Appendix 4E

Preliminary final report
for the year ended 31 December 2008

Name of entity	RNY Property Trust
ARSN	115 585 709
Reporting period	Twelve month period ended 31 December 2008
Previous corresponding period	Twelve month period ended 31 December 2007

Results for announcement to market

Financial Performance

	A $'000
Revenue/(loss) from ordinary activities	Down 288.4% to (65,948)
Profit/(loss) from ordinary activities after tax attributable to unitholders	Down 423.2% to (74,874)
Net profit/(loss) for the period attributable to unitholders	Down 423.2% to (74,874)

Distribution

Current Period	***Amount per unit***	***Tax Deferred***
Final Distribution	2.25	100.00%
Interim Distribution	2.25	100.00%
Total	**4.50**	**100.00%**
Previous Corresponding Period:		
Final Distribution	3.35	100.00%
Interim Distributions	4.35	100.00%
Total	**7.70**	**100.00%**

Record date for determining entitlement to the distribution for the period ended 31 December 2008	31 December 2008
Date the December 2008 distribution is payable	27 February 2009
Tax advantage component of the December 2008 distribution *	100%
The taxable component of the December 2008 distribution comprises: Australian sourced income ***** Foreign sourced income *****	 Nil% Nil%
Foreign tax credit per unit *****	Nil

*** Information on tax components of the distribution will be provided to unitholders with their half yearly tax statement for the period ending 31 December 2008**

RNY Property Trust (formerly Reckson New York Property Trust)

ARSN 115 585 709

Financial Report
For the Year Ended 31 December 2008

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 2008.

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
14 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 Reckson Australia LPT Corp. (the "US REIT"), which in turn has a 75% interest in Reckson Australia Operating Company LLC (the "US LLC"), a Delaware Limited Liability Company that as of 31 December 2008 owned 24 office properties and one (1) warehouse property currently held for sale (2007: 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

The distribution payable to unitholders for the year ended 31 December 2008 is 4.50 cents per unit. An interim distribution of 2.25 cents per unit for the six months ended 30 June 2008 was paid on 31 August 2008. A final distribution for the year ended 31 December 2008 of 2.25 cents per unit will be paid on or about 27 February 2009. A provision for the final distribution of $5,926,813 has been recognised in the financial statements.

For the year ended 31 December 2007, an interim distribution of 4.35 cents was paid on 31 August 2007 and a final distribution of 3.35 cents was paid on 29 February 2008.

Funding

The revolving credit facility (the "Credit Facility") of US$55m in the US LLC is due to expire on September 2009. The Credit Facility is drawn down to US$44m at 31 December 2008. The US LLC has contacted the agent lender for the Credit Facility and had preliminary discussions about the various options available to refinance or renew this facility and will seek to complete an amendment or refinancing on or before September 2009. If the US LLC is unable to successfully complete such extension, it may need to obtain secured loans on its five unencumbered assets. These assets have a fair value of approximately US$93m as at 31 December 2008. The US LLC believes it is reasonably likely that it will be able to obtain such financing if necessary.

However, given the prevailing uncertainty in the global financial markets, the US LLC is also considering alternative financing solutions. In the event it is unable to obtain such financing, it will evaluate other options as necessary to satisfy its obligations under the Credit Facility, including expected cash flow from operations during 2009, potential sales of assets, and other steps to raise cash. However, there can be no assurance that the US LLC can complete any of the above-mentioned actions, or that the terms will be favourable to the US LLC.

Review of Operations

Results

The consolidated net profit/loss of the Group is presented in the Income Statement. Net loss attributable to the members of the Group for the year ended 31 December 2008 was $74,874,433 (2007: Profit $23,166,710).

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

On 20 January 2009 RNY changed its name from "Reckson New York Property Trust" to "RNY Property Trust". Also on 20 January 2009 RAML changed its name from "Reckson Australia Management Ltd" to "RNY Australia Management Ltd".

Other than as noted above, 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 2008 (31 December 2007: 263,413,889 fully paid units).

Trust Assets
At 31 December 2008, the Trust held total assets of $258.423 million (2007: $277.817 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 $580,159 (2007: $638,464) were paid to the Responsible Entity for the year. The Responsible Entity was also reimbursed for expenses amounting to $135,761 (2007: $143,307) for the year ended 31 December 2008.

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 2007 and 2008 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 27 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 26 day of February 2009 in Sydney

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

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

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

In relation to our audit of the financial report of RNY Property Trust for the financial year ended 31 December 2008, 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
26 February 2009

Income Statement
year ended 31 December 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	RNY 2008 $'000	RNY 2007 $'000
INCOME					
Distribution received from controlled entity		-	-	8,256	20,863
Share of net (loss)/profit of US LLC					
Rental income		68,369	69,365	-	-
Property related expenses		(33,829)	(32,482)	-	-
Net rental income		34,540	36,883	-	-
Other income		1,124	1,347	-	-
Net finance costs		(17,525)	(17,251)	-	-
Other expenses		(1,837)	(1,414)	-	-
Net income from US LLC before fair value Adjustments		16,302	19,565	-	-
(Loss)/gain from investment property revaluations		(82,406)	8,248	-	-
Total share of net (loss)/income from US LLC		(66,104)	27,813	-	-
Interest income		156	173	156	173
Net changes in fair value of derivatives		-	7,010	-	7,010
Total (loss)/revenue and other income		(65,948)	34,996	8,412	28,046
EXPENSES					
Auditor's remuneration	27	445	1,439	177	908
Administration expenses		165	1,415	165	725
Finance costs		626	681	-	22
Management fees		2,630	2,622	580	638
Impairment of investment in controlled entity	7	-	-	12,236	-
Net changes in fair value of derivatives		13,195	-	13,195	-
Other expenses	3	151	263	324	331
Total expenses		17,212	6,420	26,677	2,624
(LOSS)/PROFIT BEFORE TAX EXPENSE		(83,160)	28,576	(18,265)	25,422
Deferred tax (benefit)/expense	4(a)	(8,286)	5,409	-	-
NET (LOSS)/PROFIT ATTRIBUTABLE TO UNITHOLDERS OF RNY PROPERTY TRUST ("RNY")		(74,874)	23,167	(18,265)	25,422
Basic and diluted earnings per unit (cents)		(28.42)	8.79		

