

BABCOCK & BROWN
JAPAN PROPERTY TRUST

Babcock & Brown Japan Property Management Limited · ABN 94 111 874 563
as responsible entity of the Babcock & Brown Japan Property Trust · ARSN 112 799 854
Level 23 The Chifley Tower · 2 Chifley Square · Sydney NSW 2000 Australia
T +61 2 9229 1800 · F +61 2 9216 1752 · www.bbjapanpropertytrust.com



ASX Release

15 August 2008

BJT 2008 FULL YEAR RESULTS PRESENTATION

Please find attached the Full Year Results presentation relating to Babcock & Brown Japan Property Trust (ASX: BJT) Full Year Financial Results for the year ended 30 June 2008.

ENDS

Investor & Media Enquiries:

Eric Lucas
Managing Director
Phone: +61 2 9229 1800 (Australia)
+81 3 3238 5901 (Japan)

Alison Carter
Investor Relations Manager
Phone: +61 2 9229 1800

About Babcock & Brown Japan Property Trust

Babcock & Brown Japan Property Trust is a listed property trust with a strategy to invest into the real estate market of Japan. It currently holds interests in a portfolio comprising 44 retail, office and residential properties.

The Responsible Entity of the Trust is Babcock & Brown Japan Property Management Limited, a subsidiary of Babcock & Brown. Asset management services in Japan are generally undertaken by Babcock & Brown Co., Ltd., which is also a subsidiary of Babcock & Brown.

For further information please see our website www.bbjapanpropertytrust.com.

BJT full year results to 30 June 2008

15 August 2008

AGENDA

- Highlights for the year
- Key financial results
- Debt and capital management
- Portfolio overview and leasing activity
- Portfolio valuations
- Key features of BJT and outlook
- Appendices

HIGHLIGHTS FOR THE YEAR

Strong financial results

- 13.05 cpu distribution for year ended June 2008, up 10% from FY07
- NTA of \$1.39 per unit at 30 June 2008, up 15% from 30 June 2007

Active asset management

- Sale of three properties at an average 50% premium to book value, returning net cash of ¥5.3 billion (A\$54.8 million) to BJT
- 21 properties revalued (16 up, 5 down), resulting in a net portfolio increase of ¥7.4 billion (A\$72.9 million) or 4.5% of current portfolio value
- Rental increases negotiated increased portfolio income by approximately 2%

Continued portfolio growth

- Eight property acquisitions for a total value of ¥45.3 billion (A\$470 million) further enhancing diversification of the portfolio

Capital management

- Interest cover remains high at 4.2 times
- Accretive unit buy-back program purchased 20.8 million units to date (4.1% of capital) at an average price of \$1.06 (well below NTA)
- Repaid A\$35 million short term debt facility in February 2008
- The only debt maturing prior to March 2010 is a A\$56.5 million facility (6% of total debt) due to be repaid or refinanced in December 2008. BJT has cash reserves in excess of this debt repayment

KEY FINANCIAL RESULTS

	30 June 2008	30 June 2007	Variance %
Net property income	\$100.0m	\$75.7m	↑ 32%
Net operating profit	\$68.9m	\$56.2m	↑ 22%
Distribution per unit	13.05c	11.90c	↑ 10%
Total assets	\$1.9b ¹	\$1.3b ²	↑ 40%
NTA per unit	\$1.39 ¹	\$1.21 ²	↑ 15%

1. Yen/AUD rate of 101.55

2. Yen/AUD rate of 104.69

During the year ended 30 June 2008:

- Eight properties were acquired for ¥45.3 billion (A\$470 million), increasing the portfolio by 37%
- Three properties with a book value of ¥8.3 billion (A\$86 million) were sold
- Portfolio occupancy by income has remained strong and is currently 97.6%
- Rental growth has been achieved across the portfolio

As a result:

- Net property income and net operating profit increased by 32% and 22% respectively
- DPU increased by 10%

BJT OUTLOOK

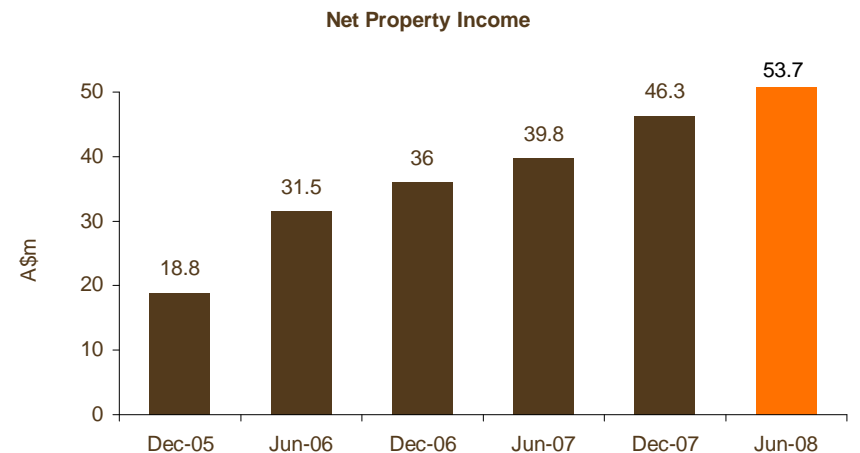
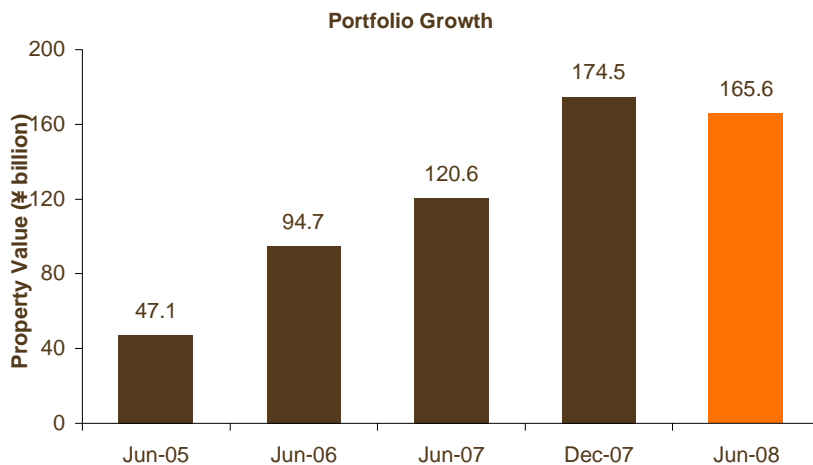
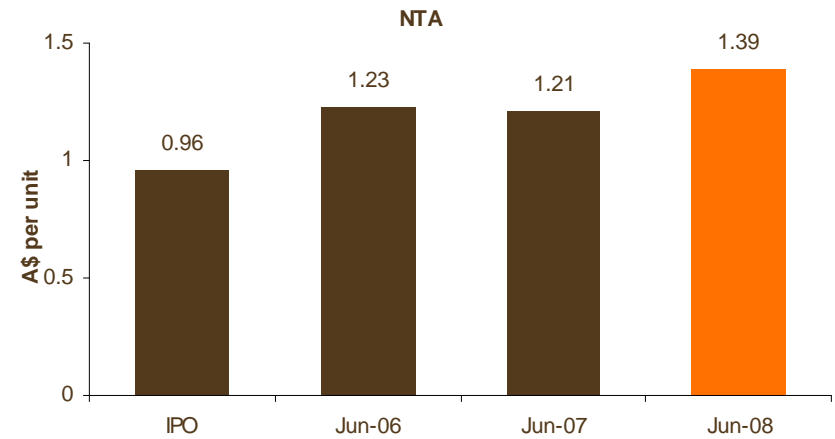
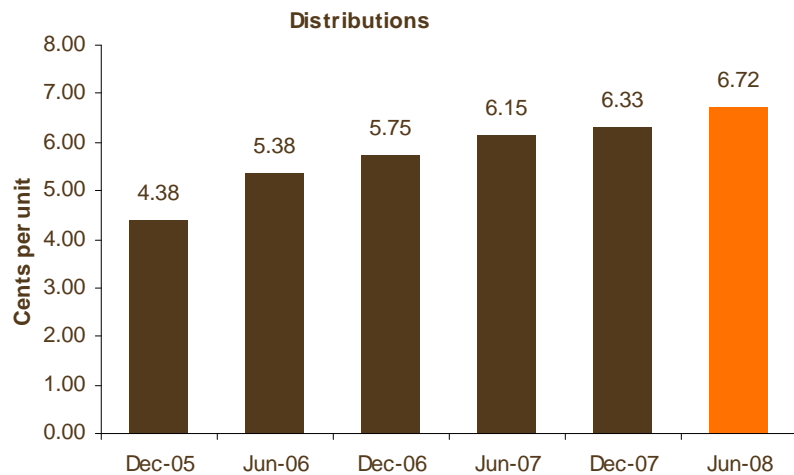
- Japanese property market fundamentals remain sound
- Tokyo office vacancy levels still below 4% despite a modest increase from extremely low levels last year
- Gross additions to office supply subdued after 2008/9 (half the average for 2006/7)
- Credit market turbulence has seen a reduction in transaction activity, leading to modest softening in cap rates
- Significant cap rate softening is not anticipated due to the already existing substantial spread between cap rates and the risk free rate in Japan
- Continued focus on Unitholder value, particularly through unit buy-back

