

## Investors cross to Rubicon



Revving up: The key asset in Rubicon's latest purchase is the Kawasaki Tech Centre

Picture: Bloomberg

**Florence Chong**  
Property

THE clamour for exposure to Japanese real estate was evident when fund manager Rubicon launched a placement to raise \$241 million to acquire about \$500-million worth of mixed commercial property in Japan.

Sources told *The Australian* that some of the largest institutions said they would be happy to underwrite the entire placement themselves.

The demand could affect the price at which the placement is eventually done. Rubicon Japan Trust originally priced the placement at \$1.03 per unit, against Friday's close of \$1.12.

Rubicon managing director Gordon

Fell said yesterday that the acquisition would be part funded by debt of \$292 million.

Post acquisition, he said the gearing ratio of the trust, listed in December, would be 48.6 per cent.

With the latest acquisition, Rubicon Japan Trust would have assets valued at 70 billion yen (\$741 million).

Dr Fell said there remained a strong pipeline of at least another seven assets to be acquired in Japan.

Having made significant purchases in quick succession, Rubicon had established itself as a credible, strong buyer and was now attracting offers from Japanese vendors.

The key asset in its latest purchase was Kawasaki Tech Centre, located in

Kawasaki industrial district outside Tokyo, for Y31 billion from the Singapore-Government owned GIC Real Estate.

Dr Fell said the building was about 28 per cent "under rent", meaning the trust stood to benefit from rent increases in future.

Across its portfolio in Japan, he said the trust's rents were increasing by 10-15 per cent, because of a shortage of office accommodation in Tokyo and greater Tokyo.

The trust's manager has forecast a rise in distribution of more than 9.9 per cent from its IPO forecast for June 2008 to 9.62 cents per unit.

Rubicon Japan Trust was in a trading halt yesterday and trading will resume tomorrow.