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

Distribution Statement
year ended 31 December 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	RNY 2008 $'000	RNY 2007 $'000
Net (loss)/profit attributable to unitholders of RNY		(74,874)	23,167	(18,265)	25,422
Adjusted for:					
Loss/(gain) from investment property revaluations		82,406	(8,248)	-	-
Straight lining of rental income		(2,018)	(2,127)	-	-
Cash from discontinued operations		394	205	-	-
Net unrealised loss/(gain) on revaluation of derivatives		15,564	(3,741)	15,564	(3,741)
Deferred tax (benefit)/expense		(8,286)	5,409	-	-
Mortgage cost amortisation		1,485	1,278	-	-
Leasing cost amortisation		1,419	858	-	-
INCOME AVAILABLE FOR DISTRIBUTION		16,090	16,801	(2,701)	21,681
Other amounts distributed/(retained)		(4,236)	3,482	14,555	(1,398)
DISTRIBUTION PAID AND PAYABLE	13	11,854	20,283	11,854	20,283
Distribution per unit (cents)		4.50	7.70	4.50	7.70

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

Balance Sheet
as at 31 December 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	RNY 2008 $'000	RNY 2007 $'000
Current assets					
Cash and cash equivalents	18(b)	7,491	10,723	6,794	10,139
Trade and other receivables	5	14	37	181	167
Derivative financial instruments	9	-	7,768	-	7,768
Other current assets	10	42	50	-	-
Total current assets		7,547	18,578	6,975	18,074
Non-current assets					
Investment in Controlled Entity	6	-	-	240,293	252,529
Investments held in US LLC					
Share of US LLC's investment properties	8	633,909	553,757	-	-
Share of US LLC's liabilities	7	(405,379)	(316,585)	-	-
Share of US LLC's other net assets		22,346	22,067	-	-
Investment in US LLC	7	250,876	259,239	-	-
Total non-current assets		250,876	259,239	240,293	252,529
Total assets		258,423	277,817	247,268	270,603
Current liabilities					
Related party payables	11	4,162	6,089	-	-
Trade and other payables	12	863	2,099	226	1,054
Derivative financial instruments	9	10,509	-	10,509	-
Provision for distribution	13	5,927	8,824	5,927	8,824
Total current liabilities		21,461	17,012	16,662	9,878
Non current liabilities					
Deferred withholding tax liability	14	6,176	12,865	-	-
Preferred shares	15	180	142	-	-
Total non-current liabilities		6,356	13,007	-	-
Total liabilities		27,817	30,019	16,662	9,878
Net assets		230,606	247,798	230,606	260,725
Unitholders' Equity					
Units on Issue	16(b)	251,377	251,377	251,781	251,781
Reserves	17	27,563	(41,973)	-	-
Undistributed income		(48,334)	38,394	(21,175)	8,944
TOTAL EQUITY		230,606	247,798	230,606	260,725

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

Cash Flow Statement
year ended 31 December 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000	RNY 2008 $'000	RNY 2007 $'000
Cash flows from operating activities					
Payments to suppliers		(3,338)	(1,873)	(2,083)	(1,244)
Income received from US LLC		13,012	23,589	-	-
Interest received		151	164	151	164
Interest and borrowing costs paid		(233)	(681)	-	(22)
Distributions received		-	-	8,256	30,337
Net cash inflow from operating activities	18 (a)	9,592	21,199	6,324	29,235
Cash flows from financing activities					
Repayment of related party borrowings		(3,155)	(2,636)	-	-
Distribution paid		(14,751)	(20,758)	(14,751)	(20,758)
Net cash outflow from financing activities		(17,906)	(23,394)	(14,751)	(20,758)
Net (decrease)/increase in cash and cash equivalents		(8,314)	(2,195)	(8,427)	8,477
Cash and cash equivalents at beginning of year		10,723	11,288	10,139	32
Net foreign exchange differences		5,082	1,630	5,082	1,630
Cash and cash equivalents at end of year	18 (b)	7,491	10,723	6,794	10,139

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

	Note	Units on Issue	Undistributed Income	Reserves	Total Equity
		$'000	**$'000**	**$'000**	**$'000**
CONSOLIDATED					
At 31 December 2006		251,377	35,510	(11,951)	274,936
Foreign currency translations taken to equity	17	-	-	(30,022)	(30,022)
Total income and expense recognised directly in equity for the year		-	-	(30,022)	(30,022)
Profit for the year		-	23,167	-	23,167
Total income and expense recognised for the year		-	23,167	(30,022)	(6,855)
Distributions		-	(20,283)	-	(20,283)
At 31 December 2007		251,377	38,394	(41,973)	247,798
Foreign currency translations taken to equity	17	-	-	69,536	69,536
Total income and expense recognised directly in equity for the year		-	-	69,536	69,536
Loss for the year		-	(74,874)	-	(74,874)
Total income and expense recognised for the year		-	(74,874)	69,536	(5,338)
Distributions		-	(11,854)	-	(11,854)
At 31 December 2008		251,377	(48,334)	27,563	230,606

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

	Note	Units on Issue	Undistributed Income	Reserves	Total Equity
RNY		**$'000**	**$'000**	**$'000**	**$'000**
At 31 December 2006		251,781	3,805	-	255,586
Profit for the year		-	25,422	-	25,422
Total income and expense recognised for the year		-	25,422	-	25,422
Distributions		-	(20,283)	-	(20,283)
At 31 December 2007		251,781	8,944	-	260,725
Loss for the year		-	(18,265)	-	(18,265)
Total income and expense recognised for the year		-	(18,265)	-	(18,265)
Distributions		-	(11,854)	-	(11,854)
At 31 December 2008		251,781	(21,175)	-	230,606

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 2008 was authorised for issue in accordance with a resolution of the directors on 26 February 2009.

