

Rubicon buys up in Japan

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Property trusts

RUBICON Japan Trust (RJT) announced yesterday a 96 per cent lift in net income to \$21 million in the year ended June 30, 2007, and unveiled a further purchase of Japanese assets, valued at \$306.2 million.

RJT bought four regional Japanese shopping centres to further diversify the trust's asset base, giving it a better balance between retail and office assets.

The transaction would be fully debt-funded in yen at 2.27 per cent, fixed over three years, said Rubicon's CEO Gordon Fell yesterday.

He said the funding had been secured and the total gearing of the trust would be 63.1 per cent.

However, he expected the gearing level to drop to between 50 and 60 per cent after properties were revalued during the next year.

In the past 12 months, RJT spent ¥115 billion on new assets (\$123 billion), compared with ¥25 billion by the Babcock & Brown Japan Trust.

Both trusts now had assets, valued at more than \$1 billion.

RJT acquired five office buildings in February this year for \$477 million. Dr Fell said the two acquisitions had both been earnings accretive to the trust — lifting distributable income per unit forecast from 9.64c per unit to 10.29c per unit.

Dr Fell said growth was driven by accretive acquisitions and the rent increases.

Total income for the trust, listed in October 2006, was \$21 million for the 2007 financial year. The trust posted distribution of 7.1c per unit for the year — 29 per cent higher than its IPO forecast of 5.5c per unit. Yesterday, RJT units closed at 87.5c per unit — up 2.5c.