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## Rubicon adds \$345m European portfolio

**Ben Wilmot**

The Rubicon Europe Trust Group has bought a €207 million (\$345.67 million) portfolio of real estate loans backed by property across Europe.

Australian listed property trusts have traditionally bought buildings directly but recent deals, including those by the GPT Group and Valad Property Group, have introduced preferred equity to the sector.

And Rubicon Asset Management has already introduced a loan portfolio into the Rubicon America Trust under its real estate lending model.

The Rubicon Europe Trust owns a

portfolio of European office buildings but new assets are becoming harder to buy as prices have soared.

The five initial mezzanine loans it bought from investment bank Credit Suisse are secured against 402 underlying properties valued at more than €3.8 billion (\$6.34 billion) across four countries.

Rubicon has been active in providing subordinated and mezzanine real estate loans for several years. The group's US-focused trust already invests in the sector, which Rubicon managing director Gordon Fell said was only emerging in Europe.

Rubicon will look to acquire

loans from all of the major investment banks active in the real estate lending market.

Dr Fell said the group would also look to lend directly to corporate and private real estate players.

He said the European trust would be better positioned by taking exposures to subordinated debt, as well as equity positions, in real estate. The trust could allocate 25 per cent to 40 per cent of its resources to loan assets depending on where it found value.

Rubicon already has plans to boost the trust's loan book to about €350 million to €400 million over the next year and then to refinance

using collateralised debt obligations. This is expected to boost distributions per unit by another 15 per cent to 20 per cent.

The initial deal led the trust to upgrade forecast distribution from 9.5¢ to 10.1¢ for 2007 on an annualised basis.

The trust will issue 237.1 million units to raise \$245.5 million to fund the deal. It will undertake a two for three non-renounceable pro rata rights offer of about 172.4 million units at \$1.03 per unit and a placement of about 64.7 million units by a book-build.

Credit Suisse and UBS have underwritten the raising.