



12 March 2009

The Manager
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir / Madam,

Rubicon Japan Trust (ASX: RJT)

In respect of Rubicon Japan Trust, attached are the:

- Appendix 4D half-year report;
- 31 December 2008 interim report; and
- real estate book as at 31 December 2008.

Given the significant uncertainty noted in the half-year report, Rubicon Asset Management Limited requests that the suspension of the quotation of the units in RJT continue.

Yours faithfully,
Rubicon Asset Management Limited

Director

Encl.

Rubicon Japan Trust (ASX: RJT)
Half-Year Report (Appendix 4D)
for the half-year ended 31 December 2008

1. Details of the reporting period

Current Period:	1 July 2008 – 31 December 2008
Previous Corresponding Period:	1 July 2007 – 31 December 2007

2. Results for announcement to the market

Rubicon Japan Trust (ARSN 121 038 864) ("RJT") is a publicly listed property trust consisting of Rubicon Japan Trust (ARSN 121 038 864) and its controlled entities. The financial information in this appendix incorporates all the assets and liabilities of Rubicon Japan Trust and its results for the half year ended 31 December 2008.

	Six months ended 31 December 2008 (A\$'000)	Six months ended 31 December 2007 (A\$'000)	Increase/ Decrease (A\$'000)	% Increase/ Decrease
2.1 Revenues from ordinary activities				
• Property rental income	48,259	34,826	13,433	38.6%
• Interest income	329	935	(606)	(6.5%)
Total	48,588	35,761	12,827	35.9%
2.2 Profit (loss) from ordinary activities after tax attributable to members	(181,033)	(54,393)	(126,640)	(232.8%)
2.3 Net Profit (loss) for the period attributable to members	(181,033)	(54,393)	(126,640)	(232.8%)

2.4 Distributions		
	Cents per unit	Tax deferred
Current Period: Interim distribution – 31 December 2008 period	The Group did not provide or pay any distribution for the six month period	NA NA
Previous Corresponding Period: Interim distribution – 31 December 2007 period	5.00	92.2%
Total	5.00	92.2%

2.5 Record date for determining entitlements to the distribution	
	Record date of distribution entitlements
Current Period: Interim distribution – 31 December 2008 period	31 December 2008
Previous Corresponding Period: Interim distribution – 31 December 2007 period	31 December 2007

2.6 Provide a brief explanation of any of the figures reported above necessary to enable the figures to be understood:
Refer to the attached financial statements.

3. Net tangible asset backing per unit

Description	31 December 2008 (A\$)	31 December 2007 (A\$)
Net tangible asset backing per unit	0.41	0.85

Under the listing rules NTA backing must be determined by deducting from total tangible assets all claims on those assets ranking ahead of ordinary securities (i.e., all liabilities, preference shares, outside equity etc).

4. Control gained or lost over entities during the period

		Control was gained	Control was lost
4.1	Name of entity (or group of entities) over which control was gained	N/A	N/A
4.2	Date control was gained	N/A	N/A
4.3	Contribution of such entities to the reporting entity's profit from ordinary activities during the period	N/A	N/A
	Contribution of such entities to the reporting entity's profit from ordinary activities during the whole of the previous corresponding period	N/A	N/A

5. Details of individual and total dividends or distributions and dividend or distribution payments

Refer to the Directors' report and note 11 (Distributions paid and payable) in the attached financial statements and item 2.4 and 2.5 of this appendix.

6. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan

N/A

7. Details of Associates and Joint Venture Entities

N/A

8. Accounting standards used by foreign entities

Refer to Note 2 (Summary of significant accounting policies) in the attached financial statements for information regarding accounting standards used by foreign entities.

9. Qualification of audit/review

N/A

RUBICON JAPAN TRUST

ARSN 121 038 864

REPORT TO UNITHOLDERS HALF-YEAR REPORT 31 DECEMBER 2008

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This interim financial report covers Rubicon Japan Trust and its controlled entities.

This interim report does not include all the notes of the type found in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Rubicon Japan Trust during the interim reporting period in accordance with continuous disclosure requirements of the Corporations Act 2001.

The Responsible Entity of Rubicon Japan Trust is Rubicon Asset Management Limited. The Responsible Entity's registered office is Level 2, 287-289 New South Head Road, Edgecliff, NSW 2027, Australia.

**RUBICON JAPAN TRUST
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

The directors of Rubicon Asset Management Limited ("RAML"), as the Responsible Entity ("RE") for Rubicon Japan Trust (the "Trust" or "RJT"), present their report together with the consolidated financial report of the Trust and its controlled entities for the half-year ended 31 December 2008.

The Responsible Entity

The following persons held office as directors of the RE during the financial half-year and up to the date of this report:

Non-Executive

David John Simpson

Raymond John Kellerman (resigned 7 November 2008)

Peter Anthony Barnes (resigned 29 December 2008)

Executive

Gordon Edward Christopher Fell (Chairman)

Matthew Raymond Cooper

Principal activities

The principal activity of the Trust during the financial half-year was property investment in Japan.

Total value of scheme assets

The total value of the assets of the Trust as at 31 December 2008 was \$1,585.7 million (30 June 2008: \$1,227.8 million).

Distributions

No distributions were paid or are payable by the Trust for the half-year ended 31 December 2008 (31 December 2007: \$20,585,000).

Consistent with the announcement on 29 August 2008 and 12 December 2008, the Trust did not declare a distribution for the year ended 31 December 2008. This position is likely to continue for the foreseeable future, as it is a requirement under the terms agreed with certain of the Trust's lenders.

Under current Australian income tax legislation, the Trust is generally not liable to income tax provided its unit holders are presently entitled to all of the Trust's taxable income in each year. As a result, no current or deferred Australian income tax expense, assets or liabilities were recognised in previous period financial statements. Under the current circumstances surrounding the liquidity of the Trust and the restriction under RJT's debt facilities on the making of any distributions, the RE has determined that the distributable income of the Trust for the six month period to 31 December 2008 was nil and as a result the unit holders are not presently entitled to any taxable income of the Trust for that period. Accordingly, a provision for current Australian income tax has been recognised in the financial statements equal to 46.5% of the taxable income (or approximately \$9.0 million) for the six months to 31 December 2008. Any final tax liability for the financial year ending 30 June 2009 may be a different amount depending on the tax impact of RJT's operations during the second half of the financial year and whether the responsible entity declares any distributable income of the Trust for the second half of the financial year.

In the absence of any distributions, the tax liability is a liability of RJT, not a liability of the unitholders. RJT is carrying out the necessary cashflow analysis and proposes to have appropriate discussions with its creditors to the extent necessary to ensure that a sufficient amount is reserved to meet any RJT tax liability.

**RUBICON JAPAN TRUST
DIRECTORS' REPORT (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Review of operations

i) Developments during the period

Since the date of the last Director's reports, the following has occurred:

• Asset revaluations / impairment

An independent valuation of RJT's real estate portfolio was undertaken for the 31 December 2008 accounts. While two independent valuations within six months is not in accordance with usual market practice for valuation cycles, in the opinion of the Directors, there existed sufficient market evidence of continued pressure on real estate values, to warrant a review of real estate carrying values by an independent valuer. The valuation resulted in a further reduction in the valuation of RJT's real estate portfolio, as measured in Yen, of approximately 10.1% from ¥99.2 billion (A\$971.1 million equivalent), being the 30 June 2008 independent valuation and carrying book value, to ¥89.2 billion (A\$1,429.7 million equivalent), and a 23.4% reduction from the portfolio purchase price including costs of ¥116.4 billion (A\$1,863.8 million equivalent). The valuations reflected both an increase in capitalisation rates (approximately 35 basis points since acquisition) and a reduction in valuer forecasted income growth.

• Debt refinancing and covenants

National Australia Bank A\$60 million Corporate Facility

On 25 July 2008, the Trust announced that, consistent with the change in its foreign exchange hedging policy announced on 29 February 2008, it had completed the unwinding of all of its foreign currency hedges generating approximately A\$45.9 million of pre tax cash flow for the Trust, comprising approximately A\$19.9 million foreign exchange gains and approximately A\$26.0 million in release of cash reserves (which had primarily been used as collateral to support the foreign exchange hedging arrangements). These cash proceeds were applied to reduce the outstanding balance under the NAB facility to the Trust from approximately A\$59.9 million to approximately A\$13.9 million. Utilising surplus funds distributed from Rubicon TK1 (TK1), and a consumption tax rebate from Rubicon TK2 (TK2), RJT has continued to repay this facility. As at the date of this report, the outstanding balance of this facility is approximately A\$1.5 million.

While RJT has sufficient cash reserves for repayment in full of the facility balance, renegotiations of the property level debt facilities accompanied by a revised strategy of full amortisation of all property facilities as soon as possible, will result in RJT not receiving surplus funds as distributions from the TKs for some time. Accordingly, as part of a restructure of the NAB facility outlined below, RJT is in the process of finalising a negotiation with NAB regarding the maintenance of these funds as cash reserves for future uncertainties. This cash can be used with NAB approval.

The key terms of the proposed restructured facility include:

- the facility being revolving for working capital purposes;
- all existing security to remain in place;
- provision of additional security being approximately \$1.45 million held with NAB on term deposit with a right of set-off in the event of default;
- a reduced margin of 1.85% p.a. (compared with 4.00% p.a. previously); and
- removal of consolidated gearing and interest coverage covenants.

While the appropriate final agreements have not been executed and, as such, completion of this restructured agreement may not be successful, these terms have been formally approved by NAB, and are currently in the process of being incorporated into the facility documentation.

**RUBICON JAPAN TRUST
DIRECTORS' REPORT (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Review of operations (continued)

Please note that NAB has indicatively provided a permanent waiver of the following covenants and review events (subject to the conditions set out below) that may have been potentially breached under the terms of the existing facility agreement (pre-restructuring):

- continuous maintenance of a majority independent Board of Directors which was breached as a result of the resignation of directors during the period. The waiver is based on current Board composition of two executive directors and one independent director;
- continuous maintenance of consolidated leverage, calculated as Total RJT Debt – Cash / Total RJT Assets – Cash, at less than 70%. As a result of the revised real estate values, this ratio was calculated to be 77.7% at 31 December 2008; and
- interest cover ratio, calculated as Earnings Before Facility Interest and Tax to Facility Interest Expense being greater than 3.0 times. As the settlement of the foreign exchange hedges was considered a disposal of assets, and excluded from the calculation of this ratio, the interest cover ratio was calculated to be approximately 2 at 31 December 2008.

The provision of the above waivers and the extended facility terms are subject to confirmation of renewal by Shinsei Bank and CSC Series 1 of their debt facilities on current agreed terms, and evidence that RJT will have sufficient cash flows from TK1 to service net interest payable on the proposed CSC Series 1 facility.

Rubicon TK1 Godo Kaisha ("TK1") CSC Series 1 ¥13.7 billion (A\$220.2 million) Loan Facility

CSC Series 1 Loan Facility has a maturity date of 16 November 2009. The facility is recourse only to the assets of TK1. CSC Series 1 securitised this loan and several other loan assets in December 2006 and issued a bond. This bond has an expected maturity date of November 2009, and a final maturity date of November 2012. The loan currently has a 72.8% loan to value ratio, and as a consequence of lodgment of these financial statements, this facility will be in breach of its indebtedness covenant.

Accordingly, TK1 has restructured the terms of the facility to include:

- extension of the maturity date to 31 March 2012;
- interest rate to remain the same at 2.05% per annum (fixed);
- all free cash after paying all costs, including RJT entity management costs and tax expenses, to be applied to amortise the facility (approximately 4% p.a);
- indebtedness covenant removed for the life of loan;
- prepayment fees reduced from 1.5% to 0%;
- the release price on disposal reduced from 115% to 100% of the Loan amount; and
- the TK agreements can be amended without lender approval.

This loan amendment can be approved with the consent of a majority of the controlling class holders of the bonds. A majority of the controlling class has provided their written consent to the amendments and their consent is expected to be formalised through the clearing house process prior to 31 March 2009.

Rubicon TK2 Godo Kaisha ("TK2") Shinsei Bank ¥4.9 billion (A\$78.5 million) Preference Equity

The Shinsei Bank (Shinsei) ¥4.9 billion (A\$78.5 million) Preference Equity (PTK) has a maturity date of 31 March 2009. The interest on this facility capitalises quarterly. In a commitment to reducing the overall debt of RJT, TK2 has been voluntarily amortising this facility with available free cash. This facility, including capitalised interest costs, has a current outstanding balance of ¥4.9 billion (A\$78.5 million).

Under the current PTK arrangement, Shinsei has the discretion to convert the preference equity into a subordinated debt facility with a credit spread equal to 15% p.a minus Libor with maturity of 31 March 2009. Shinsei is also able to sell or transfer its rights under the PTK without the prior consent of TK2. Shinsei has not converted any of the preference equity to date.

RJT has been actively seeking ways in which the PTK facility could be repaid, consistent with the strategy announced to the market in February 2008 and August 2008. Specifically, the following three options have been explored, however, the worsening global environment for financial services and real estate entities has meant that none of these strategies have been successful:

**RUBICON JAPAN TRUST
DIRECTORS' REPORT (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Review of operations (continued)

1. Asset Disposal

RJT has had a disposal strategy targeted on TK1 and TK2 assets. The assets have been actively marketed with both domestic and international buyers, yet no sale price at a level close to the prevailing independent valuations or in excess of the allocated debt amount and/or with deliverable buyer finance has yet been identified.

2. Refinancing

Based on current asset valuations, new third party finance to replace only the senior facility would be required to support an 83% loan to value ratio, with some assets showing a loan to value ratio in excess of 100%. In the current debt markets, this form of financing is not available and, accordingly, refinancing the senior and the PTK facility has not been viable.

3. New equity

The rapid decline in both the RJT unit price and the Australian Dollar, together with worsening broader market conditions, has resulted in any new equity issuance not being viable for RJT during the period.

Accordingly, TK2 is in the final stages of negotiating with Shinsei Bank a restructure and extension of the PTK facility. The key terms of the proposed restructure are:

- repayment of ¥2.0 billion of the PTK facility in TK2, in exchange for an equivalent new facility in TK1 on the same terms. The resultant outstanding balance of the PTK in TK2 is ¥2.7billion;
- final Maturity Date of September 2011, with a review date of 31 March 2011. At the review date, RJT must demonstrate to Shinsei's satisfaction a deliverable repayment strategy. The undertaking of the strategy requires Shinsei's express approval. At Shinsei's absolute discretion, Shinsei is able to direct the manager to enact any appropriate repayment strategy;
- the PTK will participate as a TK investor of each TK on the following proportions; 25% TK1 and 9% TK2. The participation level is calculated; for TK1, based on the 31 March 2008 fair net asset value of TK1; and for TK2, based on the fair net asset value of TK2 at the inception of the facility (September 2007);
- the investor participation is subject to a minimum guaranteed return on the facility calculated as the Outstanding PTK Balance + JPY LIBOR + 2.00% p.a of any outstanding PTK balance, calculated quarterly);
- each PTK agreement is effectively cross-collateralised through granting Shinsei a right to increase the minimum guarantee return at expiry of each PTK to a maximum of outstanding PTK amount + (JPY LIBOR + 2.00% p.a of any outstanding PTK balance, calculated quarterly), to the extent that the corresponding PTK minimum guaranteed amount has not been repaid in full. The increase can only occur in the event of non-payment of the alternative PTK minimum guaranteed amount;
- all surplus cash of the TK must be firstly applied to senior debt, and then to the PTK. Distributions to RJT are limited to the amount required to be made by the TK to RJT to enable RJT to pay its fees, expenses and taxes as and when they fall due;
- in the event that the PTK is fully repaid, distributions will only be released to the extent that the bi-lateral rights to increase the PTK minimum return have ceased in full;
- RJT is not allowed to incur new liabilities, other than those required to satisfy current obligations, and required in the ordinary course of business (for example, legal, tax, audit, interest expenses);
- Shinsei will approve the RJT budget each year. This budget will form the basis of the distributions from TK1 to satisfy RJT's obligations. Shinsei cannot decline required regulatory expenses. All distributions from the TKs to RJT will be released on a look forward basis to ensure RJT has sufficient reserves for the payments and is solvent;
- the minimum release price for disposals is 100% of the allocated loan amount plus costs of disposal. Any disposal at greater than the disposal price can be executed without Shinsei's PTK consent. If the TK receives a bona fide offer to dispose of any asset at a price that is above a valuation for the asset as held at 31 December 2008, the TK must notify Shinsei, and Shinsei has the right to direct disposal at that price;
- no cross default;
- no Shinsei consent is required for a change in the owner of Allco Real Estate Asset Management KK (AREAM) and/or the RE of RJT. However, if AREAM is directly or indirectly owned or controlled by Rubicon Holdings (Aust) Limited, Shinsei may terminate their appointment as Asset Manager as of March 31, 2011;
- the convertible terms of PTK TK2 remain in place, however, any conversion is seen as a repayment of the PTK, and reduces the minimum guarantee amount for the purposes of cross collateralisation;
- no cash lockout period – the TKs can repay the PTK facilities each quarter, as and when the spare proceeds are available; and

**RUBICON JAPAN TRUST
DIRECTORS' REPORT (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Review of operations (continued)

- a review event for the PTK, in event of a key person departure.

While the appropriate final agreements have not been executed and, as such, completion of this restructured agreement may not be successful, these terms have been formally approved by Shinsei's credit committee and confirmed in a signed term sheet, and are currently in the process of being documented.

Rubicon TK2 Godo Kaisha ("TK2") Shinsei Bank ¥53 billion (A\$849.0 million) Loan Facility

The Shinsei Bank ¥53 billion (A\$849.0 million) Senior Loan Facility (TK2 senior) has a maturity date of 25 June 2010. In a commitment to reducing the overall debt of RJT, TK2 has been voluntarily amortising this facility with available free cash and the proceeds of a consumption tax refund. This facility has a current balance of ¥46.6 billion (A\$746.3 million).

For the same reasons as outlined above in relation to the unsuccessful outcome of the repayment strategies for PTK, TK2 has indicated to Shinsei that it will be unlikely to repay this facility in full in June 2010. Accordingly, TK2 has been in negotiations with Shinsei for a restructure of this facility. The proposed restructure will be in two stages:

Stage One

- waiver of the TK2 loan to value (LTV) ratio covenant for the duration of the loan. Currently, the LTV must be less than 75%, with the determination of asset value according to the lender's appraisal. Note that when applying the TK2 valuations at 31 December 2008, this facility would be in breach of this covenant;
- amortisation of the senior loan amount by applying all net cash of TK2 after fees, taxes and expenses of TK2, on a quarterly basis;
- removal of cross default as a result of the insolvency of RJT as TK Undertaker; and
- Agreement that asset management fees will be paid in priority of amortization and cash lock up. If the Assets manager is directly or indirectly owned or controlled by Rubicon Holdings (Aust) Limited, Shinsei may terminate the appointment of the Asset Manager as of 31 March 2011.

While the appropriate final agreements have not been executed and, as such, completion of stage one of this amendment to the current agreement may not be successful, these terms have been formally approved by Shinsei's credit committee and confirmed in a signed term sheet, and are currently in the process of being documented.

Stage Two

- extension of the current facility to 31 March 2012; and
- interest rate margin remains the same at 2.25% p.a.

Stage Two of this restructure is in the form of an agreement in principal but has not been formally approved by Shinsei's credit committee. Accordingly, there is no assurance that completion of stage two of this restructure will be successful.

