



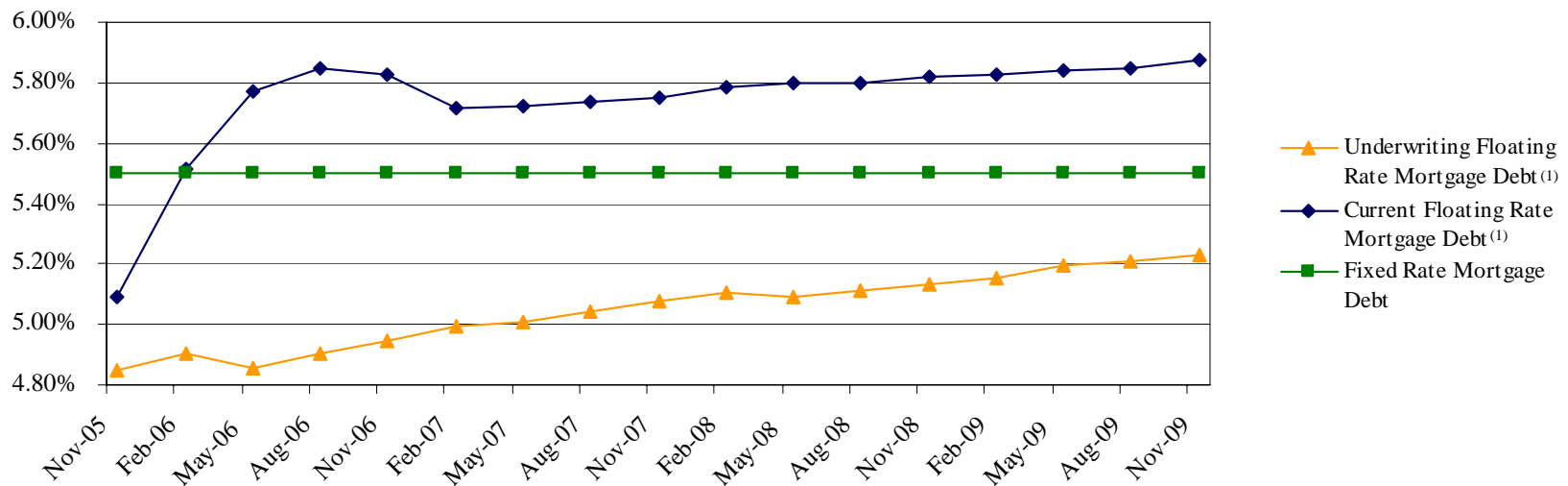
**Reckson New York Property Trust**  
(ASX: RNYCA)

*Tranche II Update*

*29 December 2005*

- Reckson Australia Operating Company is scheduled to execute the tranche II property purchases the first week of January 2006
  
- The Company has adjusted its strategy with respect to the acquisition financing of tranche II and tranche III
  - US yield curve has significantly flattened in recent months
  - Forward LIBOR curve is significantly steeper today
  - Use of fixed rate mortgage debt instead of floating rate mortgage debt as a result of the flattening US yield curve
  - Long term benefit to locking in fixed rate debt today
  
- The Company will offset the cost of this adjustment by a swap of assets between tranche II and tranche III
  - Proposed swap of 710 Bridgeport Avenue (a tranche III property) with 580 White Plains Road (a tranche II property)

- Based on the current LIBOR curve, we estimate the rate on floating-rate mortgage debt will be higher than the rate on fixed-rate mortgage debt by February 2006
  - Current forward LIBOR rates for 2006 have significantly increased since the time that the PDS was prepared



- We believe the best long-term course of action is to utilize ten-year fixed rate mortgage debt for the tranche II closing
  - This would result in approximately \$430,000 of additional interest expense in 2006 as compared to the interest expense projected in the PDS
    - However, over the next five years, this would result in a net present value savings of over \$720,000 (2) when compared to the current LIBOR curve
  - The forward contract to swap approximately \$11 million of floating rate debt to fixed rate debt will be unwound

(1) Source: Bloomberg Financial.

(2) Using an 8% discount rate.

# Proposed Property Swap

*710 Bridgeport Avenue for 580 White Plains Road*

*All figures in US\$*

- 710 Bridgeport Avenue, Fairfield County, CT will provide a higher level of NOI for the first three quarters of 2006
  - Currently 71.7% occupied by two tenants
    - Perkin Elmer – a global technology leader driving growth and innovation in Health Sciences and Industrial Sciences markets to improve the quality of life; reported revenues of \$1.7 billion in 2004, has 10,000 employees serving customers in more than 125 countries, and is a component of the S&P 500 Index
    - Atrium Companies – 50-year old private company with approximately \$600 million of sales and considered one of the largest, most widely recognized manufacturer and distributor of residential vinyl and aluminum windows and patio doors
- Difference in purchase price between the two assets (\$12.9 million) will be funded through a borrowing on the line of credit
  - We have asked the banks in our line of credit for a temporary waiver to allow for the borrowing
  - Gearing will increase approximately 80bps upon completion of tranche II over the level projected in the PDS
  - Upon completion of tranche III in October 2006, the incremental borrowing will be repaid and the gearing returned to the level projected in the PDS