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 derivative financial instruments and investment properties that are held at fair value, and investments in associates that are equity accounted.

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

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

(b) Statement of Compliance

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

Other new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the current reporting period. We do not anticipate the impact on the Trust's financial report to be material. We will continue to assess the impact as these standards and interpretations come into effect.

2. Summary of Significant Accounting Policies (continued)

(c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiary as at 31 December 2008. Information from the financial statements of the consolidated entity is included from the date the parent entity obtained control.

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

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

(d) Significant accounting judgements, estimates and assumptions

(i) Significant accounting judgements

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

Operating lease commitments

Space in each of the investment properties owned by the consolidated entity's associate, Reckson Australia Operating Company LLC ("US LLC") is leased to third parties. The consolidated entity has determined that 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(l)
Derivative financial instruments – refer Note 2(v)

(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.
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, less any adjustment for impairment.

Balances and transactions between the Trust and the US REIT have been eliminated in preparing the consolidated financial statements.

(k) Investments in Associates

The Trust's indirect investment in its associate (the US LLC) through its subsidiary (the US REIT) is accounted for under the equity method of accounting in the consolidated financial statements. This is an entity in which the Trust has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value and distributions received. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The consolidated net income statement reflects the Group's share of the profits and losses of the associate. The share of movements in reserves is recognised in the consolidated balance sheet.

The financial statements of the associate are used by the Trust to apply the equity method. The reporting dates of the associate and the Group are identical, and both use consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist. Unrealised profits arising from intra-group transactions have been eliminated in full.

2. Summary of Significant Accounting Policies (continued)

(l) Investment Properties held by Associates

The Group's equity-accounted share of investment properties held by its associate, the US LLC, is 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. Changes in fair value of an investment property are recorded in the income statement.

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.

(m) Foreign currencies

Translation of foreign currency transactions

The functional and presentation currency of the parent entity is Australian dollars.

Transactions in foreign currencies of entities within the consolidated entity 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 2008, a spot rate of A$1.00 = US$0.69 was used (31 December 2007: A$1.00 = US$0.88).

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 and equity accounted investments 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 income statements are translated at the average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to the foreign currency translation reserve.

2. Summary of Significant Accounting Policies (continued)

(n) Interest bearing loans and borrowings

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

(o) Contributed Equity

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

(p) Revenue

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

(q) Earnings per unit (EPU)

Basic EPU is calculated as net profit attributable to members divided by the weighted average number of ordinary units. Diluted EPU is calculated as the net profit attributable to members divided by the weighted average number of ordinary units adjusted for the effects of all dilutive potential ordinary units.

RNY has no dilutive potential ordinary units therefore its basic and diluted EPU are the same.

2. Summary of Significant Accounting Policies (continued)

(r) Taxes

Income Tax

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

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

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

The Trust may realise a capital gain or loss on disposal of its US investments that may attract a US tax liability. 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 Income Statement as a tax expense. Gains from such disposals attract a US tax rate of 38.25% for land disposals and a rate of 15% for building disposals.

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.

(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.

(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.

2. Summary of Significant Accounting Policies (continued)

(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.

(v) Derivative financial instruments

The Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are stated at fair value.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to net profit or loss for the year.

(w) Comparatives

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

3. Expenses

	Consolidated		RNY	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Other expenses				
- administration & marketing	-	-	121	142
- insurance	106	189	106	103
- consulting fees	45	74	97	86
	151	263	324	331

4. Income tax benefit/expense

(a) Income tax (benefit)/expense

Deferred US withholding tax (benefit)/expense	**(8,286)**	**5,409**	-	-

(b) Reconciliation of withholding tax expense

The prima facie tax on (loss)/profit before tax expense is reconciled to the tax (benefit)/expense provided in the financial statements as follows:				
Net (loss)/profit before tax expense	(83,160)	28,576	(6,029)	25,422
Prima facie US withholding tax (benefit)/expense at the US rate of 15% (2007: 15%)	(12,474)	4,286	(904)	3,813
Tax effect of amounts that are not assessable for withholding tax purposes	12,474	(4,286)	904	(3,813)
Tax effect of amounts subject to US withholding tax relating to fair value adjustments to properties	(8,286)	5,409	-	-
US withholding tax (benefit)/expense	**(8,286)**	**5,409**	-	-

The deferred withholding tax liability balances are shown at Note 14

5. Trade and other receivables

Amounts receivable from related parties	-	3	167	133
Other receivables	14	34	14	34
	14	**37**	**181**	**167**

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

6. Investments in Controlled Entities

	Consolidated		RNY	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Investment in Reckson Australia LPT Corp - at cost ("US REIT")	-	-	252,529	252,529
Less: impairment	-	-	(12,236)	-
	-	**-**	**240,293**	**252,529**

The US REIT has a 75% interest in the Reckson Australia Operating Company LLC. See note 7 below.

Due to the fair value decrement of investment properties in the US LLC, the investment in the US REIT has been written down to its net asset value which is the best estimate of its recoverable amount.

7. Investments in Associates

	Consolidated		RNY	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Investment in associate	**250,876**	**259,239**	**-**	**-**

Other details are as follows:

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

RNY has a 100% interest in Reckson Australia LPT Corp., which in turn has a 75% interest in Reckson Australia Operating Company LLC, a Delaware Limited Liability Company that as of 31 December 2008 owned 24 office properties and one (1) warehouse property currently held for sale (2007: 24 office properties and one (1) warehouse property held for sale) 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).