2009 GUIDANCE

- We anticipate that the FY2009 distribution will not be less than the FY2008 distribution of 13.05 cpu
 - Payable entirely from cashflow
 - Does not include any benefit from the buy-back of additional units or any profits from potential opportunistic property sales

TRACK RECORD OF PERFORMANCE

- DPU CAGR of 14.3% since IPO
- NTA CAGR of 12.1% since IPO

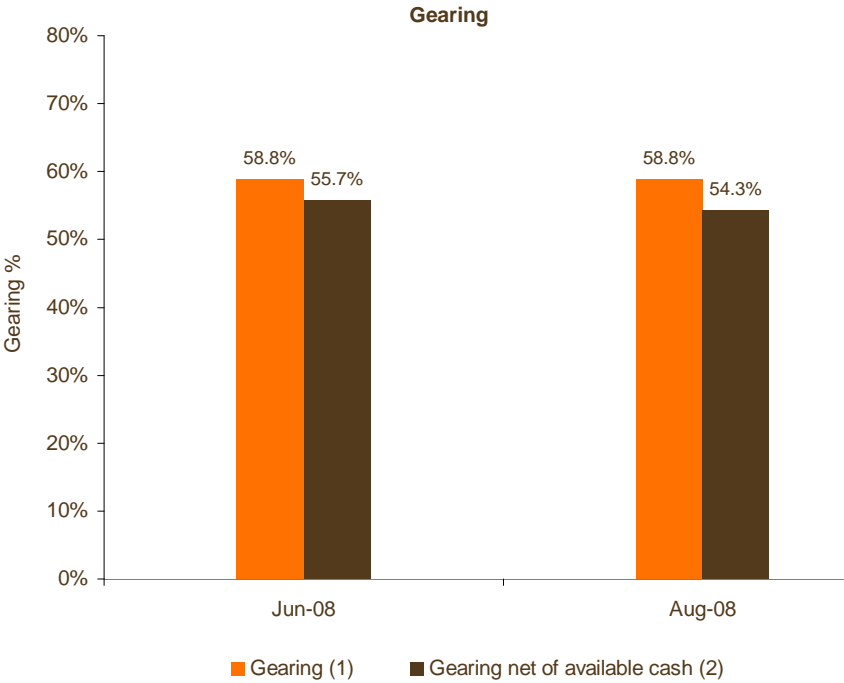


DEBT

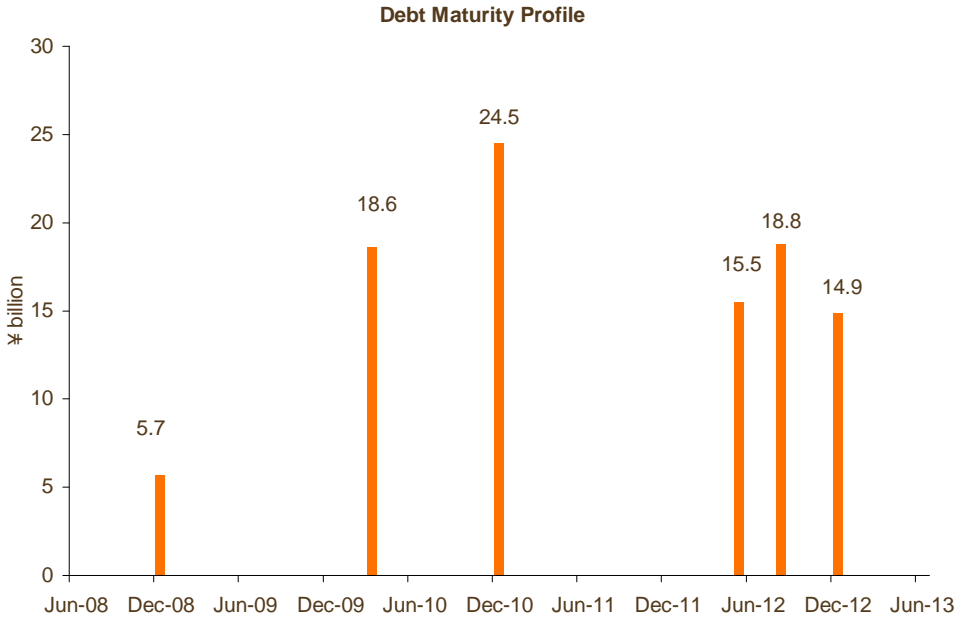
- The only debt maturing prior to March 2010 is a A\$56.5 million facility (6% of total debt) due to be repaid in December 2008
- BJT has cash reserves in excess of this debt repayment
- Babcock & Brown Japan enjoys good relationships with a number of Japanese lenders
- Asset-based loans of over ¥90 billion – over 90% of BJT's debt - are from four Japanese lenders and one international lender
- Weighted average cost of debt is 1.99% at June 2008
- 69% of debt hedged to fixed rates for weighted average term of 3.6 years
- Interest Cover Ratio¹ of 4.2 at June 2008 comfortably supports BJT's gearing

1. Interest cover is net operating profit before tax and borrowing costs

DEBT



- 1. Interest bearing debt / investment property
- 2. Australian surplus cash only



ACTIVE CAPITAL MANAGEMENT

- Opportunistic sale of three assets at significant premiums to book value highlights keen asset selection and active asset/capital management
- Accretive unit buy-back program
 - 20.8 million units acquired to date at an average price of A\$1.06 (well below NTA)
 - Represents 4.1% of capital
- Distribution Reinvestment Plan
 - June 2008 DRP at zero discount, with units to be acquired on market
- Raised A\$51.9m equity through an institutional placement in August 2007

Post year end

- Monetisation and partial reset of capital hedges, realising net cash of A\$19 million
- BJT's capital hedge portfolio now comprises 20.4% of net investment in Japanese assets, at the lower end of BJT's policy to hedge between 20% and 40%

