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\$0.94 (31 December 2013: A\$1.00 = US\$0.89) and
- the Statement of Comprehensive Income of these entities are translated at the average rate for the period of A\$1.00 = US\$0.91 (30 June 2013: A\$1.00 = US\$1.02)

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

**Notes to the Financial Statements
for the half year ended 30 June 2014**

3. Investments in joint ventures

	Consolidated	
	30 Jun 2014	31 Dec 2013
	\$'000	\$'000
Investment in joint venture	137,530	144,342

Other details are as follows:

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

RNY has a 100% interest in RNY Australia LPT Corp. (US REIT), which in turn has a 75% interest in RNY Australia Operating Company LLC ("US LLC"), a Delaware Limited Liability Company that as of 30 June 2014 owned 21 office properties (31 Dec 2013: 21 office properties) in the New York Tri-State area. 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). Additionally, US LLC has an approximate 7.8% interest in BRE/Melville Holdings LLC ("BRE/Melville"), a Delaware Limited Liability Company that as of 30 June 2014 owned 3 office properties (31 Dec 2013: 3 office properties).

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

**Notes to the Financial Statements
for the half year ended 30 June 2014**

4. Share of US LLC's Investment Properties

(a) Summary

	Consolidated 30 Jun 2014 A\$'000	Consolidated 31 Dec 2013 A\$'000
Investment properties held in equity accounted investments at fair value	335,828	353,291

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

Included in the carrying value of investment properties are the following:

Straight – line asset*	8,479	9,196
Lease commissions	6,666	7,606
Deferred revenues**	(2,008)	(2,857)
Total other investment value	13,137	13,945

*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	353,291	331,880
Fair value decrement	(908)	(1,072)
Capital additions	1,256	4,778
Other investment value	(110)	944
Book value of property disposals	-	(35,419)
Foreign exchange (loss)/gain	(17,701)	52,180
Carrying amount at the end of the period	335,828	353,291

**Notes to the Financial Statements
for the half year ended 30 June 2014**

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

(b) Table of properties

The attached table shows details of property investments held through controlled entities as at 30 June 2014. The amounts below represent the consolidated entity's 75% beneficial share of these properties at balance dates. Amounts are in US Dollars and Australian Dollars where indicated.

Property Address	Date of Acquisition	Region	Book Value	Book Value	Latest	Date of Latest Independent Appraisal	Book Value	Book Value	Latest
			At 31 Dec 13	At 30 Jun 14	Independent Appraisal ⁽ⁱ⁾		At 31 Dec 13	At 30 Jun 14	Independent Appraisal ⁽ⁱ⁾
			@75% US \$'000	@75% US \$'000	@75% US \$'000		@75% AUD \$'000	@75% AUD \$'000	@75% AUD \$'000
35 Pinelawn Rd, Long Island	21 Sep 05	Long Island	11,250	12,225	11,250	31 Dec 13	12,573	12,978	11,943
150 Motor Parkway, Long Island	21 Sep 05	Long Island	20,475	21,675	19,875	30 Jun 12	22,882	23,010	21,099
660 White Plains Rd, Westchester County	21 Sep 05	Westchester	27,225	27,225	27,225	30 Jun 14	30,426	28,901	28,901
100 Executive Dr, Nth New Jersey	21 Sep 05	New Jersey	5,700	5,100	6,450	30 Jun 12	6,370	5,414	6,847
100 Grasslands Rd, Westchester County	21 Sep 05	Westchester	7,350	8,025	7,800	30 Jun 13	8,214	8,519	8,280
80 Grasslands Rd, Westchester County	21 Sep 05	Westchester	10,050	9,150	9,150	30 Jun 14	11,231	9,713	9,713
200 Executive Dr, Nth New Jersey	21 Sep 05	New Jersey	7,125	5,475	5,475	30 Jun 14	7,963	5,812	5,812
492 River Rd, Nth New Jersey	21 Sep 05	New Jersey	30,750	30,975	30,750	31 Dec 13	34,365	32,882	32,643
225 High Ridge Rd, Fairfield County	21 Sep 05	Connecticut	33,000	33,225	33,225	30 Jun 14	36,880	35,271	35,271
300 Motor Parkway, Long Island	21 Sep 05	Long Island	5,175	5,475	5,475	30 Jun 14	5,783	5,812	5,812
505 White Plains Rd, Westchester County	21 Sep 05	Westchester	2,025	2,100	2,025	31 Dec 13	2,263	2,229	2,150
55 Charles Lindbergh Blvd, Long Island	21 Sep 05	Long Island	28,500	28,875	28,500	31 Dec 13	31,851	30,653	30,255
200 Broadhollow Rd, Long Island	21 Sep 05	Long Island	8,175	8,175	8,100	31 Dec 12	9,136	8,678	8,599
10 Rooney Circle, Nth New Jersey	21 Sep 05	New Jersey	5,100	4,950	5,100	30 Jun 13	5,700	5,255	5,414
560 White Plains Rd, Westchester County	21 Sep 05	Westchester	11,025	10,500	11,025	31 Dec 13	12,321	11,147	11,704
555 White Plains Rd, Westchester County	21 Sep 05	Westchester	12,300	12,225	13,350	30 Jun 13	13,746	12,978	14,172
6800 Jericho Turnpike, Long Island	6 Jan 06	Long Island	20,625	20,775	21,150	31 Dec 12	23,050	22,054	22,452
6900 Jericho Turnpike, Long Island	6 Jan 06	Long Island	10,950	11,025	11,175	30 Jun 13	12,237	11,704	11,863