Under the structure created above, RNY (through the US REIT) and RXR exercise significant influence 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.

7. Investments in Associates (continued)

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

	Consolidated 2008 $'000	2007 $'000
Movements in carrying amounts		
Carrying amount at the beginning of the year	259,239	285,643
Purchase of investment in associate	-	-
Dividends received	(13,012)	(23,589)
Share of (loss)/profit of associate	(66,104)	27,813
Effect of changes in exchange rates	70,753	(30,628)
Carrying amount at the end of the year	**250,876**	**259,239**
Share of associate's balance sheet		
Current assets	10,045	6,750
Non-current assets	646,210	569,074
Total Assets	**656,255**	**575,824**
Current liabilities	59,390	11,514
Non-current liabilities (a)	345,989	305,071
Total Liabilities	**405,379**	**316,585**
Net Assets	**250,876**	**259,239**

(a) Non-current liabilities comprise:

Facility	**US $'000 @ 100% 2008**	**US $'000 @100% 2007**	**AUD $'000 @ 75% 2008**	**AUD $'000 @75% 2007**	**Int Rate**	**Maturity Date**
*Fixed rate commercial mortgages**						
Tranche I mortgage	196,100	196,100	212,291	166,827	5.20%	Aug 2010
Tranche II mortgage	72,000	72,000	77,945	61,252	5.32%	Jan 2016
Tranche III mortgage	51,501	51,501	55,753	43,813	5.20%	Oct 2010
	319,601	319,601	345,989	271,892		
*Credit facility***						
Revolving facility	44,000	39,000	47,632	33,179	variable	Sep 2009
Total	**363,601**	**358,601**	**393,621**	**305,071**		

* The mortgages are secured over certain properties of the US LLC.
** The revolving credit facility ("Credit Facility") is held jointly with Citicorp North America Inc., UBS Loan Finance LLC and Westdeutsche. The Credit Facility has a limit of US$55 million at year end (2007: US$55 million.) Interest on this facility is calculated as the Eurodollar rate plus 85 to 100 basis points based on the leverage ratio. A facility fee of between 15 and 20 basis points is payable based on the average daily unused revolving credit commitment. The interest exposure on this facility is unhedged. The original Credit Facility was amended in November 2007. These modifications have not resulted in any compliance breaches.

7. Investments in Associates (continued)

Funding

The Credit Facility of US$55m in the US LLC is due to expire on September 2009. The facility is drawn down to US$44m at 31 December 2008. The US LLC has contacted the agent lender for the Credit Facility and had preliminary discussions about the various options available to refinance or renew this facility and will seek to complete an amendment or refinancing on or before September 2009. If the US LLC is unable to successfully complete such extension, it may need to obtain secured loans on its five unencumbered assets. These assets have a fair value of approximately US$93m as at 31 December 2008. The US LLC believes it is reasonably likely that it will be able to obtain such financing if necessary.

However, given the prevailing uncertainty in the global financial markets, the US LLC is also considering alternative financing solutions. In the event it is unable to obtain such financing, it will evaluate other options as necessary to satisfy its obligations under the Credit Facility, including expected cash flow from operations during 2009, potential sales of assets, and other steps to raise cash. However, there can be no assurance that the US LLC can complete any of the above-mentioned actions, or that the terms will be favourable to the US LLC.

	Consolidated	
	2008	**2007**
	$'000	**$'000**
Share of associate's profit or loss		
Revenue	68,369	69,365
(Loss)/profit before income tax	(66,104)	27,813
Income tax expense	-	-
(Loss)/profit after income tax	**(66,104)**	**27,813**

Commitments and contingencies of associate

(a) Leasing arrangements

Reckson Australia Operating Company LLC enters into lease arrangements with the various tenants that occupy the 25 properties (2007: 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	
	2008	**2007**
	$'000	**$'000**
Within 1 year	68,951	51,512
Later than 1 year but not later than 5 years	189,399	149,475
Later than 5 years	77,754	75,414
	336,104	**276,401**

7. Investments in Associates (continued)

Commitments and contingencies of associate (continued)

(b) Capital Commitments
Reckson Australia Operating Company LLC had no future capital commitments existing at balance date.

(c) Contingent liabilities
Reckson Australia Operating Company LLC had no contingent liabilities existing at balance date.

(d) Impairment losses
Reckson Australia Operating Company LLC had no impairment losses existing at balance date.

Liquidity risk of associate
Liquidity risk is the risk that the US LLC will not be able to meet its obligations in relation to investment activities or other operations.

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.

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

	US LLC	
	2008 $'000	**2007 $'000**
Liabilities maturing in:		
6 months or less	21,786	19,662
6 to 12 months	57,168	8,148
1 to 5 years	294,406	277,051
Over 5 years	86,583	71,300
	459,943	376,161

Interest rate risk of associate
The US LLC's exposure to market risk for changes in interest rates relates primarily to the mortgage debts amounting to $319.6 million (75% share $AU345.9 million) (2007: $US319.6 million (75% share $AU271.9 million)). In order to manage this risk, the US LLC has secured three fixed interest rate loans with various maturity dates.

The remaining borrowings in the US LLC are through a Revolving Credit Facility which was unhedged at 31 December 2008. This facility is the only significant floating rate debt held by the Group. The US LLC does not consider it necessary to hedge this facility.

