

# AJA half year results to 31 December 2010

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25 February 2011



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# AGENDA

- Key points
- Financial results
- Portfolio overview and leasing activity
- Capital structure
- Outlook
- Appendices



# Key Points



# KEY FINANCIAL RESULTS

- Net property income of A\$40.8m declined 6.4% on the prior corresponding period, mainly due to a decline in rental levels, particularly in office assets
- Net operating profit after tax of A\$23.2m was down 12.8% on the prior corresponding period, reflecting the decline in net property income
- Statutory net loss after income tax of A\$2.3m substantially improved from a A\$35.1m loss in the prior corresponding period. Statutory net loss for the period ending 31 December 2010 includes non-cash items of A\$25.5m, primarily comprised of A\$40.8m in downward property revaluations compared to A\$73.5m in the prior corresponding period, and a A\$16.5m gain on foreign exchange hedges
- Funds from operations (FFO)<sup>1</sup> of ¥1.6bn (38.0 cps, approx.) down ¥0.4bn relative to the prior corresponding period reflecting continued softness in market rents and increased debt service costs
- Interim distribution of 22.5 cps after applying 3.6 cps for debt amortisation commitments and retaining the balance for capital management purposes
- Following valuation review of all properties, only 11 of 41 portfolio properties were required to be revalued as at 31 December 2010, resulting in a downward revaluation to the portfolio of 2.9% to ¥106.4bn (A\$1.3bn)
- Portfolio occupancy by area remains strong at 93.8% as at 31 December 2010 versus 93.0% as at 30 June 2010
- Portfolio debt service coverage ratio (DSCR)<sup>2</sup> remains healthy at 2.9x

**Note: All per security figures quoted in this presentation are a pro-forma calculation to reflect the security consolidation completed subsequent to 31 December 2010**

<sup>1</sup> FFO consists of operating cashflow excluding foreign exchange hedge income (i.e. unrealised and realised gains from derivatives plus net interest income from capital hedges), Japanese withholding tax, Australian income tax and debt amortisation

<sup>2</sup> Portfolio DSCR is FFO before debt service costs divided by debt service costs

# ACHIEVEMENTS DURING THE HALF YEAR

## Debt refinancing

- ✓ Completed refinancing of ¥13.6bn senior loan to JPT Scarlett Co. Ltd (JPTS) with the closing of a senior loan of ¥13.729bn (A\$165m, at A\$1=¥83), maturing in April 2015
- ✓ JPTS holds 15 assets, representing approximately 21% of AJA's property interests by book value
- ✓ All-in interest cost of approximately 394 bps
- ✓ No LTV covenant
- ✓ DSCR covenant test; failure to satisfy DSCR test does not lead to default, rather to cash flow being used to pay down the loan until the test is again satisfied
- ✓ AJA has successfully refinanced debt supporting approximately 46% of property assets, representing NTA of around A\$5.31 per security, with term debt maturing in 2015
- ✓ Next debt maturity is not until May 2012

## Asset sales

- ✓ Closed the sale of two Tokyo office assets, Kokusai Nihombashi for ¥3.75 bn (A\$45m at A\$1=¥83) and Prime Tsukiji for ¥875m (A\$11m at A\$1=¥83)
- ✓ Sale proceeds used for the partial repayment of the JPTS loan prior to its refinance
- ✓ Both assets sold at above book value
  - Kokusai Nihombashi sale price represented a 9% premium to book value
  - Prime Tsukiji sale price represented a 6% premium to book value
- ✓ Since IPO, in total nearly A\$400m of AJA assets have been sold at a 7% premium to book value and an 18% premium to acquisition cost. Almost all of these sales – representing about 14% of AJA's portfolio at its peak – have taken place since the onset of the global financial crisis in 2007

# ACHIEVEMENTS DURING THE HALF YEAR

## Property valuations

- ✓ Following valuation review of all properties, 11 of 41 properties were required to be revalued as at 31 December 2010, resulting in a downward revaluation of the portfolio of 2.9% to ¥106.4bn after the sale of Kokusai Nihombashi and Prime Tsukiji in September 2010
- ✓ Capitalisation rates by segment were unchanged from 30 June 2010 to 31 December 2010. Cyclical expansion in capitalisation rates appears to be concluding

## Security consolidation

- ✓ 10-for-1 consolidation of AJA securities completed on 19 January 2011. Resumption of normal trading commenced on 27 January 2011

# Financial Results



# FINANCIAL RESULTS

	Six months to 31 Dec 2010 <sup>1</sup>	Six months to 31 Dec 2009 <sup>2</sup>	Change
Net property income (¥)	¥3.2 bn	¥3.5 bn	-8.6%
Net property income (A\$)	\$40.8 m	\$43.6 m	-6.4%
Net operating profit after income tax (A\$)	\$23.2 m	\$26.6 m	-12.8%
Net operating profit after income tax per security (A\$)	45.6¢	52.4¢	-12.8%
Net loss after income tax (A\$)	\$(2.3) m	\$(35.1) m	+93.6%
FFO (¥)	¥1.6 bn	¥2.0 bn	-21.4%
FFO per security (¥)	¥30.8	¥39.2	-21.4%
Distribution per security (A\$)	22.5¢	35.0¢	-35.7%

	31 Dec 2010 <sup>3</sup>	30 June 2010 <sup>4</sup>	Change
Total assets (A\$)	\$1.4 bn	\$1.7 bn	-14.1%
Economic NTA per security (A\$)	\$6.51	\$7.12	-8.5%
A-IFRS NTA per security (A\$)	\$5.65	\$6.43	-12.1%

- Net property income declined 6.4% on the prior corresponding period, mainly due to a decline in rental levels primarily in office assets
- Net operating profit after tax of A\$23.2m was down 12.8% on the prior corresponding period, reflecting the decline in net property income
- Statutory net loss after income tax includes non-cash items of A\$25.5m, primarily comprised of A\$40.8m in downward property revaluations compared to A\$73.5m in the prior corresponding period, and a A\$16.5m gain on foreign exchange hedges
- FFO of ¥1.6bn (38.0 cps, approx.) down ¥0.4bn relative to the prior corresponding period reflecting continued softness in market rents and increased debt service costs
- Interim distribution of 22.5 cps after applying 3.6 cps for debt amortisation commitments and the balance retained for capital management purposes
- Economic NTA of A\$6.51 per security at 31 December 2010 reflects an economic calculation based on the fact that, due to the non-recourse nature of the asset-specific debt in each of the five subsidiary investment vehicles (TKs) which are consolidated by the Group, the effective NTA of any TK cannot be less than zero as a result of a TK's debt liabilities being greater than the value of its assets