**Notes to the Financial Statements
for the half year ended 30 June 2014**

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

(b) Table of properties (continued)

Property Address	Date of Acquisition	Region	Book Value	Book Value	Latest	Date of Latest Independent Appraisal	Book Value	Book Value	Latest
			At 31 Dec 13	At 30 Jun 14	Independent Appraisal ⁽ⁱ⁾		At 31 Dec 13	At 30 Jun 14	Independent Appraisal ⁽ⁱ⁾
			@75% US \$'000	@75% US \$'000	@75% US \$'000		@75% AUD \$'000	@75% AUD \$'000	@75% AUD \$'000
710 Bridgeport Ave, Fairfield County	6 Jan 06	Connecticut	28,500	29,025	28,125	30 Jun 13	31,851	30,812	29,857
580 White Plains Rd, Westchester County	6 Oct 06	Westchester	19,875	19,950	19,050	31 Dec 12	22,212	21,178	20,223
300 Executive Dr, Nth New Jersey	6 Oct 06	New Jersey	10,950	10,200	11,100	31 Dec 12	12,237	10,828	11,783
1660 Walt Whitman Rd, Long Island (ii)	6 Oct 06	Long Island	-	-	-		-	-	-
520 Broadhollow Rd, Long Island (ii)	6 Oct 06	Long Island	-	-	-		-	-	-
50 Marcus Drive, Long Island (ii)	6 Oct 06	Long Island	-	-	-		-	-	-
			316,125	316,350	315,375		353,291	335,828	334,793

- (i) CB Richard Ellis, Inc. – Valuation and Advisory Services (“CBRE”) performed appraisals for five of the joint venture’s properties at 30 June 2014 as noted above. Internal appraisals were then performed at balance date on the remainder of the properties based on capitalisation rates advised by CBRE. In addition CBRE performed appraisals for the remainder of the joint venture’s properties at the appraisal dates shown above.
- (ii) 1660 Walt Whitman Rd, 520 Broadhollow Rd and 50 Marcus Drive were transferred to a separate joint venture in July 2013 as part of a debt restructuring negotiation. The US LLC has an approximate 7.8% equity interest in the new joint venture.