7. Investments in Associates (continued)

Capital management in the associate
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 2008 and 2007 were as follows:

	US LLC	
	2008	**2007**
	$'000	**$'000**
Total borrowings	393,621	305,071
Less: cash and cash equivalents	(7,102)	(3,630)
Net debt	386,519	301,441
Total equity	250,876	259,239
Total capital	637,395	560,680
Gearing ratio	60.6%	53.8%

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

8: Share of US LLC's Investment Properties

	Consolidated		RNY	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Investment properties held in equity accounted investments at fair value	633,909	553,757	-	-

The Trust has an interest in property investments held by equity accounted investments, through the indirect holding of 75% interest in Reckson Australia Operating Company LLC. The amounts set out in this note represent the Trust's 75% interest in these properties

Included in the carrying value of investment properties are the following				
Straight – line asset*	9,134	5,340	-	-
Lease commissions	9,123	5,744	-	-
Deferred revenues**	(4,041)	(1,933)	-	-
Total	**14,216**	**9,151**	-	-

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

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

Carrying amount at the start of the year	553,757	589,434	-	-
Cost of acquired properties	-	2,655	-	-
Property acquisition costs	-	496	-	-
Fair value (decrement)/increment	(82,406)	8,248	-	-
Other investment value	5,003	9,151	-	-
Capital additions	9,716	6,302	-	-
Foreign exchange gain/(loss)	147,839	(62,529)	-	-
Carrying amount at the end of the year	**633,909**	**553,757**	-	-

8: Share of US LLC's Investment Properties (continued)

Details of valuations of property investments held through controlled entities and associates as at 31 December 2008 – 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	Book Value At 31 Dec 07 @75% US $'000	Book Value At 31 Dec 08 @75% US $'000	Latest Independent Appraisal(i) @75% US $'000	Valuer	Date of Latest Independent Appraisal		Book Value At 31 Dec 07 @75% AUD $'000	Book Value At 31 Dec 08 @75% AUD $'000	Latest Independent Appraisal(i) @75% AUD $'000
35 Pinelawn Rd, Long Island	21 Sep 05	16,778	17,087	18,375	CBRE Inc	30 Apr 08		19,031	24,663	26,523
150 Motor Parkway, Long Island	21 Sep 05	29,598	27,946	31,125	CBRE Inc	30 Apr 08		33,573	40,337	44,926
660 White Plains Rd, Westchester County	21 Sep 05	40,733	32,312	35,625	CBRE Inc	30 Apr 08		46,203	46,639	51,421
100 Executive Dr, Nth New Jersey	21 Sep 05	11,890	10,463	11,400	CBRE Inc	30 Apr 08		13,487	15,102	16,455
100 Grasslands Rd, Westchester County	21 Sep 05	6,871	5,646	6,225	CBRE Inc	30 Apr 08		7,794	8,149	8,985
80 Grasslands Rd, Westchester County	21 Sep 05	10,703	10,272	11,325	CBRE Inc	30 Apr 08		12,140	14,827	16,347
200 Executive Dr, Nth New Jersey	21 Sep 05	12,325	10,246	11,175	CBRE Inc	30 Apr 08		13,980	14,789	16,130
492 River Rd, Nth New Jersey	21 Sep 05	29,218	28,079	30,675	CBRE Inc	30 Apr 08		33,142	40,529	44,276
225 High Ridge Rd, Fairfield County	21 Sep 05	58,849	52,050	52,050	CBRE Inc	31 Dec 08		66,752	75,129	75,129
300 Motor Parkway, Long Island	21 Sep 05	6,750	7,650	7,650	CBRE Inc	31 Dec 08		7,657	11,042	11,042
505 White Plains Rd, Westchester County	21 Sep 05	3,399	2,528	3,075	CBRE Inc	30 Apr 08		3,855	3,649	4,438
55 Charles Lindbergh Blvd, Long Island	21 Sep 05	30,274	28,971	31,425	CBRE Inc	30 Apr 08		34,340	41,817	45,359
200 Broadhollow Rd, Long Island	21 Sep 05	10,833	9,973	10,725	CBRE Inc	30 Apr 08		12,288	14,395	15,481
10 Rooney Circle, Nth New Jersey	21 Sep 05	8,789	6,675	6,675	CBRE Inc	31 Dec 08		9,969	9,635	9,635
560 White Plains Rd, Westchester County	21 Sep 05	16,055	13,605	15,000	CBRE Inc	30 Apr 08		18,211	19,638	21,651
555 White Plains Rd, Westchester County	21 Sep 05	15,694	12,238	12,675	CBRE Inc	30 Apr 08		17,802	17,664	18,295
6800 Jericho Turnpike, Long Island	6 Jan 06	29,684	27,375	27,375	CBRE Inc	31 Dec 08		33,671	39,513	39,513
6900 Jericho Turnpike, Long Island	6 Jan 06	12,962	13,166	14,175	CBRE Inc	30 Apr 08		14,703	19,004	20,460

Property Address	**Date of Acquisition**	**Book Value At 31 Dec 07 @75% US $'000**	**Book Value At 31 Dec 08 @75% US $'000**	**Latest Independent Appraisal[(i)] @ 75% US $'000**	**Valuer**	**Date of Latest Independent Appraisal**		**Book Value At 31 Dec 07 @75% AUD $'000**	**Book Value At 31 Dec 08 @75% AUD $'000**	**Latest Independent Appraisal[(i)] @75% AUD $'000**
710 Bridgeport Ave, Fairfield County	6 Jan 06	34,621	31,192	34,275	CBRE Inc	30 Apr 08		39,271	45,023	49,473
580 White Plains Rd, Westchester County	6 Oct 06	22,680	16,275	16,275	CBRE Inc	31 Dec 08		25,726	23,491	23,491
300 Executive Dr, Northern New Jersey	6 Oct 06	13,541	12,515	13,650	CBRE Inc	30 Apr 08		15,360	18,064	19,702
1660 Walt Whitman Rd, Long Island	6 Oct 06	12,639	11,717	12,600	CBRE Inc	30 Apr 08		14,336	16,912	18,187
520 Broadhollow Rd, Long Island	6 Oct 06	15,745	14,850	14,850	CBRE Inc	31 Dec 08		17,860	21,435	21,435
50 Marcus Drive, Long Island	6 Oct 06	35,064	34,570	35,850	CBRE Inc	30 Apr 08		39,773	49,898	51,746
1155 Railroad Avenue, Fairfield County	26 Jun 07	2,498	1,777	-	-			2,833	2,565	-
		488,193	439,178	464,250				553,757	633,909	670,100

(i) CB Richard Ellis, Inc. – Valuation and Advisory Services performed appraisals for six of the Trust's properties at 31 December 2008 as noted above. Internal appraisals were then performed at balance date on the remainder of the properties based on capitalisation rates advised by CB Richard Ellis, Inc.