<sup>1</sup> Average exchange rate for period of A\$1.00 = 79.52

<sup>2</sup> Average exchange rate for period of A\$1.00 = 79.80

<sup>3</sup> Exchange rate of A\$1.00 = 82.77 at 31 December 2010

<sup>4</sup> Exchange rate of A\$1.00 = 75.71 at 30 June 2010

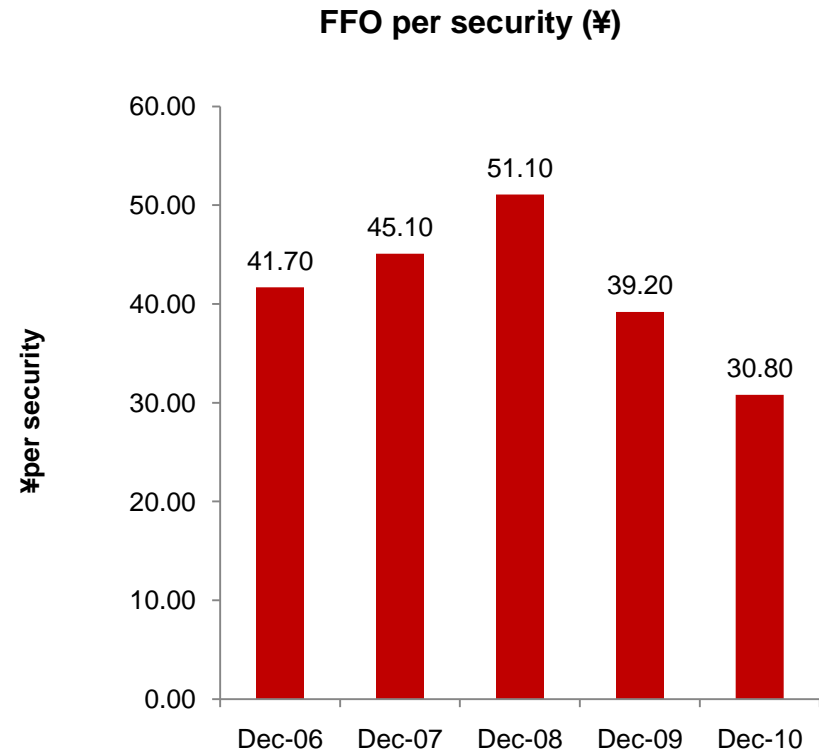
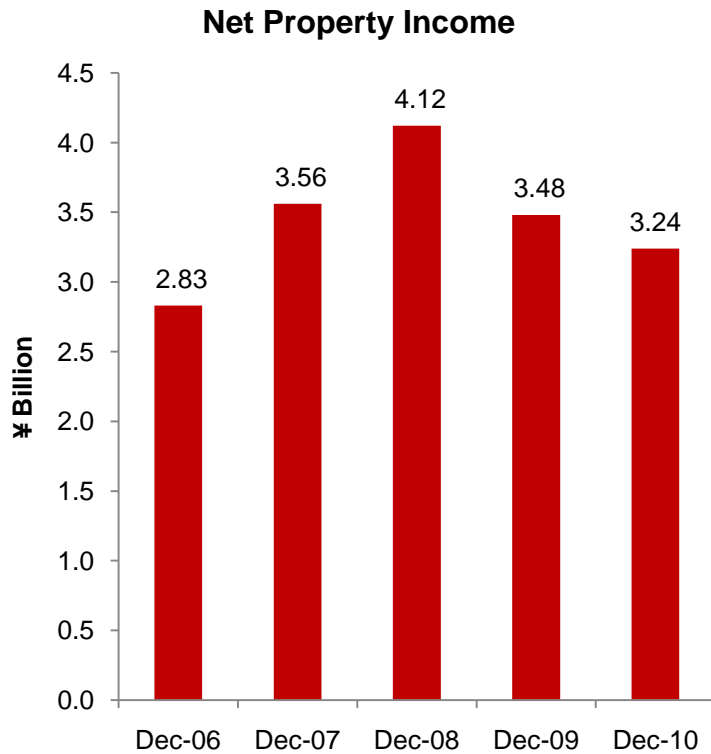
# MAIN COMPONENTS OF LIKE-FOR-LIKE NET PROPERTY INCOME DECLINE

Property revenue (¥ million)	Six months to 31 Dec 2010	Six months to 31 Dec 2009	Change
Retail	2,345	2,300	2.0%
Office	1,944	2,191	-11.3%
Residential	363	429	-15.4%
<b>Total portfolio</b>	<b>4,652</b>	<b>4,920</b>	<b>-5.4%</b>

Occupancy by area	31 Dec 2010	31 Dec 2009	Change
Retail	98.9%	97.6%	1.3%
Office	79.5%	79.1%	0.4%
Residential	99.3%	99.6%	-0.3%
<b>Total portfolio</b>	<b>93.8%</b>	<b>92.7%</b>	<b>1.1%</b>

- Property revenue declined relative to the prior corresponding period reflecting the continued softness in market rents, particularly in the office segment
  - Of the 15.4% decline in residential property revenue, Tosabori contributed approximately 14.2%
  - Rental levels in the retail segment continue to show resilience
- Period end occupancy improved relative to the prior corresponding period
  - Office occupancy improved marginally period-on-period, partly reflecting the disposal of Kokusai Nihombashi (100% vacant) in September 2010
  - Retail occupancy continues to show improvement relative to the prior corresponding period