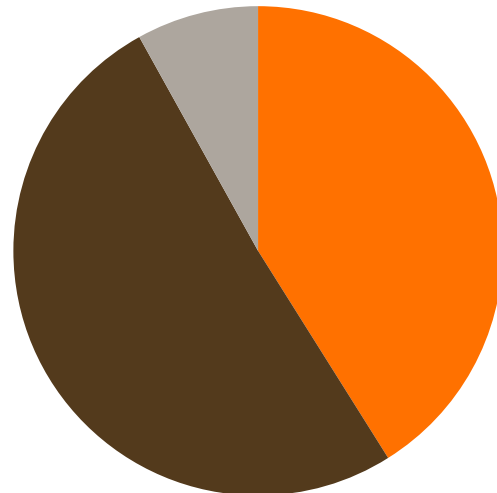
PORTFOLIO OVERVIEW

As at:	30 June 2008	30 June 2007	Change
Portfolio value	¥165.6b	¥ 120.6b	37%
Total number of properties	44	39	13%
NRA (sqm)	284,050	251,042	13%
Occupancy by income	97.6%	97.4%	0.2%
Occupancy by area	98.0%	98.5%	(0.5)%
Number of leases	503	395	108
% non-cancellable leases by income	40%	43%	(3)%
Average term to expiry (non-cancellable leases) - years	7.7	8.8	(1.1)

- Number of properties and NRA increased by 13%
- Occupancy by income remained stable
- Proportion of non-cancellable leases remain high, bringing stability to the portfolio's income stream

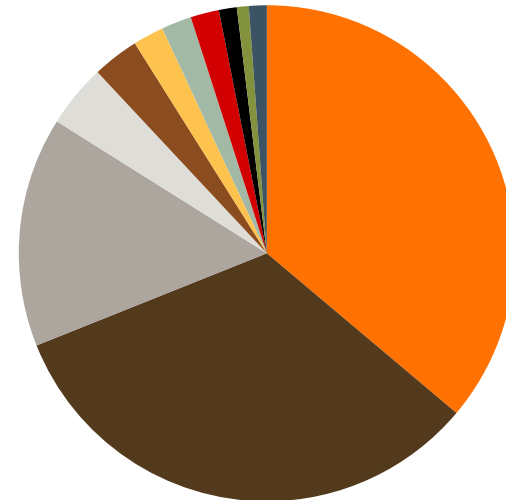
PORTFOLIO DIVERSIFICATION

Asset class diversification (by value)



■ Retail - 41% ■ Office - 51% ■ Residential - 8%

Geographic diversification (by value)



■ Greater Tokyo - 36% ■ Central Tokyo - 33% ■ Osaka - 15%
■ Hokkaido - 4% ■ Kyoto - 3% ■ Okinawa - 2%
■ Shizuoka - 2% ■ Fukuoka - 2% ■ Aichi - 1%
■ Hyogo - 1% ■ Nara - 1%

- Office increased to 51% from 43% at June 2007
- Retail decreased to 41% from 54% at June 2007
- Further diversified portfolio outside of Central and Greater Tokyo to Osaka and other regional areas

ACTIVE ASSET MANAGEMENT

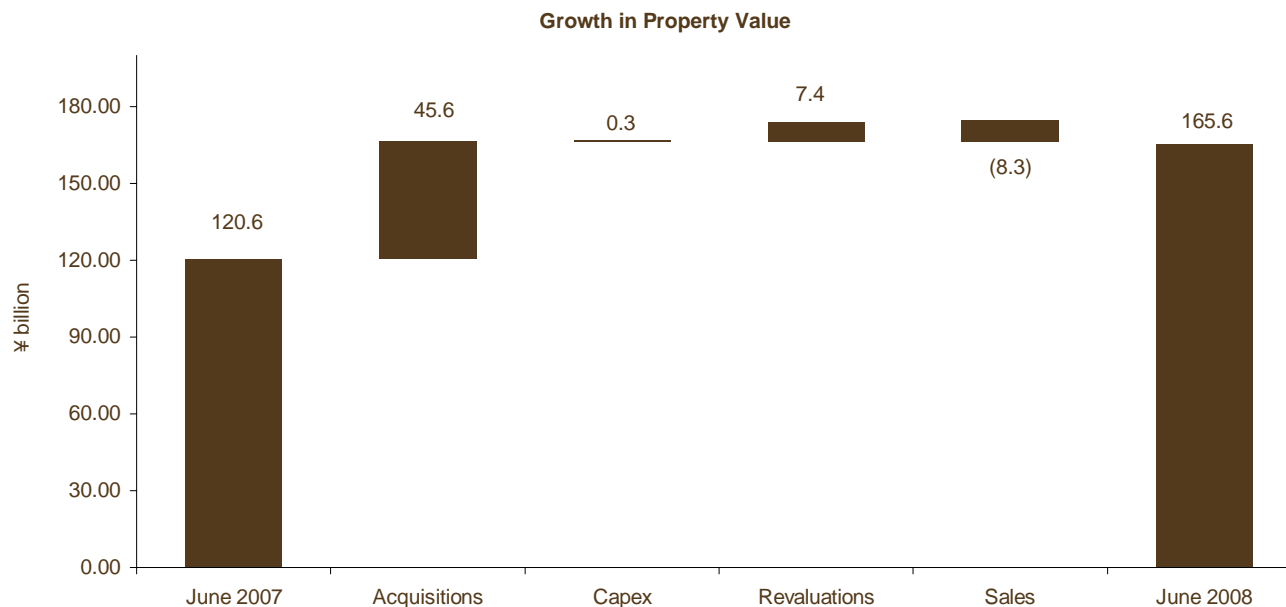
Opportunistic property sales

- Sun Building
 - Acquired in 2005; added value by increasing rent more than 10%
 - Sold in March 2008 for 70% above book value at mid-3% range NOI cap rate
- Sapporo Nishioka
 - Sold in March 2008 after long negotiation with the tenant (Aeon Group) at more than 35% above book value
- Showa Yakubo
 - Sold in September 2007 after departure of largest tenant at more than 25% above book value

Active leasing management

- In year ended 30 June 2008, renewed/reviewed 100 leases representing 25% of portfolio income for an average 8% net rent increase
- Initiating litigation against two tenants, seeking rent increases
- Positioning certain properties for vacant possession to enable redevelopment

PORTFOLIO GROWTH



- Net increase in property value of ¥45 billion (37%) comprises:
 - ¥45.7 billion (38%) increase in portfolio from eight acquisitions
 - ¥7.4 billion (6%) increase from net December 2007 and June 2008 revaluations
 - ¥8.3 billion (7%) decrease from three property sales

REVALUATIONS

Valuation policy

- BJT assesses the fair value of each property semi annually
- To assess fair value BJT:
 - Obtains an independent valuation update for each property every six months
 - Obtains an independent full valuation report once every three years
- Properties are revalued where the fair value differs from the carrying value by more than 5% of the individual property carrying value or more than 5% of the annual operating profit before withholding tax

2007/2008 revaluations

- Fair value of all portfolio properties was independently reviewed at December 2007 and June 2008
- As a result, 21 properties were revalued at December 2007 and/or June 2008
- Positive revaluations for 16 properties, negative revaluations for 5 properties
- Net increase in the value of these properties by ¥7.4 billion (A\$72.9 million)
- These revaluations resulted from a combination of changes in actual and assumed market rents and cap rates

RENTAL GROWTH ACHIEVEMENTS

- Staged rental increases are targeted to optimise balance between tenant retention and income growth
- Rental increases are being negotiated during lease terms as well as at expiry
- Positive rental growth in the year ended 30 June 2008

