

BABCOCK & BROWN JAPAN PROPERTY TRUST

19 December 2005

ASX Announcement

Babcock & Brown Japan Property Trust Chairman's Address Unitholder Meeting

Please find attached the Chairman's Address made at Babcock & Brown Japan Property Trust Unitholder meeting.

Ends.

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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 13 office and retail properties, with a value of approximately ¥52.3 billion. The Trust is listed on the Australian Stock Exchange, trading under the code BJT.

The Responsible Entity of the Trust is Babcock and 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: <http://www.bbjapanpropertytrust.com>

Chairman's Address

On 16 November 2005 Babcock & Brown Japan Property Trust (BJT) announced the proposed acquisition of an interest in a diversified portfolio of 18 properties located in Japan for approximately ¥38.6 billion or the equivalent of approximately A\$450 million. BJT also announced an equity raising of A\$226 million, through a 10 for 18.835 non-renounceable entitlement offer.

The first stage of the Offer, to institutions, closed heavily subscribed within a day of the Offer being announced. The Retail Offer closed on 9 December and all funds have now been received. Babcock & Brown and the Executive Directors of BBJPM, the responsible entity of the Trust subscribed for their full entitlement under the Offer.

Independent of the proposed offer and acquisitions, BJT also announced the increase of its forecast distribution per unit based on its existing portfolio for the 12 months to 30 June 2006, to 8.9 cents per unit, up from 8.7 cents forecast at the time of its initial public offering (IPO) in April this year.

The proposed acquisitions, which will bring BJT's portfolio to over A\$1 billion, are forecast to further increase distributions above the revised forecast, to a 4.98 cent distribution for the first half of 2006, a further 8.7% increase from the revised forecast of 4.58 cents and an increase of 14.5% in total from the IPO forecast. The proposed acquisitions will not result in any change to BJT's pro forma gearing ratio.

The new portfolio will introduce additional diversification to BJT, with some assets beyond greater Tokyo as well as some residential assets. The post-transaction portfolio will have a 4% exposure to the residential market and an 11% exposure to markets outside of Tokyo, however the focus remains on retail and office properties in central and greater Tokyo.

We are particularly pleased that the forecast post-acquisition distribution at 14.5% over the IPO distribution forecast is based on maintaining the gearing ratio at 52.9%.

The strong underlying performance of the existing portfolio and the number and diversity of the proposed acquisitions is a testament to the Babcock & Brown team in Japan. With the Japanese property market now starting to show strength not seen for over a decade, it is an exciting time for BJT.

The proposed new property portfolio announced at the time of the Offer consists of six retail properties, nine office properties and three residential properties representing approximately 53%, 38% and 9% by value respectively.

These properties are in addition to the existing portfolio of four retail properties (currently representing 48% by value) and eight office properties (currently representing 52% by value).

The post-transaction portfolio will have sector weightings of 50% retail, 46% office and 4% residential. The geographic weightings will be 52% in the central five wards

of Tokyo, 37% in greater Tokyo and 11% in the major regional cities of Kyoto, Nagoya and Sapporo.

As was previously announced on November 30th, the closing of one of the proposed acquisitions, Mukomachi Saty, has already been completed. I am pleased to report that progress is also well advanced on due diligence for the acquisitions of an additional 18% interest in the Kawasaki Dice property and the OS Tsukiji property, with closings for these properties currently expected to take place imminently.

BJT cannot, however, commence acquiring interests in the remaining 15 of the 18 new properties, which represent about 70% by value of the proposed portfolio, without the approval of unitholders because Babcock & Brown currently holds an economic interest in those properties. That is the purpose of today's meeting.

An Independent Experts report considering the acquisition of these properties was included in the Product Disclosure Statement mailed to all unit holders. The Independent experts report contains further detail on the related party properties and the proposed acquisition. In the report the Independent Expert, KPMG, has concluded that "...having considered the overall implications of the Proposal, the Proposal is fair and reasonable to unitholders".

The Independent Directors of BBJPM have unanimously recommended unitholders vote in favour of the Proposal.

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