

Starwood Capital, Kaufman Jacobs and JPMorgan Chase Announce Successful Reorganization of Rubicon US REIT, Inc.

Bondholders Take Over Private REIT with \$550 Million Government-Centric Portfolio

CHICAGO, Sept. 27 /PRNewswire/ -- **Starwood Capital Group, Kaufman Jacobs LLC and JPMorgan Chase & Co.** (NYSE: [JPM](#)) today announced they have successfully completed the reorganization of **Rubicon US REIT, Inc.**, a Chicago-based real-estate investment trust (REIT) consisting mainly of properties leased to the U.S. General Services Administration (GSA). Rubicon US REIT had been under Chapter 11 bankruptcy protection since January 2010.

"Through active management of the portfolio and the lease renewal process, we expect to increase the underlying value and NOI of Rubicon's properties," said Christopher Graham, managing director of Starwood Capital Group, the Greenwich, Connecticut-based global real-estate investment firm. "We plan a multi-year, targeted disposition strategy following our value-accretive efforts on behalf of our affiliated funds."

"We are pleased to have saved Rubicon from a forced liquidation and kept the REIT intact, preserving stakeholder value and allowing us to undertake a variety of value-creating activities," said Jeremy Kaufman, managing partner of Kaufman Jacobs LLC, a Chicago-based investor, developer and manager of real estate that specializes in government-tenanted property and complex real-estate transactions. "This is an excellent portfolio with a rock-solid base of government tenancy.

The REIT should enjoy high renewal rates as its core holdings are build-to-suit facilities leased to the United States Government."

Affiliates of Starwood Capital Group Global, L.P., Kaufman Jacobs, and JPMorgan Chase together own 100 percent of the corporate bonds of Rubicon US REIT. The bondholders' plan of reorganization was approved by the U.S. Bankruptcy Court for the District of Delaware on June 21, 2010. Kaufman Jacobs will take over day-to-day management of Rubicon US REIT.

Per terms of the reorganization, approximately \$80 million in bonds were exchanged for 100 percent of the common stock of Rubicon US REIT and the issuance of new corporate debt of \$50 million, which ensures adequate solvency for Rubicon US REIT. Class A preferred stockholders will retain their equity through the bondholders' plan. Unsecured creditors will also be paid in full, totaling approximately \$1 million.

Rubicon US REIT's primary holding is the GSA II Portfolio, totaling more than 1.8 million square feet in nine states. Leases administered by the GSA generate approximately 72 percent of GSA II's rental income, with state and municipal leases accounting for the remainder. Tenants include the FBI, U.S. Secret Service, and agencies within the Department of Homeland Security, all of which have expanded in personnel and mission scope in recent years. Rubicon US REIT also has investments in Overtown Transit Village Phase II, a development project in Miami, and three joint ventures, aggregating almost 1.5 million additional square feet. The total value of Rubicon US REIT's assets is estimated at approximately \$550 million.

Founded in 1947, Kaufman Jacobs is a commercial real estate investment firm that specializes in owning, leasing, managing, and developing facilities for the Federal Government (administered by GSA). Its current portfolio, largely composed of office space leased to government tenancies, contains nearly six million square feet in major metropolitan areas across seventeen states.

Kaufman Jacobs utilizes a top-down approach for managing its assets and projects, with principals playing key roles in everything from due diligence and acquisitions, to tenant relations and daily property management. This hands-on approach provides the firm's tenants with a strong sense of personalized and proactive care, resulting in consistently high rates of tenant satisfaction and retention. Additionally, this active management style facilitates Kaufman Jacobs'

principals in recognizing value-accretive opportunities at the firm's assets. Further information regarding Kaufman Jacobs can be found by visiting www.kaufmanjacobs.com.

Starwood Capital Group Global, L.P. is a private, U.S.-based investment firm with a core focus on global real estate. Since the group's inception in 1991, the firm, through its various funds, has invested more than \$6 billion of equity capital, representing \$21 billion in assets. Starwood currently has approximately \$16 billion of assets under management. Starwood maintains offices in Greenwich, Atlanta, San Francisco, Washington, D.C., London, Mumbai, Sao Paulo and Tokyo. Starwood has invested in nearly every class of real estate on a global basis, including office, retail, residential, senior housing, golf, hotels, resorts and industrial assets. Starwood and its affiliates have successfully executed an investment strategy that includes building enterprises around core real-estate portfolios in both the private and public markets.

JPMorgan Chase & Co. (NYSE: [JPM](http://www.jpmorganchase.com)) is a leading global financial services firm with assets of \$2.1 trillion and operations in more than 60 countries. The firm is a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase & Co. serves millions of consumers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands. Information about JPMorgan Chase & Co. is available at www.jpmorganchase.com.

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