Upon the finalisation of the debt restructure and refinancing, AREAM is entitled to approximately A\$5.0m as a debt arrangement fee. AREAM has elected to defer payment of this fee for a period of three years, until such time as the Trust has sufficient cash reserves to finance the payment of this fee. The fee will be accrued in the 30 June 2009 financial statements.

RHA Asia Godo Kaisha ("TK3") Credit Suisse ("CS") ¥12.6 billion (A\$201.5 million) debt facility

During the period, TK3 has repaid an additional ¥740 million (A\$11.9 million) in four equal monthly installments starting from 1 August 2008 to 1 November 2008. These repayments have been sourced from surplus proceeds from the settlement of the foreign exchange hedges in RJT, and the repayment of consumption tax to TK2 that was subsequently distributed RJT. Accordingly, the outstanding balance of the TK3 debt facility is ¥11.1 billion (A\$177.8 million).

The restructuring of the Credit Suisse debt facility, in May 2008, removed RJT's exposure to an uncertain repayment requirement in return for a fixed monthly repayment schedule.

**RUBICON JAPAN TRUST
DIRECTORS' REPORT (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Review of operations (continued)

CS had agreed to release TK3 from the requirement to make an additional repayment due on 1 August 2008 of an amount which is sufficient to pay down the outstanding balance to 80% of the then lender's valuation and also to release TK3 from compliance with DSCR tests that potentially could have required an additional uncertain amount of prepayment. These payments, had they been required, would have been backed by a RJT guarantee. With the restructure of this facility CS's recourse to RJT will be limited to certain acts such as, but not limited to, misrepresentation and deliberate breach of covenant.

Under the terms of the facility, as a consequence of lodgement of these financial statements, the facility will be in breach of certain debt covenants (equivalent to those originally within the CS TK1 facility). CS has agreed, in principal, to waive those covenant breaches, in exchange for the following terms:

- cross default provisions in the event of a default in relation to any indebtedness of TK1, TK3, RJT or AREAM;
- extensive monitoring rights over the management of the TK3 properties including, but not limited to, approval of any major leases, significant capital expenditures and refitting plans and additional reporting requirements; and
- amortisation using all surplus cash of TK3.

These terms are still subject to CS approval.

It should be noted that based on the 31 December 2008 valuations, TK3 contributes negligible equity to RJT. As this loan will be non-recourse (except in relation to certain acts as set out above) there will be no incremental impact from the quantum of negative equity on the remainder of RJT. However, management believes that it is unlikely in current market conditions, that any workout of the loan or the assets will materially change the value of RJT's equity in TK3 above the current level. Due to this situation, TK3 has not pursued an extension of the current facility as no demonstrable value to the RJT investors is currently evident. This situation will be reviewed over the coming period.

On the finalisation of the debt restructure and refinancing, AREAM may be entitled to a debt arrangement fee (totaling approximately A\$5.0 million). If any fee is charged (which would be recognised in the Trust's 30 June 2009 accounts) AREAM will elect to defer payment of this fee for a period of three years, until such time as the Trust has sufficient cash reserves to finance the payment of this fee.

• Leasing update

Since 30 June 2008, the following leasing activity has occurred:

Renewals	# of leases	% of area (tsubo)	Average rent increase / decrease	
			to Market	to Previous Rent
Tokyo - Office	10.00	12%	(6.58%)	+4.04%
Regional - Office	19.00	18%	+9.78%	+0.00%
Retail	25.00	2%	(17.30%)	(11.36%)
Other	13.00	7%	(15.05%)	+0.00%
Portfolio Total	67.00	6%	(7.40%)	(1.01%)

New Leasing	# of leases	% of area (tsubo)	Average Rent per Tsubo	As compared
				to Market Rent
Tokyo - Office	2.00	1%	18,344	+2.89%
Regional - Office	5.00	4%	8,568	+2.19%
Retail	8.00	1%	6,440	(60.26%)
Other	5.00	2%	14,096	(5.37%)
Portfolio Total	20.00	2%	10,078	(27.53%)

Within the top ten tenants by income, there are two tenants (totaling approximately 4.6% of income) where the leases are currently in dispute.

**RUBICON JAPAN TRUST
DIRECTORS' REPORT (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Review of operations (continued)

• Asset sales

No real estate asset sales were made during the period due to the significant lack of liquidity in the Japanese real estate market. There are currently no identifiable signs that would point to a near term turnaround in this environment leading to increased liquidity.

• Hedging

All RJT's remaining equity capital and income hedges were unwound on 24 July 2008 at an average spot rate of approximately ¥103.2 against the A\$. This generated approximately A\$45.9 million of pre tax cash flow for RJT, comprising approximately A\$19.9 million foreign exchange gains and approximately A\$26 million in release of cash reserves (which had primarily been used as collateral to support the foreign exchange hedging arrangements).

RJT's strategy now focuses on, where possible, the full amortisation of all cash proceeds to property level debt facilities. Accordingly, minimum distributions to RJT for conversion into A\$ are forecast. Based on this strategy, RJT has no requirement to replace the long term hedging arrangements. Short term arrangements may be entered in to from time to time to secure a foreign exchange rate for the expected distributions. Accordingly, RJT's net equity will be subject to unrealised movements in the ¥/A\$ rate. This strategy will be reviewed from time to time depending on, among other things, the fluctuation of the ¥/A\$ exchange rate.

ii) Current Strategy

• Assessment of current situation

(a) Repayment and Refinancing Strategies

In February and August 2008, in response to the deterioration in market conditions caused by a dislocation in global credit markets, the Trust announced several initiatives to reduce gearing to help overcome the short-term liquidity issues, specifically, the following:

1. 100% retention of earnings

Retention of approximately \$26.3 million of pre tax net cash since 30 June 2008, has been used to:

- repay A\$12.4 million of the NAB facility to its current outstanding balance of A\$1.5 million;
- ¥352.7 million (A\$5.7 million) amortisation and repayment of the TK2 senior;
- ¥83.6 million (A\$1.4 million) repayment of the TK2 PTK; and
- ¥424.4 million (A\$6.8 million) amortisation of the TK3 senior debt facility.

2. Unwinding of foreign exchange hedges

Unwinding of all FX hedges released \$45.9 million of pre tax cash flow, allowing the NAB facility to be repaid down to A\$13.9 million and removing the Trust's exposure to potential margin calls.

3. Asset Sales

RJT has had a disposal strategy targeted on TK1 and TK2 assets. The assets have been actively marketed with both domestic and international buyers, yet no sale price at a level close to the prevailing independent valuations or in excess of the allocated debt amounts and/or with deliverable buyer finance has been identified.

4. Refinancing

Based on current valuations, new third party finance to replace the senior facilities in TK1 and TK2 would need to support a 65% and 83% loan to value ratio, respectively, with some assets showing a loan to value ratio in excess of 100%. In the current debt markets, this form of financing is not available and, accordingly, refinancing of the senior and the PTK facility, with alternative financiers, has been proven to not be viable.

5. New equity

The rapid decline in both the RJT unit price and the Australian Dollar, together with worsening broader market conditions, has resulted in any new equity issuance not being viable for RJT during the period.

**RUBICON JAPAN TRUST
DIRECTORS' REPORT (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Review of operations (continued)

While the retention of earning, and unwinding of foreign exchange hedges has been successful in materially reducing the amount owing by RJT to NAB, the worsening global environment for financial services and real estate entities has meant that sufficient liquidity does not exist to allow the other strategies to be successful in repaying the expiring debt commitments in TK1 and PTK in TK2.

Accordingly, RJT and each TK sought to restructure the terms of various debt facilities with the current financiers. The objective has been to extend the term of these financing facilities to be greater than three years to allow sufficient time for the amortisation of surplus cash to materially reduce senior debt obligations, and sufficient time for a stabilisation of valuations, to improve the prospects of third party refinancing, allow repositioning of key assets, and targeted disposal of non-core assets from 2011. Further, another objective has been to out key financial covenants, in particular loan to value ratios, on standstill to minimise the risk of future default for the revised term of the loans.

Negotiations with certain lenders to date have been successful and are subject to formal documentation.. In the event of formal documentation being successfully executed, the key outcome of these negotiations will be:

- the real estate portfolio will no longer be at risk to events of default through asset valuation movements due to the removal of all loan to value covenants across all facilities;
- debt duration of the property level debt will be increased from approximately 1.3 years to 1.9 years and, after credit approval of current agreed terms for the extension of the Shinsei senior facility, in the case of the Shinsei senior facility to 2.5 years;
- amendments to the amortisation commitments for all senior debt facilities will reduce future repayment risk; and
- there will be no increase in interest rates and a reduction in the repayment costs, which will ensure there is no leakage in fees reducing the effectiveness of the amortisation while creating greater flexibility in disposals opportunities.

(b) Changes in the ownership of the Sponsor

During the period, Allco Finance Group ("Allco"), the ultimate parent of Rubicon Holdings (Aust) Limited (RHAL), and RHAL itself, separately announced the appointment of voluntary administrators and receivers and managers to each of Allco and RHAL. The RE and Manager of the Trust is Rubicon Asset Management Limited ("RAML"), and the Asset Manager of the TKs in Japan is Allco Real Estate Asset Management ("AREAM"). Both of these entities are wholly owned subsidiaries of RHAL.

The Trust receives a benefit of and is reliant upon, a number of management, administration and other services from RAML, RHAL and AREAM. RAML and its related entities also assist with the arrangement of financing for the Trust, its underlying property and loan structures and provide proposals to the Trust in relation to potential assets sales.

While the receivership of Allco and RHAL has no immediate impact on the Trust, this situation may not be a sustainable platform for the future management of the Trust.

In addition, RHAL obtained an Investment Management Insurance package (IMI policy) on behalf of its subsidiaries (including RAML, which is required to have professional indemnity (PI) and crime/fraud cover in place as part of its Australian Finance Services Licence (AFSL) requirements). However, as a result of the appointment of the receivers and managers to RHAL, RAML was informed that the entire IMI policy entered into run-off mode (meaning that the policy would only cover RAML for certain acts, and only in respect of the period prior to the date that the receivers and managers were appointed to RHAL (being 7 November 2008) until expiry of the policy on 1 May 2009. RAML has informed the Australian Securities and Investments Commission ("ASIC") of this potential breach of its AFSL and has been actively seeking replacement cover via its insurance broker. As a result of this process, no replacement cover has been found to date and it is now unlikely that replacement cover will be forthcoming.

On 17 February 2009, RAML received a letter from ASIC stating that ASIC would be reviewing RAML's application for a no-action letter (in respect of the AFSL licence breach). ASIC also advised that, since Section 912A(1)(b) of the Corporation Act 2001 states that an AFSL holder must comply with the conditions of its license, including the maintenance of an insurance policy covering PI and fraud, it is also considering commencing action to suspend or cancel RAML's licence. To assist ASIC with its decisions, RAML has advised ASIC of the effect on the members of

**RUBICON JAPAN TRUST
DIRECTORS' REPORT (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Review of operations (continued)

the registered schemes which RAML acts as responsible entity, including the Trust, were ASIC to cancel or suspend RAML's licence.

If ASIC suspends or cancels RAML's licence, RAML will no longer be in compliance with its obligations under section 601 of the Corporations Act. At this time the impact of this risk is unquantifiable in RJT due to uncertainty on ASIC's potential actions, and while timing is uncertain, it is expected that this process will take some time to complete.

• Future Strategy

Following the completion and execution of the documentation regarding the restructure of the debt facilities, RJT will have no loan repayment obligations until February 2011 (TK3) and September 2011 (NAB and PTKs). In the event that this occurs Accordingly, due to this more stable debt structure, the objective of RJT will shift to following initiatives to enhance the success of repayment strategies that will commence in two years:

1. Application of all free cash to reduce the gearing level of RJT
Assuming liquidity increases in the debt markets over the next two and half years to normalised levels, replacement third party financing of the current facilities at loan to value ratios of less than 50% may be possible.

Accordingly, it is currently proposed that RJT will direct all free cash to the senior debt facilities rather than to making distributions to unit holders.

2. Increase asset management focus to protect value (TK1), and reposition key assets (TK2)
The TK1 portfolio is currently rented at market with consistent occupancy at 99%. The portfolio has a highly diversified tenant mix and manageable cost base. Accordingly, the key objective will be to protect the current net income and associated value, through pro-active tenant management. To this end, it is proposed that the TKs will seek to appoint a new sub-asset manager and master property manager, to replace the current out-sourced asset and property manager, and provide a greater focus on active asset management for the office portfolio.

Within the TK2 portfolio opportunities exist for the repositioning of three key assets, KTC, Norbesa and Sapporo Izumi. These repositioning strategies were begun in the past quarter and are demonstrating some initial success. There may be a requirement for a material level of capital expenditure from current reserves but this should add value to the assets through an increase in occupancy.

3. Targeted disposals – first quarter 2011
The current liquidity issues with respect to the securitised lenders in Japan and the reluctance of Japanese domestic banks to lend at similar loan to value ratios is likely to require the repayment of these facilities at maturity over the next two years. This low level of funding supply will continue to place pressure on disposal valuations, which is likely to make any disposal strategy within the next two years unrewarding. However, up to four assets within the TK1 and TK2 portfolio have been identified as non-core to the portfolio due to either latent refurbishment potential or repositioning strategies and, if sold at target prices, could unlock additional value on a disposal. Such disposals would assist in the refinancing of the portfolios and repayment of the Shinsei PTK in 2011. Disposals of these assets will be targeted from first quarter 2011.
4. New Sponsor and associated co-investment
RAML and AREAM may require a new sponsor to provide long-term sustainability for the Trust. RHAL is conducting investigations for an alternative sponsor and a new RE for RJT. Such discussions for a sponsor will include a requirement for co-investment to align the new management group and assist in further stabilising the Trust.

**RUBICON JAPAN TRUST
DIRECTORS' REPORT (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Review of operations (continued)

iii) Ongoing Risks

Ongoing risks to the Trust's future performance include:

Non-delivery of any of the restructured facilities (outlined above)

Failure to complete the restructuring of RJT's debt facilities as outlined above may result in the Trust ceasing to be a going concern and a resolution by management to initiate windup of the Trust, subject to unit holder consent. However, all debt restructures (except for TK3 and stage 2 of the restructure of the TK2 Shinsei facility) have been approved by the financier's credit department or the relevant authority.

Rent reductions

Worsening economic conditions in Japan have resulted in a higher than usual number of rent reduction requests. The nature of a Japanese lease and its application through House and Land law, allows a tenant to request a rent reduction in the event of material changes to economic conditions. The owner is not allowed to unreasonably deny such a request. The effect of a material rent reduction on the Trust is :

- a likely breach of the interest cover ratios of the senior loan facilities resulting in a retention of all cash by the lenders. As TK2 and TK3 facilities are currently fully amortising, such a default would not result in a change to the current status quo. However, should rents in TK1 reduce by more than 18%, the retention of cash would prevent distributions to RJT. This may result in the insolvency of RJT and the resulting insolvency of all entities within the RJT group; and
- insufficient surplus funds may be available from TK1 to fund the short-term obligations of the Trust. Over the next 14 months, the Trust requires approximately A\$9.5m of cash from TK1 to repay its tax obligations and operating expenses. TK1 forecasts demonstrate that there is sufficient projected cashflow to meet these obligations. However, there is little headroom for a material rent reduction.

Treatment of taxable income

Given the nature of the Trust's structure, it is possible that the Trust may generate taxable income which the Trust may not be in a position to pass onto to unitholders in the form of a distribution. In addition, if the Trust becomes liable for the tax liability, there is a risk that future circumstances may be such that the Trust cannot meet this payment as and when it falls due. A provision for current Australian income tax has been recognised in the financial statements equal to 46.5% of the taxable income (or \$9.0 million) for the 6 months to 31 December 2008, although any final tax liability for the financial year ending 30 June 2009 may be a different amount depending on the tax impact of the Trust's operations during the second half of the financial year and any distributions (if any) that may be declared for the second half of the financial year.

In the absence of any distributions, the tax liability is a liability of RJT, not a liability of the unitholders. RJT is carrying out the necessary cashflow analysis and proposes to have appropriate discussions with its creditors to the extent necessary to ensure that a sufficient amount is reserved to meet any RJT tax liability.

**RUBICON JAPAN TRUST
DIRECTORS' REPORT (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Review of operations (continued)

Fair-value risk on property investments

Under the Trust's accounting policy (note 2(k)), the Trust measures its property investments at fair value. The global market for many types of real estate has been severely affected by the recent volatility in global financial markets. The lower levels of liquidity and volatility in the banking sector have translated into considerable weakening of market sentiment towards real estate and the number of real estate transactions has significantly reduced. The current lack of comparable market evidence relating to pricing assumptions and market drivers means that there is less certainty in regard to valuations and the assumptions applied to valuation inputs. In addition, it is likely that future negative valuation movements will occur which would, inter alia erode the Trust's net tangible asset position. However, due to the removal of all loan to value ratios as part of the restructure of RJT's debt facilities, this will not have any adverse impact under the debt facilities once they have been restructured.

Foreign exchange risk

With the full settlement of the Trust's foreign exchange hedges in July 2008, the Trust is now exposed to foreign exchange movements in the A\$/¥ rate. If the A\$ appreciated against the Yen, both the value of future Yen denominated distributions and the equity capital in the Trust would decrease.

Allco Real Estate Asset Management KK (AREAM) Solvency and claim by former employee

Under Japanese law, TK agreements (that is, the partnership agreement between RJT and subsidiaries of AREAM for the ownership of the real estate assets) automatically terminate in the event of dissolution (due to liquidation or otherwise) of AREAM, its subsidiaries and/or RJT. The termination of these agreements is an event of default in all loan agreements, requiring acceleration of the loan and the disposal of the assets. Other ramifications are the immediate termination of the asset management agreements and a prohibition on distributions from each TK to RJT.

AREAM is solvent on an operating cash flow basis, but due to the receivership of RHAL, a parent entity of AREAM, additional financial support as a result of uncertain events is not assured.

Currently, an employee of RAML seconded to AREAM and made redundant in October 2008, has initiated court proceedings in Japan, against AREAM, for unfair dismissal. The claim is in excess of ¥80m (A\$1.3m) in compensation, and is currently before the court. It may take up to three months for resolution. While the jurisdiction for the claim is ambiguous, Japanese courts tend to favour the employee. AREAM does not have sufficient cash reserves to meet this obligation and in the event that the case is successful the directors of AREAM may have to wind up AREAM, which may result in the wind up of the TKs and RJT.

RAML being removed as RE

As a result of RAML not holding an Investment Management Insurance package (IMI policy), required under Section 912A(1)(b) of the Corporation Act 2001 ASIC is reviewing potential actions in respect of RAML's AFSL licence breach. One of the implications of this process is that RAML's license may be revoked as responsible entity for the Trust. The consequences of this are still unknown but if the consequences include any of the following:

- (a) RAML ceasing to have the corporate capacity to perform its obligations under the TK Documents; or
- (b) an Insolvency Event with respect to RAML (an Insolvency Event includes: (i) cashflow and balance sheet insolvency; (ii) court appointing a receiver, liquidator, assignee, custodian, sequestrator, conservator, trustee, inspector or other similar official for RAML; (iii) commencement of voluntary bankruptcy proceedings; (iv) attachment on RAML's assets and (v) clearing house suspends RAML's transaction with banks); or
- (c) RAML ceasing to be (or cannot remain as) the trustee of RJT II/III or the Responsible Entity of the Trust and a new entity (such as a liquidator or a new trustee) assuming its obligations under the TK Documents;

then, there are a number of adverse indirect effects on the TKs and RJT.