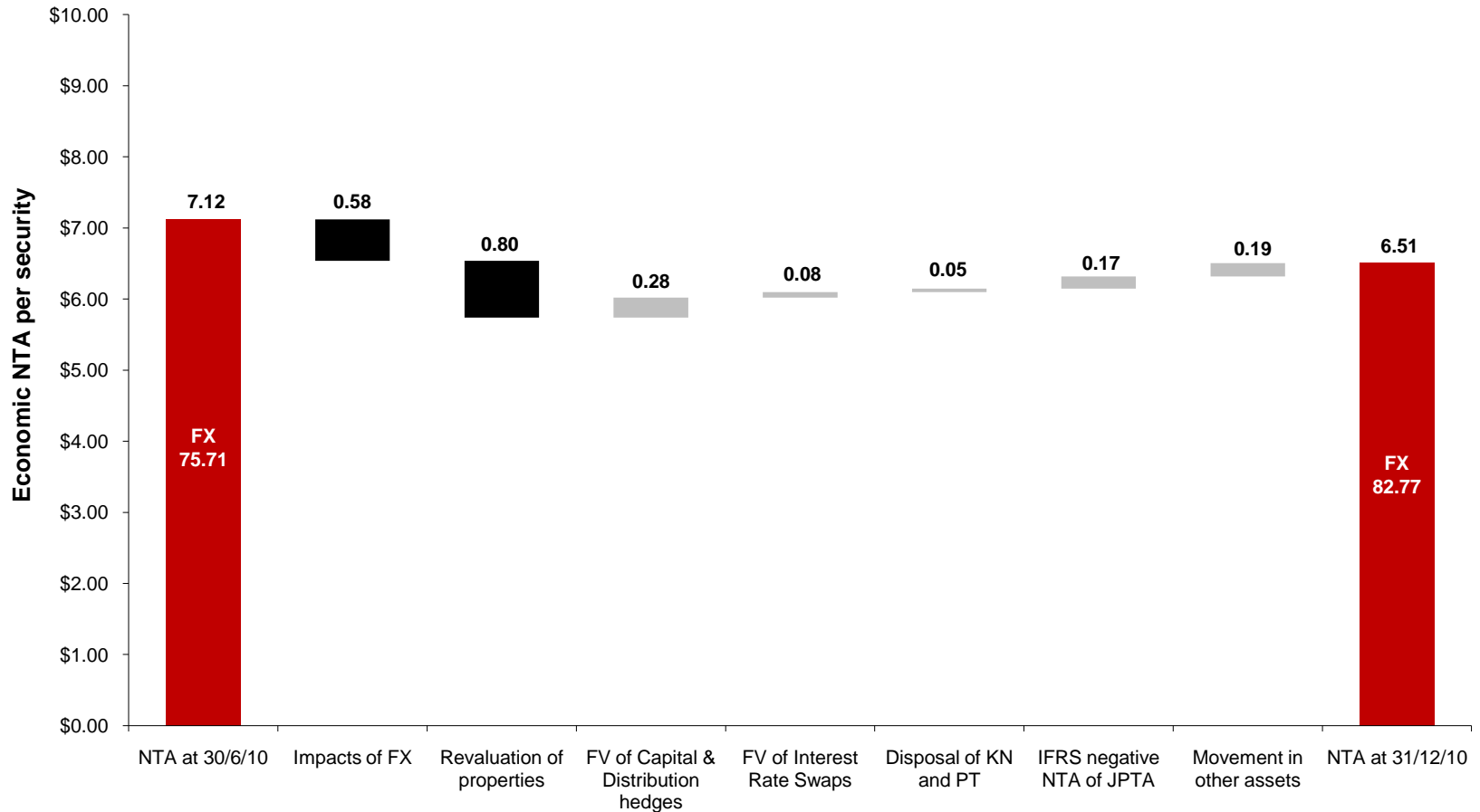
# OPERATING PERFORMANCE



# ECONOMIC NTA PER SECURITY<sup>1</sup>

## Movement for six months to 31 December 2010

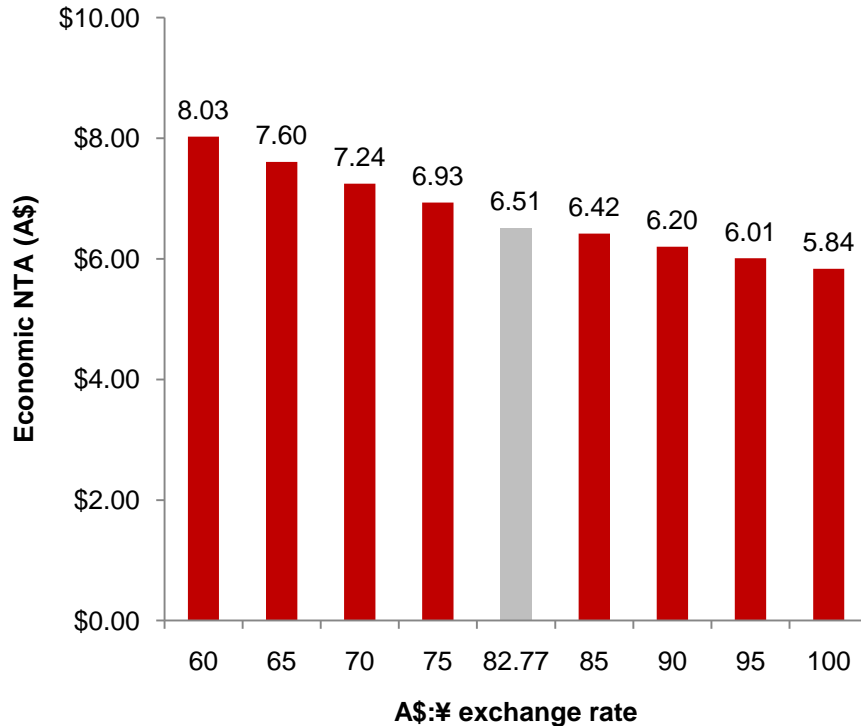
Economic NTA movement (A\$ per security)



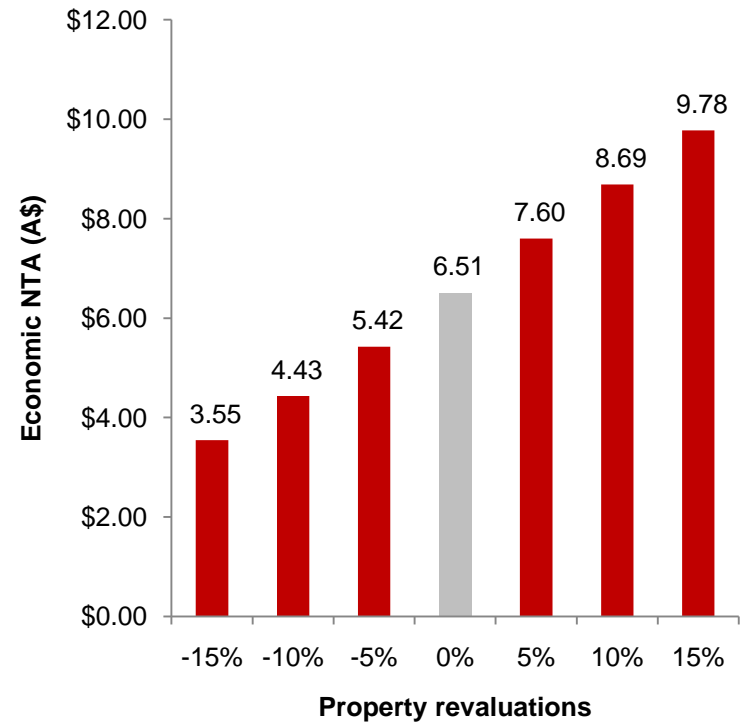
<sup>1</sup> Economic NTA per security reflects an economic calculation based on the fact that, due to the non-recourse nature of the asset-specific debt in each of the five subsidiary investment vehicles (TKs) which are consolidated by the Group, the effective NTA of any TK cannot be less than zero as a result of a TK's debt liabilities being greater than the value of its assets. Calculated under A-IFRS, NTA at 31 December 2010 is A\$5.65 per security and NTA at 30 June 2010 was A\$6.43 per security

# ECONOMIC NTA<sup>1</sup> SENSITIVITIES

**Economic NTA sensitivity to A\$:¥ exchange rate**



**Economic NTA sensitivity to revaluations**



<sup>1</sup> Economic NTA per security reflects an economic calculation based on the fact that, due to the non-recourse nature of the asset-specific debt in each of the five subsidiary investment vehicles (TKs) which are consolidated by the Group, the effective NTA of any TK cannot be less than zero as a result of a TK's debt liabilities being greater than the value of its assets

# Portfolio Overview and Leasing Activity



# PORTFOLIO OVERVIEW

	31 Dec 2010	30 Jun 2010	Change
Portfolio value	¥106.4 bn	¥113.9bn	-6.6%
Total number of properties	41	43	-2
NRA (sqm)	270,052	275,981	-2.1%
Occupancy by area	93.8%	93.0%	0.8%
Number of leases	398	402	-4
% non-cancellable leases by income	50.2%	48.4%	1.8%
Weighted average term to expiry (WALE) (non-cancellable leases) – years	5.0 years	5.5 years	-0.5 years

- Property portfolio value has decreased to ¥106.4bn at 31 December 2010 from ¥113.9bn at 30 June 2010 following a fair value adjustment of ¥3.2bn at December 2010 and asset sales of ¥4.3bn (book value) during the half year period
- Occupancy by area has improved relative to the June period end, supported by the continued strength in retail occupancy
- Around 400 leases; top 10 tenants account for approximately one-third of revenue
- Proportion of non-cancellable leases (mainly in retail assets) remains high at over 50% by income, contributing to some stability to the Group's medium-term portfolio income stream

# TOP 10 PROPERTIES

As at 31 December 2010

Property	Property type	Carrying value at 31 Dec 2010 (¥bn)	% of portfolio	Occupancy by area
Kawasaki Dice	Retail	12.3	11.6%	99.3%
Konan Home Centre	Retail	10.5	9.9%	100.0%
JN	Office	8.6	8.0%	96.5%
Ginza Dowa	Office	7.5	7.1%	89.7%
Osaka No. 4	Office	7.0	6.6%	75.4%
Shinjuku Fuji	Retail	4.5	4.3%	100.0%
Tosabori	Residential	4.4	4.2%	100.0%
Mukomachi Saty	Retail	4.2	4.0%	100.0%
Osaka No. 3	Office	2.9	2.7%	83.8%
Sekijomachi	Residential	2.7	2.5%	100.0%
<b>TOTAL</b>		<b>64.6</b>	<b>60.9%</b>	