9. Derivative financial instruments

	Consolidated		RNY	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Current asset				
Cross currency swap at fair value	**-**	**7,768**	**-**	**7,768**
Current liability				
Cross currency swap at fair value	**10,509**	**-**	**10,509**	**-**

10. Other current assets

Prepaid insurance	**42**	**50**	**-**	**-**

11. Due to related parties

Amounts owing to related parties	**4,162**	**6,089**	**-**	**-**

The related party loan is repayable on demand. Interest is charged quarterly on the daily balance, based on the commercial rate at which funds are borrowed by the related party. The average interest rate charged for the 2008 year was 4.2% (2007: 6.3%).

12. Trade & other payables

Other creditors & accruals	82	1,408	73	1,054
Owing to related parties	153	-	153	-
Other payables	628	691	-	-
	863	**2,099**	**226**	**1,054**

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

13. Provision for distribution

Final distribution payable*	**5,927**	**8,824**	**5,927**	**8,824**
The distribution will be paid on or about 27 February 2009 and represents a rate of 2.25 cents per unit				
Distributions paid during the year:				
Distribution for the six months ended 30 June*	**5,927**	**11,459**	**5,927**	**11,459**

*Both current year distributions were 100% tax advantaged. (2007 year: 100% tax advantaged)

14. Deferred withholding tax liability

	Consolidated		RNY	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Deferred withholding tax liability	**6,176**	**12,865**	**-**	**-**

The closing balance of the deferred tax liability relates to US federal income taxes payable on the difference between the adjusted tax cost base and the carrying value of the investment properties held in the US LLC. The liability has been calculated using the current withholding tax rates of 38.25% for increments in land assets and 15% for increments in building assets.

15. Preferred Shares

Preferred shares	**180**	**142**	**-**	**-**

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.

16. Units on Issue

	Consolidated		RNY	
	2008	2007	2008	2007
	Units	Units	Units	Units
(a) Movements in ordinary units on issue				
Units on issue at beginning of the year	263,413,889	263,413,889	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	263,413,889	263,413,889

	Consolidated		RNY	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
(b) Movement in issued equity				
Issued equity at the beginning of the year	251,377	251,377	251,781	251,781
Movements in equity during the year	-	-	-	-
Issued equity at the end of the year	**251,377**	**251,377**	**251,781**	**251,781**

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.

17. Reserves – Movements in Reserves

	Consolidated 2008 $'000	Consolidated 2007 $'000	RNY 2008 $'000	RNY 2007 $'000
Foreign currency translation reserve	**27,563**	**(41,973)**	**-**	**-**
Foreign currency translation reserve (i)				
Balance at the beginning of the year	(41,973)	(11,951)	-	-
Gain/(loss) on translation of controlled foreign entities	69,536	(30,022)	-	-
Balance at end of the year	27,563	(41,973)	-	-

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

18. Reconciliation of net (loss)/profit to net cash inflow from operating activities

	Consolidated 2008 $'000	Consolidated 2007 $'000	RNY 2008 $'000	RNY 2007 $'000
(a) Reconciliation of net (loss)/profit to net cash inflow from operating activities				
Net (loss)/profit attributable to members of RNY	(74,874)	23,167	(6,029)	25,422
(Increase)/decrease in receivables and other assets	31	200	(14)	9,950
Increase/(decrease) in payables and other liabilities	410	3,657	(828)	873
Increase/(decrease) in deferred tax liability	(8,286)	5,409	-	-
Fair value movement in derivatives	18,277	(5,380)	18,277	(3,741)
Net realised foreign exchange gain	(5,082)	(1,630)	(5,082)	(3,269)
Undistributed loss/(income) transferred to reserves of equity accounted associates	79,116	(4,224)	-	-
Net cash inflow from operating activities	9,592	21,199	6,324	29,235

(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:

	Consolidated 2008 $'000	Consolidated 2007 $'000	RNY 2008 $'000	RNY 2007 $'000
Cash and liquid assets	7,491	10,723	6,794	10,139

19. Earnings per unit

	Consolidated 2008 Cents	Consolidated 2007 Cents
Basic and diluted earnings per unit	(28.42)	8.79
Basic earnings per unit after adjusting for fair value movements, deferred tax expense and unrealised gains/losses on derivatives*	5.62	7.19

*This calculation is based on the following adjusted net profit/(loss):	**$'000**	**$'000**
Consolidated net (loss)/profit attributable to RNY unitholders	(74,874)	23,167
add/less: loss/(gain) from investment property revaluations	82,406	(8,248)
add/less: unrealised derivative loss/(gain)	15,564	(3,741)
less/add: deferred tax (benefit)/expense	(8,286)	5,409
add: professional fees related to discontinued internalisation	-	2,347
Adjusted net profit used in calculation above	14,810	18,934

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.

20. Commitments, Contingencies and Impairment Losses

Commitments, contingent liabilities and impairment losses relating to the Associate are detailed in Note 7. There are no other commitments, contingent liabilities or impairment losses existing at balance date.