Timing of rental negotiation	No. of leases	% of portfolio rent + CAM	% increase in rent + CAM	% increase in portfolio rent + CAM
On renewal of lease	31	12.5%	8.8%	1.1%
New leases ¹	32	2.9%	11.1%	0.3%
During lease term	37	9.7%	6.7% ²	0.7%
Currently in progress	11	1.8%	Under negotiation	-

1. Includes leases with rental increases and decreases

2. 80% of increase has taken effect, remainder to take effect by October 2008

PORTFOLIO YIELD DATA – 30 JUNE 2008

- Income growth has resulted in significantly stronger yields on acquisition price

Asset class	Original NOI yield / purchase price At acquisition		Current NOI yield / purchase price June 2008	Current NOI yield / current book value June 2008
Retail	5.3%	→	5.3%	5.1%
Office	5.0%	→	5.7%	4.6%
Residential	5.5%	→	5.9%	5.8%
Total	5.2%	→	5.5%	4.9%

Purchase price of the portfolio

¥148.6 billion

Current book value of the portfolio

¥165.6 billion

Increase in value of portfolio

↑ 11%

UBS ANALYSIS: BJT YIELD VS J-REIT YIELD

- Based on actual FY08 DPU of 13.05cpu and current price of \$0.795, BJT is yielding 16.4%
- If BJT was listed on TSE, it would be:
 - the 15th largest with one of the highest exposures to Tokyo
 - a Yen Funds From Operation (FFO) yield of 12.2% compared to the JREIT sector average FFO yield of 7.5% (source: Citi nikko)

	FY08 Actual (¥m)
Net Operating Profit after WHT	5,321
less Capital hedge Income	(899)
add back WHT	275
Japanese income	4,701
Number of Units on Issue	514.3m
Japanese FFO/unit (¥)	9.14
BJT unit price (\$0.79 at spot of Yen/AUD 96.0)	¥76.32
FFO Yield (adj for FX and Capital hedge)	12.0%

APPENDICES

- Portfolio information
- Financial information
- Debt and hedging information
- Market data

PORTFOLIO SNAPSHOT AS AT 30 JUNE 2008

	Retail		Office		Residential		Portfolio	
	2008	2007	2008	2007	2008	2007	2008	2007
Number of properties	18	16	21	20	5	3	44	39
Carrying value (¥b)	67.3	64.9	85.0	52.3	13.4	3.4	165.6	120.6
Net Rentable Area (tsubo)	51,544	56,557	25,815	17,562	8,569	1,822	85,928	75,942
Net Rentable Area (sqm)	170,389	186,962	85,332	58,054	28,330	6,026	284,050	251,042
% of portfolio by value	40.6%	53.8%	51.3%	43.4%	8.1%	2.8%	100.0%	100.0%
% of portfolio by area	60.0%	74.5%	30.0%	23.1%	10.0%	2.4%	100.0%	100.0%
% of portfolio by income	42.0%	53.9%	50.0%	43.3%	8.0%	2.8%	100.0%	100.0%
Number of leases	115	104	314	218	74	73	503	395
Occupancy by income	99.4%	98.7%	95.9%	95.7%	99.9%	100.0%	97.6%	97.4%
Occupancy by area	99.7%	99.8%	93.8%	94.1%	99.9%	100.0%	98.0%	98.5%

PORTFOLIO SNAPSHOT AT 30 JUNE 2008

	Carrying value		Occupancy by area			Occupancy by income	
	Jun - 2008 ¥ billions	% of portfolio	Acquisition	Jun - 2007	Jun - 2008	Jun - 2007	Jun - 2008
Retail	67.3	40.6%	99.6%	99.8%	99.7%	98.7%	99.4%
Office	85.0	51.3%	89.4%	94.1%	93.8%	95.7%	95.9%
Residential	13.4	8.1%	99.9%	100.0%	99.9%	100.0%	99.9%
Portfolio	165.6	100.0%	96.7%	98.5%	98.0%	97.4%	97.6%
RETAIL							
Kawasaki Dice	14.2	8.6%	100.0%	99.2%	99.2%	98.9%	99.2%
Konan Home Centre	12.1	7.3%	100.0%	100.0%	100.0%	100.0%	100.0%
Shinjuku Fuji	5.2	3.1%	100.0%	100.0%	94.2%	100.0%	97.2%
Mukomachi Saty	5.0	3.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Ginowan	3.3	2.0%	100.0%	100.0%	99.4%	100.0%	99.5%
Shibuya Konami	2.7	1.6%	100.0%	100.0%	100.0%	100.0%	100.0%
Motomachi	2.7	1.6%	93.8%	100.0%	100.0%	100.0%	100.0%
Susono	2.6	1.6%	100.0%	100.0%	100.0%	100.0%	100.0%
Matsudo Nitori	2.4	1.5%	100.0%	100.0%	100.0%	100.0%	100.0%
Harajuku Bell Pier	2.4	1.4%	93.2%	100.0%	100.0%	100.0%	100.0%
Yoshikawa	2.3	1.4%	100.0%	100.0%	100.0%	100.0%	100.0%
Tsudanuma	2.3	1.4%	81.8%	81.8%	100.0%	68.5%	100.0%
Sapporo Co-op	2.2	1.3%	100.0%	100.0%	100.0%	100.0%	100.0%
Sapporo Ai ¹	2.1	1.2%	100.0%	n/a	100.0%	n/a	100.0%
Sapporo Toys R Us	1.9	1.2%	97.3%	100.0%	100.0%	100.0%	100.0%
Round One Amagasaki ¹	1.6	1.0%	100.0%	n/a	100.0%	n/a	100.0%
Round One Nara ¹	1.2	0.7%	100.0%	n/a	100.0%	n/a	100.0%
Kajicho Ekimae	1.1	0.7%	100.0%	100.0%	78.9%	100.0%	83.4%
Retail sub total / average	67.3	40.6%	99.6%	99.8%	99.7%	98.7%	99.4%

1. Properties acquired during the period at 100% occupancy.

PORTFOLIO SNAPSHOT AT 30 JUNE 2008 (continued)

	Carrying value		Occupancy by area			Occupancy by income	
	Jun - 2008 ¥ billions	% of portfolio	Acquisition	Jun - 2007	Jun - 2008	Jun - 2007	Jun - 2008
OFFICE							
Shinjuku Sanei	14.2	8.6%	97.9%	99.3%	99.4%	99.8%	99.8%
Osaka No.4 ²	12.1	7.3%	96.4%	n/a	98.8%	n/a	98.9%
JN ¹	12.0	7.2%	100.0%	n/a	100.0%	n/a	100.0%
Ginza Dowa	10.3	6.2%	84.7%	98.1%	99.9%	96.4%	99.9%
Kokusai Nihombashi	6.5	3.9%	100.0%	100.0%	100.0%	100.0%	100.0%
Osaka No.3 ²	6.0	3.6%	85.3%	n/a	91.8%	n/a	92.1%
Higashi Totsuka	3.7	2.2%	84.2%	90.5%	87.4%	91.2%	89.1%
Yamashitacho	3.0	1.8%	100.0%	100.0%	76.7%	100.0%	78.7%
Forest Kita Aoyama	2.2	1.4%	100.0%	100.0%	100.0%	100.0%	100.0%
Sun Ace Tokugawa	2.1	1.3%	40.5%	77.1%	73.4%	78.4%	74.6%
Takadanobaba	1.9	1.1%	86.1%	100.0%	100.0%	100.0%	100.0%
Prime Kanda	1.8	1.1%	57.1%	100.0%	71.4%	100.0%	70.4%
OS Tsukiji	1.7	1.1%	100.0%	90.9%	86.5%	90.9%	86.3%
Asakusa	1.4	0.8%	100.0%	100.0%	100.0%	100.0%	100.0%
Shiba Daimon	1.1	0.7%	63.9%	100.0%	100.0%	100.0%	100.0%
Prime Tsukiji	1.1	0.7%	100.0%	100.0%	100.0%	100.0%	100.0%
Daikanyama Takara	0.9	0.5%	100.0%	100.0%	100.0%	100.0%	100.0%
Yotsuya KD	0.8	0.5%	86.8%	86.8%	100.0%	86.4%	100.0%
Akabane	0.8	0.5%	100.0%	87.3%	100.0%	87.8%	100.0%
FT Nihombashi	0.7	0.4%	100.0%	83.3%	100.0%	82.0%	100.0%
Sun No. 5	0.5	0.3%	100.0%	100.0%	100.0%	100.0%	100.0%
Office sub total / average	85.0	51.3%	89.4%	94.1%	93.8%	95.7%	95.9%
RESIDENTIAL							
Tosabori ¹	7.1	4.3%	100.0%	n/a	100.0%	n/a	100.0%
Sekijomachi ¹	2.8	1.7%	100.0%	n/a	100.0%	n/a	100.0%
G-Clef Kamata	1.9	1.1%	100.0%	100.0%	100.0%	100.0%	100.0%
Prime Stay Tsukiji	0.9	0.5%	97.3%	100.0%	98.6%	100.0%	98.6%
Nishi-Kasai	0.7	0.4%	100.0%	100.0%	100.0%	100.0%	100.0%
Residential sub total / average	13.4	8.1%	99.9%	100.0%	99.9%	100.0%	99.9%
Total / average	165.6	100.0%	96.7%	98.5%	98.0%	97.4%	97.6%