# TOP 10 TENANTS

As at 31 December 2010

Tenant Name	Property	Industry	Lease type	% of Trust's total passing rent + CAM	Lease expiry date
Toyota Tsusho Corp / Konan Shoji	Konan Home Centre	Trading / Retail	Fixed non-cancellable <sup>1</sup>	7.5%	March 2025
Mycal	Mukomachi Saty	Retail	Standard non-cancellable <sup>2</sup>	4.4%	June 2020
Takuto Kanri	Tosabori	Real Estate	Fixed non-cancellable <sup>3</sup>	3.7%	December 2014
Best Denki	Kawasaki Dice	Retail	Standard non-cancellable <sup>4</sup>	3.1%	August 2013
Matahari	Kawasaki Dice	Game Centre	Standard non-cancellable <sup>5</sup>	2.6%	August 2023
Kyodo PR	Ginza Dowa	Advertising	Standard	2.6%	January 2012
Gaia	Shinjuku Fuji	Game Centre	Fixed non-cancellable <sup>6</sup>	2.5%	July 2020
Jikei Space	Sekijomachi	School	Standard cancellable <sup>7</sup>	2.4%	March 2022
Konami Sports & Life	Shibuya Konami	Fitness Club	Standard non-cancellable <sup>8</sup>	2.1%	March 2019
City of Yokohama	JN	Government	Standard	2.0%	March 2011
<b>TOTAL</b>				<b>32.9%</b>	

<sup>1</sup> Master leased. Lease to Toyota Tsusho until March 2017. Thereafter until March 2025 direct lease to current occupant. Konan Shoji

<sup>2</sup> Non-cancellable until June 2011. Post 31 December 2010, in-principle agreement to extend non-cancellable period to June 2012

<sup>3</sup> Non-cancellable until December 2014

<sup>4</sup> Non-cancellable until August 2013

<sup>5</sup> Non-cancellable until August 2013

<sup>6</sup> Non-cancellable until July 2012

<sup>7</sup> Cancellable only when the lessor agrees and lessee forfeits the tenant deposit

<sup>8</sup> Non-cancellable until March 2014

# LEASING ACTIVITY

For half year ended 31 December 2010

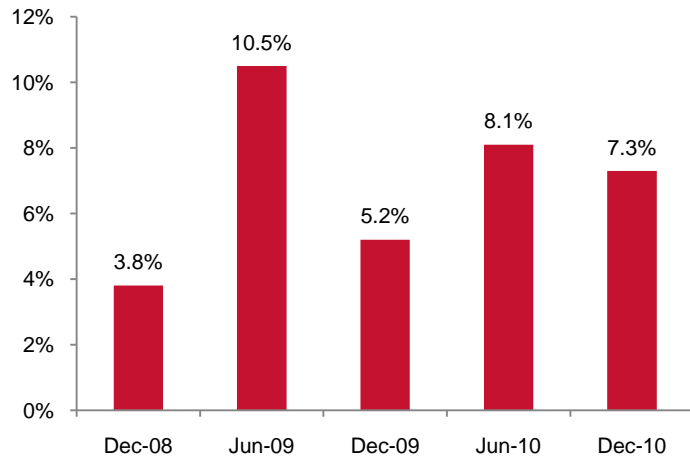
Leasing activity	No. of leases	% of NRA	% of portfolio income <sup>1</sup>
<b>Expired / renewed leases</b>			
Expired leases	(32)	(1.9)%	(4.3)%
Renewed leases	32	1.9%	4.3%
<b>Net change due to renewals</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>
Cancelled leases	(31)	(7.3)%	(10.0)%
New leases	31	6.6%	6.8%
<b>Net change due to new / cancelled leases</b>	<b>0</b>	<b>(0.7)%</b>	<b>(3.2)%</b>
<b>Net increase / (decrease) in occupied area</b>	<b>0</b>	<b>(0.7)%</b>	<b>(3.2)%</b>

- All 32 leases that expired during the period (equivalent to 4.3% of portfolio income) were renewed by their existing tenants. 31 of the 32 renewed leases were at rents equal to previous rents
- All leases cancelled during the period have been replaced. Some of the new leases replaced during the period were replaced at lower rents. Of the 3.2% decline in portfolio income, from new/cancelled leases, 1.6% represents the replacement of the master lessee of Tosabori
- Total decline in portfolio income due to cancelled leases and leases replaced at lower rents equivalent to 3.2% of portfolio income

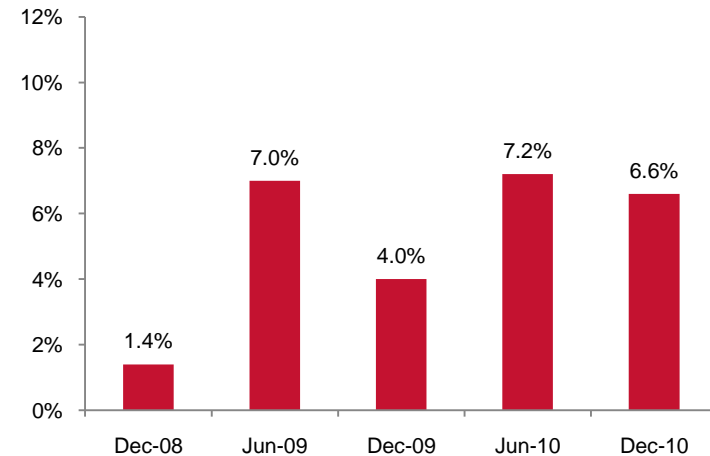
<sup>1</sup> Rent and Common Area Maintenance (CAM) as a percentage of the portfolio at December 2010

