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The Manager
ASX Limited
20 Bridge Street
Sydney NSW 2000

ASX Release
Rubicon Japan Trust (ASX: RJT) –Update

TK1 refinancing update

As disclosed in the announcements on 31 March 2009 and 30 April 2009 in relation to the Rubicon Gouda Kaisha TK1 (“TK1”) CSC Series 1 Loan Facility (¥13.7 billion) (“TK1 Loan Facility”), TK1 was notified on 29 March 2009, that it breached the TK1 Loan Facility Indebtedness Covenant. Two consecutive 30 day cure periods were granted and expired as of yesterday. Accordingly, despite extensive negotiations, an Event of Default has occurred under the TK1 Loan Facility, and Orix Asset Management and Loan Services Corporation (“Orix”), as the Loan Servicer, has the right to accelerate the facility and enforce its security at any time on behalf of CSC Series 1 Gouda Kaisha (“Lender”). In addition, net cash proceeds received by TK1 after payment of property and interest expenses of TK1 will be retained by the Lender to be applied at its discretion. No distributions will be made to TK1.

The TK1 Loan Facility has been sold by Credit Suisse as lender into a CMBS securitisation program, of which Wells Fargo Bank, NA (“Trustee”), acts as Trustee for the bonds issued pursuant to that CMBS securitisation program.

The previously disclosed restructuring proposal for the TK1 Loan Facility, which would have remedied the current default of the loan to value covenant while also providing for an extension for repayment from November 2009, has been approved by a majority of the Controlling Class of the bonds outside the clearing system. Despite previous written assurances by the Trustee that it would enact the instructions of the Controlling Class, the Trustee has not done so.

The Controlling Class has been leading negotiations with all bondholders to achieve a compromise proposal that provides for a waiver of the covenant default and loan extension to November 2010. There is no certainty that any such compromise proposal will be accepted and implemented.

As no formal written direction has been provided by the Controlling Class through the clearing system to the Trustee, the Trustee has not advised the Loan Servicer of an available remedy for the breach and so the cure period expired at close of business (Tokyo time) on 29 May 2009.

The Loan Servicer will now transfer the TK1 Loan Facility to Special Servicing. Accordingly,

Orix as the Special Servicer (in a separate capacity from its capacity as Loan Servicer) is now required to service the TK1 Loan Facility in accordance with the specified procedure set out in the servicing agreement between it and the Lender. Should the bondholders successfully achieve documentation of the restructuring proposal, the servicing agreement will also need to be amended.

Allco Real Estate Asset Management K.K. ("AREAM"), the asset manager of TK1, has not been privy to the Controlling Class' negotiations, nor was it entitled to be involved in those negotiations, and at this stage there is considerable uncertainty as to whether these negotiations will result in an accepted restructuring proposal which is sufficient to ensure the continued solvency of TK1 and RJT. As previously disclosed, RJT is dependent on sufficient proceeds from TK1 being available to meet all of its costs and debt servicing obligations. There is a possibility that due to the expiry of the cure period, the negotiations of the Controlling Class may prevent the disposal by the Special Servicer of the TK1 properties or the trust interest in the TK1 properties after the Event of Default, without extending the term of the TK1 Facility or waiving the covenant breach. However, AREAM has not been provided any guidance by the Controlling Class on this matter.

AREAM has met with the Special Servicer yesterday to assess the next steps and determine the likelihood of the Special Servicer agreeing to restructure the TK1 Loan Facility, and/or releasing sufficient cash to allow the payment of TK1 entity management costs and a distribution to RJT for its short term obligations.

The acceleration and enforcement of the TK1 Loan Facility is likely to have the following consequences:

- Upon enforcement the Special Servicer will not release TK1 cash for distribution to RJT and as there will be insufficient net proceeds from other sources, RAML will be unable to pay all of the RJT debts as and when they fall due for payment, in particular the forecasted approximately A\$9 million tax liability for year ended 30 June 2009 (as disclosed in the 30 June 2008 and 31 December 2008 financial statements), payable on or around May 2010. It should be noted that with the recent strengthening AUD/¥ rate, it is now high likely that even if the restructure occurs (and the exchange rate in May 2010 is similar to the current spot rate), RJT will not have sufficient cash proceeds to pay the tax liability in full in 2010, and will be required to try to negotiate a delayed payment arrangement with the Australian Tax Office. It is noted that the ability to pay this tax liability affects the solvency of RAML in its own capacity as it is potentially liable for any shortfall in payment.
- The restructuring of the Rubicon TK2 Gouda Kaisha (TK2) debt facility, as contemplated in the Interim Financial Report lodged with the ASX and dated 12 March 2009 (Directors Report), will not be completed, as a condition precedent to the restructure was the provision of additional collateral in TK1 and proven stability of RJT's solvency. Accordingly, it is likely that the lender to TK2 will accelerate the TK2 debt facility, and continue the lock up all cash proceeds from TK2.
- The acceleration of all senior debt facilities in Japan and enforcement of the related security that secures those facilities may result in RJT recovering little or no value from the TK investments. However, the sale of the underlying assets of the TKs pursuant to

any such enforcement processes may take some time. Accordingly, it is difficult to determine at this stage the likely value of the TK investments. Should the TK1 Loan Facility be enforced, it is likely that RAML as responsible entity will commence steps to wind up RJT.

- The full cash retention by lenders of all proceeds from each of the TKs will result in insufficient cash being available for the payment of asset management fees to AREAM. While AREAM will work with each of the lenders on the release of sufficient cash for the continued provision of management services by AREAM, it is likely that AREAM will be forced to commence liquidation proceedings in Japan.
- The liquidation of AREAM may affect the ability of Rubicon Holdings (Aust) Limited (“RHAL”) to continue providing employee resources to RAML, which will in turn adversely affect RAML’s ability to provide services to RJT. RAML is exploring methods to ensure that it can address the impact of RHAL discontinuing the provision of employee services to RAML.

Based on advice from AREAM, RAML will continue to assess the solvency of RJT and itself.

TK3 Update

Further to the announcements on 3 April 2009 and 30 April 2009 in relation to the RHA Asia TK3 (“TK3”) Loan Facility (¥11.2 billion) (“TK3 Loan Facility”), TK3 was notified on 30 March 2009 that it breached the TK3 Loan Facility Indebtedness Covenant. This covenant is equivalent to that same covenant identified in TK1 above. Two consecutive 30 day cure periods were granted and expired as of Friday, 29 May 2009.

Today, RAML has been advised that TK3 received a notice from the Lender stating that an Event of Default has occurred and is continuing and that all outstanding amounts under TK3 Loan Facility are due and payable immediately.

The delivery of this notice means that:

- (i) the TK3 Loan Facility has been accelerated and TK3 must pay the outstanding amount in full; and
- (ii) TK3 will no longer be entitled to cure the Event of Default without the consent of the Lender.

The Lender has not notified TK3 of any enforcement action being taken by it.

The delay in taking enforcement action should not be construed as a waiver of any rights as Credit Suisse reserves its rights to take any further action under the Loan Agreement and the related security documents; including but not limited to:

- (i) acting as the Borrower’s attorney in fact and taking action on its behalf under the Loan Documents from time to time;
- (ii) enforcing the equity pledge, the trust beneficial interest pledges and/or conditional mortgages over the properties; and/or

(iii) exercising its rights under the equity pledge to manage the operations of TK3.

The occurrence of an Event of Default and acceleration of the TK3 Loan Facility have the following consequences:

(i) no distributions can be made under the TK agreement to RJT without the lender's approval. While such distributions were unlikely in any case, this confirms that RJT is highly unlikely to receive any funds from TK3.

(ii) all asset management fees are subordinated to the loan and so the approx. ¥350 million of outstanding asset management and origination fees owing by TK3 to AREAM are unlikely to be paid;

RJT's investment in TK3 was valued at approximately ¥95 million (A\$1.26 million, based on unaudited management accounts) as at 30 April 2009. That valuation was based on the 31 December 2008 independent valuations. However, the disposal valuation of the TK3 assets may be considerably lower than the fair value valuation for accounting purposes, and it is likely that little to no value will be received by RJT from its TK investment in TK3.

In addition, Credit Suisse is reviewing its alternatives for management of TK3 and will most likely replace AREAM as asset manager of TK3. This notice is likely to have little impact on the solvency of RJT, as TK3 distributes minimal surplus funds to RJT.

RAML requests that the suspension of the quotation of the units in RJT continue.