



29 January 2009

The Manager
ASX Limited
20 Bridge Street
Sydney NSW 2000

Rubicon America Trust (ASX: RAT) – Update on asset valuations and financing arrangements

In light of the continued dislocation of global credit markets and the consequential negative impact on asset valuations, the Responsible Entity has commissioned an independent valuation of all of the properties in its real estate portfolio. It has also undertaken an analysis of the impact of asset revaluations on RAT's financing arrangements.

Asset valuations

A valuation of the real estate portfolio has been undertaken by CBRE. A summary of the real estate valuations (including minority interest) is shown below:

Portfolio/Asset ⁽¹⁾	Number of Properties	Date Acquired	Purchase Price ⁽²⁾ US\$M	Original Valuation US\$M	Carrying Value 30 June 2008 US\$M	31 December 2008 Valuation US\$M
IPO portfolio	3	December 2004	69.3	70.1	80.7	65.8
Maitland	1	June 2005	29.6	30.1	32.5	28.0
Fiddlers Green	1	April 2006	77.0	79.0	79.7	73.0
GSA II Portfolio ⁽³⁾	13	April 2006	517.3	546.9	525.6	475.1
Total ⁽⁴⁾	18		693.2	726.1	718.5	641.9

- (1) Landmark development and GSA I portfolio were disposed of on 1 October 2008 and 9 December 2008 respectively
- (2) Purchase price excludes acquisition costs
- (3) GSA II Portfolio includes four real estate properties (Robert Duncan Plaza, Richmond, Baltimore, and Beacon Station) which are subject to a conditional purchase and sale agreement with Kaufman & Jacobs, LLC for a value of US\$175 million, as per the ASX announcement dated 2 January 2009
- (4) After allowing for the 20% minority interests in the IPO Portfolio, Maitland and Fiddlers Green properties, RAT's ownership interest in the overall portfolio is valued at US\$608.5 million at 31 December 2008

As at the 31 December 2008, RAT's real estate portfolio will be valued at approximately US\$641.9 million, representing a reduction of approximately US\$76.6 million (or 10.7%) relative to the carrying value as at 30 June 2008. After taking into account the equity accounting of RAT's interests in the IPO Portfolio, Maitland and Fiddlers Green properties, RAT's 31 December 2008 balance sheet will show a valuation of approximately US\$608.5 million, representing a reduction of approximately US\$71.4 million (or 10.5%) relative to the carrying value as at 30 June 2008.

Impact of asset revaluations

The Responsible Entity has undertaken an analysis of the impact of the asset revaluations on:

- all senior debt at the property level;
- the Credit Suisse warehouse facility to Rubicon Finance America (RFA);
- the US\$169 million of senior notes issued by Rubicon US REIT, Inc (the REIT notes); and
- the US\$100 million unsecured subordinated notes issued by Rubicon Finance America II, LLC (RFA II) (the RFA II notes)

A summary of the impact is set out below:

Debt	Impact of asset revaluations
Senior debt at the property level	No impact
RFA - CRE warehouse facility	Breach of financial covenants (details below) ⁽¹⁾
REIT notes	Not applicable as facility is being restructured ⁽²⁾
RFA II notes	Not applicable as facility is being restructured ⁽³⁾

- (1) As announced on 2 January 2009, the CRE warehouse facility is in default and the lender, Credit Suisse, has issued a letter reserving its rights to act on the event of default. No acceleration of the facility has occurred to date
- (2) As announced on 10 December 2008, the REIT note facility is currently being renegotiated and will be paid down by approximately US\$69.6 million from the net proceeds of the GSA I sale. It is proposed that the revised financial covenants in this facility are to apply from 31 March 2009
- (3) As announced on 29 August 2008 and 1 December 2008 the RFA II note facility is currently being renegotiated. It is proposed that there will be no financial covenants in the amended facility

The estimated impact on the financial covenants⁽¹⁾ of the asset revaluations is as follows:

Covenant	Hurdle	Estimated as at 31 December 2008 ⁽²⁾	Affected Borrower	Breach
Adjusted Tangible Net Worth (ATNW) to CS Debt	> 2.25:1	1.40:1	RFA	Yes
Indebtedness to ATNW	<= 6.5	6.20	RFA	No ⁽³⁾

- (1) The financial covenants for the REIT notes facility that is being amended are to apply from 31 March 2009 hence do not apply for this period. It is proposed that there will be no financial covenants in the RFA II note facility hence financial covenants for this facility are also not shown in this table
- (2) This is based on unaudited financial information which is subject, inter alia, finalisation of financial statement preparation process and an audit by the auditors. The analysis reflects the CRE loan impairment provision as of 30 June 2008. The CRE loan impairment review as at 31 December 2008 has not been completed at this stage
- (3) The CRE impairment review for 31 December 2008 will most likely result in this covenant being in breach as at 31 December 2008

As part of RAT's ongoing asset management process, an impairment review is currently being finalised in relation to RAT's CRE loan portfolio, as at 31 December 2008. Accordingly, the analysis set out above does not incorporate any conclusions from this review. Reflecting primarily the impact of falling real estate valuations across the US, it is likely this review will result in potentially significant impairments to the CRE loan portfolio which, in turn, will have an associated significant impact upon certain financial covenants. The most recent mark to market assessment (dated 31 December 2008) of the CRE loan portfolio undertaken by the warehouse lender, Credit Suisse, was a market value of approximately US\$148.7 million against an outstanding loan balance of approximately US\$85.4 million.

Update on financing arrangements

The amendment to the REIT notes is currently being finalised. Net proceeds of the sale of the GSA I real estate portfolio (announced on 10 December 2008) will be applied to reduce the outstanding amount (after allowing for tax payments and costs) under the note issue from US\$169 million to an estimated US\$97.8 million (net after debt reserves).

RAT is currently renegotiating the RFA II note facility and is in discussions with CS (the warehouse provider to RFA) in relation to a restructuring of the financial parameters of this facility. There can be no assurance that a successful outcome with RAT's lenders will be achieved, particularly in respect of the CRE loan facility with CS where CS has, to date, shown no inclination to restructure the facility in order to assist in the stabilisation of RAT.

Update on forecast 2008 final result

The reduction in the fair value of real estate assets, as set out above, finalisation of the CRE loan impairment provision (which has not yet been completed) and the impact of realised losses on the sale of real estate assets and CRE loans during the 12 months ended 31 December 2008 (as previously announced to the market) are likely to have a significantly negative impact on the financial position of RAT, compared with the previous corresponding period. The impact is expected to be a net loss for the 12 month period ending 31 December 2008 in excess of A\$320 million. This anticipated result is based on unaudited internal management accounts which are subject to audit by RAT's auditors and may be subject to change.

The Responsible Entity is continuing to monitor the issues set out above closely.

Yours sincerely,



Company Secretary
Rubicon Asset Management Limited
as Responsible Entity for Rubicon America Trust

About Rubicon America Trust (ASX: RAT)

RAT manages a portfolio of commercial real estate and commercial real estate loans in the United States. For further information about Rubicon or Rubicon America Trust, please visit:

www.rubiconasset.com.au
www.rubiconamerica.com.au