# LEASING ACTIVITY COMPARISON

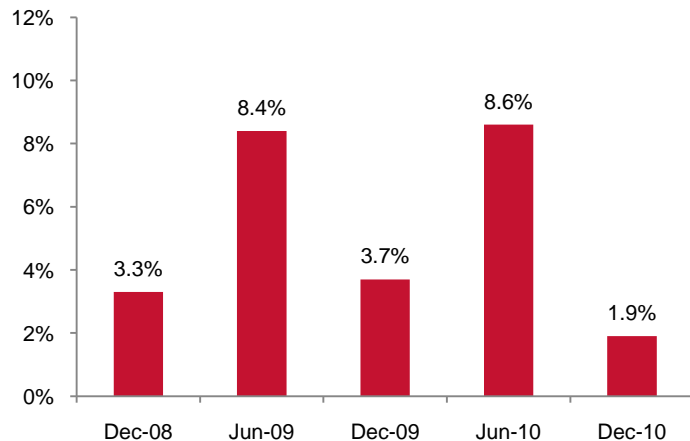
**Cancelled leases (% of NRA)**



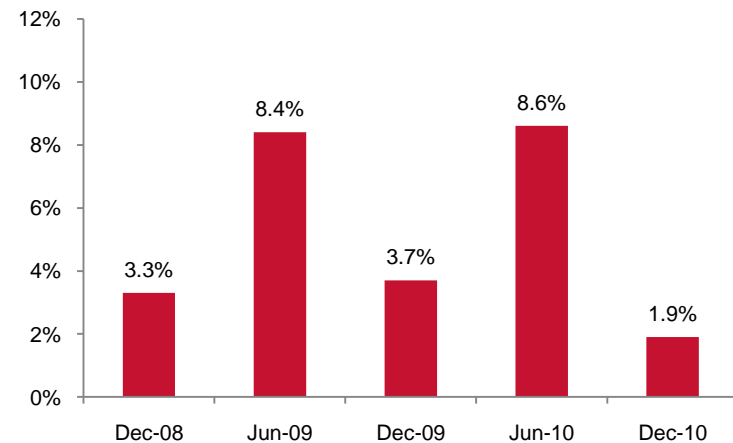
**New leases (% of NRA)**



**Expired leases (% of NRA)**



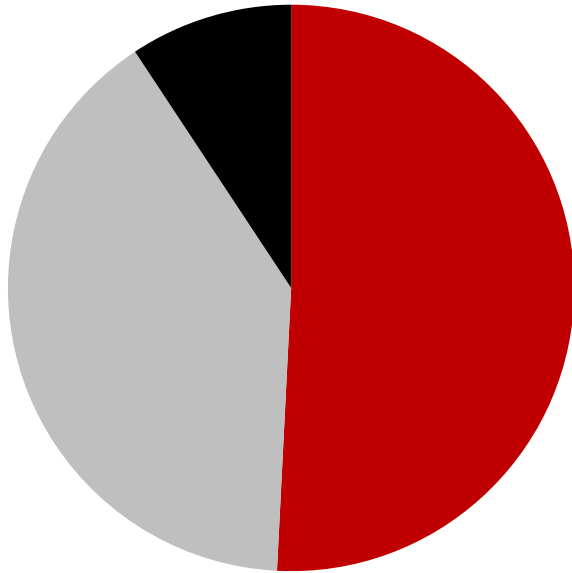
**Renewed leases (% of NRA)**



Note: December data reflects half year-to-date data and June data reflects full year-to-date data

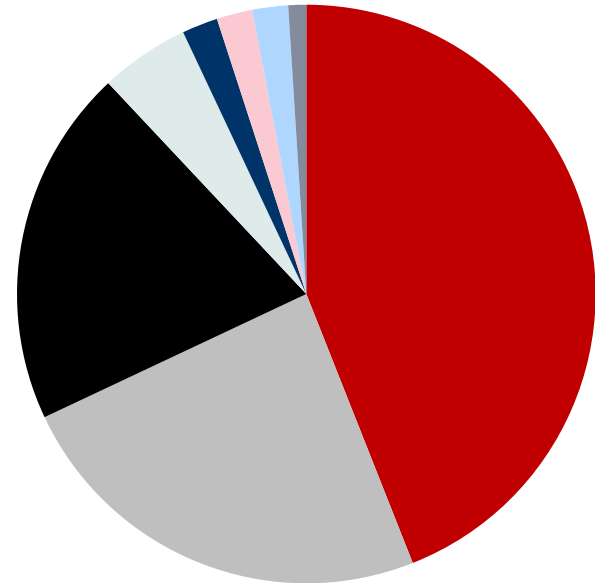
# PORTFOLIO DIVERSIFICATION

Asset class diversification (by value)



■ Retail - 51% ■ Office - 40% ■ Residential - 9%

Geographic diversification (by value)



■ Greater Tokyo - 44% ■ Central Tokyo - 24% ■ Greater Osaka - 20% ■ Hokkaido - 5%  
■ Okinawa - 2% ■ Shizuoka - 2% ■ Fukuoka - 2% ■ Aichi - 1%

- Post asset sales in September 2010 and property revaluations in December 2010:
  - Retail increased to 51% from 48% at June 2010
  - Office decreased to 40% from 43% at June 2010
  - Residential remained at 9% of the total portfolio
- Approximately 68% concentration of properties in Central and Greater Tokyo

# PROPERTY REVALUATIONS

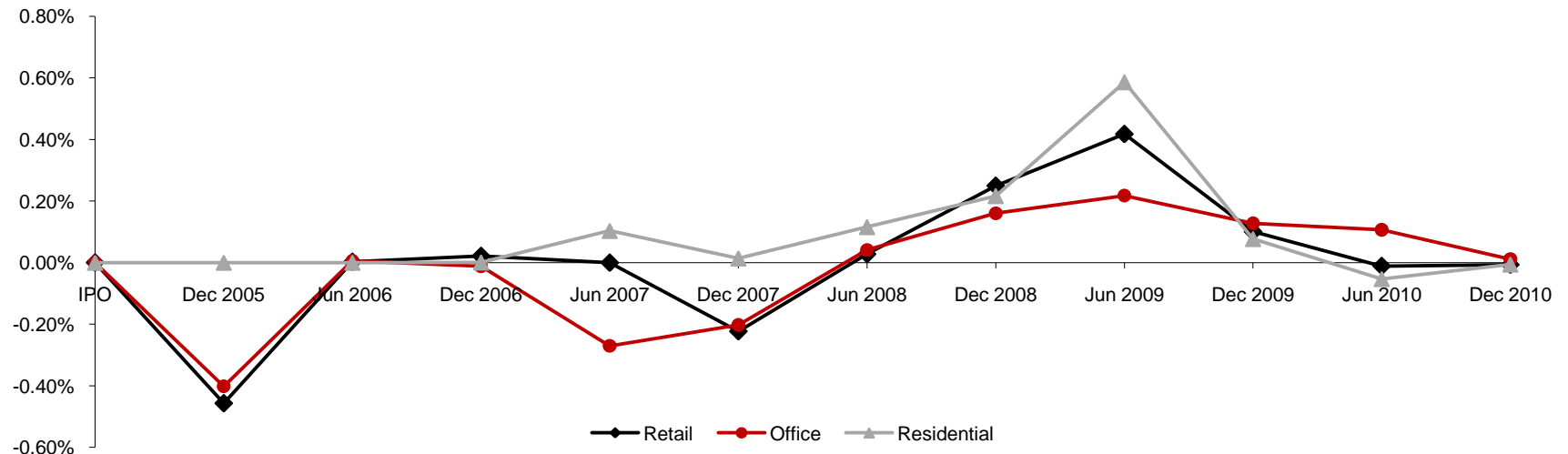
- Fair values of all 41 portfolio properties were assessed at 31 December 2010
- All independent valuers used are also used by J-REITs
- As a result of the review, only 11 properties were required to be revalued as at 31 December 2010
- Over the half year period, AJA's portfolio was revalued downwards by 2.9% to ¥106.4bn (A\$1.3bn) following a fair value adjustment of ¥3.2bn at December 2010 and asset sales of ¥4.3bn (book value) during the period
  - Office assets continued to show weakness, with downward revaluations for this segment accounting for more than half of the overall downward portfolio revaluation
  - Osaka office market continues to be weaker than Tokyo with downward revaluations in Osaka representing nearly 60% of the total downward revaluation in office assets

# PROPERTY REVALUATIONS – CAP RATE TRENDS

- Weighted average capitalisation rate used by valuers for the portfolio was unchanged from 30 June 2010 to 31 December 2010 at 5.6%

Valuers' Capitalisation Rates by Segment	Dec 2010	Jun 2010
Retail	5.8%	5.8%
Office	5.3%	5.3%
Residential	6.2%	6.2%
<b>Total</b>	<b>5.6%</b>	<b>5.6%</b>