**RUBICON JAPAN TRUST
DIRECTORS' REPORT (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Review of operations (continued)

If (a) or (b) occurs, the TK Agreement will be automatically terminated under Japanese law. Such automatic termination of TK agreement is an event of default under Section 8.1.15 of TK1 and TK3 Loan Agreements and Section 8.1.17 of TK2 Loan Agreement, which may cause the acceleration of all of the Loans. It is also a breach of the covenant under Section 6.1.4 of the TK2 Loan Agreement.

If (b) or (c) occurs, it will also be an event of default under Section 8.1.8 of the TK2 Loan Agreement (i.e. an Insolvency Event occurs with respect to TK Investor). Shinsei has agreed in principal to waive this breach for a period of 12 months. In addition, an event of default will have occurred under the NAB facility.

If (c) occurs, it will cause a breach of the prohibition against assignment provisions under the TK Documents which requires that any assignment of rights or novation of obligations will require the consent of the Lender. Should this happen then the TK agreements can be amended without lender approval in TK1, and with lender approval in TK2 and TK3. It is reasonably likely that the lenders would permit such a transfer as it would be in their best interests, however, there is no assurance that they will. In addition, under the NAB facility, a review event may be called, and the consent of Rubicon Capital Pty Limited is required for any replacement for RAML.

Further, if RAML's license is cancelled or suspended and a replacement responsible entity is not found, it may be necessary to wind up RJT. However, this will very much depend on the action taken by ASIC.

Rubicon Japan Trust's relationship with Allco Finance Group Limited and Rubicon Holdings (Aust) Limited

Please refer to the section above on "Changes at the ownership of the Sponsor".

Results

The performance of the Trust and its controlled entities, as represented by the results of their operations for the half-year, was as follows:

	Consolidated	
	31 December 2008	31 December 2007
	\$'000	\$'000
Net property income	29,278	20,326
Net loss attributable to the Unitholders	(181,033)	(54,393)
Distribution paid and payable		20,585
	cents	cents
Distributions (cents per unit)	-	5.00

**RUBICON JAPAN TRUST
DIRECTORS' REPORT (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Fair value of property investments

In accordance with the Trust's property investments accounting policy, the Trust reviewed the fair value of the property investments as at 31 December 2008. The table below summarises the carrying value pre and post revaluation for the property investments held at 31 December 2008.

	Carrying value pre- revaluations*	Carrying value post- revaluations	Carrying value pre- revaluations*	Carrying value post- revaluations
	¥'000	¥'000	A\$'000	A\$'000
Property investments	99,297,001	89,248,000	1,590,661	1,429,684

* This amount is not the cost of the property. It is the carrying value immediately prior to the 31 December 2008 revaluation.

Foreign exchange rates have moved from the 30 June 2008 rate of ¥102.1 to the rate of ¥62.43 as at 31 December 2008.

Units on issue

The movement in units on issue during the half-year is set out below:

	31 December 2008	30 June 2008
Units on issue at the beginning of the half-year	410,350,000	411,700,000
On-market unit buy-back announced 31 October 2007	-	(1,350,000)
Units on issue at the end of the half-year	410,350,000	410,350,000

Significant changes in the state of affairs

Details of significant changes to the state of affairs of the Trust are set out in the Review of Operations above.

Matters subsequent to the end of the financial period

Matters subsequent to the end of the financial period have been set out in the sections titled 'Review of Operations'.

Other than the matters noted above, in the opinion of the directors, no other matter or circumstance has arisen since 30 June 2008 and to the date of this report that has significantly or may significantly affect:

- (i) the operations of the Trust in future;
- (ii) the results of those operations in future; and
- (iii) the state of affairs of the Trust in future financial periods.

**RUBICON JAPAN TRUST
DIRECTORS' REPORT (CONTINUED)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Auditor's independence declaration

The Trust's auditor has provided a written declaration under section 307C of the Corporations Act 2001 that to the best of his knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) the applicable Australian code of professional conduct in relation to the audit.

The declaration is provided on page 16 and forms part of this Directors' Report.

Rounding of amounts to the nearest thousand dollars

The Trust is a registered scheme of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission relating to 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Signed in accordance with a resolution of the directors:

Gordon Edward Christopher Fell



Chairman

Rubicon Asset Management Limited

Sydney 12 March 2009.

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Auditor's Independence Declaration

As lead auditor for the review of Rubicon Japan Trust for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Rubicon Japan Trust and the entities it controlled during the period.



Victor Clarke
Partner
PricewaterhouseCoopers

Sydney
12 March 2009

RUBICON JAPAN TRUST
CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

		Half-year	
	Note	31 December 2008	31 December 2007
		\$'000	\$'000
Property income			
Property rental income		48,259	34,826
Property expenses		(18,981)	(14,500)
Net property income		29,278	20,326
Other income			
Net gains on re-measurement of derivatives to fair value		3,692	-
Total other income		3,692	-
Total net income		32,970	20,326
Expenses			
Manager's fee	3	(2,619)	(2,207)
Fair value adjustments to property investments	8	(164,790)	(3,228)
Net loss on re-measurement of derivatives to fair value		(4,956)	(47,195)
Other operating expenses	4	(1,713)	(555)
Total expenses		(174,078)	(53,185)
Operating loss before financing costs		(141,108)	(32,859)
Interest income		329	935
Finance costs	5	(36,529)	(20,009)
Net finance costs		(36,200)	(19,074)
Income tax expense		(9,128)	(2,706)
Net loss for the half-year		(186,436)	(54,639)
Net loss attributable to minority interest		5,403	246
Net loss attributable to unitholders for the half-year		(181,033)	(54,393)
Loss per unit to unitholders:			
Basic loss per unit (cents per unit)		(44.12)	(13.21)
Diluted loss per unit (cents per unit)		(44.12)	(13.21)

The above consolidated income statement is to be read in conjunction with the accompanying notes.

**RUBICON JAPAN TRUST
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008**

	Note	31 December 2008 \$'000	30 June 2008 \$'000
Assets			
Current assets			
Cash and cash equivalents - restricted cash	7	144,688	163,809
Receivables		10,507	4,833
Derivative financial instruments		-	87,691
Other assets		831	399
Total current assets		156,026	256,732
Non-current assets			
Property investments	8	1,429,684	971,097
Total non-current assets		1,429,684	971,097
Total assets		1,585,710	1,227,829
Liabilities			
Current liabilities			
Payables	9	37,170	38,099
Derivative financial instruments		6,699	72,338
Income tax liabilities		9,032	-
Borrowings	10	1,255,829	163,896
Tenant deposits		79,954	49,838
Distribution payable	11	20,585	20,585
Lease liabilities		1,612	-
Total current liabilities		1,410,881	344,756
Non-current liabilities			
Borrowings	10	-	687,325
Total non-current liabilities		-	687,325
Total liabilities		1,410,881	1,032,081
Net assets		174,829	195,748
Equity			
Contributed equity	12	402,615	402,615
Reserves	13	127,971	(31,170)
Loss carried forward	14	(356,749)	(175,716)
Total parent equity interest		173,837	195,729
Minority interest	15	992	19
Total equity		174,829	195,748

The above consolidated balance sheet is to be read in conjunction with the accompanying notes.

RUBICON JAPAN TRUST
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

		Half-year	
	Note	31 December 2008	31 December 2007
		\$'000	\$'000
Total equity at the beginning of the half-year		195,748	397,299
Exchange differences on translation of foreign operations		159,141	25,862
Net income recognised directly in equity for the half-year		159,141	25,862
Net loss for the half year		(186,436)	(54,639)
Total recognised income and expenses for the half-year		(27,295)	(28,777)
Transactions with unitholders in their capacity as unitholders:			
Contributions of equity, net of transaction costs and buy-back of units	12	-	(72)
Distributions provided for or paid	11	-	(20,585)
Total transactions with unitholders for the half-year		(27,295)	(20,657)
Transactions with minority equity interest:			
Contribution of equity, net of transaction costs	15	1,454	1,673
Foreign currency translation reserve	15	4,922	800
Total transactions with minority interest for the half-year		6,376	2,473
Total equity at the end of the half-year		174,829	350,338
Total recognised income and expense for the half-year is attributable to:			
Unitholders of the Trust		(21,892)	(28,531)
Minority interest		(5,403)	(246)
Total recognised income and expenses for the half-year		(27,295)	(28,777)

The above consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

RUBICON JAPAN TRUST
CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Half-year	
	31 December 2008	31 December 2007
	\$'000	\$'000
Cash flows from operating activities		
Property rental income received	50,699	34,511
Property expenses paid	(20,713)	(12,676)
Tenant security deposits	(1,324)	23,029
Managers fees paid	(3,797)	(3,155)
Other operating expenses paid	(2,101)	(782)
Interest income received	329	934
Finance costs paid	(17,528)	(7,837)
Proceeds from settlement of derivatives	19,542	6,466
Withholding tax paid	(683)	-
Net cash inflow from operating activities	24,424	40,490
Cash flows from investing activities		
Payments for capital expenditure on property investments	(1,521)	(1,542)
Payments for purchase of property investments	-	(298,227)
Net cash outflow from investing activities	(1,521)	(299,769)
Cash flows from financing activities		
Proceeds from borrowings	-	431,928
Proceeds from borrowings - related parties	-	37,062
Payment of issue costs	-	(72)
Repayment of borrowings	(108,078)	(135,334)
Repayment of payables - related parties	(21,758)	(15,948)
Payment of borrowing costs - establishment costs	-	(10,111)
Contribution by minority interest	380	1,258
Distributions paid to minority interests	-	(17,539)
Net cash (outflow)/inflow from financing activities	(129,456)	291,244
Net (decrease)/increase in cash and cash equivalents	(106,553)	31,965
Cash and cash equivalents at the beginning of the half-year	163,809	98,560
Effects of exchange rate changes on cash and cash equivalents	87,432	5,513
Cash and cash equivalents at the end of the half-year*	144,688	136,038

The above consolidated cash flow statement is to be read in conjunction with the accompanying notes.

*Cash at the end of the period ended 31 December 2008 includes of \$144,688,000 restricted cash (31 December 2007: \$124,798,000).

RUBICON JAPAN TRUST

ARSN 121 038 864

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR REPORT 31 DECEMBER 2008

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RUBICON JAPAN TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Note 1. Basis of preparation of half-year report

These general purposes financial report has been prepared in accordance with the requirements of the Trust Constitution, Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The interim financial report does not include all the notes of the type normally included in an annual financial report. It is recommended that this report should be read in conjunction with the Annual Report for the period ended 30 June 2008 and any public announcements made by the Trust during the period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. The Trust has elected not to early adopt any accounting standards.

The financial report is presented in Australian dollars unless otherwise stated.

The financial statements were authorised for issue by the directors on 12 March 2009.

(a) Historical cost convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of property investments and derivative financial instruments held at fair value.

(b) Critical accounting estimates

The preparation of financial statements in conformity with AIFRS may require the use of certain critical accounting estimates and management to exercise its judgments in the process of applying the Trust's accounting policies. Other than the estimation of fair values described in note 2(k) & (i), and assumptions relating to current and deferred tax liabilities, no key assumptions concerning the future, or other estimation of uncertainty at the reporting date, have a significant risk of causing material adjustments to the financial statements in the next annual reporting period.

(c) Going concern

A significant uncertainty exists as to the Trust's ability to continue as a going concern as a result of the factors set out below and therefore, whether it will realise its assets and settle its commitments in the normal course of business and at the amounts stated in the financial report. The financial report for the Trust and the entities it controlled has been prepared on a going concern basis as the directors, after reviewing the Trust's going concern status, have concluded that the Trust and the entities it controlled will be able to pay their debts as and when they become due and payable.

The review was undertaken as in the opinion of the directors of the Responsible Entity ("RE"), the rapid and unanticipated dislocation in global credit markets and associated volatility in equity markets has had a material impact on the operations, financial position and outlook for the Trust. In February and August 2008, in response to the deterioration in market conditions caused by a dislocation in global credit markets, the Trust announced several initiatives to reduce gearing to help overcome the short-term liquidity issues, specifically, the following:

1. Retention of pre tax net cash since 30 June 2008 which has been used to repay debt.
2. Unwinding of all FX hedges released pre tax cash flow, allowing the NAB facility to be repaid partially and removing the Trust's exposure to potential margin calls.
3. Asset disposals strategy targeted on TK1 and TK2 assets. The assets have been actively marketed with both domestic and international buyers, yet no sale has been identified.

**RUBICON JAPAN TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Note 1. Basis of preparation of half-year report (continued)

4. In the current debt markets, refinancing of the senior and the PTK facility, with different financiers, has not been viable.
5. The rapid decline in both the RJT unit price and the A\$, together with worsening broader market conditions, has resulted in RAML being unable to secure any new equity by RJT during the period.

• **Changes at the ownership of the Sponsor**

During the period, Allco Finance Group ("Allco"), the ultimate parent of Rubicon Holdings (Aust) Limited (RHAL), and RHAL itself, separately announced the appointment of voluntary administrators and receivers and managers to each of Allco and RHAL. The RE and Manager of the Trust is Rubicon Asset Management Limited ("RAML"), and the Asset Manager of the TKs in Japan is Allco Real Estate Asset Management ("AREAM"). Both of these entities are wholly owned subsidiaries of RHAL.

The Trust receives a benefit of and is reliant upon, a number of management, administration and other services from RAML, RHAL and AREAM. RAML and its related entities also assist with the arrangement of financing for the Trust, and its underlying property and loan structures and provide proposals to the Trust in relation to potential assets sales.

It is not ideal for the asset manager to be owned and managed by an entity in receivership. While the receivership of Allco and RHAL has no immediate impact on the Trust, this situation may not be a sustainable platform for the future management of the Trust.

In addition, RHAL obtained an Investment Management Insurance package (IMI policy) on behalf of its subsidiaries (including RAML, which is required to have professional indemnity (PI) and crime/fraud cover in place as part of its Australian Finance Services Licence (AFSL) requirements). However, as a result of the appointment of the receivers and managers to RHAL, RAML was informed that the entire IMI policy entered into run-off mode (meaning that the policy would only cover RAML for certain acts, and only in respect of the period prior to the date that the receivers and managers were appointed to RHAL (being 7 November 2008) until expiry of the policy on 1 May 2009. RAML has informed Australian Securities and Investments Commission ("ASIC") of this potential breach of its AFSL and has been actively seeking replacement cover via its insurance broker. As a result of this process, no replacement cover has been found to date and it is now unlikely that replacement cover will be forthcoming.

On 17 February 2009, RAML received a letter from ASIC stating that ASIC would be reviewing RAML's application for a no-action letter (in respect of the AFSL licence breach). ASIC also advised that, since Section 912A(1)(b) of the Corporation Act 2001 states that an AFSL holder must comply with the conditions of its license, including the maintenance of an insurance policy covering PI and fraud, it is also considering commencing action to suspend or cancel RAML's licence. To assist ASIC with its decisions, RAML has advised ASIC of the effect on the members of the registered schemes which RAML acts as responsible entity, including the Trust, were ASIC to cancel or suspend RAML's licence.

If ASIC suspends or cancels RAML's licence, RAML will no longer be in compliance with its obligations under section 601 of the Corporations Act. At this time the impact of this risk is unquantifiable in RJT due to uncertainty on ASIC's potential actions, and while timing is uncertain, it is expected that this process will take some time to complete.

**RUBICON JAPAN TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Note 1. Basis of preparation of half-year report (continued)

• Future Strategy

Following the completion and execution of the documentation regarding the restructure of the debt facilities, RJT is expected to have no loan repayment obligations until February 2011 (TK3) and September 2011 (NAB and PTKs). In the event that this occurs, the objective of RJT will shift to following initiatives:

- application of all free cash to reduce the gearing level of RJT;
- increase asset management focus to protect value (TK1), and reposition key assets (TK2);
- targeted disposals; and
- source a new RE and associated co-investment

i) Ongoing Risks

Ongoing risks to the Trust's future performance include:

Non-delivery of any of the restructured facilities

Failure to complete the restructuring of RJT's debt facilities as outlined above may result in the Trust ceasing to be a going concern and a resolution by management to initiate windup of the Trust, subject to unit holder consent. However, all debt restructures (except for TK3 and stage 2 of the restructure of the TK2 Shinsei facility) have been approved by the financier's credit department or the relevant authority and are confirmed in signed term sheets for some of the facilities (see Note 1).

Rent reductions

Worsening economic conditions in Japan have resulted in a higher than usual number of rent reduction requests. The nature of a Japanese lease and its application through House and Land law, allows a tenant to request a rent reduction in the event of material changes to economic conditions. The owner is not allowed to unreasonably deny such a request. The effect of a material rent reduction for the Trust is:

- a likely breach of the interest cover ratios of the senior loan facilities resulting in a retention of all cash by the lenders; and
- insufficient surplus funds may be available to fund the short-term obligations of the Trust.

Treatment of taxable income

Given the nature of the Trust's structure, it is possible that the Trust may generate taxable income which the Trust may not be in a position to pass onto unitholders in the form of a distribution. In addition, if the Trust becomes liable for the tax liability, there is a risk that future circumstances may be such that the Trust cannot meet this payment as and when it falls due. A provision for current Australian income tax has been recognised in the financial statements equal to 46.5% of the taxable income (or \$9.0 million) for the 6 months to 31 December 2008, although any final tax liability for the financial year ending 30 June 2009 may be a different amount depending on the tax impact of the Trust's operations during the second half of the financial year and any distributions (if any) that may be declared for the second half of the financial year.

In the absence of any distributions, the tax liability is a liability of RJT, not a liability of the unitholders. RJT is carrying out the necessary cashflow analysis and proposes to have appropriate discussions with its creditors to the extent necessary to ensure that a sufficient amount is reserved to meet any RJT tax liability.

Fair-value risk on property investments

Under the Trust's accounting policy (note 2(j)), the Trust measures its property investments at fair value. The global market for many types of real estate has been severely affected by the recent volatility in global financial markets. The lower levels of liquidity and volatility in the banking sector have translated into considerable weakening of market sentiment towards real estate and the number of real estate transactions has significantly reduced. The current lack of comparable market evidence relating to pricing assumptions and market drivers means that there is less certainty in regard to valuations and the assumptions applied to valuation inputs. In addition, it is likely that future negative valuation movements will occur which would, inter alia erode the Trust's net tangible asset position,

**RUBICON JAPAN TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Note 1. Basis of preparation of half-year report (continued)

Foreign exchange risk

With the full settlement of the Trust's foreign exchange hedges in July 2008, the Trust is now exposed to foreign exchange movements in the A\$/¥ rate. If the A\$ appreciated against the Yen, both the value of future Yen denominated distributions and the equity capital in the Trust would decrease.

AREAM Solvency and claim by former employee

Under Japanese law, TK agreements (that is, the partnership agreement between RJT and subsidiaries of AREAM for the ownership of the real estate assets) automatically terminate in the event of dissolution (due to liquidation or otherwise) of AREAM, its' subsidiaries and/or RJT. The termination of these agreements is an event of default in all loan agreements, requiring acceleration of the loan and the disposal of the assets. Other ramifications are the immediate termination of the asset management agreements and a prohibition on distributions from each TK to RJT.

Currently, an employee of RAML seconded to AREAM and made redundant in October 2008, has initiated court proceedings in Japan, against AREAM, for unfair dismissal. The claim is in excess of ¥80m (A\$1.3m) in compensation, and is currently before the court. AREAM does not have sufficient cash reserves to meet this obligation and in the event that the case is successful the directors of AREAM may have to wind up AREAM, which may result in windup of the TKs and RJT.