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

Region	Market Capitalisation Rate		Discount Rate	
	31 Dec 13	30 Jun 14	31 Dec 13	30 Jun 14
Westchester	7.75%	7.63%	8.58%	8.48%
Long Island	7.83%	7.73%	8.79%	8.64%
New Jersey	8.63%	8.59%	9.31%	9.25%
Connecticut	8.48%	8.48%	8.58%	8.72%

**Notes to the Financial Statements
for the half year ended 30 June 2014**

5. Share of US LLC's liabilities

(i) Current liabilities comprise:

Facility	US \$'000 @ 100% 30 Jun 14	US \$'000 @ 100% 31 Dec 13	AUD \$'000 @ 100% 30 Jun 14	AUD \$'000 @ 100% 31 Dec 13	Int Rate	Maturity Date
Trade & other creditors	13,375	14,540	14,199	16,251	n/a	Current
Interest rate swap - current	1,722	1,106	1,828	1,236	see note (a)	Current
Total	15,097	15,646	16,027	17,487		
Group share @ 75%			12,020	13,115		

(ii) Non-current liabilities comprise:

Facility	US \$'000 @ 100% 30 Jun 14	US \$'000 @ 100% 31 Dec 13	AUD \$'000 @ 100% 30 Jun 14	AUD \$'000 @ 100% 31 Dec 13	Int Rate	Maturity Date
<i>Fixed rate commercial mortgages</i>						
Tranche II mortgage*	72,000	72,000	76,433	80,465	5.32%	Jan 2016
Dec 2009 mortgage*	40,332	40,867	42,815	45,672	4.25% (c)	Jan 2017
Mezzanine loan*	36,000	36,000	38,217	40,232	see note (b)	May 2017
<i>Floating rate commercial Mortgage</i>						
Senior Bank loan*	119,294	120,184	126,639	134,314	see note (a)	May 2017
Interest rate swap – non current	195	741	208	828	see note (a)	May 2017
JV Partner loan	102	-	108	-		
Total	267,923	269,792	284,420	301,511		
Group share @ 75%			213,315	226,133		
Share of LLC's Liabilities			225,335	239,248		

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

Note (a). The Senior Bank loan bears interest at a variable rate of LIBOR plus 3.95% per annum. The US LLC has an interest rate swap agreement in place at 30 June 2014 with a notional amount of \$US119.3 million (31 Dec 2013: \$US120.2 million) which fixes LIBOR at approximately 1.33% per annum. The swap is being used to hedge the expected interest cost payable on this loan. As a result, the Senior Bank loan bears interest at an all-in rate of approximately 5.28% per annum for the term of the loan. The current portion of the swap shown above represents the present value of interest amounts payable within the next 12 months under the swap agreement.

**Notes to the Financial Statements
for the half year ended 30 June 2014**

5. Share of US LLC's liabilities (continued)

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

Note (c). The December 2009 mortgage was modified on 25 March 2014. The interest rate of the mortgage was reduced from 6.125% to 4.25%. There were no additional changes to the mortgage terms and conditions.

Current funding:

At June 30, 2014, with regards to the Senior Bank loan, the US LLC has approximately US\$1.3 million (31 December 2013: US\$2.6 million) in a lender controlled cash account with the Senior Bank loan lender. The cash account is used to fund operating expenses, reserves and debt service on a monthly basis. Any remaining funds after providing for the aforementioned items are deposited into a leasing reserve.

6. Preferred shares

	Consolidated 30 Jun 2014 A\$'000	Consolidated 31 Dec 2013 A\$'000
Preferred shares	<u>133</u>	<u>140</u>

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.

**Notes to the Financial Statements
for the half year ended 30 June 2014**

7. Units on Issue

Ordinary Units

(a) Movements in Ordinary units on issue

Units on issue at beginning of the period – fully paid

Units on issue at the end of the period – fully paid

Consolidated 30 Jun 2014 Units	Consolidated 31 Dec 2013 Units
263,413,889	263,413,889
263,413,889	263,413,889

(b) Movement in issued equity

Issued equity at the beginning of the period

Issued equity at the end of the period

Consolidated 30 Jun 2014 A\$'000	Consolidated 31 Dec 2013 A\$'000
251,377	251,377
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.