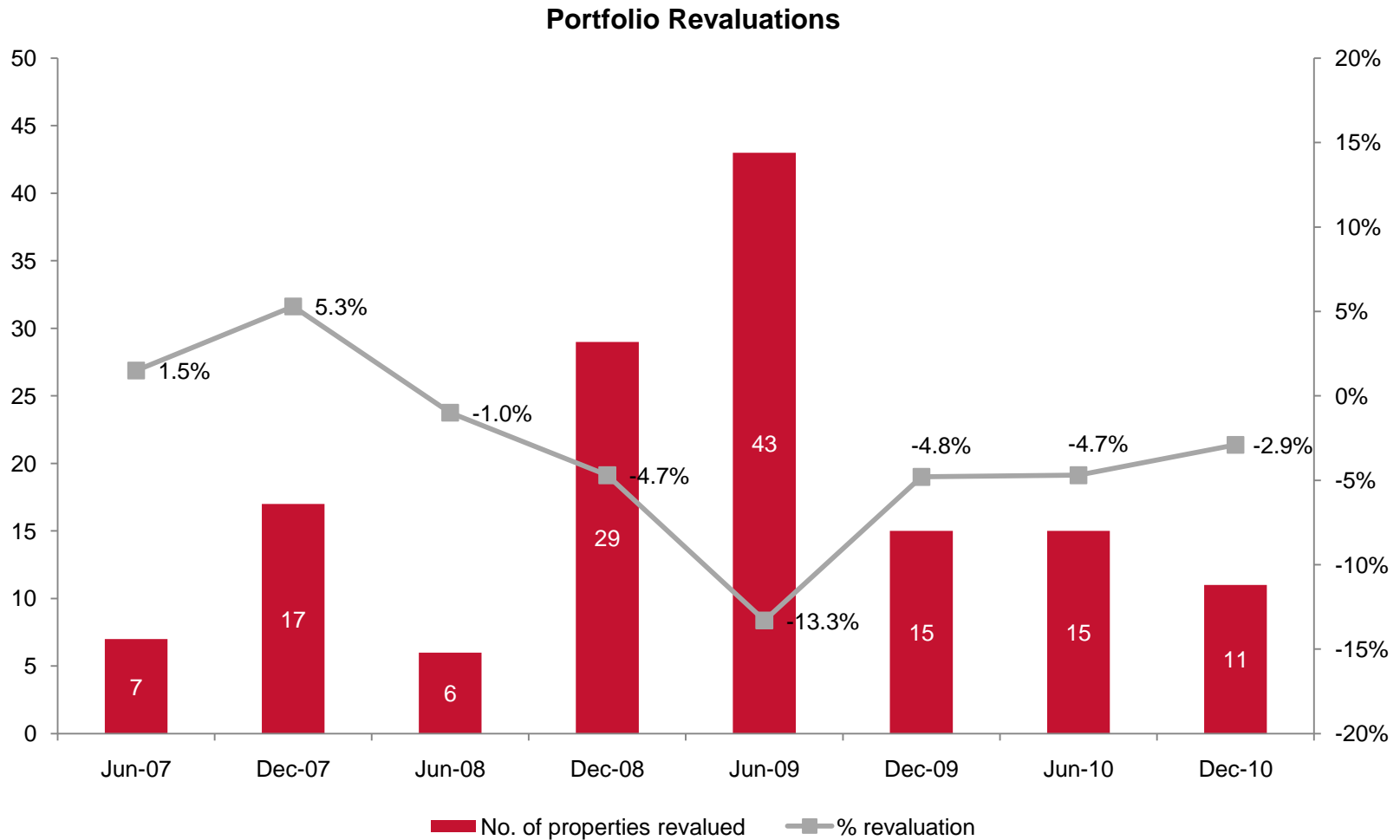
Changes in Valuers' Capitalisation Rates



# REVISED VALUATION POLICY

- Changes to AJA's valuation policy were implemented in response to new rule changes introduced by Japan's Ministry of Land, Infrastructure and Transport
- Under the new rules, external appraisers will no longer permit companies to publicly announce values derived from a "desktop" valuation, an abbreviated opinion of value
- New policy intended to lower overall valuation cost by eliminating automatic external valuation of smaller assets, whilst retaining valuation integrity in context of new rules
- Previously, under the old valuation policy, all properties were externally reviewed at each reporting date. Under the new valuation policy:
  1. At each reporting date (i.e. 30 June and 31 December), independent valuations will be obtained on:
    - each of the top 10 properties by value;
    - where required by a lender; and
    - other properties to ensure that not less than 75% of the portfolio by value is independently valued
  2. At each reporting date, all property values not otherwise subject to independent valuation must be reviewed by the Asset Manager. If the Asset Manager determines a material change in value has occurred, then an independent valuation must be obtained
  3. All properties must be independently valued by external appraisers every 3 years

# CONTRACTION IN PORTFOLIO VALUATION IS EASING



# PORTFOLIO YIELD DATA AS AT 31 DECEMBER 2010

Asset class	Original NOI yield / purchase price	Current NOI yield / current book value December 2010	Valuation cap rates <sup>1</sup> December 2010
Retail	5.3%	6.2%	5.8%
Office	5.0%	5.8%	5.3%
Residential	5.5%	6.1%	6.2%
<b>Total</b>	<b>5.2%</b>	<b>6.1%</b>	<b>5.6%</b>

<sup>1</sup> Cap rate used by valuers for NCF (Net operating income less leasing fees less capex)

# Capital structure



# PORTFOLIO CAPITAL STRUCTURE BY TK

	AJA value Dec 2010 (¥ bn)	Loan amt (¥ bn) <sup>1</sup>	Book NTA (¥ bn)	Book NTA per security (¥)	LTV at Dec 10 (%)	LTV covenant test	DSCR covenant test <sup>2</sup>	DSCR at Dec 2010	Maturity	Total interest rate (%)	FFO per security 6 mths to 31 Dec 10 (¥)	Amortisation per security 6 mths to 31 Dec 10 (¥)
JPT	26.6	13.4	13.2	259.4	50.4%	None	Stress: Over 1.28x	Stress: 1.7x	Mar 2015	2.15%	9.27	0.45
JPTC	25.3	20.2	5.1	99.8	79.9%	LTV of less than 80%	Actual: Over 1.5x (on Kawasaki Dice only)	Actual: 8.4x	Dec 2012	1.20%	9.13	2.46
JPTS	22.6	13.7	8.9	175.2	60.7%	None	Stress: 1.2x	Stress: 1.7x <sup>3</sup>	Apr 2015	3.94%	6.57	-
JPTD	17.1	15.5	1.6	31.7	90.6%	None	Stress: Over 1.15x	Stress: 1.5x	May 2012	2.72%	4.89	-
JPTA	14.9	18.8	-3.9	-76.9	126.3%	None	Stress: Over 1.1x	Stress: 1.4x	Aug 2012	2.19%	2.88	-
Portfolio	106.4	81.6	24.8	489.2	76.6%	N/A	N/A	N/A	N/A	2.33%	32.74	2.91

<sup>1</sup> Loan amounts as at 31 December 2010

<sup>2</sup> Actual DSCR based on actual loan payment whereas Stress DSCR based on theoretical loan payment constants