RAML being removed as RE

As a result of RAML not holding an Investment Management Insurance package (IMI policy), required under Section 912A(1)(b) of the Corporation Act 2001 ASIC is reviewing potential actions in respect of RAML's AFSL license breach. One of the implications of this process is that RAML's license may be revoked as responsible entity for the Trust. The consequences of this are still unknown but may result in review, default, or acceleration events for the Trust's borrowings.

Further, if RAML's license is cancelled or suspended and a replacement responsible entity is not found, it may be necessary to wind up RJT.

Rubicon Japan Trust's relationship with Allco Finance Group Limited and Rubicon Holdings (Aust) Limited

Please refer to the section above on "Changes at the ownership of the Sponsor".

No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Trust not continue as a going concern. The Trust may be unable to continue realising its assets and discharging its liabilities in the normal course of business.

RUBICON JAPAN TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Note 2. Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements of the Trust incorporate the assets and liabilities of the Trust's controlled entities as at 31 December 2008, and their results for the financial half-year then ended. The effects of all transactions between entities in the consolidated entity have been eliminated in full.

Where control of an entity is obtained during a year, its results are included in the income statement from the date on which control commences. Where control of an entity ceases during a year, its results are included for that part of the period during which control existed.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Trust.

Intercompany transactions, balances and unrealised gains on transactions between the entities within the Trust are eliminated. Unrealised losses are eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Trust.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the consolidated entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Australian dollars, which is the Trust's functional and presentation currency.

(ii) Transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the date the fair value was determined.

(iii) Foreign controlled entities

Foreign controlled entities assets and liabilities are translated into Australian dollar at rates of exchange current at the relevant reporting date, while their income and expenditure are translated at the average of rates ruling during the year. Exchange differences arising on translation are recorded in the foreign currency translation reserve.

(c) Revenue recognition

Revenue is recognised at fair value of the consideration received net of the amount of goods and services tax ("GST") or consumption tax payable to taxation authorities.

(i) Rent

Rental income is recognised in the income statement on a straight-line basis over the lease term for leases with fixed rent review clauses. In all other circumstances rental income is brought to account on an accruals basis.

(ii) Recoverable outgoings

Revenues associated with tenant reimbursements are recognised in the period in which the expenses are incurred based upon the tenant lease terms.

(iii) Interest income

Interest income is brought to account on an accruals basis and, if not received at the balance date, is reflected in the balance sheet as a receivable.

(iv) Distribution income

Income from dividends and distributions are recognised when declared.

RUBICON JAPAN TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Note 2. Summary of significant accounting policies (continued)

(d) Expenses

Expenses are brought to account on an accruals basis and, if not paid at the balance date, are reflected in the balance sheet as a payable.

(i) Manager's fees

Asset management fees payable to the Responsible Entity are recognised as an expense as the services are received and for the performance fee component in accordance with the Trust Constitution when performance criteria for the fee is met.

(ii) Net finance costs

Net financing costs comprise interest expenses on borrowings calculated using the effective interest rate method. Interest income is recognised in the income statement as it accrues, using the effective interest method.

(e) Borrowing costs

Borrowing costs incurred in establishing loan facilities are capitalised and amortised over the expected life of the facilities as part of net finance costs.

Borrowing costs incurred in drawing funds under a loan are transaction costs which are offset against the proceeds of the loan and are included in the effective interest rate calculation.

Other borrowing costs are expensed as incurred except to the extent they are directly attributable to the acquisition and, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to reach the stage of their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets until the assets are ready for their intended use or sale.

(f) Leasing fees

Leasing fees incurred are capitalised and amortised over the lease periods to which they relate.

(g) Lease incentives

Prospective lessees may be offered incentives as an inducement to enter into operating leases. These incentives may take various forms including cash payments, rent free periods, or a contribution to certain lessee costs such as fit out costs or relocation costs.

The costs of incentives are recognised as a reduction of rental income on a straight-line basis from the earlier of the date which the tenant has effective use of the premises or the lease commencement date to the end of the lease term. The carrying amount of the lease incentives is reflected in the fair value of property investments.

RUBICON JAPAN TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Note 2. Summary of significant accounting policies (continued)

(h) Income tax

(i) Australian taxation

Under current Australian income tax legislation, the Trust is generally not liable to income tax provided its unitholders are presently entitled to all of the Trust's income in each year. As a result, no current or deferred Australian income tax expense, assets or liabilities are currently recognised in the financial statements in relation to the distribution for the half year ended 31 December 2008.

Under the current circumstances surrounding the liquidity of the Trust the RE has determined a nil distribution for the 6 month period to 31 December 2008. In the event that a nil distribution is also determined for the 6 months to 30 June 2009, the Trust will be liable to income tax at 46.5% on its taxable income for the year ended 30 June 2009.

The RE is currently unable to determine if it will be able to distribute income at 30 June 2009, however it is currently of the view that a distribution is unlikely. Accordingly, a provision for current Australian income tax has been recognised in the financial statements equal to 46.5% of the taxable income for the 6 months to 31 December 2008. Should the RE ultimately determine a distribution to unitholders at 30 June 2009, this liability will be reversed.

(ii) Overseas taxation

Rubicon Tokumei Kumiai 1 GK, Rubicon Tokumei Kumiai 2 GK and Rubicon Tokumei Kumiai 3 GK will not generally be subject to Japanese income taxes providing their taxable income or capital gains are distributed to RJT. Distributions may give rise to a Japanese withholding tax liability, and a foreign tax credit which would be available to unitholders. As it is the current practice to distribute profits to RJT, income tax expense on such items is recognised at the withholding tax rate.

A tax liability and expense is recognised in the financial statements for withholding tax on distributions paid or payable.

Temporary differences between the carrying values of assets in the balance sheet and their associated tax cost base, principally due to property revaluations and tax depreciation, give rise to a deferred tax asset or liability which is recognised in the balance sheet and the corresponding tax expense in the income statement.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. The relevant tax rate of 20% (the current withholding tax rate for Japan) is applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Accordingly no deferred tax assets has been recognised as at 31 December 2008.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, which is based on the invoiced amount less any impairment losses.

Trade receivables are generally due for settlement within 30 days of recognition. Impairment is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Trust will not be able to collect all amounts in accordance with the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the loan's original effective interest rate. The amount of the provision is recognised in the income statement.

RUBICON JAPAN TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Note 2. Summary of significant accounting policies (continued)

(k) Property investments

Property investments are investments in properties which are held either to earn rental income or for capital appreciation or both. Property investments are stated at fair value. An external valuation company, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio on a rolling three year basis, or more regularly if required. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller, in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuations are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the annual rentals to arrive at the property valuation. Valuations reflect, where appropriate, type of tenants, future rent reviews and market conditions. A change in any of these factors could have a significant impact on the value of the Trust's property investments.

Any gain or loss from a change in fair value is recognised in the income statement.

All property acquisition costs in respect of properties acquired are capitalised into the value of the property investments at the time of purchase to reflect the total acquisition cost in the balance sheet. Additions and other expenditure on property investments which are capital in nature are capitalised as incurred.

(l) Derivatives and other financial instruments

The Trust and its controlled entities have entered into fixed rate funding and interest rate swap agreements to mitigate exposure to increasing interest rates. In addition, historically the Trust has entered into foreign currency contracts to hedge against the risk to income and the initial capital investment of adverse movements in exchange rates. Derivative financial instruments are not held for speculative purposes. Consistent with the change in its foreign exchange hedging policy announced on 29 February 2008, on 25 July 2008 the Trust announced that it had completed the unwinding of all foreign exchange hedges.

Derivatives are recognised at fair value on inception. Changes in the fair value of any derivative instruments are recognised immediately in the income statements.

(m) Fair value estimation of financial assets and liabilities

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market price at balance date. The quoted market price used for financial assets held by the Trust is the current bid price, the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques including dealer quotes for similar instruments and discounted cash flows. In particular, the fair value of forward exchange rate contracts is determined using forward exchange market rates at the balance date.

Interests held by the Trust in controlled entities are measured at fair value in the parent entity's financial report and is determined based on the net tangible asset backing.

(n) Distributions

In accordance with the Trust's constitution, the Trust distributes its distributable income to unit holders by cash or equivalents. Distributions are provided for when they are approved by the Board of Directors of the Responsible Entity and announced. As discussed in note 1, the Trust does not expect to pay a distribution in the foreseeable future.

RUBICON JAPAN TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Note 2. Summary of significant accounting policies (continued)

(o) Borrowings

Borrowings are initially recognised at fair value less attributable transaction costs.

Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between proceeds and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(p) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(q) Contributed equity

Ordinary units are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When the Trust reacquires its own ordinary units as the result of unit buy-back, those units are deducted from equity and are cancelled. No gain or loss is recognised in the income statements and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(r) Undistributed income

In accordance with the Trust's Constitution, amounts may be transferred from undistributed income to fund distributions.

(s) Earnings per unit

Basic earnings per unit is determined by dividing net profit attributable to the Trust by the weighted average number of units on issue during the financial half-year.

Diluted earnings per unit is determined by dividing net profit attributable to the Trust by the weighted average number of units on issue and dilutive potential units on issue during the financial half-year.

(t) Segment reporting

Segment income, expenditure, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of cash, receivables (net of allowances) and investments. Any asset used jointly by segments are allocated based on reasonable estimates of usage.

RUBICON JAPAN TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Note 2. Summary of significant accounting policies (continued)

(u) Goods and Services Tax

Revenues and expenses are recognised net of the amount of goods and services tax ("GST") or value added tax ("VAT"), except where the amount of GST or VAT incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of GST or VAT. The net amount of GST and VAT recoverable from, or payable to, the tax authorities is included as a current asset or current liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST or VAT component of cash flows arising from investing and financing activities which is recoverable from or payable to the ATO is classified as operating cash flows.

(v) Rounding

The Trust is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(w) Minority Interests

Minority interests in the results and equity in the subsidiaries is shown separately in the income statements and balance sheet respectively.

(x) New accounting standards and interpretations not yet adopted

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for 31 December 2008 reporting periods. The following standards and amendments are available for early adoption but have not been applied by the Trust in these financial statements:

Revised AASB 101 Presentation of Financial Statement introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that required by other AASBs. The revised AASB 101 will become mandatory for the Trust's 30 June 2010 financial statements. The Trust has not yet determined the potential effect of the revised standard on the Trust's disclosures;

AASB 8 Operating Segments introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Trust's 30 June 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Trust's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently, the Trust presents segment information in respect of its business and geographical segments;

Revised AASB 123 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. The revised AASB 123 will become mandatory for the Trust's 30 June 2010 financial statements and will have no impact on future earnings as this is consistent with current accounting policy; and

Revised AASB 127 Consolidated and Separate Financial Statements changes the accounting for investments in subsidiaries. Key changes include: the remeasurement to fair value of any previous investment when control is obtained/lost, with any resulting gain or loss being recognised in profit or loss; and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised standard will become mandatory for the Trust's 30 June 2010 financial statements. The Trust has not yet determined the potential effect of the revised standard on the Trust's financial report.

Revised AASB 140 Investment Property (effective from 1 July 2009) will require the Trust to classify assets that are being constructed or developed for future use as investment properties, rather than AASB 116 Property, Plant and Equipment.

The application of these standards will not affect the amount recognised in the financial statements.

RUBICON JAPAN TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Note 3. Manager's fee

The Manager is RAML, a wholly owned subsidiary of Rubicon Holdings (Aust) Limited (RHAL). The ultimate parent of Rubicon Holdings is Allco Finance Group Limited (ACN 077 721 129) (Allco). On 4 November 2008, Allco announced that voluntary administrators and receivers and managers had been appointed to Allco and certain of its subsidiaries. Subsequently, on 7 November 2008, Rubicon announced that the directors of Rubicon Holdings determined that RHAL was no longer able to continue trading as a going concern. National Australia Bank (NAB) as the secured lender to RHAL was invited by the directors of RHAL to appoint a receiver to RHAL's assets (the Receiver). Following the invitation of the Rubicon Holding's Board, NAB placed Rubicon Holding's into Receivership on 11 November 2008.

In accordance with the Trust's Constitution, RAML and Allco Real Estate Asset Management Japan Kabushiki Kaisha (AREAM KK) (formerly known as Rubicon Asset Management Japan Kabushiki Kaisha) a related party of the responsible entity, are (in aggregate) entitled to receive the following fees:

(a) Base management fee

A base management fee up to 0.40% per annum (exclusive of GST) of the Trust's direct and indirect proportionate interest in properties and other assets. The base management fee is payable monthly in arrears.

(b) Performance fee

Rubicon Asset Management Limited and/or Rubicon Advisory Limited is entitled to a performance fee if RJT increases in market value in any six month period ended 30 June or 31 December exceeds that of the S&P/ASX 200 Property Accumulation Index (Index). The performance fee is payable in either cash or units and the entitlement is calculated as follows:

- 5% of the total increased RJT unitholders' value relative to the Index; plus
- 15% of the total increased RJT unitholders' value relative to 2% above the Index.

The Manager is required to earn back any underperformance accrued in previous periods prior to a performance fee being payable.

There is a cap on the total of the base management fee and performance fee of 1.0% per annum of the value of Trust's direct or indirect proportionate interest in properties and other assets at the end of each financial year, or greater period from the time the excess accrued. If the combined amount of fees is above 1.0% per annum, the excess will be carried forward into the following year. Fees carried forward will be paid before any performance fee earned in the then current period is paid. Where the Trust outperforms the Index for a period of three years or more from the accrual of the performance fee, the accrued balance will be paid at the end of that period. This payment of outstanding fees will not be capped. Accordingly, it is feasible that the aggregate of the base management fee and performance fee could exceed 1.0% of RJT's assets after three years of cumulative out performance.

No performance fees were paid during the half-year ended 31 December 2008 (31 December 2007: \$Nil).

(c) Manager's fee calculation

The total manager's fee for the half-year is detailed as follows:

	Half-year	
	31 December 2008	31 December 2007
	\$'000	\$'000
Base management fee	2,619	2,207
Total management fee	2,619	2,207

RUBICON JAPAN TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Note 4. Other operating expenses

	Half-year	
	31 December 2008	31 December 2007
	\$'000	\$'000
Audit fees	383	232
Registry and compliance fees	131	134
Insurance	163	29
Professional fees	1,032	31
Other	4	129
Total other operating expenses	1,713	555

Note 5. Finance costs

	Half-year	
	31 December 2008	31 December 2007
	\$'000	\$'000
Interest expense	18,721	11,860
Loan amortisation costs	17,808	8,149
	36,529	20,009

Note 6. Earnings per unit

		Half-year	
		31 December 2008	31 December 2007
Basic loss per unit (cents per unit)	cents	(44.12)	(13.21)
Diluted loss per unit (cents per unit)	cents	(44.12)	(13.21)
Loss used in the calculation of basic loss per unit and diluted loss per unit	\$'000	(181,033)	(54,393)
Weighted number of units used in the calculation of basic loss per unit		410,350,000	411,700,000
Weighted number of units used in the calculation of diluted loss per unit		410,350,000	411,700,000

Note 7. Cash and cash equivalents - restricted cash

	31 December 2008	30 June 2008
	\$'000	\$'000
Australian dollar operating accounts ¹	1,368	49,193
Japanese Yen operating accounts ¹	6,093	3,717
Trustee reserves ²	96,153	61,179
Lender reserves ³	41,074	49,720
Cash and cash equivalents - restricted cash	144,688	163,809

1. As at 11 April 2008, National Australia Bank (NAB), the provider of the A\$60 million facility, has agreed to extend the facility to 30 April 2009 on the basis that all net cash flow is being held under NAB's control. As a result this is classified as restricted cash.

2. Trustee reserves account receives tenant deposits in relation to rent and is the account from which all direct property expenses (except capital expenditure) are paid. This is cash held in trust. Excess cash in this account is swept once a quarter into the Lender reserve account.

3. Lender reserve account comprises of cash reserves from the Trustee reserves account and it is the account from which interest expense is paid. This is restricted cash and comprises of balances for future capital expenditure and leasing commission, and includes security deposit. Excess cash in this account is swept once a quarter into the operating account for the Trust.

RUBICON JAPAN TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Note 8. Property investments

Property	Acquisition date	Cost including all additions and acquisition costs	Independent valuation date	Independent valuation amount	Independent valuer	Consolidated book value 31 December 2008	Consolidated book value 30 June 2008
		¥ '000		¥ '000		¥ '000	¥ '000
Sogo Nagata-Cho, Tokyo, Japan	16-Oct-06	7,378,599	31-Dec-08	6,970,000	(1)	6,970,000	7,530,000
Kudan Plaza, Tokyo, Japan	16-Oct-06	3,278,645	31-Dec-08	2,870,000	(1)	2,870,000	3,220,000
Nishiwaseda Ocean, Tokyo, Japan	31-Aug-06	3,368,117	31-Dec-08	3,060,000	(1)	3,060,000	3,290,000
Sotokanda K, Tokyo, Japan	27-Sep-06	1,790,293	31-Dec-08	1,530,000	(1)	1,530,000	1,660,000
Uchi Kanda DNK, Tokyo, Japan	27-Sep-06	1,921,451	31-Dec-08	1,430,000	(1)	1,430,000	1,590,000
Hamamatsu-Cho F-1, Tokyo, Japan	27-Sep-06	1,411,969	31-Dec-08	1,190,000	(1)	1,190,000	1,260,000
Ne Akasaka, Tokyo, Japan	27-Sep-06	1,495,225	31-Dec-08	1,240,000	(1)	1,240,000	1,410,000
Konan Komaki, Aichi, Japan	27-Sep-06	861,707	31-Dec-08	601,000	(1)	601,000	668,000
Big B, Tochigi, Japan	16-Oct-06	3,004,158	31-Dec-08	2,332,000	(1)	2,332,000	2,591,000
Kawasaki Tech Center, Kawasaki, Japan	23-Mar-07	33,102,543	31-Dec-08	25,210,000	(1)	25,210,000	27,200,000
Norbesa, Sapporo, Japan	09-Mar-07	10,776,200	31-Dec-08	7,290,000	(1)	7,290,000	7,950,000
Central Finance, Nagoya, Japan	27-Feb-07	2,653,086	31-Dec-08	2,010,000	(1)	2,010,000	2,150,000
Shin Musashi Plaza, Kumamoto, Japan	06-Mar-07	1,281,941	31-Dec-08	780,000	(1)	780,000	854,000
Matsushita Engineering, Shinagawa, Japan	16-Apr-07	4,373,008	31-Dec-08	3,300,000	(1)	3,300,000	3,570,000
Sendai Matsumura, Sendai, Japan	18-May-07	3,890,012	31-Dec-08	2,400,000	(1)	2,400,000	2,810,000
Shin Heiwa, Sendai, Japan	18-May-07	1,343,757	31-Dec-08	818,000	(1)	818,000	937,000
Higashi Ikebukuro Q, Tokyo, Japan	18-May-07	2,507,797	31-Dec-08	2,530,000	(1)	2,530,000	2,760,000
Sapporo Izumi, Sapporo, Japan	18-May-07	3,402,134	31-Dec-08	2,107,000	(1)	2,107,000	2,639,000
Daiei Taniyama, Japan	07-Sep-07	7,130,542	31-Dec-08	5,410,000	(1)	5,410,000	6,010,000
Asumigoaka, Japan	07-Sep-07	6,348,704	31-Dec-08	5,200,000	(1)	5,200,000	5,810,000
Koriyama, Japan	07-Sep-07	8,153,113	31-Dec-08	6,740,000	(1)	6,740,000	7,690,000
RISM, Japan	07-Sep-07	6,875,232	31-Dec-08	4,230,000	(1)	4,230,000	5,550,000
Total property investments (¥ '000)		116,348,233		89,248,000		89,248,000	99,149,000
Total property investments (A\$'000)		1,863,808		1,429,684		1,429,684	971,097

Independent valuer

(1) Valuer: Rich Appraisal Institute

All of the investment properties above act as security for borrowings (see note 10).