21. 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

21. Key Management Personnel (continued)

(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 22(iii), no amounts are paid by the Trust directly to the Key Management Personnel of 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.

(iv) Units in the Trust held by related parties

The interests of the Directors of Reckson Australia Management Ltd 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.

22. Related Party Disclosure

(i) Responsible Entity

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

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

The consolidated financial statements include the financial statements of RNY and its subsidiary, Reckson Australia LPT Corp. (US REIT).

(ii) 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 (for information regarding outstanding balances at year-end refer to note 11 and note 12):

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 2008					
Consolidated					
RNY Australia Management Ltd:					
- asset management fees	-	580	-	-	-
- expense reimbursements	-	136	-	-	-
Reckson Australia Asset Manager LLC					
- asset management fees	-	2,050	-	-	-
Loan from the US LLC to US REIT	233	-	-	-	4,162
Loan from RNY to RAML	(5)	-	-	-	153
Parent					
RNY Australia Management Ltd:					
- asset management fees	-	580	-	-	-
- expense reimbursements	-	136	-	-	-
Distribution received by RNY from US REIT	-	-	8,256	-	-
Loan from RNY to US REIT	-	-	-	167	-
Loan from RNY to RAML	(5)	-	-	-	153

22. Related Party Disclosure (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 2007					
Consolidated					
RNY Australia Management Ltd:					
- asset management fees	-	638	-	-	-
- expense reimbursements	-	143	-	-	-
Reckson Australia Asset Manager LLC					
- asset management fees	-	1,984	-	-	-
Loan from the US LLC to US REIT	259	-	-	-	6,089
Loan from RNY to RAML	(9)	-	-	3	-
				-	-
Parent					
RNY Australia Management Ltd:					
- asset management fees	-	638	-	-	-
- expense reimbursements	-	143	-	-	-
Distribution received by RNY from US REIT	-	-	20,863	-	-
Loan from RNY to RAML	(9)	-	-	3	-

22. Related Party Disclosure (continued)

(ii) 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 2008 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.

(iii) Responsible Entity fees and other transactions

Fees paid by the Trust to the Responsible Entity for the year amounted to $580,158 (2007: $638,464).

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.

23. Net Asset Backing per Unit

	Consolidated	
	2008	2007
	$	$
Net asset backing per unit	$0.88	$0.94

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

24. Segment Reporting

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.

25. Financial risk management objectives and policies

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

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 Group enters into derivative transactions in the form of forward currency contracts. The purpose is to manage currency risks inherent in the six monthly distributions made by the US controlled entities to RNY.

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.

(a) Derivative financial instruments

The Responsible Entity has a policy to undertake foreign exchange hedging of forecast distributions to insulate against movements in exchange rates, both favourable and unfavourable.

The policy is to arrange half yearly rolling foreign exchange hedges equivalent to:

- 100% of the Trust's estimated distributions for the three year period from 2009 to 2011; and
- 90% of the Trust's estimated distributions for the two year period from 2012 to 2013

The Responsible Entity will review such foreign currency hedges when it believes there has been a material change in the expected distributions of the Trust.

This policy is intended to provide a degree of certainty for Unitholders that changes in the exchange rate between the US dollar and the Australian dollar will not have a significant impact on the distributions in Australia within the subsequent five year period and that the impact of any sustained changes in the exchange rate are phased in progressively. The cost of implementing these hedges is incorporated into the hedged exchange rate. Security may be given over the direct and indirect assets of the Trust to the counterparty to the foreign exchange hedges to protect against default.

25. Financial risk management objectives and policies (continued)

(a) Derivative financial instruments (continued)

The foreign exchange hedging arrangements entered into by the Trust are not deemed to be hedges for accounting purposes. Therefore the income statement will experience volatility due to the revaluation of derivatives.

(b) Foreign currency risk

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

The Trust currently uses derivative financial instruments to hedge its exposure to foreign currency movements. Refer to Note (a) above for more details

The following table lists the US dollar financial balances held in RNY and the Group.

	Consolidated		RNY	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Financial Assets				
Cash and cash equivalents	6,699	9,942	6,699	9,942
Receivable from related parties	-	-	167	-
Derivative financial instruments	-	7,768	-	7,768
Total Financial Assets	6,699	17,710	6,866	17,710
Financial Liabilities				
Derivative financial instruments	10,509	-	10,509	-
Total Financial Liabilities	10,509	-	10,509	-
Net Exposure	(3,810)	17,710	(3,643)	17,710

25. Financial risk management objectives and policies (continued)

(b) Foreign currency risk (continued)

RNY has forward currency contracts which were entered into for the purpose of hedging future distributions receivable from its controlled entity, the US REIT. These hedges are subject to fair value movements through profit and loss as US dollar exchange rates move. At 31 December 2008, RNY had hedged over 80% of future distributions forecast to be receivable from the US REIT.

At 31 December 2008, had the Australian Dollar moved, the following table demonstrates the sensitivity of a reasonably possible change in the US dollar exchange rate, with all other variables held constant, on the Group's post tax profit and equity:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Consolidated				
AUD/US Dollar +5%	3,508	3,777	202	316
AUD/US Dollar -5%	(4,074)	(4,315)	(223)	(350)
Parent				
AUD/US Dollar +5%	3,508	3,777	-	-
AUD/US Dollar -5%	(4,074)	(4,315)	-	-

The most significant item affecting both profit and equity above is the derivative hedges held in RNY which increase in fair value when the Australian dollar rises/US dollar falls (refer Note 9).

(c) Credit risk

Credit risk is the risk that counter parties to a financial asset will fail to discharge their obligations, causing the Trust to incur a financial loss. The Trust has significant derivative financial instruments held with two international bank counterparties which are considered to be high quality financial institutions.

