

## Rubicon to focus on consolidation, better returns

### Mathew Dunckley

The coming year for Rubicon America Trust, which has spent most of its existence raising money and chasing acquisitions, will be about consolidation and improving returns from its existing stock.

Releasing the trust's results for the six months to June 30 yesterday, managing director Gordon Fell said Rubicon America's management had heeded the signals from investors and the broader market that the diluting effect of any more capital raisings for acquisitions would not be welcomed.

The concern about loss of value is a reflection of the company's current net tangible asset backing of \$1.21 per security as against its current trading value of 95.5¢.

In May, the trust raised more than \$200 million from a share issue at about \$1 per unit. Since then the trust's share price has largely hovered at 5¢ to 10¢ below that level.

"We do not intend to raise equity over the next 12 months," Dr Fell said, "but we are investigating active recycling of the existing capital base and other initiatives designed to increase

return on equity for our investors". "Now that we have reached critical mass in terms of scale and diversification, our primary focus is on managing the existing portfolio to maximise returns for investors."

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The trust's portfolio consists of 33 properties, covering about 500,000 square metres. About 84 per cent of the income from

them comes from American government tenants.

Dr Fell said extra revenue could potentially flow from lease renewals, which would average about three a year across the portfolio.

There was also potential for the trust to dispose of assets leased to private tenants and use the proceeds of those sales to acquire government leased properties, he said.

Stockwatchers welcomed the move, and one described it as a "breath of fresh air".

The market reacted positively as the share price lifted 1.5¢ yesterday.

The results were consistent with those telegraphed during the capital raising in May.

In the first six months of this year, the trust spent more than \$US720 million (\$946 million) acquiring interests in 29 properties in America.

The trust, which has more than \$1.2 billion in assets under management, posted a profit of \$49.3 million in the period.

Dr Fell confirmed the trust would pay fully franked distributions of 5.31¢ per unit for the six months ending December 31 and 10.75¢ per unit for the following year.