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Note 8. Property investments (continued)

Reconciliation of carrying amount of property investments:

A summary of the basis of the carrying amount of property investments including those held through controlled entities is set out below:

	31 December 2008	30 June 2008	31 December 2008	30 June 2008
	¥ '000	¥ '000	\$'000	\$'000
Carrying amount - opening	99,149,000	86,991,986	971,097	831,504
Acquisitions and additions	184,201	29,438,672	2,951	288,333
Lease incentives	8,988	2,772	144	27
Amortisation of lease incentives	(45,188)	(45,513)	(724)	(446)
Net loss from fair value adjustments	(10,049,001)	(17,238,917)	(164,790)	(170,142)
Foreign currency translation difference	-	-	621,006	21,821
Carrying amount - closing	89,248,000	99,149,000	1,429,684	971,097

Note 9. Payables

	31 December 2008	30 June 2008
	\$'000	\$'000
Trade creditors and accruals	8,945	7,539
Payables to AREAM KK *	6,194	7,706
Building deposit advanced from AREAM KK *	-	4,407
Short term payables to AREAM KK *	-	5,338
Consumption tax payable	6,066	1,893
Interest payables on bank loans	8,066	6,976
Unearned revenue	7,899	4,240
Total current liabilities – payables	37,170	38,099

* Allco Real Estate Management Japan Kabushiki Kaisha (AREAM KK) is a related entity of the RE. No interest is being charged on the outstanding amount.

Note 10. Borrowings

	31 December 2008	30 June 2008
	\$'000	\$'000
Current		
Loan from Rubicon Capital Pty Limited*	21,758	20,601
Secured bank loans	1,234,071	122,062
Secured bank loans - consumption	-	22,302
Capitalised borrowing costs**	-	(1,069)
Total current borrowings	1,255,829	163,896
Non current		
Secured bank loans	-	697,901
Capitalised borrowing costs**	-	(10,576)
Total non current borrowings	-	687,325

* A loan facility of \$21.8 million from Rubicon Capital Pty Limited, a related entity of the RE of the Trust. The facility has an interest rate fixed at 12%. It is a subordinated debt. Under the arrangement with National Australia Bank, no interest or principal repayments to Rubicon Capital Pty Limited are permitted until the National Australia Bank debt facility is fully repaid.

** All capitalised borrowing costs have been written off as all non current loans have been classified as current borrowings due to breach of loan covenants.

RUBICON JAPAN TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Note 10. Borrowings (continued)

Set out below is a summary of the Trust's debt facilities in Yen (excluding capitalised borrowing costs) as at 31 December 2008:

Lender	Facility ¥'000	Term (years)	Balance ¥'000	Interest Rate %	Contractual Expiry	Security
Current - secured bank loans						
Shinsei Bank - preference equity (i)	5,064,894	0.2	4,981,329	JPY Libor + 2.0%	Mar-09	TK agreement
Shinsei Bank	706,778	0.2	354,052	JPY Libor + 2.25%	refer to (ii) below	TK 2 portfolio
Shinsei Bank (iii)	22,269,257	1.5	22,269,257	JPY Libor + 2.25%	Jun-10	Kawasaki Tech Center
Shinsei Bank (iii)	5,807,226	1.5	5,807,226	JPY Libor + 2.25%	Jun-10	Norbesa
Shinsei Bank (iii)	1,261,958	1.5	1,261,958	JPY Libor + 2.25%	Jun-10	Central Finance
Shinsei Bank (iii)	687,312	1.5	687,312	JPY Libor + 2.25%	Jun-10	Shin Musashi Plaza
Shinsei Bank (iii)	2,595,670	1.5	2,595,670	JPY Libor + 2.25%	Jun-10	Matsushita Engineering
Shinsei Bank (iii)	1,753,518	1.5	1,753,518	JPY Libor + 2.25%	Jun-10	Sapporo Izumi
Shinsei Bank (iii)	1,889,014	1.5	1,889,014	JPY Libor + 2.25%	Jun-10	Sendai Matsumura
Shinsei Bank (iii)	778,503	1.5	778,503	JPY Libor + 2.25%	Jun-10	Shin Heiwa
Shinsei Bank (iii)	1,640,170	1.5	1,640,170	JPY Libor + 2.25%	Jun-10	Higashi Ikebukuro Q
Shinsei Bank (iii)	3,713,624	1.5	3,713,624	JPY Libor + 2.25%	Jun-10	Asumigaoka City
Shinsei Bank (iii)	4,015,470	1.5	4,015,470	JPY Libor + 2.25%	Jun-10	Daiei Taniyama Mall
Shinsei Bank (iii)	5,881,500	1.5	-	JPY Libor + 2.25%	Jun-10	Undrawn facility
CSC Series 1, GK (iv)	4,389,130	0.9	4,389,130	2.05%	Nov-09	Sogo Nagata-cho
CSC Series 1, GK (iv)	1,811,250	0.9	1,811,250	2.05%	Nov-09	Nishiwaseda Ocean
CSC Series 1, GK (iv)	887,040	0.9	887,040	2.05%	Nov-09	Sotokanda K
CSC Series 1, GK (iv)	939,960	0.9	939,960	2.05%	Nov-09	Uchi Kanda DNK
CSC Series 1, GK (iv)	885,780	0.9	885,780	2.05%	Nov-09	Hamamatsu-Cho F-1
CSC Series 1, GK (iv)	899,640	0.9	899,640	2.05%	Nov-09	NE Akasaka
CSC Series 1, GK (iv)	536,760	0.9	536,760	2.05%	Nov-09	Konan Komaki
CSC Series 1, GK (iv)	1,825,740	0.9	1,825,740	2.05%	Nov-09	Kudan Plaza
CSC Series 1, GK (iv)	1,568,700	0.9	1,568,700	2.05%	Nov-09	Big B
Credit Suisse Principal Investments Limited (v)	5,681,300	2.1	5,012,912	3.72%	Feb-11	RISM Mall
Credit Suisse Principal Investments Limited (v)	6,898,700	2.1	6,087,088	3.72%	Feb-11	Koriyama City Mall
Current - secured bank loans (¥'000)	84,388,894		76,591,103			
Current - secured bank loans (A\$'000)	1,351,845		1,226,930			
National Australia Bank (vi)	11,450	0.3	7,141	BBSY + 4.0%	Apr-09	Shares held by Rubicon Holdings in AREAM KK and investments in RJT I, RJT II and RJT III.
Total current - secured bank loans (A\$'000)	1,363,295		1,234,071			

RUBICON JAPAN TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Note 10. Borrowings (continued)

(i) The Shinsei Bank (Shinsei) ¥4.9 billion (A\$78.5 million) Preference Equity (PTK) has a maturity date of 31 March 2009. The interest on this facility capitalises quarterly. In a commitment to reducing the overall debt of RJT, TK2 has been voluntarily amortising this facility with available free cash. This facility, including capitalised interest costs, has a current outstanding balance of ¥4.9 billion (A\$78.5 million) as at the date of the financial report.

Under the current PTK arrangement, Shinsei has the discretion to convert the preference equity into a subordinated debt facility with a credit spread equal to 15% p.a. minus Libor with maturity of 31 March 2009. Shinsei is also able to sell or transfer its rights under the PTK without the prior consent of TK 2. Shinsei has not converted any of the preference equity to date.

TK2 is in the final stages of negotiating with Shinsei Bank a restructure and extension of the PTK facility. The key terms of the proposed restructure are:

- repayment of ¥2.0 billion of the PTK facility in TK2, in exchange for an equivalent new facility in TK1 on the same terms. The resultant outstanding balance of the PTK in TK2 is ¥2.7 billion;
- final Maturity Date of September 2011, with a review date of 31 March 2011. At the review date, RJT must demonstrate to Shinsei's satisfaction a deliverable repayment strategy. The undertaking of the strategy requires Shinsei's express approval. At Shinsei's absolute discretion, Shinsei is able to direct the manager to enact any appropriate repayment strategy;
- the PTK will participate as a TK investor of each TK on the following proportions; 25% TK1 and 9% TK2. The participation level is calculated; for TK1, based on the 31 March 2008 fair net asset value of TK1; and for TK2, based on the fair net asset value of TK2 at the inception of the facility (September 2007);
- the investor participation is subject to a minimum guaranteed return on the facility calculated as the Outstanding PTK Balance + JPY LIBOR + 2.00% p.a. of any outstanding PTK balance, calculated quarterly;
- each PTK agreement is effectively cross-collateralised through granting Shinsei a right to increase the minimum guarantee return at expiry of each PTK to a maximum of outstanding PTK amount + (JPY LIBOR + 2.00% pa of any outstanding PTK balance, calculated quarterly), to the extent that the corresponding PTK minimum guaranteed amount has not been repaid in full. The increase can only occur in the event of non-payment of the alternative PTK minimum guaranteed amount;
- all surplus cash of the TK must be firstly applied to senior debt, and then to the PTK. Distributions to RJT are limited to the amount required to be made by the TK to RJT to enable RJT to pay its fees, expenses and taxes as and when they fall due;
- in the event that the PTK is fully repaid, distributions will only be released to the extent that the bi-lateral rights to increase the PTK minimum return have ceased in full;
- RJT is not allowed to incur new liabilities, other than those required to satisfy current obligations, and required in the ordinary course of business (for example, legal, tax, audit, interest expenses);
- Shinsei will approve the RJT budget each year. This budget will form the basis of the distributions from TK1 to satisfy RJT's obligations. Shinsei cannot decline required regulatory expenses. All distributions from the TKs to RJT will be released on a look forward basis to ensure RJT has sufficient reserves for the payments and is solvent;
- the minimum release price for disposals is 100% of the allocated loan amount plus costs of disposal. Any disposal at greater than the disposal price can be executed without Shinsei's PTK consent. If the TK receives a bona fide offer to dispose of any asset at a price that is above a valuation for the asset as held at 31 December 2008, the TK must notify Shinsei, and Shinsei has the right to direct disposal at that price;
- no cross default;
- no Shinsei consent is required for a change in the owner of Allco Real Estate Asset Management KK (AREAM) and/or the RE of RJT. However, if AREAM is directly or indirectly owned or controlled by Rubicon Holdings (Aust) Limited, Shinsei may terminate their appointment as Asset Manager as of March 31, 2011;
- the convertible terms of PTK TK2 remain in place, however, any conversion is seen as a repayment of the PTK, and reduces the minimum guarantee amount for the purposes of cross collateralisation;
- no cash lockout period – the TKs can repay the PTK facilities each quarter, as and when the spare proceeds are available; and
- a review event for the PTK, in event of a key person departure.

While the appropriate final agreements have not been executed and, as such, completion of this restructured agreement may not be successful, these terms have been formally approved by Shinsei's credit committee confirmed in a signed term sheet, and are currently in the process of being documented.

RUBICON JAPAN TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Note 10. Borrowings (continued)

(ii) This Shinsei Bank senior debt facility is amortised at a rate of 1.5% per annum until preference equity issued by Shinsei is repaid. The terms of the facility are negotiated as part of the restructuring of the facility as disclosed in (iii) below.

(iii) The Shinsei Bank ¥53 billion (A\$849.0 million) Senior Loan Facility (TK2 senior) has a maturity date of 25 June 2010. TK2 has been amortising this facility with available free cash and the proceeds of a consumption tax refund. This facility has a current balance of ¥46.6 billion (A\$746.3 million).

TK2 is unlikely to repay this facility in full in June 2010. Accordingly, TK2 has been in negotiations with Shinsei for a restructure of this facility. The proposed restructure will be in two stages:

Stage One

- waiver of the TK2 loan to value (LTV) ratio covenant for the duration of the loan. Currently, the LTV must be less than 75%, with the determination of asset value according to the lender's appraisal. Note that when applying the TK2 valuations at 31 December 2008, this facility would be in breach of this covenant and as a result this loan has been classified as current borrowings in the financial statements;
- amortisation of the senior loan amount by applying all net cash of TK2 after fees, taxes and expenses of TK2, on a quarterly basis;
- removal of cross default as a result of the insolvency of RJT as TK Undertaker; and
- RAML.

While the appropriate final agreements have not been executed and, as such, completion of stage one of this amendment to the current agreement may not be successful, these terms have been formally approved by Shinsei's credit committee confirmed in a signed term sheet, and are currently in the process of being documented.

Stage Two

- extension of the current facility to 31 March 2012; and
- interest rate margin remains the same at 2.25% pa.

Stage Two of this restructure is in the form of an agreement in principal but has not been formally approved by Shinsei's credit committee. Accordingly, there is no assurance that completion of stage two of this restructure will be successful.

(iv) CSC Series 1 Loan Facility has a maturity date of 16 November 2009. The facility is recourse only to the assets of TK1. CSC Series 1 securitised this loan and several other loan assets in December 2006 and issued a bond. This bond has an expected maturity date of November 2009, and a final maturity date of November 2012. As a consequence of lodgment of these financial statements, this facility will be in breach of its Indebtedness covenant and hence this facility has been classified as current borrowings.

TK1 has restructured the terms of the facility to include:

- extension of the maturity date to 31 March 2012;
- interest rate to remain the same at 2.05% per annum (fixed);
- all free cash after paying all costs, including RJT entity management costs and tax expenses, to be applied to amortise the facility (approximately 4% p.a);
- indebtedness covenant removed for the life of loan;
- prepayment fees reduced from 1.5% to 0%;
- the release price on disposal reduced from 115% to 100% of the Loan amount; and
- the TK agreements can be amended with lender approval.

This loan amendment can be approved with the consent of a majority of the controlling class holders of the bonds. A majority of the controlling class has provided their written consent to the amendments and their consent is expected to be formalised through the clearing house process prior to 31 March 2009.

RUBICON JAPAN TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Note 10. Borrowings (continued)

(v) During the period, TK3 has repaid an additional ¥740 million (A\$11.9 million) in four equal monthly installments starting from 1 August 2008 to 1 November 2008. These repayments have been sourced from surplus proceeds from the settlement of the foreign exchange hedges in RJT, and the repayment of consumption tax to TK2 that was subsequently distributed to RJT. Accordingly, the outstanding balance of the TK3 debt facility is ¥11.1 billion (A\$177.8 million).

CS agreed to release TK3 from the requirement to make an additional repayment due on 1 August 2008 of an amount which is sufficient to pay down the outstanding balance to 80% of the then lender's valuation and also to release TK3 from compliance with DSCR tests that potentially could have required an additional uncertain amount of prepayment. These payments, had they been required, would have been backed by a RJT guarantee. With the restructure of this facility CS recourse to RJT will be limited to acts such as, but not limited to, misrepresentation and deliberate breach of covenants.

Under the terms of the facility, as a consequence of lodgment of these financial statements, the facility will be in breach of certain debt covenants (equivalent to those originally within the CS TK1 facility) and accordingly this loan has been classified as current borrowings in the financial statements. CS has, in principle, agreed to waive those covenant breaches, in exchange for the following terms:

- cross default provisions in the event of a default in relation to any indebtedness of TK1, TK3, RJT or AREAM;
- extensive monitoring rights over the management of the TK3 properties including, but not limited to, approval of any major leases, significant capital expenditures and refitting plans and additional reporting requirements; and
- amortisation using all surplus cash of TK3.

These terms are still subject to CS approval and, as such, completion of this restructured agreement may not be successful.

It should be noted that based on the 31 December 2008 valuations, TK3 contributes negligible equity to RJT. As this loan will be non-recourse (except in relation to certain acts as set out above) there will be no incremental impact from the quantum of negative equity on the remainder of RJT. However, management believes that it is unlikely in current market conditions, that any workout of the loan or the assets will materially change the value of RJT's equity in TK3 above the current level. Due to this situation, TK3 has not pursued an extension of the current facility as no demonstrable value to the RJT investors is currently evident. This situation will be reviewed over the coming period.

(vi) This loan is in breach of the consolidated gearing ratio of greater than 0.7 and interest coverage ratio of less than 3. However, an additional loan repayment was made on 11 Feb 2009 and at the date of this report the loan balance is reduced to A\$1.5 million. While RJT has sufficient cash reserves for repayment in full of the facility balance, renegotiations of the property level debt facilities accompanied by a revised strategy of full amortisation of all property facilities as soon as possible, will result in RJT not receiving surplus funds as distributions from the TKs for some time. Accordingly, as part of a restructure of the NAB facility outlined below, RJT is in the process of finalising a negotiation with NAB regarding the maintenance of these funds as cash reserves for future uncertainties. This cash can be used with NAB approval.

The key terms of the proposed restructured facility include:

- extension of the facility to 30 September 2011;
- the facility being revolving for working capital purposes;
- all existing security to remain in place;
- provision of additional security being approximately \$1.45 million held with NAB on term deposit with a right of set-off in the event of default;
- a reduced margin of 1.85% p.a. (compared with 4.00% p.a. previously); and
- removal of consolidated gearing and interest coverage covenants.

While the appropriate final agreements have not been executed and, as such, completion of this restructured agreement may not be successful, these terms have been formally approved by NAB, and are currently in the process of being incorporated into the facility documentation.

NAB has indicatively provided a permanent waiver of the following covenants and review events (subject to the conditions set out below) that may have been potentially breached under the terms of the existing facility agreement (pre-restructuring):

- continuous maintenance of a majority independent Board of Directors which was breached as a result of the resignation of directors during the period. The waiver is based on current Board composition of two executive directors and one independent director;
- continuous maintenance of consolidated leverage, calculated as Total RJT Debt less Cash / Total RJT Assets less Cash, at less than 70%.
- interest cover ratio, calculated as Earnings Before Facility Interest and Tax to Facility Interest Expense being greater than 3.0 times.

The provision of the above waivers and the extended facility terms are subject to confirmation of renewal by Shinsei and CSC Series 1 of their debt facilities on current agreed terms, and evidence that RJT will have sufficient cash flows from TK1 to service net interest payable on the proposed CSC Series 1 facility.

RUBICON JAPAN TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Note 10. Borrowings (continued)

Bank loan facilities	31 December 2008	30 June 2008
	\$'000	\$'000
Total facilities	1,363,295	849,613
Used at balance date	1,234,071	849,513
Unused at balance date *	129,224	100

* Unused facility is not available.

Note 11. Distributions paid and payable

	31 December 2008		30 June 2008	
	Cents per unit	\$'000	Cents per unit	\$'000
31 December 2007 (payable)	-	-	5.000	20,585
30 June 2008	-	-	-	-
31 December 2008	-	-	-	-
Total Distributions	-	-	5.000	20,585

As discussed in note 1, the Trust does not expect to pay a distribution in the foreseeable future.
The distribution payable as at 31 December 2007 remains unpaid.

Note 12. Contributed equity

	31 December 2008	30 June 2008	31 December 2008	30 June 2008
	Units	Units	\$'000	\$'000
Number and value of units on issue				
Balance at the beginning of the half-year	410,350,000	411,700,000	402,615	403,497
Units bought back on-market and cancelled	-	(1,350,000)	-	(802)
Cost of issue of units	-	-	-	(56)
Buy-back transaction costs	-	-	-	(24)
Balance at the end of the half-year	410,350,000	410,350,000	402,615	402,615

RUBICON JAPAN TRUST
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FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Note 13. Reserves

	31 December 2008	30 June 2008
	\$'000	\$'000
(a) Foreign currency translation reserve		
Balance at the beginning of the half-year	(32,135)	(42,392)
Foreign currency translation reserve	159,141	9,950
Minority interest in foreign currency translation differences	4,922	307
Balance at the end of the half-year	131,928	(32,135)
This is reconciled as follows:		
Foreign currency translation differences	127,971	(31,170)
Minority interest in foreign currency translation differences	3,957	(965)
	131,928	(32,135)

(b) Nature and purpose of reserve

Foreign currency translation reserve

Exchange rate differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in note 2(b).