8. Reserves

Foreign currency translation reserve

Cash flow hedge reserve

Consolidated 30 Jun 2014 \$'000	Consolidated 31 Dec 2013 \$'000
(30,551)	(23,426)
(1,527)	(1,549)
(32,078)	(24,975)

Movement in foreign currency translation reserve (i)

Balance at the beginning of the period

(Loss)/profit on translation of controlled foreign entities

Balance at end of the period

(23,426)	(41,598)
(7,125)	18,172
(30,551)	(23,426)

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

Movement in cash flow hedge reserve

Balance at the beginning of the period

Gain on revaluation of derivative

Balance at end of the period

(1,549)	(2,792)
22	1,243
(1,527)	(1,549)

**Notes to the Financial Statements
for the half year ended 30 June 2014**

9. Earnings per unit

	Consolidated 30 Jun 2014 Cents	Consolidated 30 Jun 2013 Cents
Basic and diluted earnings per unit	<u>0.13</u>	<u>3.14</u>

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*	<u>0.47</u>	<u>0.92</u>
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*This calculation is based on the following adjusted net profit:

	\$'000	\$'000
Total comprehensive (loss)/profit attributable to RNY unitholders	(6,760)	23,383
add/(less): loss/(gain) from investment property revaluations	908	(5,831)
less: gain on financial instrument hedge	(22)	(1,548)
add/(less): foreign currency loss/(gain)	7,125	(13,570)
Adjusted net profit used in calculation above	<u>1,251</u>	<u>2,434</u>

10. Commitments and Contingencies

Commitments and contingencies of the US LLC

Leasing arrangements – commitments receivable

The US LLC enters into lease arrangements with the various tenants that occupy 21 of the properties (2013: 24 properties) owned by the company in the New York Tri-State area.

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

	Consolidated 30 Jun 2014 A\$'000	Consolidated 30 Jun 2013 A\$'000
Within 1 year	36,235	43,227
Later than 1 year but not later than 5 years	90,681	103,636
Later than 5 years	29,545	31,394
	<u>156,461</u>	<u>178,257</u>

Other than as outlined above, neither the US LLC nor the Group had any other commitments or contingencies existing at balance date.

**Notes to the Financial Statements
for the half year ended 30 June 2014**

11. Distribution Statement

	Consolidated	
	30 Jun 2014	30 Jun 2013
	A\$'000	A\$'000
Total comprehensive (loss)/profit for the period attributable to unitholders of RNY	(6,760)	23,383
Adjusted for RNY share of:		
Loss/(gain) from investment property revaluations	908	(5,831)
Straight lining of rental income	209	(757)
Mortgage cost amortisation	428	366
Leasing cost amortisation	1,147	872
Gain on financial instrument hedge	(22)	(1,548)
Foreign currency translation loss/(gain)	7,125	(13,570)
	<hr/>	<hr/>
INCOME AVAILABLE FOR DISTRIBUTION	3,035	2,915
Amounts retained	(3,035)	(2,915)
	<hr/>	<hr/>
DISTRIBUTION PAYABLE	-	-
	<hr/>	<hr/>
Distribution per unit (cents)	-	-
	<hr/> <hr/>	<hr/> <hr/>

No distribution was paid to unitholders for the half year ended 30 June 2014 and no provision for distribution has been recognised in the current period.

12. Net Asset Backing per Unit

	Consolidated	Consolidated
	30 Jun 2014	31 Dec 2013
	A\$	A\$
Net asset backing per unit	\$0.50	\$0.53
	<hr/> <hr/>	<hr/> <hr/>

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

13. 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 9 of these accounts. A reconciliation of adjusted net profit to the comprehensive (loss)/profit shown in the statement of comprehensive income is also provided in the note.

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

14. 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 2014 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, 7th August 2014

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 2014, 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 2014 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 2014 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 200. 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.

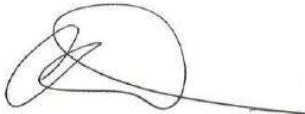
Conclusion

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:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Chris Lawton
Partner
Sydney
7 August 2014