- Properties acquired during the period at 100% occupancy.
- Property acquired during the period, Osaka No.4 occupied 96% by area and Osaka No.3 occupied 85% by area

PORTFOLIO VALUATION SUMMARY

	Carrying value		Date	Type of report	Direct Cap	DCF	DCF Terminal	Method
	30/06/08	% of			Overall	Discount	Cap Rate	
	¥ billions	portfolio			%	%	%	
Total Retail	67.3	40.6%			5.06%	4.01%	5.26%	
Total Office	85.0	51.3%			4.57%	4.50%	4.75%	
Total Residential	13.4	8.1%			5.34%	5.18%	5.64%	
Portfolio	165.6	100.0%						
RETAIL								
Kawasaki Dice	14.2	8.6%	31/3/2007	Full Report	4.50%	4.50%	4.70%	50:50 DCF & DC
Konan Home Centre	12.1	7.3%	30/11/2007	Update Report	5.30%	4.80% 1	5.30%	DCF
Mukomachi Saty	5.0	3.0%	25/10/2005	Full Report	5.00%	5.00%	5.40%	50:50 DCF & DC
Shinjuku Fuji	5.2	3.1%	30/11/2007	Update Report	5.20%	4.50%	5.50%	DCF
Ginowan	3.3	2.0%	31/5/2008	Update Report	5.90%	5.70%	6.00%	DCF
Shibuya Konami	2.7	1.6%	10/8/2006	Full Report	4.30%	4.30%	4.40%	50:50 DCF & DC
Susono	2.6	1.6%	23/6/2006	Full Report	5.70%	5.70%	6.20%	DCF
Sapporo Co-op	2.2	1.3%	31/5/2008	Update Report	6.00%	6.00%	6.20%	DCF
Matsudo Nitori	2.4	1.5%	31/8/2006	Full Report	5.10%	5.10%	5.30%	50:50 DCF & DC
Harajuku Bell Pier	2.4	1.4%	31/12/2005	Update Report	4.00%	4.00%	4.25%	50:50 DCF & DC
Yoshikawa	2.3	1.4%	1/5/2007	Full Report	5.70%	5.60%	5.90%	50:50 DCF & DC
Motomachi	2.7	1.6%	30/11/2007	Full Report	4.60%	4.50%	4.75%	DCF
Tsudanuma	2.3	1.4%	1/2/2007	Full Report	5.60%	5.00%	6.00%	50:50 DCF & DC
Sapporo Ai	2.1	1.2%	31/8/2007	Full Report	5.00%	5.00%	5.30%	DCF
Round One Amagasaki	1.6	1.0%	1/9/2007	Full Report	5.10%	5.00%	5.10%	DCF
Round One Nara	1.2	0.7%	1/9/2007	Full Report	5.40%	5.30%	5.40%	DCF
Sapporo Toysrus	1.9	1.2%	30/11/2007	Update Report	5.80%	5.50%	6.00%	DCF
Kajicho Ekimae	1.1	0.7%	31/12/2007	Update Report	4.75%	4.75%	5.00%	50:50 DCF & DC
Retail sub total / average	67.3	40.6%						

1. 4.8% (Year 1-9.4) 5.3% year 9.5 and beyond

PORTFOLIO VALUATION SUMMARY (continued)

	Carrying value		Date	Type of report	Direct Cap Overall Cap Rate	DCF Discount Rate	DCF Terminal Cap Rate	Method
	30/06/08 ¥ billions	% of portfolio						
OFFICE					%	%	%	
Shinjuku Sanei	14.2	8.6%	30/11/2007	Update Report	4.10%	4.00%	4.10%	DCF
Osaka No.4	12.1	7.3%	30/6/2007	Full Report	4.40%	4.40%	4.90%	DCF
JN	12.0	7.2%	1/12/2007	Full Report	4.40%	4.40%	4.60%	DCF
Ginza Dowa	10.3	6.2%	30/11/2007	Update Report	4.50%	4.30%	4.50%	DCF
Kokusai Nihombashi	6.5	3.9%	31/5/2007	Update Report	4.75%	4.75%	5.00%	50:50 DCF & DC
Osaka No.3	6.0	3.6%	30/6/2007	Full Report	4.50%	4.50%	5.00%	DCF
Higashi Totsuka	3.7	2.2%	30/11/2007	Full Report	5.40%	5.20%	5.40%	DCF
Yamashitacho	3.0	1.8%	1/2/2007	Full Report	5.00%	5.00%	5.10%	DCF
Sun Ace Tokugawa	2.1	1.3%	31/5/2008	Update Report	6.10%	5.90%	6.20%	DCF
Forest Kita Aoyama	2.2	1.4%	30/11/2007	Full Report	4.00%	4.00%	4.00%	DCF
Prime Kanda	1.8	1.1%	30/11/2007	Update Report	4.70%	4.60%	4.80%	DCF
Takadanobaba	1.9	1.1%	31/5/2008	Update Report	5.00%	5.00%	5.50%	DCF
OS Tsukiji	1.7	1.1%	31/5/2007	Update Report	4.70%	4.70%	4.90%	50:50 DCF & DC
Asakusa	1.4	0.8%	30/11/2007	Update Report	5.10%	5.00%	5.20%	DCF
Shiba Daimon	1.1	0.7%	30/11/2007	Full Report	4.70%	4.60%	4.80%	DCF
Prime Tsukiji	1.1	0.7%	30/11/2007	Update Report	4.80%	4.70%	4.90%	DCF
Daikanyama Takara	0.9	0.5%	30/11/2007	Update Report	4.90%	4.70%	4.90%	DCF
Yotsuya KD	0.8	0.5%	31/5/2007	Update Report	5.00%	5.00%	5.25%	50:50 DCF & DC
Akabane	0.8	0.5%	1/11/2005	Full Report	5.00%	5.00%	5.25%	50:50 DCF & DC
FT Nihombashi	0.7	0.4%	30/11/2007	Update Report	5.10%	4.80%	5.10%	DCF
Sun No. 5	0.5	0.3%	31/5/2008	Update Report	5.30%	4.90%	5.40%	DCF
Office sub total / average	85.0	51.3%						
RESIDENTIAL								
Tosabori	7.1	4.3%	31/5/2008	Update Report	5.40%	5.10%	5.70%	DCF
Sekijomachi	2.8	1.7%	1/4/2007	Full Report	5.40%	5.40%	5.80%	DCF
G-Clef Kamata	1.9	1.1%	1/11/2005	Full Report	5.00%	5.00%	5.25%	50:50 DCF & DC
Prime Stay Tsukiji	0.9	0.5%	30/11/2007	Update Report	5.20%	5.20%	5.40%	DCF
Nishi-Kasai	0.7	0.4%	1/11/2005	Full Report	5.50%	5.50%	5.75%	50:50 DCF & DC
Residential sub total / average	13.4	8.1%						
Total / average	165.6	100.0%						