Note 14. Loss carried forward

	31 December 2008	30 June 2008
	\$'000	\$'000
Loss carried forward at the beginning of the half-year	(175,716)	30,593
Net loss attributable to unitholders	(181,033)	(185,724)
Distributions provided for or paid	-	(20,585)
Loss carried forward at the end of the half-year	(356,749)	(175,716)

Note 15. Minority interest

	31 December 2008	30 June 2008
	\$'000	\$'000
Minority interest at the beginning of the half-year	19	4,328
Minority interest capital contribution	1,454	192
Net loss attributable to minority interest	(5,403)	(4,808)
Foreign currency translation movement	4,922	307
Minority interest at the end of the half-year	992	19

RUBICON JAPAN TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Note 16. Segment information

Geographical segments

The Trust has investments in properties in Japan and investments in other assets, primarily cash, in Japan and Australia.

	Australia	Japan	Consolidated
	\$'000	\$'000	\$'000
Consolidated			
31 December 2008			
Property rental income	-	48,259	48,259
Gain/(Loss) on re-measurement of derivatives to fair value	3,507	(4,771)	(1,264)
Other operating income	329	-	329
Total segment revenue	3,836	43,488	47,324
Segment result	(4,010)	(182,426)	(186,436)
31 December 2007			
Property rental income	-	34,826	34,826
Loss on re-measurement of derivatives to fair value	(44,095)	(3,100)	(47,195)
Other operating income	901	34	935
Total segment revenue	(43,194)	31,760	(11,434)
Segment result	(48,905)	(5,734)	(54,639)
31 December 2008			
Segment assets			
Cash and cash equivalents	1,541	143,147	144,688
Property investments	-	1,429,684	1,429,684
Other segment assets	335	11,003	11,338
Total segment assets	1,876	1,583,834	1,585,710
Segment liabilities			
Borrowings	28,494	1,227,335	1,255,829
Other segment liabilities	30,409	124,643	155,052
Total segment liabilities	58,903	1,351,978	1,410,881
Net assets	(57,027)	231,856	174,829
30 June 2008			
Segment assets			
Cash and cash equivalents	49,309	114,500	163,809
Property investments	-	971,097	971,097
Other segment assets	87,609	5,314	92,923
Total segment assets	136,918	1,090,911	1,227,829
Segment liabilities			
Borrowings	79,432	771,789	851,221
Other segment liabilities	94,037	86,823	180,860
Total segment liabilities	173,469	858,612	1,032,081
Net assets	(36,551)	232,299	195,748

RUBICON JAPAN TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Note 17. Contingent liability

The Trust had no contingent liabilities at 31 December 2008. As at 30 June 2008, The Trust was under contract to acquire from its tenant two emergency generators at the termination of the lease agreement. During the period, the tenant has given notice of termination and the Trust will be acquiring the emergency generators.

Note 18. Capital commitments

There are no capital commitments contracted for at reporting date but not recognised as liabilities (30 June 2008: Nil).

Note 19. Events occurring after reporting date

Matters subsequent to the end of the financial period have been set out in Note 1 and Note 10.

Other than the matters noted above, in the opinion of the directors, no other matter or circumstance has arisen since 31 December 2008 and to the date of this report that has significantly or may significantly affect:

- (i) the operations of the Trust in future
- (ii) the results of those operations in future
- (iii) the state of affairs of the Trust in future financial periods.

**RUBICON JAPAN TRUST
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

The directors of Rubicon Asset Management Limited as Responsible Entity of Rubicon Japan Trust (the Trust) declare that the financial statements and notes set out on pages 17 to 43:

- (i) comply with applicable Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (ii) give a true and fair view of the Trust's and consolidated entity's financial position as at 31 December 2008 and of their performance, as represented by the results of their operations and their cash flows, for the half-year ended on that date.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001;
- (b) there are reasonable grounds to believe that the Trust and its consolidated entities will be able to pay their debts as and when they become due and payable; and
- (c) the Trust has operated in accordance with the provisions of the Constitution (as amended) during the half-year ended 31 December 2008.

Signed in accordance with a resolution of the directors:

Dated at Sydney this 12th day of March 2009.



Gordon Edward Christopher Fell
Chairman
Rubicon Asset Management Limited

Independent auditor's review report to the members of Rubicon Japan Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Rubicon Japan Trust (the Trust), which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Rubicon Japan Trust (the consolidated entity). The consolidated entity comprises both Rubicon Japan Trust and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Rubicon Asset Management Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated Trust's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Rubicon Japan Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

**Independent auditor's review report to the members of
Rubicon Japan Trust (continued)**

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Rubicon Japan Trust is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Significant Uncertainty Regarding Continuation as a Going Concern

Without qualifying our conclusion we draw attention to the basis of preparation of the financial report set out in Note 1(c) which identifies a number of uncertainties over the ability of Rubicon Japan Trust and its controlled entities to continue as a going concern, including:

- as at 31 December 2008, the current liabilities of Rubicon Japan Trust and its controlled entities exceeded its current assets by \$1,254,854,000;
- the directors of the Responsible Entity have advised that a debt restructuring has been agreed in principle by each of the financiers. However as set out in note 10, at the date of this report the revisions to the facility documentation have not been finalised; and
- the Australian Securities and Investments Commission has advised that it is considering commencing action to suspend or cancel the Australian Financial Services License held by the responsible entity, Rubicon Asset Management Limited.

These conditions, along with the other matters described in Note 1(c), indicate the existence of significant uncertainty whether Rubicon Japan Trust and its controlled entities will continue as a going concern and, therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Price Waterhouse Coopers

PricewaterhouseCoopers



Victor Clarke
Partner

Sydney
12 March 2009



RUBICON JAPAN TRUST REAL ESTATE BOOK

11 March 2009

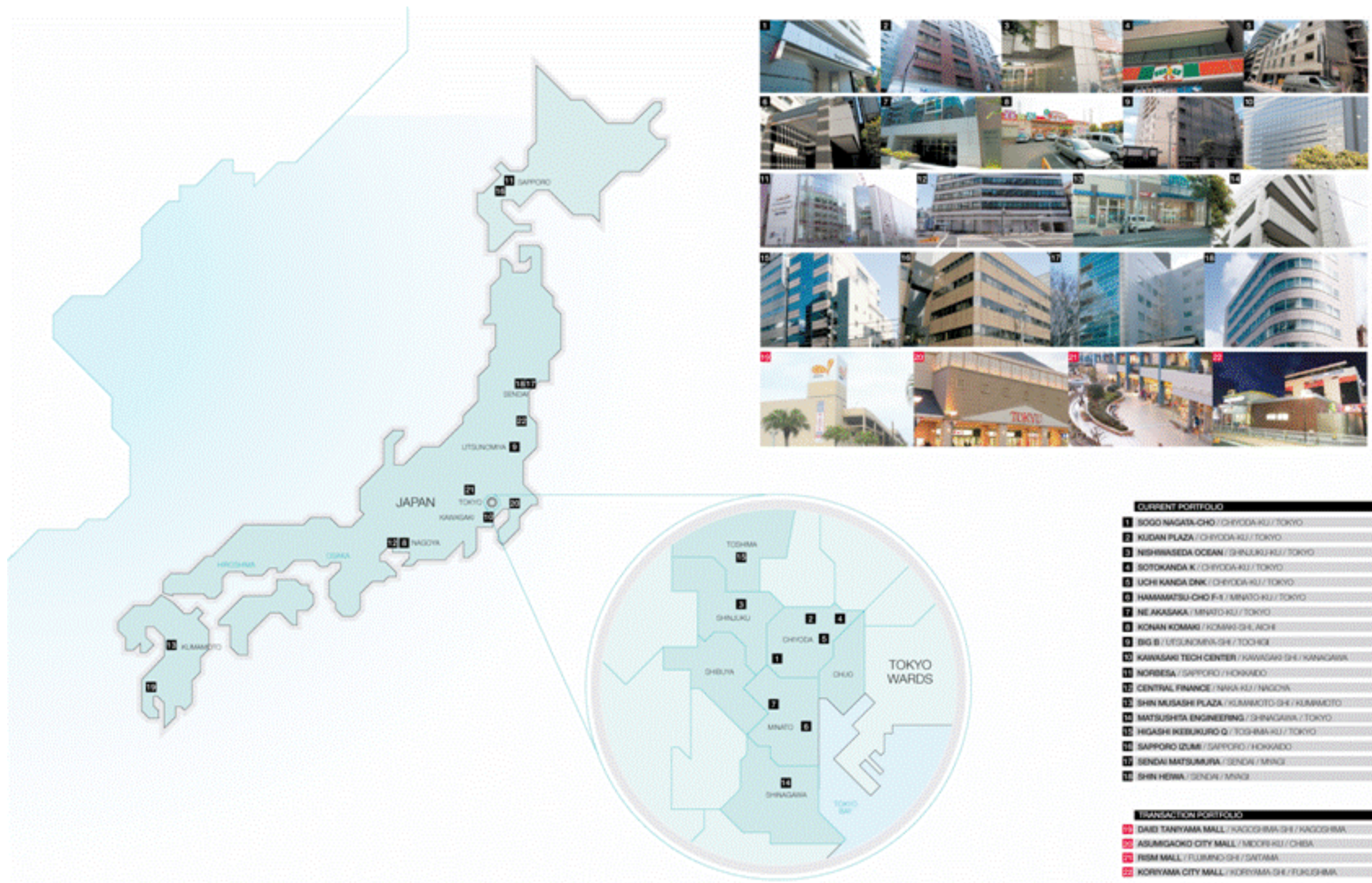


Real Estate Portfolio Update

Portfolio Overview	Dec-08	Jun-08
Gross property value	¥89.25 billion	¥99.15 billion
Ownership interest	98.50%	98.50%
Number of properties	22	22
Net rentable area (tsubo) ¹	55,335	55,337
Geographic markets	11	11
Occupancy (by rent)	89.21%	89.11%
Occupancy (by nla)	91.42%	89.74%
Fixed leases by income	33.76%	34.52%
PML	7.00%	7.00%
Largest property as % of portfolio	28.25%	27.43%

1. Excludes common areas

Highly Diversified Portfolio



RJT Portfolio

Property	Age Completed / Refurbished (Year)	Purchase Price (Yen billion)	Last Independent Valuation ³ (Yen billion)	% movt since last valuation ⁵ (%)	Cap. Rate ⁴ (%)	Movt in Cap Rate Since Last Val. ⁵ (%)	Net Lettable Area (tsubo)	Occupancy (% by area)	WALT ⁶ (years)	PML (%)	% of Portfolio by Val (%)	% of Portfolio by NOI (%)
Tokyo - Office												
Uchikanda DNK	1991	1.89	1.43	(10.06%)	5.00%	+0.40%	506	100%	0.50	10%	1.60%	7.65%
Sotokanda K	1995	1.77	1.53	(7.83%)	5.00%	+0.40%	433	100%	0.82	13%	1.71%	6.78%
Sogo Nagata-Cho	2004	7.29	6.97	(7.44%)	4.60%	+0.30%	1,362	97%	0.47	14%	7.81%	25.25%
Nishi Waseda	1988	3.31	3.06	(6.99%)	5.00%	+0.30%	1,022	100%	0.38	11%	3.43%	13.00%
NE Akasaka	1991	1.46	1.24	(12.06%)	4.70%	+0.30%	355	100%	0.50	6%	1.39%	5.37%
Panasonic	1990	4.29	3.30	(7.56%)	5.10%	+0.40%	1,009	100%	0.50	14%	3.70%	14.61%
Kudan Plaza	1995	3.24	2.87	(10.87%)	5.10%	+0.30%	737	100%	0.50	22%	3.22%	11.31%
Higashi Ikebukuro Q	1993	2.47	2.53	(8.33%)	5.20%	+0.30%	943	91%	0.50	5%	2.83%	10.01%
Hamamatsucho F1	1992	1.39	1.19	(5.56%)	5.30%	+0.30%	443	100%	1.16	14%	1.33%	6.03%
Total Tokyo - Office	1995	27.11	24.12	(8.23%)	4.93%	+0.33%	6,810	98%	0.53	13%	27.03%	100.00%
Regional - Office												
Shin Heiwa	1992	1.21	0.82	(12.70%)	5.80%	+0.50%	623	82%	0.47	3%	0.92%	12.46%
Sendai Matsumura	1992	3.82	2.40	(14.59%)	5.70%	+0.50%	2,158	87%	0.48	3%	2.69%	34.17%
Sapporo Izumi	1989	3.30	2.11	(20.16%)	5.80%	+0.50%	1,925	77%	0.48	5%	2.36%	28.84%
Central Finance	2005	2.59	2.01	(6.51%)	5.70%	+0.30%	1,202	100%	7.25	14%	2.25%	24.53%
Total Regional - Office	1994	10.92	7.34	(13.77%)	5.74%	+0.45%	5,907	86%	2.33	7%	8.22%	100.00%

1. Based on 100% interest. All properties are 98.5% owned by RJT.

2. Weighted averages are calculated by valuation or NLA, as appropriate.

3. As at 31 Dec 2008 by Rich Appraisal Institute Japan.

4. Capitalisation rate of independent valuer based on fully let at market rent.

5. Last valuation was at 16 June 2008 by Rich Appraisal Institute Japan.

6. WALT is calculated by income and assumes for standard leases greater than two years, the lease expiry is 0.5 yrs.

RJT Portfolio (cont)

Property	Age Completed / Refurbished (Year)	Purchase Price (Yen billion)	Last Independent Valuation ³ (Yen billion)	% movt since last valuation ⁵ (%)	Cap. Rate ⁴ (%)	Movt in Cap Rate Since Last Val. ⁵ (%)	Net Lettable Area (tsubo)	Occupancy (% by area)	WALT ⁶ (years)	PML (%)	% of Portfolio by Val (%)	% of Portfolio by NOI (%)
Retail												
Shin Musashi Plaza	2006	1.25	0.78	(8.67%)	6.50%	+0.50%	773	100%	0.48	4%	0.87%	3.35%
RISM Mall	1993	6.88	4.23	(23.78%)	6.00%	+0.60%	3,523	85%	0.50	4%	4.74%	16.08%
Norbesa(4)	2006	10.62	7.29	(8.30%)	5.80%	+0.30%	4,344	76%	9.00	9%	8.17%	27.72%
Koriyama City Mall	2006	8.10	6.74	(12.35%)	5.80%	+0.60%	6,803	88%	14.31	5%	7.55%	17.73%
Mall	1996	7.02	5.41	(9.98%)	6.00%	+0.50%	8,692	100%	7.17	7%	6.06%	15.72%
Asumigaoka City	2000	6.27	5.20	(10.50%)	5.90%	+0.60%	8,879	100%	0.50	8%	5.83%	19.40%
Total Retail	2001	40.14	29.65	(12.13%)	5.90%	+0.51%	33,015	93%	6.95	7%	33.22%	100.00%
Other												
Konan Komaki	1998	0.85	0.60	(10.03%)	6.50%	+0.40%	1,147	100%	9.75	14%	0.67%	4.60%
Big B	2001	2.97	2.33	(10.00%)	6.50%	+0.40%	1,544	96%	0.49	10%	2.61%	11.74%
Kawasaki Tech Ctr	1988	31.63	25.21	(7.32%)	5.00%	+0.40%	6,911	80%	0.47	2%	28.25%	83.66%
Total Other	1989	35.45	28.14	(7.60%)	5.16%	+0.40%	9,603	85%	0.67	3%	31.53%	100.00%
Total	1995	113.62	89.25	(9.78%)	5.39%	+0.42%	55,335	91%	2.85	7%	100.00%	100.00%

1. Based on 100% interest. All properties are 98.5% owned by RJT.

2. Weighted averages are calculated by valuation or NLA, as appropriate.

3. As at 31 Dec 2008 by Rich Appraisal Institute Japan.

4. Capitalisation rate of independent valuer based on fully let at market rent.

5. Last valuation was at 16 June 2008 by Rich Appraisal Institute Japan.

6. WALT is calculated by income and assumes for standard leases greater than two years, the lease expiry is 0.5 yrs.

Top twenty tenants by income

Tenant	Asset Name	Fixed / Standard	WALT ¹	% Income ²
Daiei Taniyamaten	Daiei Taniyama	Fixed	7.17	6.63%
KK. Tokyu Store	Asumigaoka	Standard	0.50	5.31%
Round One	Koriyama	Fixed	17.95	3.99%
Panasonic Works Engineering	Minami Shinagawa	Standard	0.50	3.59%
SUGAI Entertainment Co.,Ltd.	Norbesa	Fixed	17.35	3.46%
TAIHEI Engineering Co.,Ltd ³	Norbesa	Fixed	7.34	3.31%
Motorola Japan	KTC	Standard	0.50	2.37%
Central Finance	Kamimaezu	Fixed	7.25	2.35%
KDDI Corp	KTC	Standard	0.25	2.35%
Kensetsukankyo	Higashi Ikebukuro	Standard	0.50	2.23%
Advantest	KTC	Standard	0.50	2.03%
Tostem Viva KK.	Asumigaoka	Standard	0.50	1.98%
VeriSign Japan	KTC	Standard	0.50	1.90%
NTT Data Getronics	KTC	Standard	0.50	1.89%
Yasuda Real Estate	Hamamatsucho	Fixed	1.16	1.48%
Sekishin-kai	KTC	Standard	0.50	1.43%
Tenox corporation	Akasaka	Standard	0.50	1.32%
Water Water	Rism	Standard	0.50	1.32%
Ajinomoto System Techno	KTC	Standard	0.50	1.28%
PHOENIX(Supermarket) ⁴	Rism	Fixed	1.65	1.26%
Total			4.62	51.48%

1. WALT is calculated by income and assumes for standard leases greater than two years, the lease expiry is 0.5 years.

2. Monthly Rent & CAM as at 31 December 2008 applicable.

3. Lease is currently in dispute, with tenant requesting termination without penalty at 31 March 2009.

4. Lease is currently in dispute, with tenant paying only 28% of income per month.

Sogo Nagata-Cho Building, Chiyoda-ku, Tokyo



1. Six months WALT is assumed for all standard leases greater than 2 years.
2. By NLA as at 31 December 2008.
3. ¥ /tsubo/month as at 31 December 2008.
4. ¥ /tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
5. These leases have provided notice of termination over the next six months. All other leases have automatically renewed.
6. ¥ '000,000

Property Statistics

Property Type	Tokyo - Office
Date of Completion / Last Refurbishment	2004
PML	14%
Land Area (sqm)	817
Car spaces	16
WALT (years by income) ¹	0.47
% of non-cancellable leases	0.0%

	NLA (tsubo)	Occupancy ²	Current Rent ³	Market Rent ⁴	Over/(Under) Rented
Office	1,177	99%	22,895	26,000	(11.94%)
Retail	141	82%	21,728	23,319	(6.82%)
Storage	44	95%	10,000	10,000	(0.00%)
Total	1,362	97%	22,390	25,211	(11.19%)
% movement from prior period		(0.88%)	0.34%	(1.12%)	
NLA (Leases terminating in the next six months) ⁵	92				
Terminated leases as a % of income			8%		

