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The Manager  
Company Announcements  
Australian Stock Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

## **RECKSON NEW YORK PROPERTY TRUST (ASX:RNYCA)**

### **Announces change in tranche II financing strategy and significant leasing transaction**

Reckson Australia Management Limited (the Company) in its capacity as the responsible entity of Reckson New York Property Trust (the Trust), advises that the Company has revised its strategy with respect to the acquisition financing of tranche II (scheduled for 6 January 2006) and tranche III (scheduled for October 2006) from the plan described in the Product Disclosure Statement (the PDS) dated 15 August 2005. The Company has decided to use long term fixed rate mortgage debt instead of floating rate mortgage debt to finance the tranche II purchase. As part of the revised plan the Company will swap the purchase of a tranche III property with a tranche II property to offset the cost resulting from the change to the financing plan.

The Company will utilize ten-year fixed rate mortgage debt to finance the majority of the tranche II property purchases (US\$72 million). The Company is taking this action in response to a steepening in the forward LIBOR curve, while the U.S. treasury curve has flattened.

Michael Maturo, CFO of the Company, stated, "We believe it is in the best long term interests of the unitholders of the Trust to take advantage of today's historically low long term interest rates to finance this acquisition rather than expose the Trust to the risk of rising short term floating rate mortgage debt." This action will result in approximately \$430,000 of additional interest expense in 2006 as compared to the original PDS projections.

To mitigate the cost of this financing adjustment, the Company has decided to swap the purchase of 710 Bridgeport Avenue (originally proposed to be a tranche III property) with 580 White Plains Road (originally proposed to be a tranche II asset). 710 Bridgeport will provide a higher level of net operating income for the first three quarters of 2006, which will offset the increased cost of the fixed-rate mortgage debt. The difference in the purchase price between the two assets (approximately US\$12.9 million) will be funded through a borrowing on the Company's line of credit. Such borrowing will temporarily increase the Company's gearing level by approximately 80 basis points above the level projected in the PDS. The incremental borrowing will be repaid upon completion of the equity raise and purchase of the tranche III properties scheduled for October 2006, at which time the Company's gearing level is expected to be at the level projected in the PDS.

The Company has executed an early renewal (71,340 sf) and expansion (9,739 sf) for Bayer Healthcare (a division of Bayer AG) at 555 White Plains Road, Tarrytown, New York. Additionally, Bayer has committed to lease an additional 14,852 sf within the next six

months. This transaction will increase occupancy at 555 White Plains Road to approximately 98.2%, from 90.1%.

Scott Rechler, CEO of the Company, noted “Property operations of the portfolio are performing consistent with our forecasts. I am pleased with the Bayer transaction which demonstrates our ability to offer flexible solutions to our tenant base.” Mr. Rechler continued “The financing modification simply reflects our efforts to respond to the changes in the interest rate environment prior to the completion of the tranche II transaction in a manner which is consistent with our approach to managing the balance sheet and cost of capital over the long term.”

A presentation containing additional information can be accessed at our website ([www.recksonnypt.com.au](http://www.recksonnypt.com.au)).

The Trust is managed by RAML, an Australian licensed responsible entity which is wholly owned by Reckson Operating Partnership, L.P., an affiliate of Reckson Associates Realty Corp. (Reckson)(NYSE: RA). Other affiliates of Reckson serve as property manager, leasing agent, asset manager, and construction manager and provide other services to the properties in the Trust portfolio.

Reckson is a self-administered and self-managed real estate investment trust (REIT) specializing in the acquisition, leasing, financing, management and development of Class A office properties. Reckson was founded 47 years ago and was first listed on the New York Stock Exchange in 1995. Reckson is one of the largest publicly traded owners, managers and developers of Class A office properties in the New York Tri-State area.

*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.*

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