The maximum exposure to credit risk is the fair value of the receivables shown in Notes 5 and 9 of these accounts. No security is held against the Trust's receivables.

(d) Net fair values

The carrying values of the entity'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, calculated using current market interest rates, are not materially different from the carrying values shown in the accounts at year end.

25. Financial risk management objectives and policies (continued)

(e) Interest rate risk

The consolidated entity's exposure to market risk for changes in interest rates relates primarily to the mortgage debts held in the US LLC. Refer to Note 7 in these accounts for more details of these debts.

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

				Consolidated		RNY	
	Note	**Fixed/ Floating**	**Interest Rate**	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**
Financial Assets							
Cash	18(b)	Floating	5.4%	6,794*	10,139*	6,794	10,139
Total Financial Assets				6,794	10,139	6,794	10,139
Financial Liabilities							
Due to related parties	11	Floating	4.2%	4,162	6,089	-	-
Preference shares	15	Fixed	12.5%	180	142	-	-
Total Financial Liabilities				4,342	6,231	-	-
Net Exposure				2,452	3,908	6,794	10,139

* Non interest bearing cash held by the US REIT has been excluded from these amounts

The following sensitivity analysis is based on the interest rate risk exposures in existence at balance sheet date. At 31 December 2008, if interest rates had moved, as illustrated in the table below, with all other variables held constant, profit after tax and equity would have been affected as follows:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Consolidated				
+0.5% (50 basis points)	13	20	-	-
-0.5% (50 basis points)	(13)	(20)	-	-
Parent				
+0.5% (50 basis points)	34	51	-	-
-0.5% (50 basis points)	(34)	(51)	-	-

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances.

25. Financial risk management objectives and policies (continued)

(f) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations in relation to investment activities or other operations of the Group. Liquidity risk mainly lies in the US LLC. For details of the liquidity risk in the US LLC refer to Note 7.

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

	Consolidated		RNY	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**
Liabilities maturing in:				
6 months or less	4,892	7,497	721	1,054
6 to 12 months	1,087	691	459	-
1 to 5 years	5,527	-	5,527	-
Over 5 years	180	142	-	-
	11,686	8,330	6,707	1,054

Liquidity risk is managed by adhering to restrictions under the Trust's investment strategy which prevent the Trust entering into contractual arrangements that produce an exposure not covered by sufficient liquid assets or a total investment exposure in excess of total unitholders' funds.

The following tables set out the maturity analysis of the Trust and the Group's assets and liabilities based on management's expectations. Management considers that the risks implied in the tables reflect a balanced view of the entities' cash inflows and outflows.

CONSOLIDATED **As at 31 December 2008**	**6 months or less $'000**	**6-12 months $'000**	**1-5 years $'000**	**over 5 years $'000**	**TOTAL** **$'000**
Financial Assets					
Cash	7,491	-	-	-	7,491
Trade & other receivables	14	-	-	-	14
Total Financial Assets	7,505	-	-	-	7,505
Financial Liabilities					
Trade & other payables	235	628	-	-	863
Due to related parties	4,162	-	-	-	4,162
Derivatives	495	459	5,527	-	6,481
Preference shares	-	-	-	180	180
Total Financial Liabilities	4,892	1,087	5,527	180	11,686
Net maturity*	2,613	(1,087)	(5,527)	(180)	(4,181)

*Net cash flows are based on the prevailing exchange rate as at 31 December 2008.

25. Financial risk management objectives and policies (continued)

(f) Liquidity risk (continued)

RNY As at 31 December 2008	6 months or less $'000	6-12 months $'000	1-5 years $'000	over 5 years $'000	TOTAL $'000
Financial Assets					
Cash	6,794	-	-	-	6,794
Trade & other receivables	181	-	-	-	181
Derivatives				-	
Total Financial Assets	6,975	-	-	-	6,975
Financial Liabilities					
Trade & other payables	226	-	-	-	226
Derivatives	495	459	5,527	-	6,481
Total Financial Liabilities	721	459	5,527	-	6,707
Net maturity*	6,254	(459)	(5,527)	-	(268)

*Net cash flows are based on the prevailing exchange rate as at 31 December 2008.

26. Capital management

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

For details of capital management in the US LLC refer to Note 7.

27. Auditor's Remuneration

	Consolidated		RNY	
	2008	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**
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	136,900	154,420	136,900	154,420
- other services in relation to the entity and any other entity in the Consolidated Entity				
- taxation services	12,300	21,900	12,300	21,900
- transaction advisory services	-	702,911	-	702,911
	149,200	879,231	149,200	879,231
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	268,324	196,680	-	-
- other services in relation to the entity and any other entity in the Consolidated Entity				
- transaction advisory services	-	334,643	-	-
	268,324	531,323	-	-
Amounts received or due and receivable by non Ernst & Young audit firms for:				
- compliance services	28,000	28,387	28,000	28,387
	445,524	**1,438,941**	**177,200**	**907,618**

28. Subsequent Events

On 20 January 2009 RNY changed its name from "Reckson New York Property Trust" to "RNY Property Trust". Also on 20 January 2009 RAML changed its name from "Reckson Australia Management Ltd" to "RNY Australia Management Ltd".

Other than as noted above, 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 2008 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and 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.

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 2008.

On behalf of the Board

/s/ Philip Meagher
Philip Meagher
Director

Sydney, 26 February 2009

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

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

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

We have audited the accompanying financial report of RNY Property Trust (the Trust) and the entities it controlled at the year's end or from time to time during the financial year, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the declaration by the directors of RNY Australia Management Limited, the Responsible Entity of the Trust.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(b) the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 our 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, we consider 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 met 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 included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. 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 financial position of RNY Property Trust and the consolidated entity at 31 December 2008 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the

Corporations Regulations 2001.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Ernst & Young

Mark Conroy
Partner
Sydney
26 February 2009