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	7.29
Initial Yield	4.60%

Valuation Summary

Date of Valuation	Sep-06	Jun-08	Dec-08
Valuation (¥ billion)	7.32	7.53	6.97
Valuer	DTZ	Richi	Richi
Direct cap rate	4.40%	4.30%	4.60%

Major Tenant Profile

Tenant Name	Industry	Lease Type	Gross Passing Rent + CAM ⁶	% of Total Rent	Lease Maturity	Years Remaining
Intecs	Industrials	Standard	4.84	16%	Sep-10	0.50
Yamazaki	Advisory	Standard	2.98	10%	May-11	0.50
Nagata Law Office	Advisory	Standard	1.86	6%	Feb-11	0.50
Total			9.68	33%		0.50

Kudan Plaza Building, Chiyoda-Ku, Tokyo



1. 28 August 2008, incorrectly discloses as 2 spaces.
2. Six months WALT is assumed for all standard leases greater than 2 years.
3. By NLA as at 31 December 2008.
4. ¥ /tsubo/month as at 31 December 2008.
5. ¥ /tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
6. These leases have provided notice of termination over the next six months. All other leases have automatically renewed.
7. ¥ '000,000

Property Statistics

Property Type	Tokyo - Office
Date of Completion / Last Refurbishment	1995
PML	22%
Land Area (sqm)	494
Car spaces ¹	34
WALT (years by income) ²	0.50
% of non-cancellable leases	0.0%

	NLA (tsubo)	Occupancy ³	Current Rent ⁴	Market Rent ⁵	Over/(Under) Rented
Office	632	100%	16,729	16,929	(1.18%)
Retail	105	100%	25,792	25,792	(0.00%)
Total	737	100%	18,022	18,193	(0.94%)
% movement from prior period		0.00%	3.95%	(4.81%)	

NLA (Leases terminating in the next six months) ⁶	0
Terminated leases as a % of income	0%

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	3.24
Initial Yield	4.60%

Valuation Summary

Date of Valuation	Sep-06	Jun-08	Dec-08
Valuation (¥ billion)	3.28	3.22	2.87
Valuer	DTZ	Richi	Richi
Direct cap rate	4.60%	4.80%	5.10%

Major Tenant

Tenant Name	Industry	Lease Type	Gross Passing Rent + CAM ⁷	% of Total Rent	Lease Maturity	Years Remaining
GYOHW A	Consumer Dis'	Standard	4.25	32%	Aug-10	0.50
FedEx Kinko's Japan	Consumer Dis'	Standard	1.69	13%	Apr-10	0.50
Global Marketing Produce	Industrials	Standard	1.62	12%	Jun-11	0.50
Total			7.56	57%		0.50

Nishi Waseda, Shinjyuku-Ku, Tokyo



1. Six months WALT is assumed for all standard leases greater than 2 years.
2. Represents WALT with Daiso terminating at 31 December 2008.
Current WALT is 1.37 incorporating the new tenants.
3. By NLA as at 31 December 2008.
4. ¥ /tsubo/month as at 31 December 2008.
5. ¥ /tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
6. These leases have provided notice of termination over the next six months.
All other leases have automatically renewed.
7. Daiso has terminated as at 31 December 2008. Replacement tenants are Full House for B2F and Maruetsu for 1F, on materially similar terms.
8. ¥ '000,000

Property Statistics

Property Type	Tokyo - Office				
Date of Completion / Last Refurbishment	1988				
PML	11%				
Land Area (sqm)	810				
Car spaces	20				
WALT (years by income) ^{1, 2}	0.38				
% of non-cancellable leases	26%				
	NLA (tsubo)	Occupancy ³	Current Rent ⁴	Market Rent ⁵	Over/(Under) Rented
Office	904	100%	13,807	14,003	(1.40%)
Retail	118	100%	23,495	23,500	(0.02%)
Total	1,022	100%	14,923	15,097	(1.15%)
% movement from prior period	0.00%	0.00%	0.00%	(0.00%)	

NLA (Leases terminating in the next six months) ⁶	298
Terminated leases as a % of income	32%

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	3.31
Initial Yield	4.98%

Valuation Summary

	Sep-06	Jun-08	Dec-08
Date of Valuation			
Valuation (¥ billion)	3.21	3.29	3.06
Valuer	DTZ	Richi	Richi
Direct cap rate	4.90%	4.70%	5.00%

Major Tenant Profile

Tenant Name	Industry	Industry	Lease Type	Gross Passing Rent + CAM ⁸	% of Total Rent	Lease Maturity	Years Remaining
Daiso ⁷		Consumer Dis'	Fixed	3.94	26%	Dec-08	0.00
Yamaka Electric Construction		Industrials	Standard	2.35	15%	Sep-09	0.50
Omega Simulation		Consumer Dis'	Standard	1.90	12%	Jun-11	0.50
Total				8.19	54%		0.26

Sotokanda K Building, Chiyoda-Ku, Tokyo



1. Six months WALT is assumed for all standard leases greater than 2 years.
2. By NLA as at 31 December 2008.
3. ¥ /tsubo/month as at 31 December 2008.
4. ¥ /tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
5. These leases have provided notice of termination over the next six months. All other leases have automatically renewed.
6. SNK Playmore has terminated one of two floors, effective 31 July 2009.
7. ¥ '000,000

Property Statistics

Property Type	Tokyo - Office
Date of Completion / Last Refurbishment	1995
PML	13%
Land Area (sqm)	302
Car spaces	2
W ALT (years by income) ¹	0.82
% of non-cancellable leases	8.6%

	NLA (tsubo)	Occupancy ²	Current Rent ³	Market Rent ⁴	Over/(Under) Rented
Office	405	100%	17,960	19,000	(5.48%)
Retail	28	100%	24,000	24,000	(0.00%)
Total	433	100%	18,356	19,328	(5.03%)
% movement from prior period	0.00%	0.00%	0.00%	0.00%	

NLA (Leases terminating in the next six months) ⁵	68
Terminated leases as a % of income	13%

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	1.77
Initial Yield	5.01 %

Valuation Summary

Date of Valuation	Sep-06	Jun-08	Dec-08
Valuation (¥ billion)	1.85	1.66	1.53
Valuer	DTZ	Richi	Richi
Direct cap rate	4.50%	4.60%	5.00%

Major Tenant

Tenant	Industry	Leas e Type	Gross Passing Rent + CAM ⁷	% of Total Rent	Lease Maturity	Years Remaining
Technical Group Laboratory, Inc.	IT	Standard	2.76	35%	Jun-11	0.50
SNK PLAYMORE ⁶	IT	Standard	2.05	26%	Jul-09	0.50
Nishi Tokyo Chemix	Consumer Dis'	Standard	1.30	16%	Sep-09	0.50
Total			6.11	77%		0.50

Uchi Kanda DNK Building, Chiyoda-Ku, Tokyo



1. Six months WALT is assumed for all standard leases greater than 2 years.
2. By NLA as at 31 December 2008.
3. ¥ /tsubo/month as at 31 December 2008.
4. ¥ /tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
5. These leases have provided notice of termination over the next six months. All other leases have automatically renewed.
6. ¥ '000,000

Property Statistics

Property Type	Tokyo - Office
Date of Completion / Last Refurbishment	1991
PML	10%
Land Area (sqm)	435
Car spaces	10
WALT (years by income) ¹	0.50
% of non-cancellable leases	0.0%

	NLA (tsubo)	Occupancy ²	Current Rent ³	Market Rent ⁴	Over/ (Under) Rented
Office	423	100%	18,405	18,405	(0.00%)
Retail	84	100%	14,379	14,379	(0.00%)
Total	507	100%	17,739	17,739	(0.00%)
% movement from prior period		0.00%	0.83%	(2.72%)	

NLA (Leases terminating in the next six months) ⁵	0
Terminated leases as a % of income	0%

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	1.89
Initial Yield	5.01%

Valuation Summary

Date of Valuation	Sep-06	Jun-08	Dec-08
Valuation (¥ billion)	2.10	1.59	1.43
Valuer	DTZ	Richi	Richi
Direct cap rate	4.50%	4.60%	5.00%

Major Tenant Profile

Tenant Name	Industry	Lease Type	Gross Passing Rent + CAM ⁶	% of Total Rent	Lease Maturity	Years Remaining
South Japan Farm	Consumer Dis'	Standard	1.45	16%	Jul-10	0.50
Iwakura Construction	Industrials	Standard	1.41	16%	Nov-10	0.50
TAKES GROUP LTD.	Industrials	Standard	1.32	15%	Jul-11	0.50
Total			4.18	46%		0.50

Hamamatsucho F1 Building, Minato-ku, Tokyo



1. Six months WALT is assumed for all standard leases greater than 2 years.
2. By NLA as at 31 December 2008.
3. ¥ /tsubo/month as at 31 December 2008.
4. ¥ /tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
5. These leases have provided notice of termination over the next six months. All other leases have automatically renewed.
6. Yasuda Real Estate sublet 100% of the Building as part of a division of their operations. As at 31 December 2008, 100% of the space was sublet. On termination, these arrangements transfer automatically to RJT.
7. ¥ '000,000

Property Statistics

Property Type	Tokyo - Office
Date of Completion / Last Refurbishment	1992
PML	14%
Land Area (sqm)	395
Car spaces	0
WALT (years by income) ¹	1.16
% of non-cancellable leases	100.0%

	NLA (tsubo)	Occupancy ²	Current Rent ³	Market Rent ⁴	Over/(Under) Rented
Office	443	100%	16,000	16,000	(0.00%)
Total	443	100%	16,000	16,000	(0.00%)
% movement from prior period		0.00%	(0.00%)	0.00%	

NLA (Leases terminating in the next six months) ⁵	0
Terminated leases as a % of income	0%

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	1.39
Initial Yield	5.01%

Valuation Summary

Date of Valuation	Sep-06	Jun-08	Dec-08
Valuation (¥ billion)	1.51	1.26	1.19
Valuer	DTZ	Richi	Richi
Direct cap rate	4.50%	5.00%	5.30%

Major Tenant Profile

Tenant Name	Industry	Lease Type	Gross Passing Rent + CAM ⁷	% of Total Rent	Lease Maturity	Years Remaining
Yasuda Real Estate ⁶	Industrials	Fixed	7.08	100%	Feb-10	1.16
Total			7.08	100%		1.16

NE Akasaka Building, Minato-Ku, Tokyo



1. Six months WALT is assumed for all standard leases greater than 2 years.
2. By NLA as at 31 December 2008.
3. ¥ /tsubo/month as at 31 December 2008.
4. ¥ /tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
5. These leases have provided notice of termination over the next six months. All other leases have automatically renewed.
6. ¥ '000,000

Property Statistics

Property Type	Tokyo - Office
Date of Completion / Last Refurbishment	1991
PML	6%
Land Area (sqm)	471
Car spaces	21
WALT (years by income) ¹	0.50
% of non-cancellable leases	0.0%

	NLA (tsubo)	Occupancy ²	Current Rent ³	Market Rent ⁴	Over/(Under) Rented
Office	355	100%	17,770	20,754	(14.38%)
Total	355	100%	17,770	20,754	(14.38%)
% movement from prior period		0.00%	(0.00%)	(2.30%)	

NLA (Leases terminating in the next six months) ⁵	0
Terminated leases as a % of income	0%

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	1.46
Initial Yield	5.01%

Valuation Summary

Date of Valuation	Sep-06	Jun-08	Dec-08
Valuation (¥ billion)	1.85	1.41	1.24
Valuer	DTZ	Richi	Richi
Direct cap rate	4.40%	4.40%	4.70%

Major Tenant Profile

Tenant Name	Industry	Lease Type	Gross Passing Rent + CAM ⁶	% of Total Rent	Lease Maturity	Years Remaining
Tenox corporation	Industrials	Standard	6.30	100%	Mar-11	0.50
Total			6.30	100%		0.50

Konan Komaki, Komaki, Aichi-Ken



1. Six months WALT is assumed for all standard leases greater than 2 years.
2. By NLA as at 31 December 2008.
3. ¥ /tsubo/month as at 31 December 2008.
4. ¥ /tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
5. These leases have provided notice of termination over the next six months. All other leases have automatically renewed.
6. Currently, 100% vacant by use. Tenant is fulfilling rent obligations and is investigating subletting alternatives.
7. ¥ '000,000

Property Statistics

Property Type	Other
Date of Completion / Last Refurbishment	1998
PML	14%
Land Area (sqm)	11,083
Car spaces	300
WALT (years by income) ¹	9.75
% of non-cancellable leases	100.0%

	NLA (tsubo)	Occupancy ²	Current Rent ³	Market Rent ⁴	Over/(Under) Rented
Retail	1,147	100%	4,533	3,399	33.36%
Total	1,147	100%	4,533	3,399	33.36%
% movement from prior period		0.00%	(0.00%)	(25.03%)	

NLA (Leases terminating in the next six months) ⁵	0
Terminated leases as a % of income	0%

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	0.85
Initial Yield	5.01%

Valuation Summary

Date of Valuation	Sep-06	Jun-08	Dec-08
Valuation (¥ billion)	0.95	0.67	0.60
Valuer	DTZ	Richi	Richi
Direct cap rate	5.00%	6.10%	6.50%

Major Tenant Profile

Tenant Name	Industry	Lease Type	Gross Passing Rent + CAM ⁷	% of Total Rent	Lease Maturity	Years Remaining
Kohnan Shoji ⁶	Consumer Dis'	Fixed	5.20	100%	Sep-18	9.75
Total			5.20	100%		9.75

Big B, Utsunomiya, Tochigi-Ken



1. Six months WALT is assumed for all standard leases greater than 2 years.
2. By NLA as at 31 December 2008.
3. ¥ /tsubo/month as at 31 December 2008.
4. ¥ /tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
5. These leases have provided notice of termination over the next six months. All other leases have automatically renewed.
6. ¥ '000,000

Property Statistics

Property Type	Other
Date of Completion / Last Refurbishment	2001
PML	10%
Land Area (sqm)	1,132
Car spaces	177
WALT (years by income) ¹	0.49
% of non-cancellable leases	0.0%

	NLA (tsubo)	Occupancy ²	Current Rent ³	Market Rent ⁴	Over/(Under) Rented
Office	846	100%	10,003	9,750	2.60%
Residential	698	91%	7,517	7,439	1.05%
Total	1,544	96%	8,935	8,705	2.64%
% movement from prior period		(0.94%)	1.39%	(1.55%)	
NLA (Leases terminating in the next six months) ⁵			40		
Terminated leases as a % of income			2%		

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	2.97
Initial Yield	5.09%

Valuation Summary

Date of Valuation	Sep-06	Jun-08	Dec-08
Valuation (¥ billion)	2.93	2.59	2.33
Valuer	DTZ	Richi	Richi
Direct cap rate	5.00%	6.10%	6.50%

Major Tenant Profile

Tenant Name	Industry	Lease Type	Gross Passing Rent + CAM ⁶	% of Total Rent	Lease Maturity	Years Remaining
Fuji Xerox Tochigi	Industrials	Standard	4.26	32%	Mar-11	0.50
Honda Motor	Industrials	Standard	0.92	7%	Mar-11	0.50
Total			5.18	39%		0.50

Kawasaki Tech Center, Kanagawa



1. Six months WALT is assumed for all standard leases greater than 2 years.
2. By NLA as at 31 December 2008.
3. ¥ /tsubo/month as at 31 December 2008.
4. ¥ /tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
5. These leases have provided notice of termination over the next six months. All other leases have automatically renewed.
6. KDDI will be terminating as at 31 March 2009.
7. ¥ '000,000

Property Statistics

Property Type	Other
Date of Completion / Last Refurbishment	1988
PML	2%
Land Area (sqm)	5,662
Car spaces	137
WALT (years by income) ¹	0.47
% of non-cancellable leases	0.0%

	NLA (tsubo)	Occupancy ²	Current Rent ³	Market Rent ⁴	Over/(Under) Rented
Office	4,362	87%	16,245	16,500	(1.55%)
Retail	50	100%	1,596	1,596	(0.03%)
CPU	2,499	68%	19,412	19,755	(1.74%)
Total	6,911	80%	17,084	17,569	(2.76%)
% movement from prior period		(1.20%)	1.84%	(2.79%)	
NLA (Leases terminating in the next six months) ⁵			746		
Terminated leases as a % of income			12%		

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	31.63
Initial Yield	4.77%

Valuation Summary

Date of Valuation	Mar-07	Jun-08	Dec-08
Valuation (¥ billion)	32.31	27.20	25.21
Valuer	DTZ	Richi	Richi
Direct cap rate	4.80%	4.60%	5.00%

Major Tenant Profile

Tenant Name	Industry	Lease Type	Gross Passing Rent + CAM ⁷	% of Total Rent	Lease Maturity	Years Remaining
Motorola Japan	Communications	Standard	11.33	12%	May-10	0.50
KDDI Corp. ⁶	Communications	Standard	11.19	12%	Mar-09	0.50
Advantest	IT	Standard	9.71	10%	Jun-11	0.50
Total			32.23	34%		0.50

Panasonic, Shinagawa-Ku, Tokyo



1. Six months WALT is assumed for all standard leases greater than 2 years.
2. By NLA as at 31 December 2008.
3. ¥ /tsubo/month as at 31 December 2008.
4. ¥ /tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
5. These leases have provided notice of termination over the next six months. All other leases have automatically renewed.
6. Company name changed from Matsushita to Panasonic.
7. ¥ '000,000

Property Statistics

Property Type	Tokyo - Office
Date of Completion / Last Refurbishment	1990
PML	14%
Land Area (sqm)	1,135
Car spaces	62
WALT (years by income) ¹	0.50
% of non-cancellable leases	0.0%

	NLA (tsubo)	Occupancy ²	Current Rent ³	Market Rent ⁴	Over/(Under) Rented
Office	1,009	100%	17,000	17,000	(0.00%)
Total	1,009	100%	17,000	17,000	(0.00%)

% movement from prior period 0.00% (0.00%) (0.00%)

NLA (Leases terminating in the next six months) ⁵ 0

Terminated leases as a % of income 0%

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	4.29
Initial Yield	4.50%

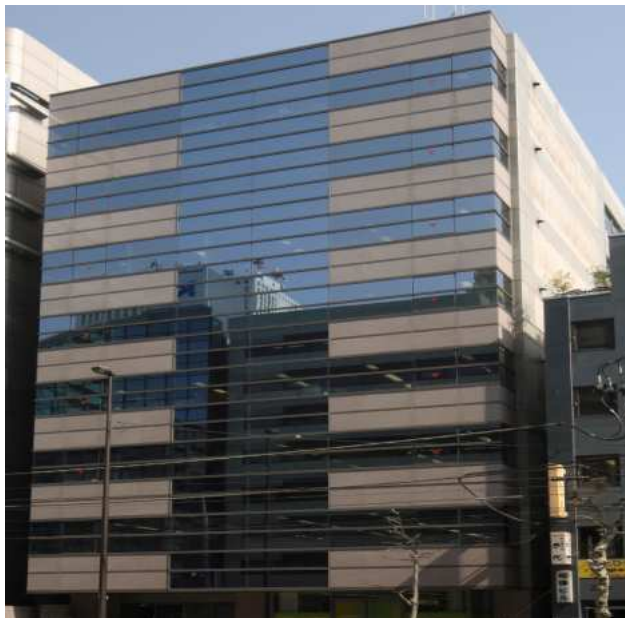
Valuation Summary

	Apr-07	Jun-08	Dec-08
Date of Valuation			
Valuation (¥ billion)	4.18	3.57	3.30
Valuer	DT Z	Richi	Richi
Direct cap rate	4.30%	4.70%	5.10%