APPENDICES

- Portfolio information
- Financial information
- Debt and hedging information
- Market data

TRUST PROFIT AND LOSS – YEAR ENDED 30 JUNE 2008

	30 June 2008 – \$'000	30 June 2007 – \$'000	30 June 2008 – ¥'000	30 June 2007 – ¥'000
Net Property Income				
Property revenue	139,798	102,586	10,798,277	8,011,681
Property expenses	(39,810)	(26,879)	(3,074,989)	(2,100,797)
Net property income	99,988	75,706	7,723,288	5,910,884
Income from foreign currency capital hedge	11,588	7,329	895,045	685,484
Interest income	2,318	1,249	179,074	108,524
Other income	212	-	16,351	-
Total income	114,106	84,285	8,813,758	6,704,892
Expenses				
Asset Management fee expense	(10,757)	(6,585)	(830,914)	(536,419)
Borrowing expense	(25,394)	(12,857)	(1,961,484)	(1,018,612)
Other expenses	(5,501)	(2,705)	(424,877)	(271,261)
Total Expenses	(41,652)	(22,148)	(3,217,275)	(1,826,293)
Net Operating Profit before withholding tax	72,454	62,137	5,596,483	4,878,599
Withholding tax	(3,563)	(5,924)	(275,240)	(456,649)
Net Operating Profit after withholding tax	68,891	56,213	5,321,243	4,421,950
Non operating items				
Net fair value adjustment of investment properties	62,846	20,626	4,854,376	2,139,102
Fair value gain on derivatives	(6,913)	70,796	(534,011)	6,719,849
Net foreign currency gain/(loss)	3,707	(1,039)	286,337	(89,722)
Gain/loss on disposal on assets	40,304	(4,432)	3,113,165	(436,374)
Withholding tax on disposal of investment properties	(7,259)	-	(560,692)	-
Deferred withholding tax	(14,598)	(4,669)	(1,127,546)	(469,789)
Performance fees	(10,155)	-	(784,400)	-
Net non operating profit	67,932	81,282	5,247,229	7,863,065
Exchange rate difference	(13,698)	(7,720)	-	-
Net AIRFS accounting profit	123,125	129,775	10,568,472	12,285,016

RECONCILIATION OF ACCOUNTING PROFIT TO DISTRIBUTIONS

	June 2008 \$'000	June 2007 \$'000
Accounting net profit (\$'000)	123,125	129,775
distributing hedge contribution: Additional cash from distribution hedge (difference between locked FX rate approx 77 and accounting FX rate 99)	13,699	7,719
Adjustments – non-operating items included in accounting profit		
Performance fees	9,105	-
Fair value adjustments to investment properties (including associate)	(62,846)	(20,626)
Deferred tax expenses	14,598	4,669
Fair value derivatives	6,913	(70,795)
Net foreign exchange loss	(3,707)	1,039
(Gain)/loss on disposal of investment	(33,045)	4,432
Other	1,050	-
Net operating profit	68,891	56,213
Adjustments – other items		
Amortisation of upfront acquisition/borrowing costs	1,963	2,120
TMK accounting vs cash difference	-	(949)
Fixed asset tax expense (cash expense capitalised for accounting purposes for initial portfolio)	775	617
Other – additional cash to rank units equally	-	1,048
Other	(4,021)	(115)
Cash distribution (\$'000)	67,608	58,934
Cash distribution (\$'000) 1H	33,198	28,609
Cash distribution (CPU) 1H	6.33	5.75
Cash distribution (\$'000) 2H	34,415	30,325
Cash distribution (CPU) 2H	6.72	6.15

BALANCE SHEET AT 30 JUNE 2008

	30 June 2008 - \$'000	30 June 2007 - \$'000	30 June 2008 - ¥'000	30 June 2007 - ¥'000
Current Assets				
Cash	112,335	60,207	11,407,619	6,319,597
Tenant deposits – held as cash	23,604	22,317	2,396,986	2,342,521
Derivative financial instruments	64,949	79,346	6,595,571	8,328,540
Other assets	10,686	11,289	1,085,164	1,184,948
Total current assets	211,574	173,159	21,485,340	18,175,606
Non-current assets				
Property investments	1,630,911	1,148,945	165,619,012	120,598,824
Derivative financial assets	1,839	2,990	186,750	313,845
Deferred tax assets	4,983	906	506,024	95,098
Other	1,878	1,233	190,711	129,422
Total non-current assets	1,639,611	1,154,074	166,502,497	121,137,189
Total assets	1,851,185	1,327,233	187,987,837	139,312,795
Current liabilities				
Payables	29,838	18,059	3,030,049	1,895,560
Tenant deposits	44,457	38,242	4,514,608	4,014,052
Interest bearing liabilities	56,392	0	5,726,608	0
Provisions	34,415	30,325	3,494,843	3,183,059
Derivative financial liabilities	0	0	0	0
Current tax liability	749	1,884	76,061	197,754
Total current liabilities	165,851	88,510	16,842,169	9,290,425
Non-current liabilities				
Payables	22,533	22,673	2,288,226	2,379,868
Tenant deposits	44,159	32,976	4,484,346	3,461,333
Interest bearing liabilities	902,065	587,547	91,604,701	61,671,775
Derivative financial liabilities	3,276	419	332,678	43,980
Deferred tax liability	38,992	21,065	3,959,638	2,211,084
Total non-current liabilities	1,011,025	664,680	102,669,589	69,768,040
Total liabilities	1,176,876	753,190	119,511,758	79,058,465
Net assets	674,309	574,043	68,476,079	60,254,330
Net tangible assets per unit	\$1.39	\$1.22		
Gearing ratio (interest bearing debt/property value)	58.8%	51.5%		
Gearing ratio (interest bearing debt less available cash/property value)	55.7%	51.0%		

APPENDICES

- Portfolio information
- Financial information
- Debt and hedging information
- Market data

DEBT AND INTEREST RATE SWAPS AT 30 JUNE 2008

	Japanese sourced debt ¥ billion	Australian sourced debt ¥ billion	Total/weighted average ¥ billion
Fixed debt	67.8	-	67.8
Floating debt	24.5	5.7 ¹	30.3
Total debt	92.3	5.7	98.0
Debt maturity (years)	3.2	0.5	3.1
Fixed rate maturity (years)	3.6	-	3.6
Fixed interest expense (p.a.)	2.10%	-	2.10%
Floating interest expense (p.a.)	1.87%	1.32%	1.76%
Net interest expense (p.a.)	2.04%	1.32%	1.99%

1. A\$56.5 million facility at floating interest rates. Effective base rate is 3 month Yen libor plus margin

Percentage of debt maturing	
FY 09	5.8%
FY10	19.0%
FY11	25.0%
FY12	15.8%
FY13	34.4%

HEDGING ARRANGEMENTS AT 31 JULY 2008

BJT's hedging philosophy seeks to minimise the impact that changes in the exchange rate between the Australian and Japanese currencies and movements in Japanese interest rates will have on the distributions of BJT in the medium term

