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## Rubicon Asset Management Ltd (In Liquidation) ("RAML") as Responsible Entity for Rubicon Japan Trust ("RJT")

### Update to Unitholders August 2010

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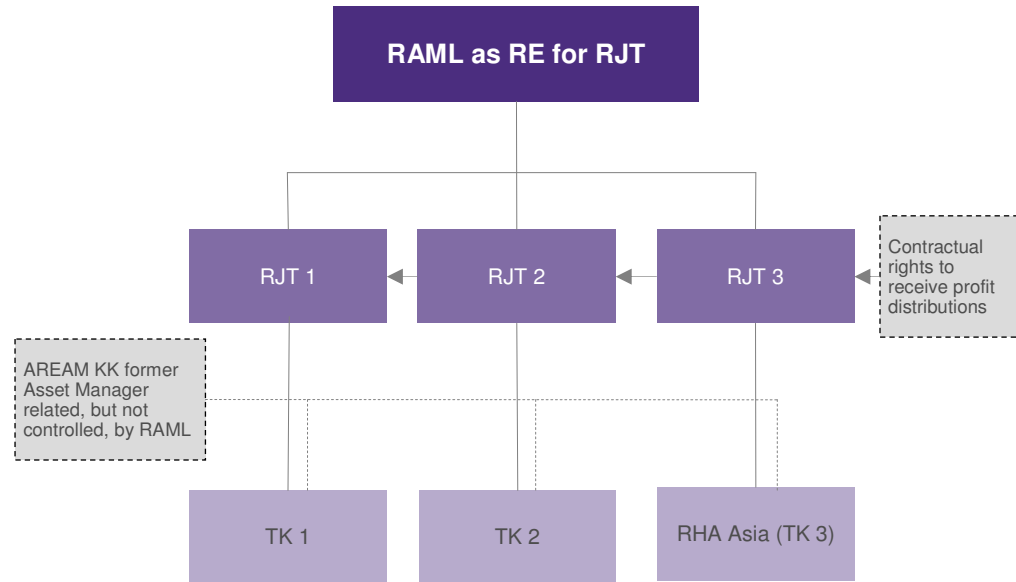
# Glossary

<b>AREAM KK</b>	Allco Real Estate Asset Management Japan KK
<b>c.</b>	Circa
<b>CMBS</b>	Commercial Mortgage Backed Securities
<b>RAML</b>	Rubicon Asset Management Limited
<b>RJT</b>	Rubicon Japan Trust
<b>RJT I</b>	Rubicon Japan Trust I
<b>RJT II</b>	Rubicon Japan Trust II
<b>RJT III</b>	Rubicon Japan Trust III
<b>TK 1</b>	Rubicon TK 1 Godo Kaisha
<b>TK 2</b>	Rubicon TK 2 Godo Kaisha
<b>TK 3</b>	RHA Asia Godo Kaisha

# Background

## Background

- I refer to the previous notices issued relating to RJT wherein the following details were provided:
  - On 19 June 2009 Voluntary Administrators were appointed to RAML, the Responsible Entity of RJT and Trustee of RJT I, RJT II and RJT III.
  - On 26 June 2009 AREAM KK was placed into liquidation. AREAM KK was a related entity of RAML but not controlled by RAML. For ease of reference a simplified structure chart is provided opposite. As a result of AREAM KK being placed into liquidation its role as asset manager automatically terminated in respect of TK 1, TK 2 and TK 3.
- The termination of AREAM KK as asset manager resulted in the Rubicon Group no longer being able to exercise any control over TK 1, TK 2 and TK 3.
- On 8 October 2009 the Supreme Court of New South Wales ordered RJT be wound up and RAML undertake the winding up.
- RJT, via RJT I, RJT II and RJT III, holds a passive investment in TK 1, TK 2 and TK 3 respectively. This investment entitles RJT to a distribution of 97% of taxable profits however RJT is not able to exercise any influence over the three TK entities.
- As a consequence of defaults and actions by lenders no distributions have been made to RJT 1, RJT 2 and RJT 3 since the liquidation of AREAM KK.
- Details in respect of the current position of TK 1, TK 2 and TK 3 are provided in this report.



The liquidation of AREAM KK, a related but not controlled entity of RAML, resulted in asset management agreements automatically terminating. Lending defaults have resulted in no distributions being paid.

## TK Position Update

### **Rubicon TK 1 Godo Kaisha ("TK1")**

- TK 1 is in default under its lending facility. Accordingly the lenders servicer will not allow the release of funds via TK 1 to RJT I.
- Lending to the entity was by CMBS. CMBS investors were required to approve the appointment of a new asset manager to facilitate realisation of properties on behalf of the lenders.
- Spring Investments Company Ltd ("Spring Investments") has now been appointed as asset manager to TK 1. I am currently awaiting advice from Spring Investments as to the status of the properties and the realisation process for the properties.

### **Rubicon TK 2 Godo Kaisha ("TK2")**

- TK 2 is in default under its lending facility. Accordingly the lenders servicer will not allow the release of funds via TK 2 to RJT II.
- New asset manager, Savills, has been appointed by the lender to this entity. I have been advised Savills has commenced a process for the realisation of the underlying properties.
- At this point in time I have not been informed of any property sales which have been completed. I am currently waiting on a further update from Savills as to the current status of the TK2 assets.

## TK Position Update

### RHA Asia Godo Kaisha ("TK3")

- TK 3 was in default under its lending facility. Accordingly no release of funds was allowed via TK 3 to RJT III and, as detailed below, the lender has enforced its security.
- On 30 October 2009 the lender, Credit Suisse, took control of the Trust's Beneficial Interest (being the property assets) by acquiring same in an amount of JPY6,865,602,000. These proceeds were then directed to repay the lender's outstanding facility of JPY6,630,000,000 with the balance applied to costs of the transaction.
- TK3 has been officially dissolved.

### Likely Outcome

- I have received advice that the expected realisations to be achieved in respect of the properties held in each of the TK entities is unlikely to be sufficient to meet the lender obligations in full. Accordingly, a return of equity investment is, at this point in time, unlikely to be received by RJT.
- The ultimate determination of whether a return will be possible is contingent upon the level of actual realisations achieved on the sale of the properties in each TK.

### Enquiries

- The share registry is now being maintained in-house and not by Link Market Services who previously maintained the registry. As such, all shareholder enquiries should now be directed to:
  - Norman Lee  
Grant Thornton, 383 Kent St, Sydney NSW 2001  
Direct dial: (02) 8297 2712  
Email: [norman.lee@au.gt.com](mailto:norman.lee@au.gt.com)

Based on information currently available a return to unitholders is unlikely. Further enquiries should be directed to the Liquidators office.