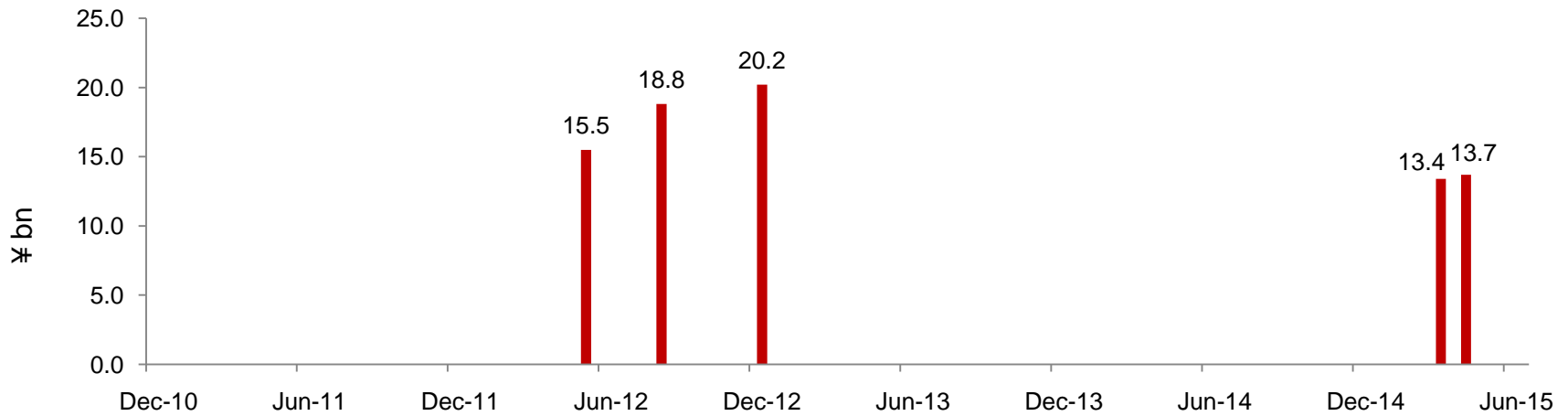
<sup>3</sup> Reflects estimate of DSCR at time of refinance. No DSCR test until April 2011

<sup>4</sup> Amortisation calculated based on commencement in October 2010. Semi-annual amortisation is ¥250m

# DEBT OVERVIEW AND MATURITY PROFILE

- Total AJA debt is 5 separate, non-recourse, asset-specific loans, all borrowed in ¥ in Japan. Two loans reached maturity in 2010 and were refinanced until 2015
- No cross-collateralisation or cross-default between loans
- With the exception of one loan, there are no provisions in the debt covenants which enable lenders to call in their loans based on falls in property values
- None of the loans contain covenants which take into account FX hedging mark-to-market
- Weighted average portfolio interest rate is approximately 2.33% assuming 3 month Yen LIBOR rate of 0.197%
- Approximately 57% of AJA's debt is currently based on a floating rate
- Portfolio DSCR of 2.9x

**Debt Maturity Profile as at 31 December 2010 (¥ bn)**



# FOREIGN EXCHANGE HEDGING PROFILE

## Capital hedge maturity profile

Settlement date	AJA receives AUD	AJA pays JPY	Exchange rate	Interest rate spread	Annual net payment to AJA (A\$000s)
Aug 2011	14,724,649	1,500,000,000	101.9	6.19%	874.8
Aug 2012	20,614,509	2,100,000,000	101.9	6.01%	1,183.4
Aug 2013	16,687,936	1,700,000,000	101.9	5.86%	929.6
Aug 2014	22,577,795	2,300,000,000	101.9	5.69%	1,214.8
Aug 2016	14,724,649	1,500,000,000	101.9	5.39%	742.2
Total	89,329,538	9,100,000,000			4,944.8

- Approximately 36.7% of net property book value (i.e. gross property book value by TK less senior loan value by TK) is hedged
- As at 31 December 2010 at A\$1= ¥82.77, AJA's net capital hedge position is A\$4.6m in-the-money :
  - Capital hedges were A\$19.2m out-of-the money (excluding collateral)
  - AJA has ¥2.0bn (A\$23.8m) in cash collateral posted
- The last of AJA's distribution hedges – a forward FX arrangement to sell Yen for A\$ at A\$1=¥68.00 was completed on 16 December 2010

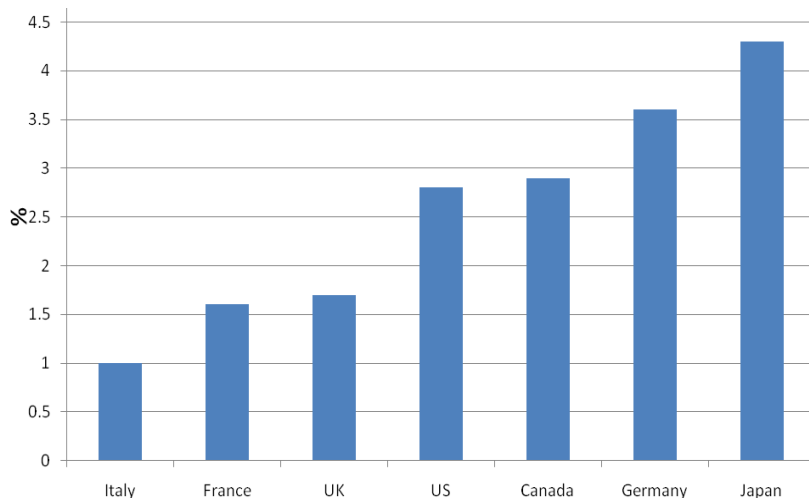
# Outlook



# OUTLOOK

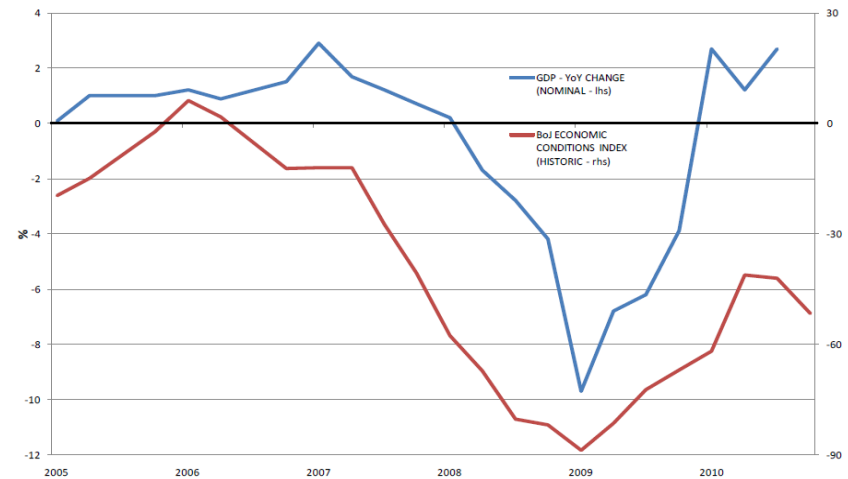
- Japanese economy in 2010 showed a faster turnaround than had been expected and outpaced growth in other major OECD economies. Significantly, nominal, as well as real GDP has returned to growth for the first time since 2007
- Valuers believe 2011 is seeing a stabilisation – and even in places perhaps a slight tightening – in cap rates
- Increases in vacancy rates for Tokyo Central five wards showing signs of slowing having approached high single-digit peak levels of past downturns
- J-REITS have already completed over A\$500m of capital raisings in 2011 versus A\$1.7bn in 2010 and around A\$1bn of asset purchases
- Significant easing in the downward pressure on AJA's net property income is expected with standard office leases having been through a full 2 year cycle since the GFC/'Lehman shock'. A high proportion – 50% – of non-cancellable revenues provide core revenue stability. These revenues are predominantly retail, the largest segment of the portfolio
- Debt markets have continued to improve significantly