Major Tenant Profile

Tenant Name	Industry	Lease Type	Gross Passing Rent + CAM ⁷	% of Total Rent	Lease Maturity	Years Remaining
Panasonic Works Engineering ⁶	Engineering	Standard	17.15	100%	Jan-11	0.50
Total			17.15	100%		0.50

Higashi Ikebukuro Q, Toshima-Ku, Tokyo



1. Six months WALT is assumed for all standard leases greater than 2 years.
2. By NLA as at 31 December 2008.
3. ¥/tsubo/month as at 31 December 2008.
4. ¥/tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
5. These leases have provided notice of termination over the next six months. All other leases have automatically renewed.
6. Rent increases to 11.4 million yen effective from 1 January 2009.
7. ¥'000,000

Property Statistics

Property Type	Tokyo - Office
Date of Completion / Last Refurbishment	1993
PML	5%
Land Area (sqm)	745
Car spaces	10
WALT (years by income) ¹	0.50
% of non-cancellable leases	0.0%

	NLA (tsubo)	Occupancy ²	Current Rent ³	Market Rent ⁴	Over/(Under) Rented
Office	943	91%	13,627	15,000	(9.15%)
Total	943	91%	13,627	15,000	(9.15%)

% movement from prior period (8.62%) 8.65% 0.00%

NLA (Leases terminating in the next six months) ⁵ 0

Terminated leases as a % of income 0%

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	2.47
Initial Yield	4.88%

Valuation Summary

	May-07	Jun-08	Dec-08
Date of Valuation			
Valuation (¥ billion)	2.49	2.76	2.53
Valuer	DTZ	Richi	Richi
Direct cap rate	4.80%	4.90%	5.20%

Major Tenant Profile

Tenant Name	Industry	Lease Type	Gross Passing Rent + CAM ⁷	% of Total Rent	Lease Maturity	Years Remaining
Kensetsukankyo ⁶	Construction	Standard	10.65	91%	Jun-10	0.50
Total			10.65	91%		0.50

Central Finance Kamimaezu, Nagoya



1. Previously incorrectly stated as 21.
2. Six months WALT is assumed for all standard leases greater than 2 years.
3. By NLA as at 31 December 2008.
4. ¥ /tsubo/month as at 31 December 2008.
5. ¥ /tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
6. These leases have provided notice of termination over the next six months. All other leases have automatically renewed.
7. ¥ '000,000

Property Statistics

Property Type	Regional - Office
Date of Completion / Last Refurbishment	2005
PML	14%
Land Area (sqm)	704
Car spaces ¹	3
WALT (years by income) ²	7.25
% of non-cancellable leases	100.0%

	NLA (tsubo)	Occupancy ³	Current Rent ⁴	Market Rent ⁵	Over/(Under) Rented
Office	1,202	100%	9,320	9,320	(0.00%)
Total	1,202	100%	9,320	9,320	(0.00%)
% movement from prior period		0.00%	0.00%	0.00%	

NLA (Leases terminating in the next six months) ⁶	0
Terminated leases as a % of income	0%

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	2.59
Initial Yield	4.90%

Valuation Summary

Date of Valuation	Feb-07	Jun-08	Dec-08
Valuation (¥ billion)	2.54	2.15	2.01
Valuer	DTZ	Richi	Richi
Direct cap rate	4.85%	4.70%	5.70%

Major Tenant Profile

Tenant Name	Industry	Lease Type	Gross Passing Rent + CAM ⁷	% of Total Rent	Lease Maturity	Years Remaining
Central Finance	Industrials	Fixed	11.20	100%	Mar-16	7.25
Total			11.20	100%		7.25

Shin Heiwa, Sendai, Miyagi



1. Six months WALT is assumed for all standard leases greater than 2 years.
2. By NLA as at 31 December 2008.
3. ¥ /tsubo/month as at 31 December 2008.
4. ¥ /tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
5. These leases have provided notice of termination over the next six months. All other leases have automatically renewed.
6. Circle K have leased an additional 6 tsubo from February 2009 on materially similar terms.
7. ¥ '000,000

Property Statistics

Property Type	Regional - Office
Date of Completion / Last Refurbishment	1992
PML	3%
Land Area (sqm)	750
Car spaces	75
WALT (years by income) ¹	0.47
% of non-cancellable leases	0.0%

	NLA (tsubo)	Occupancy ²	Current Rent ³	Market Rent ⁴	Over/(Under) Rented
Office	509	83%	10,711	8,500	26.02%
Retail	84	71%	18,315	15,806	15.87%
Other	30	100%	3,333	3,333	(0.00%)
Total	623	82%	11,162	9,235	20.87%
% movement from prior period		(0.29%)	1.79%	1.00%	
NLA (Leases terminating in the next six months) ⁵	48				
Terminated leases as a % of income	9%				

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	1.21
Initial Yield	4.88%

Valuation Summary

	May-07	Jun-08	Dec-08
Date of Valuation			
Valuation (¥ billion)	1.18	0.94	0.82
Valuer	DTZ	Richi	Richi
Direct cap rate	5.00%	5.30%	5.80%

Major Tenant Profile

Tenant Name	Industry	Lease Type	Gross Passing Rent + CAM ⁷	% of Total Rent	Lease Maturity	Years Remaining
Circle K Sunkus Co., Ltd. ⁶	Retail	Standard	0.87	15%	Jun-11	0.50
NHK Tohoku Planning Inc.	Retail	Standard	0.77	13%	Mar-10	0.50
Imuraya Confectionery Co., Ltd.	Retail	Standard	0.62	11%	Oct-10	0.50
Total			2.26	40%		0.50

Sendai Matsumura, Sendai, Miyagi



1. Six months WALT is assumed for all standard leases greater than 2 years.
2. By NLA as at 31 December 2008.
3. ¥ /tsubo/month as at 31 December 2008.
4. ¥ /tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
5. These leases have provided notice of termination over the next six months. All other leases have automatically renewed.
6. ¥ '000,000

Property Statistics

Property Type	Regional - Office
Date of Completion / Last Refurbishment	1992
PML	3%
Land Area (sqm)	1,879
Car spaces	95
WALT (years by income) ¹	0.48
% of non-cancellable leases	0.0%

	NLA (tsubo)	Occupancy ²	Current Rent ³	Market Rent ⁴	Over/(Under) Rented
Office	1,955	88%	8,610	9,000	(4.33%)
Retail	87	75%	5,626	4,500	25.03%
Other	116	80%	4,337	5,407	(19.80%)
Total	2,158	87%	8,297	8,626	(3.81%)
% movement from prior period	(5.30%)		9.23%	(0.00%)	
NLA (Leases terminating in the next six months) ⁵			305		
Terminated leases as a % of income			16%		

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	3.82
Initial Yield	4.88%

Valuation Summary

	May-07	Jun-08	Dec-08
Date of Valuation			
Valuation (¥ billion)	3.76	2.81	2.40
Valuer	DTZ	Richi	Richi
Direct cap rate	5.00%	5.20%	5.70%

Major Tenant Profile

Tenant Name	Industry	Lease Type	Gross Passing Rent + CAM ⁶	% of Total Rent	Lease Maturity	Years Remaining
Cross Cat Co., Ltd.	Retail	Standard	1.59	10%	Nov-09	0.50
Nihon Milk Community	Consumer Staples	Standard	1.42	9%	Jul-10	0.50
K.K. Step	Retail	Standard	1.31	8%	Oct-10	0.50
Total			4.32	28%		0.50

Sapporo Izumi, Sapporo, Hokkaido



1. Six months WALT is assumed for all standard leases greater than 2 years.
2. By NLA as at 31 December 2008.
3. ¥ /tsubo/month as at 31 December 2008.
4. ¥ /tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
5. These leases have provided notice of termination over the next six months. All other leases have automatically renewed.
6. ¥ '000,000

Property Statistics

Property Type	Regional - Office
Date of Completion / Last Refurbishment	1989
PML	5%
Land Area (sqm)	2,103
Car spaces	99
WALT (years by income) ¹	0.48
% of non-cancellable leases	0.0%

	NLA (tsubo)	Occupancy ²	Current Rent ³	Market Rent ⁴	Over/(Under) Rented
Office	1,916	77%	8,907	9,098	(2.10%)
Other	8	100%	2,500	0	N/A
Total	1,924	77%	8,871	9,098	(2.50%)

% movement from prior period	16.83%	(9.64%)	(4.23%)
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NLA (Leases terminating in the next six months) ⁵	166
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Terminated leases as a % of income	12%
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Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	3.30
Initial Yield	4.88%

Valuation Summary

	May-07	Jun-08	Dec-08
Date of Valuation			
Valuation (¥ billion)	3.27	2.64	2.11
Valuer	DTZ	Richi	Richi
Direct cap rate	5.00%	5.30%	5.80%

Major Tenant Profile

Tenant Name	Industry	Lease Type	Gross Passing Rent + CAM ⁶	% of Total Rent	Lease Maturity	Years Remaining
Fuji Electric Systems	Industrial	Standard	4.49	34%	Nov-10	0.50
Daiwabo Information System	Industrial	Standard	1.53	12%	Sep-09	0.50
Total			6.02	46%		0.50

Norbesa, Sapporo, Hokkaido



1. Six months WALT is assumed for all standard leases greater than 2 years.
2. By NLA as at 31 December 2008.
3. Excludes Ferris Wheel (Taihei Engineering).
4. ¥/tsubo/month as at 31 December 2008.
5. ¥/tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
6. These leases have provided notice of termination over the next six months.
7. Lease is currently in dispute, with tenant paying only 28% of income per month.
8. ¥ '000,000

Property Statistics

Property Type	Retail
Date of Completion / Last Refurbishment	2006
PML	9%
Land Area (sqm)	3,492
Car spaces	0
WALT (years by income) ¹	9.00
% of non-cancellable leases	98.5%

	NLA (tsubo)	Occupancy ²	Current Rent ^{3,4}	Market Rent ⁵	Over/(Under) Rented
Retail	4,344	76%	12,027	12,547	(4.15%)
Total	4,344	76%	12,027	12,547	(4.15%)
% movement from prior period		(4.38%)	6.12%	(4.10%)	

NLA (Leases terminating in the next six months) ⁶	58
Terminated leases as a % of income	3%

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	10.62
Initial Yield	4.60%

Valuation Summary

	Mar-07	Jun-08	Dec-08
Date of Valuation			
Valuation (¥ billion)	11.06	7.95	7.29
Valuer	DTZ	Richi	Richi
Direct cap rate	4.90%	5.50%	5.80%

Major Tenant Profile

Tenant Name	Industry	Lease Type	Gross Passing Rent + CAM ⁸	% of Total Rent	Lease Maturity	Years Remaining
SUGAI Entertainment Co.,Ltd.	Retail	Fixed	16.50	30%	May-26	17.35
TAIHEI Engineering Co.,Ltd. ⁷	Retail	Fixed	15.80	28%	May-16	7.34
I-café	Retail	Fixed	5.69	10%	May-16	7.34
Total			37.99	68%		11.69

Daiei Taniyama Mall, Kagoshima-shi, Kagoshima



1. Six months WALT is assumed for all standard leases greater than 2 years.
2. By NLA as at 31 December 2008.
3. ¥ /tsubo/month as at 31 December 2008.
4. ¥ /tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
5. These leases have provided notice of termination over the next six months. All other leases have automatically renewed.
6. ¥ '000,000

Property Statistics

Property Type	Retail
Date of Completion / Last Refurbishment	1996
PML	7%
Land Area (sqm)	18,836
Car spaces	300
WALT (years by income) ¹	7.17
% of non-cancellable leases	100.0%

	NLA (tsubo)	Occupancy ²	Current Rent ³	Market Rent ⁴	Over/(Under) Rented
Retail	8,692	100%	3,638	3,716	(2.11%)
Total	8,692	100%	3,638	3,716	(2.11%)
% movement from prior period	0.00%		(7.01%)	0.00%	

NLA (Leases terminating in the next six months) ⁵	0
Terminated leases as a % of income	0%

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	7.02
Initial Yield	5.16%

Valuation Summary

Date of Valuation	Sep-07	Jun-08	Dec-08
Valuation (¥ billion)	6.90	6.01	5.41
Valuer	DT Z	Richi	Richi
Direct cap rate	5.16%	5.50%	6.00%

Major Tenant Profile

Tenant Name	Industry	Lease Type	Gross Passing Rent + CAM ⁶	% of Total Rent	Lease Maturity	Years Remaining
Daiei Taniyamaten	Retail	Fixed	31.62	100%	Feb-16	7.17
Total			31.62	100%		7.17

Asumigaoka City Mall, Midori-ku, Chiba



1. Six months WALT is assumed for all standard leases greater than 2 years.
2. By NLA as at 31 December 2008.
3. ¥ /tsubo/month as at 31 December 2008.
4. ¥ /tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
5. These leases have provided notice of termination over the next six months. All other leases have automatically renewed.
6. ¥ '000,000

Property Statistics

Property Type	Retail
Date of Completion / Last Refurbishment	2000
PML	8%
Land Area (sqm)	41,299
Car spaces	150
WALT (years by income) ¹	0.50
% of non-cancellable leases	0.0%

	NLA (tsubo)	Occupancy ²	Current Rent ³	Market Rent ⁴	Over/(Under) Rented
Retail	8,879	100%	4,397	4,397	(0.00%)
Total	8,879	100%	4,397	4,397	(0.00%)
% movement from prior period		0.00%	(0.00%)	(0.00%)	

NLA (Leases terminating in the next six months) ⁵	0
Terminated leases as a % of income	0%

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	6.27
Initial Yield	5.42%

Valuation Summary

Date of Valuation	Sep-07	Jun-08	Dec-08
Valuation (¥ billion)	6.24	5.81	5.20
Valuer	DTZ	Richi	Richi
Direct cap rate	5.20%	5.30%	5.90%

Major Tenant Profile

Tenant Name	Industry	Lease Type	Gross Passing Rent + CAM ⁶	% of Total Rent	Lease Maturity	Years Remaining
Tokyu	Retail	Standard	25.34	65%	Oct-20	0.50
Tostem Viva KK.	Retail	Standard	9.01	23%	Oct-20	0.50
Total			25.34	88%		0.50

Shin Musashi Plaza, Kumamoto



1. Six months WALT is assumed for all standard leases greater than 2 years.
2. By NLA as at 31 December 2008.
3. ¥ /tsubo/month as at 31 December 2008.
4. ¥ /tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
5. These leases have provided notice of termination over the next six months. All other leases have automatically renewed.
6. ¥ '000,000

Property Statistics

Property Type	Retail				
Date of Completion / Last Refurbishment	2006				
PML	4%				
Land Area (sqm)	3,809				
Car spaces	50				
WALT (years by income) ¹	0.48				
% of non-cancellable leases	0.0%				
	NLA (tsubo)	Occupancy ²	Current Rent ³	Market Rent ⁴	Over/(Under) Rented
Retail	768	100%	8,621	8,362	3.10%
Other	5	100%	22,556	21,880	3.09%
Total	773	100%	8,717	8,455	3.10%
% movement from prior period	0.00%		(0.00%)	0.00%	
NLA (Leases terminating in the next six months) ⁵	41				
Terminated leases as a % of income	4%				

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	1.25
Initial Yield	5.05%

Valuation Summary

	Mar-07	Jun-08	Dec-08
Date of Valuation			
Valuation (¥ billion)	1.24	0.85	0.78
Valuer	DTZ	Richi	Richi
Direct cap rate	4.90%	6.00%	6.50%

Major Tenant Profile

Tenant Name	Industry	Lease Type	Gross Passing Rent + CAM ⁶	% of Total Rent	Lease Maturity	Years Remaining
Marushoku Co., Ltd.	Consumer Staples	Standard	3.34	50%	Nov-16	0.50
Furushou head offices Co., Ltd.	Consumer Staples	Standard	0.94	14%	Nov-10	0.50
Total			4.28	64%		0.50

RISM Mall, Fujimino-shi, Saitama



1. Six months WALT is assumed for all standard leases greater than 2 years.
2. By NLA as at 31 December 2008.
3. ¥ /tsubo/month as at 31 December 2008.
4. ¥ /tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
5. Market rent for the previous period equal to 14,000.
6. These leases have provided notice of termination over the next six months.
7. Lease is currently in dispute, with tenant requesting termination without penalty at 31 March 2009.
8. ¥ '000,000

Property Statistics

Property Type	Retail
Date of Completion / Last Refurbishment	1993
PML	4%
Land Area (sqm)	18,596
Car spaces	240
WALT (years by income) ¹	0.50
% of non-cancellable leases	33.2%

	NLA (tsubo)	Occupancy ²	Current Rent ³	Market Rent ⁴	Over/(Under) Rented
Retail	3,480	85%	10,835	14,176	(23.57%)
Residential	43	69%	5,687	14,176	(59.88%)
Total	3,523	85%	10,784	14,176	(23.93%)
% movement from prior period ⁵		(5.67%)	1.37%	1.26%	

NLA (Leases terminating in the next six months) ⁶	183
Terminated leases as a % of income	8%

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	6.88
Initial Yield	4.60%

Valuation Summary

Date of Valuation	Sep-07	Jun-08	Dec-08
Valuation (¥ billion)	11.06	5.55	4.23
Valuer	DTZ	Richi	Richi
Direct cap rate	4.90%	5.40%	6.00%

Major Tenant Profile

Tenant Name	Industry	Lease Type	Gross Passing Rent + CAM ⁸	% of Total Rent	Lease Maturity	Years Remaining
Water Water	Gym	Standard	6.30	19%	Mar-14	0.50
PHOENIX(Supermarket) ⁷	Consumer Staples	Fixed	6.00	19%	Aug-10	1.65
Total			12.30	38%		1.06

Koriyama City Mall, Koriyama-shi, Fukushima



1. Six months WALT is assumed for all standard leases greater than 2 years.
2. By NLA as at 31 December 2008.
3. ¥ /tsubo/month as at 31 December 2008.
4. ¥ /tsubo/month as per Rich Appraisal Institute Japan (the independent valuer of the Portfolio at 31 December 2008).
5. These leases have provided notice of termination over the next six months. All other leases have automatically renewed.
6. ¥ '000,000

Property Statistics

Property Type	Retail
Date of Completion / Last Refurbishment	2006
PML	5%
Land Area (sqm)	32,937
Car spaces	33
WALT (years by income) ¹	14.31
% of non-cancellable leases	100.0%

	NLA (tsubo)	Occupancy ²	Current Rent ³	Market Rent ⁴	Over/(Under) Rented
Retail	6,803	88%	5,946	6,189	(3.92%)
Total	6,803	88%	5,946	6,189	(3.92%)
% movement from prior period		0.23%	0.01%	(0.01%)	

NLA (Leases terminating in the next six months) ⁵ 0

Terminated leases as a % of income 0%

Acquisition Summary

Interest	98.50%
Purchase Price (inc costs) (¥ billion)	8.10
Initial Yield	5.75%

Valuation Summary

	Sep-07	Jun-08	Dec-08
Date of Valuation			
Valuation (¥ billion)	8.1	7.69	6.74
Valuer	DT Z	Richi	Richi
Direct cap rate	5.40%	5.20%	5.80%

Major Tenant Profile

Tenant Name	Industry	Lease Type	Gross Passing Rent + CAM ⁶	% of Total Rent	Lease Maturity	Years Remaining
Round One	Retail	Fixed	19.03	53%	Dec-26	17.95
Don Quijote	Retail	Fixed	4.84	14%	Jan-17	8.05
Total			23.86	67%		15.94

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