# Summary Financial Impact

All figures in US\$

- The negative impact from the use of fixed rate debt is offset by the swap of 710 Bridgeport Avenue and 580 White Plains Road

Additional Interest Expense Incurred from use of Fixed Rate Debt	(\$430,000)
Net Benefit from Property Swap <sup>(1)</sup>	440,482
<b>Net Benefit</b>	<b><u><u>\$10,482</u></u></b>

- The following represents the original and proposed sources and uses for tranches II and III

## PDS Tranche II Structure (\$ in millions)

<u>Sources</u>		<u>Uses</u>	
Floating Rate Mortgage Debt	\$71.7	Property Purchases	\$71.7
Line of Credit	4.6	Closing Costs	4.6
<b>Total Sources</b>	<b><u><u>\$76.3</u></u></b>	<b>Total Uses</b>	<b><u><u>\$76.3</u></u></b>

## Proposed Tranche II Structure (\$ in millions)

<u>Sources</u>		<u>Uses</u>	
Fixed Rate Mortgage Debt	\$71.7	Property Purchases	\$84.6
Line of Credit	17.0	Closing Costs	4.0
<b>Total Sources</b>	<b><u><u>\$88.6</u></u></b>	<b>Total Uses</b>	<b><u><u>\$88.6</u></u></b>

## PDS Tranche III Structure (\$ in millions)

<u>Sources</u>		<u>Uses</u>	
Fixed Rate Mortgage Debt	\$51.5	Property Purchases	\$124.7
Australian Equity Raise	68.1	Closing Costs	1.9
Reckson Equity Raise	18.3	Line of Credit Paydown	11.3
<b>Total Sources</b>	<b><u><u>\$137.9</u></u></b>	<b>Total Uses</b>	<b><u><u>\$137.9</u></u></b>

## Proposed Tranche III Structure (\$ in millions)

<u>Sources</u>		<u>Uses</u>	
Fixed Rate Mortgage Debt	\$51.5	Property Purchases	\$111.8
Australian Equity Raise	68.1	Closing Costs	2.1
Reckson Equity Raise	18.3	Line of Credit Paydown	24.0
<b>Total Sources</b>	<b><u><u>\$137.9</u></u></b>	<b>Total Uses</b>	<b><u><u>\$137.9</u></u></b>

(1) Net of interest expense incurred from borrowing off the line of credit to fund the higher purchase price of 710 Bridgeport Avenue.



# Significant Leasing Transaction

*555 White Plains Road, Tarrytown, New York*

## ➤ Tenant Information

- Bayer Healthcare, a division of Bayer AG, operates its worldwide diagnostic division in Tarrytown, New York
  - One of the world's market leaders and the fastest growing laboratory business worldwide, marketing diagnostic systems for customers in hospitals, large-scale laboratories and physicians' offices
  - Bayer Healthcare had annual sales of approximately 8.5 billion Euro in 2004, 1.3 billion Euro contributed by the diagnostic division
  - Announced it is relocating its Diabetes Care Division (approximately 100 positions) from Elkhart, IN to Tarrytown
- Currently occupying 71,340 sf at 555 White Plains Road with the majority of the space expiring in July 2009
  - Bayer has been a tenant since June 1999

## ➤ Transaction Details

- Early renewal on its occupied 71,340 sf, extending term through July 2014
- Expanding into an additional 9,739 sf with a lease expiration coterminous with the early renewal space
- Committed to lease an additional 14,852 sf within the next six months
- Total transaction of 95,931 sf comprises approximately 78.7% of the buildings total square footage
- As a result of this transaction, occupancy at 555 White Plains Road will be approximately 98.2% (an increase from 90.1%)

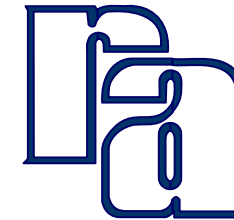


## Forward-Looking Statements

*Certain statements herein relate to the Trust's future performance ("forward looking statements").*

*Although RAML believes such statements are based on reasonable assumptions, forward-looking statements are not guarantees of results and no assurance can be given that the expected results will be delivered. Such forward-looking statements are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those expected. Among those risks, trends and uncertainties are the general economic climate, including the conditions affecting industries in which principal tenants compete; financial condition of tenants; changes in the supply of and demand for office properties in the New York Tri-State area; changes in interest rate levels and changes in credit ratings and changes in the cost of and access to capital.*

**RECKSON**  
**NYPT**



**Reckson Australia Management Limited**

**The Chifley Tower  
2 Chifley Square  
Sydney, NSW 2000  
Tel: 612-9293-2910  
Fax: 612-9293-2912  
[www.recksonnypt.com.au](http://www.recksonnypt.com.au)**

**Reckson Associates Realty Corp.**

**225 Broadhollow Road  
Melville, NY 11747  
United States  
(888) RECKSON  
[www.reckson.com](http://www.reckson.com)**