Capital hedge maturity profile				
Settlement date	BJT receives AUD	BJT pays JPY	Exchange rate	Interest rate spread
Aug 2011	14,724,649	1,500,000,000	101.9	6.19%
Aug 2012	20,614,509	2,100,000,000	101.9	6.01%
Aug 2013	16,687,936	1,700,000,000	101.9	5.86%
Aug 2014	22,577,795	2,300,000,000	101.9	5.69%
Aug 2015	24,541,082	2,500,000,000	101.9	5.52%
Aug 2016	14,724,649	1,500,000,000	101.9	5.39%
Mar 2014	113,870,619	11,600,000,000	101.9	5.76%

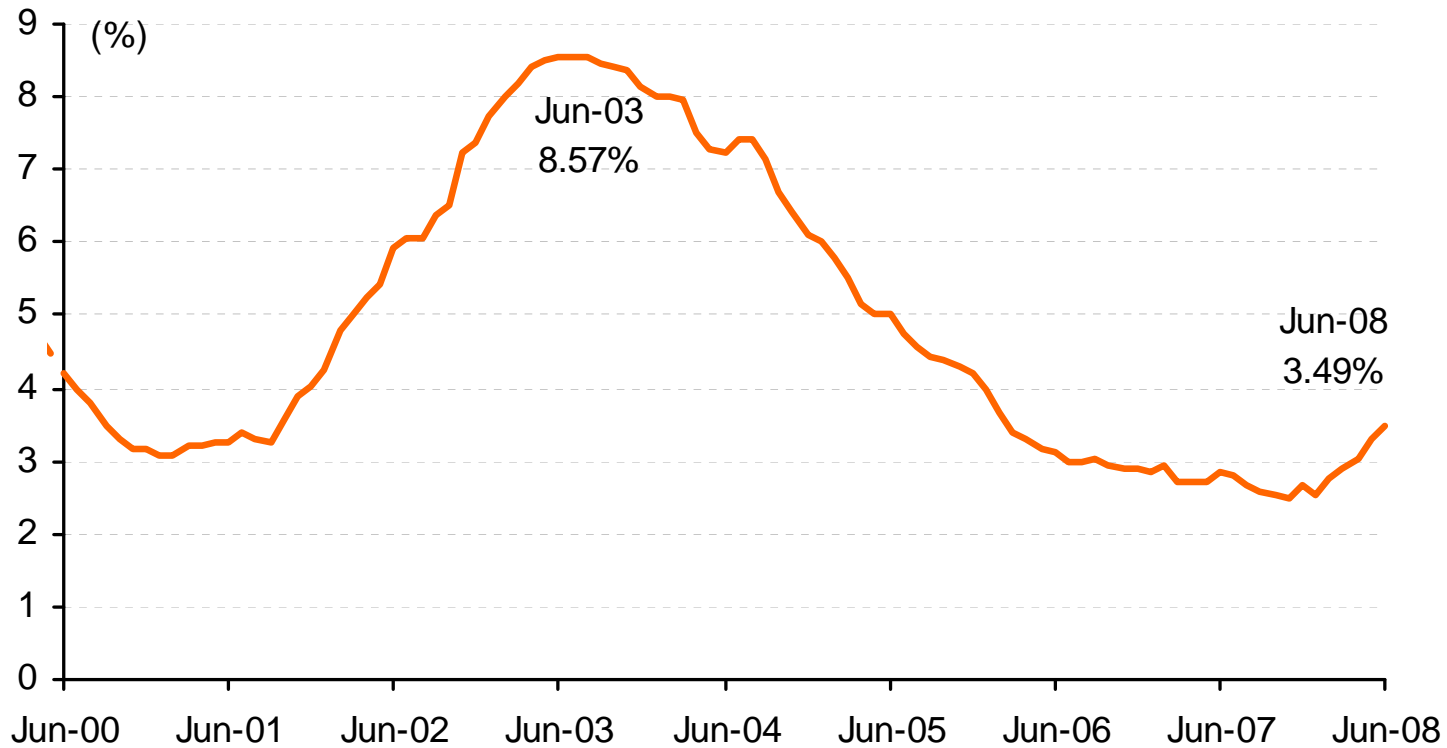
Distribution hedge maturity profile		
Settlement date	Exchange rate	¥'000
Aug 2008	75.6	2,320,553
Feb 2009	71.9	1,998,477
Aug 2009	70.4	2,003,310
Feb 2010	69.0	1,997,202
Aug 2010	69.5	1,802,423
Feb 2011	68.6	1,797,314
Aug 2011	67.9	1,802,134
Feb 2012	68.9	1,802,134

At 31 July 2008 the capital hedge portfolio comprised 20.4% of BJT's net investment in Japanese assets

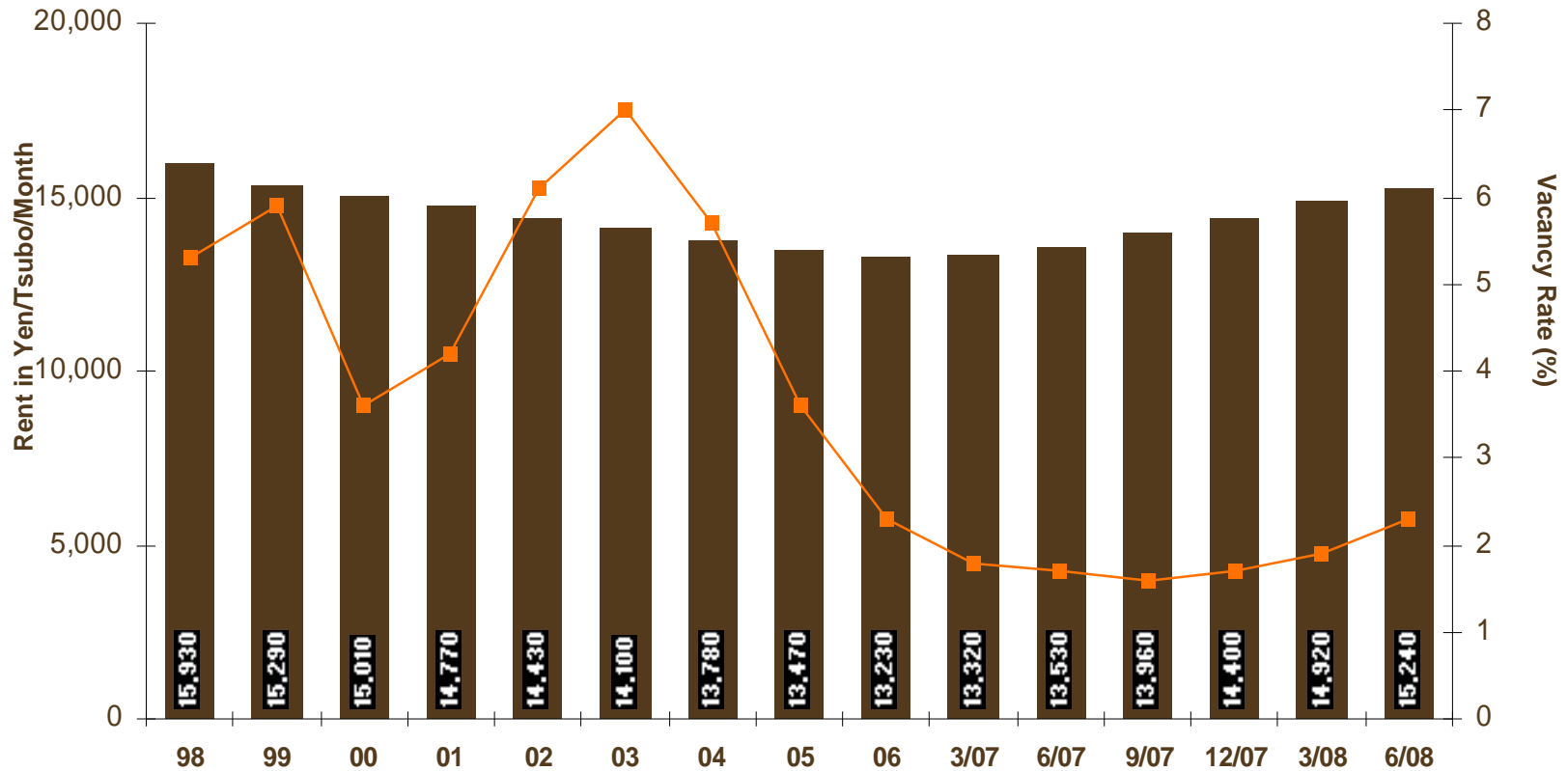
APPENDICES

- Portfolio information
- Financial information
- Debt and hedging information
- Market data

