

# Real estate cushions Rubicon America

**Ben Wilmot**

Rubicon America Trust has written down part of its commercial loan book but the blow has been softened by strong gains in its real estate portfolio.

“The real estate is in good shape,” Rubicon managing director Gordon Fell said when releasing the trust’s half-year results yesterday.

While the group had “sat on the sidelines” as capitalisation rates in the United States had fallen, it was starting to develop properties, he said.

The trust said earlier this week it would develop a 22-storey office tower in Miami, Florida, for Miami-Dade County.

The trust benefited from the recovery in US office markets as rents across its portfolio rose by 12.9 per cent.

Mr Fell said there were “real benefits” in being exposed to the recovering US office sector.

Commercial real estate loans make up 19 per cent of trust assets and worries about the fallout from the US sub-prime housing crisis have weighed on the stock.

## KEY POINTS

- The rents across its office portfolio have gone up by 12.9 per cent.
- Worries about the US sub-prime sector have weighed on the stock.
- Rubicon says it has no exposure to the sub-prime sector.

He said the impact on the trust would be limited as it was in a different market.

Rubicon said its \$US308.9 million commercial real estate loan portfolio had no exposure to the sub-prime sector.

However, Rubicon had “conservatively” estimated its exposure to debt markets and marked down its loan assets by about \$US6.8 million – or 2.2 per cent of the loan portfolio.

The trust has been hit by selling from nervous investors and trades on a forward yield of about 11 per cent.

But the management company has increase its stake in the trust to about 11.7 per cent in recent months and believes its capital hedging strategies have saved investors up to \$40 million.