

## Media Clipping

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Dutch push ... the \$152 million purchase of the Nike-leased building in Hilversum, the Netherlands, brings the trust's assets to about \$3.3 billion.

# Rubicon just does it – buys Nike HQ

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FRESH from its purchase of the Hermes Plaza office development in Brussels last week, Rubicon Europe Trust has paid €90.4 million (\$152 million) for Nike's European headquarters in Hilversum, the Netherlands.

Rubicon managing director Gordon Fell said that, following the completion of the latest deal, the trust would have five fully leased properties across Germany, Belgium and the Netherlands with another three sites equal to about 34,207 square metres in development.

He confirmed that distributions should increase to 9.50c per security in 2007, a rise of 5.6 per cent on the expected 9c in 2006.

Last week the trust paid €145 million for the staged development of a 2.74 hectare office site in a business area called the Periphery, about 13 kilometres from the Brussels city centre.

The vendor was the Belgian developer Robelco.

Yesterday's Nike acquisition from a private investor will initially be 100 per cent debt-funded, using senior debt at the asset level and a corporate debt facility.

Rubicon Europe's gearing will rise from 50 per cent to about 52 per cent as a result but could move to about 56.4 per cent when the development phase is over.

The latest deal will boost the trust's total assets under management to about \$3.3 billion,

which includes \$3.1 billion of international real estate.

"We said when we listed last year that we want to source stock in advance and get the price advantage," Mr Fell said. "In these deals, you can get involved with the blunt end and blast your way to victory or stay under the radar and do a more structured transaction with a 50 to 100 basis point pricing advantage."

He said that the acquisition of Nike's European head office was originated off-market by Rubicon in conjunction with real estate group DTZ.

Rubicon's deal is just one of many by Australian trusts overseas in past months. Given the lack of available investment-grade stock here, more offshore deals will dominate the sector.

Despite some concerns in the market that Rubicon is a trust that operates at the structured finance end using rents to pay off debt – rather than raising the traditional equity to buy the property – brokers have viewed its deals as positive.

Credit Suisse's property team says Rubicon Europe continues to be a high-yielding vehicle "with significant near-term visibility, making it a compelling risk-adjusted yield play".

Deutsche Bank says the arrangement Rubicon has with Robelco is positive and allows the trust to access stock early in the development process and on more favourable terms than for completed product.

Rubicon Europe's units closed up 0.5c to 95c each yesterday.