OFFICE VACANCY RATES IN TOKYO'S FIVE MAIN WARDS

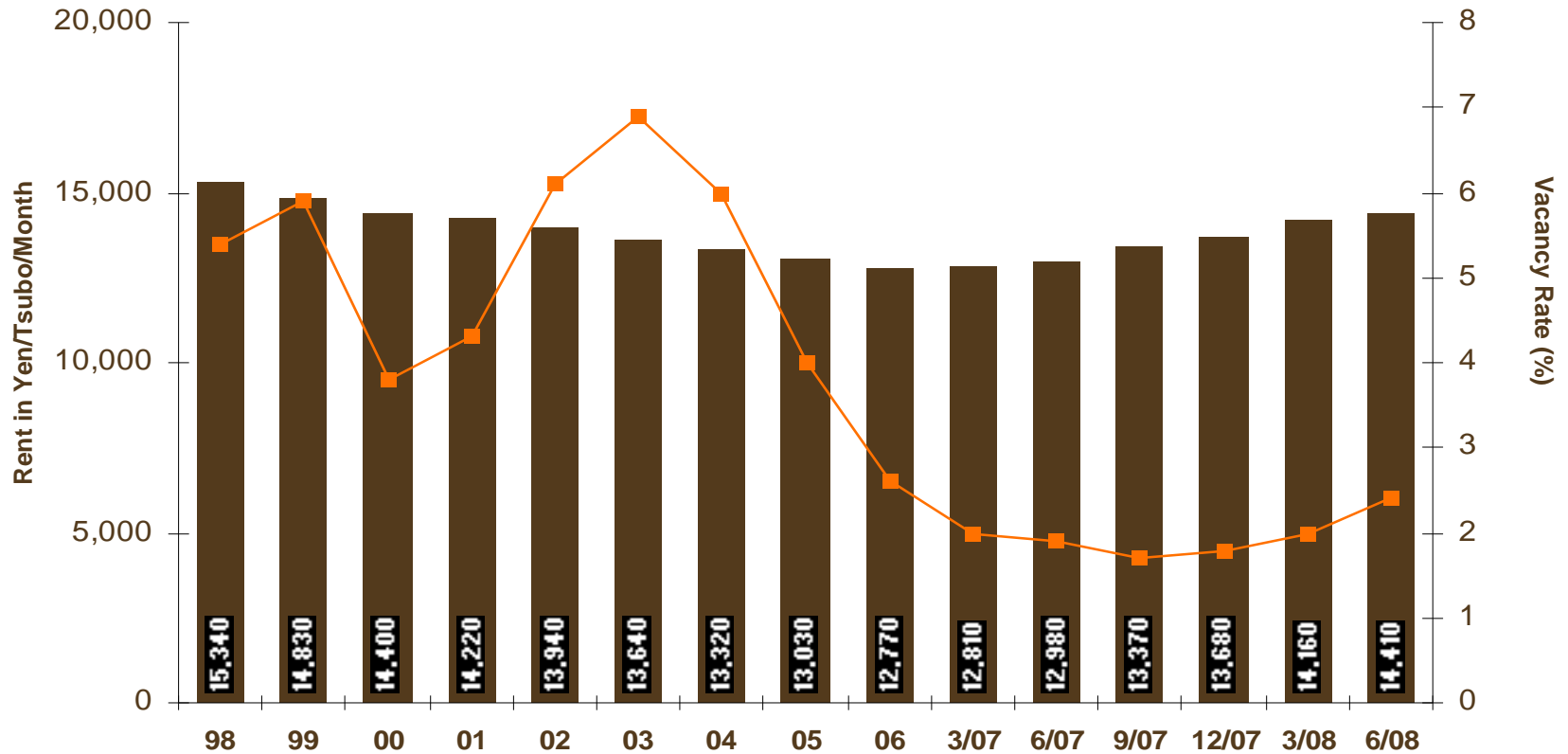


MARKET VACANCY RATE AND AVERAGE OFFICE ASKING RENTS FOR CENTRAL TOKYO'S FIVE WARDS



Source: CBRE

MARKET VACANCY RATE AND AVERAGE OFFICE ASKING RENTS FOR TOKYO'S 23 WARDS



Source: CBRE

DISCLAIMER

This publication is issued by Babcock & Brown Japan Property Management Limited (ABN 94 111 874 563, AFSL 283142) (“BBJPML”) as responsible entity of the Babcock & Brown Japan Property Trust (ARSN 112 799 854) (“BJT”).

BJT and BBJPML, and their related entities, directors, officers, employees, contractors and agents (collectively “BJT Entities”) do not accept, and expressly disclaim, any liability whatsoever (including for negligence) for any loss howsoever arising from any use of this publication or its contents. This publication is not intended to constitute legal, tax or accounting advice or opinion. No representation or warranty, express or implied, is made as to the accuracy, completeness or thoroughness of the content of such information. The recipient should consult with their own legal, tax or accounting advisers as to the accuracy and application of the information contained herein and should conduct their own due diligence and other enquiries in relation to such information.

The information in this publication has not been independently verified by the BJT Entities. The BJT Entities disclaim any responsibility for any errors or omissions in such information, including the financial calculations, projections and forecasts set forth herein. No representation or warranty is made by or on behalf of the BJT Entities that any projection, forecast, calculation, forward-looking statement, assumption or estimate contained in this publication should or will be achieved. None of the BJT Entities or any member of the Babcock & Brown Group guarantees the performance of BJT, the repayment of capital or a particular rate of return on BJT securities.

BBJPML is not licensed to provide financial product advice. This publication is for general information only and does not constitute financial product advice, including personal financial product advice, or an offer, invitation or recommendation in respect of securities, by BBJPML or any other BJT Entities. In providing this publication, the BJT Entities have not considered the objectives, financial position or needs of the recipient. Before making an investment in BJT or any other investment decision in respect of BJT, the recipient should consider whether such an investment is appropriate to their particular investment objectives, financial situation and needs and should obtain and rely on their own professional advice from their tax, legal, accounting and other professional advisers in respect of the recipient’s objectives, financial position and needs.

This publication does not carry any right of redistribution, reproduction or publication. Neither this publication nor any of its contents may be reproduced or used for any purpose without the prior written consent of BJT.

United States: this publication does not constitute an offer of securities in the United States or any other jurisdiction, and the securities referred to in this publication have not been and will not be registered under the United States Securities Act of 1933, as amended. Securities may not be offered or sold in the United States, or to or for the account or benefit of U.S. persons, unless they are registered under the U.S. Securities Act or exempt from registration.