## 2010 Estimated Real GDP Growth



Source: BoJ, Mizuho International Plc

## Japanese Economic Outlook



Source: BoJ, ESRI, Mizuho International Plc

# STRATEGIC PRIORITIES AND GOALS

## Protecting core equity value in AJA's three main property portfolios

- AJA's 3 core portfolios, JPT, JPTS and JPTC, which have a combined LTV of 63% and account for over 80% of NTA<sup>1</sup>, are the focus of management efforts to protect equity value in a capital efficient manner
- Senior debt refinanced in 2010, now with a 2015 maturity, supports approximately 46% of property assets in which AJA holds an economic interest

## Hedging: Ongoing reduction of foreign exchange hedging

- Capital hedges: Book has been reduced by approximately 64% in the past 2 years. Continued focus on opportunistic reduction. First maturity due in August 2011
- Distribution hedges: No distribution hedges currently in place; not expected to be re-implemented for further periods of more than 12 months, if at all

## Continuity of distributions

- Continued focus on prudent capital management which seeks to maximise equity returns and the continuation of distributions to securityholders
- Since IPO in 2005, AJA has paid out a distribution for every 6 month period and has not deferred or suspended distributions
- Total distributions of A\$5.30 per security have been paid to securityholders since IPO
- Based on current market conditions, the Board confirms distribution guidance for FY11 of 45 cents per security
- Based on current market conditions, the Board anticipates that there will be no significant difference in operating performance in the second half of the 2011 financial year compared to the first half

<sup>1</sup> NTA per security reflects an economic calculation based on the fact that, due to the non-recourse nature of the asset-specific debt in each of the five subsidiary investment vehicles (TKs) which are consolidated by the Group, the effective NTA of any TK cannot be less than zero as a result of a TK's debt liabilities being greater than the value of its assets. Calculated under A-IFRS, NTA at 31 December 2010 is A\$5.65 per security

# Appendices



# INCOME STATEMENT

	31 Dec 2010 – \$'000	31 Dec 2009 – \$'000	31 Dec 2010 – ¥ '000	31 Dec 2009 – ¥'000
<b>Net Property Income</b>				
Property revenue	58,577	61,728	4,652,386	4,919,750
Property expenses	(17,824)	(18,156)	(1,417,310)	(1,444,947)
<b>Net property income</b>	<b>40,753</b>	<b>43,572</b>	<b>3,235,076</b>	<b>3,474,803</b>
Interest income	207	112	16,415	8,938
Share of net profit of associates	955	(607)	75,934	(48,439)
Other income	5	14	379	1,117
<b>Total income</b>	<b>41,920</b>	<b>43,091</b>	<b>3,327,804</b>	<b>3,436,419</b>
<b>Expenses</b>				
Asset Management fees	(3,803)	(5,071)	(301,962)	(404,666)
Borrowing expense	(12,135)	(11,961)	(963,769)	(954,488)
Other expenses	(2,682)	(1,763)	(212,688)	(140,607)
Total Expenses	(18,620)	(18,795)	(1,478,419)	(1,499,761)
<b>Net Operating Profit before tax</b>	<b>23,300</b>	<b>24,296</b>	<b>1,849,385</b>	<b>1,936,658</b>
Income tax benefit/(expense)	(105)	2,337	(5,879)	186,413
<b>Net Operating Profit after tax</b>	<b>23,195</b>	<b>26,633</b>	<b>1,843,506</b>	<b>2,123,071</b>
<b>Non operating items</b>				
Net fair value adjustment of investment properties	(40,789)	(73,501)	(3,376,045)	(5,865,380)
Net gain/(loss) on derivatives (incl capital hedge income)	16,502	14,408	1,312,242	1,149,758
Net foreign currency gain/(loss)	(2,381)	(2,602)	(189,350)	(207,640)
Gain/(loss) on disposal of investment properties	2,416	-	190,939	-
Impairment of goodwill	(1,200)	-	(95,424)	-
<b>Net non operating profit/(loss)</b>	<b>(25,452)</b>	<b>(61,695)</b>	<b>(2,157,638)</b>	<b>(4,923,262)</b>
<b>Net AIRFS accounting profit/(loss)</b>	<b>(2,257)</b>	<b>(35,062)</b>	<b>(314,132)</b>	<b>(2,800,191)</b>

# BALANCE SHEET

	31 Dec 2010 (A\$'000)	30 June 2010 (A\$'000)	31 Dec 2010 (¥'000)	30 June 2010 (¥'000)
<b>Current Assets</b>				
Cash	62,398	65,009	5,164,542	4,921,941
Restricted cash <sup>1</sup>	47,077	55,479	3,896,458	4,200,409
Derivative financial instruments	-	2,374	-	179,740
Investment in convertible note	-	-	-	-
Investment property held for sale	-	45,568	-	3,450,030
Other assets	6,114	5,761	506,042	436,175
<b>Total current assets</b>	<b>115,589</b>	<b>174,191</b>	<b>9,567,042</b>	<b>13,188,295</b>
<b>Non-current assets</b>				
Property investments	1,286,125	1,459,427	106,449,677	110,495,684
Deferred tax assets	10,396	11,055	860,454	836,993
Plant, property & equipment	80	91	6,621	6,890
Intangible assets	6,840	8,046	566,131	609,176
Investment in associate	6,463	6,094	534,928	461,387
Other assets	1,266	1,625	104,784	123,031
<b>Total non-current assets</b>	<b>1,311,170</b>	<b>1,486,338</b>	<b>108,522,596</b>	<b>112,533,162</b>
<b>Total assets</b>	<b>1,426,759</b>	<b>1,660,529</b>	<b>118,089,637</b>	<b>125,721,457</b>
<b>Current liabilities</b>				
Payables	16,552	21,984	1,369,972	1,664,446
Provisions	20	31	1,655	2,347
Deferred lease incentive	6	3	497	227
Tenant deposits	36,142	37,405	2,991,392	2,831,996
Interest bearing liabilities	4,838	246,177	400,430	18,638,477
Provision for distributions	11,435	17,787	946,449	1,346,684
Derivative financial liabilities	19,206	31,783	1,589,637	2,406,345
Current tax liability	624	1,456	51,647	110,236
<b>Total current liabilities</b>	<b>88,823</b>	<b>356,626</b>	<b>7,351,680</b>	<b>27,000,757</b>
<b>Non-current liabilities</b>				
Deferred lease incentive	16	18	1,324	1,363
Tenant deposits	48,422	58,424	4,007,780	4,423,380
Interest bearing liabilities	969,360	881,089	80,231,750	66,708,737
Derivative financial liabilities	15,896	18,644	1,315,676	1,411,569
Deferred tax liability	6,149	6,796	508,939	514,537
<b>Total non-current liabilities</b>	<b>1,039,843</b>	<b>964,971</b>	<b>86,065,469</b>	<b>73,059,585</b>
<b>Total liabilities</b>	<b>1,128,666</b>	<b>1,321,597</b>	<b>93,417,149</b>	<b>100,060,342</b>
<b>Net assets</b>	<b>298,093</b>	<b>338,932</b>	<b>24,672,488</b>	<b>25,661,114</b>
Net tangible assets per security <sup>2</sup>	\$6.51	\$7.12		
Gearing ratio (interest bearing debt/property value)	76.6%	75.5%		

<sup>1</sup> Restricted cash consists of cash in trust (e.g. tenant security deposits), lender reserves (e.g. cash required under loan agreements for items such as capex and repairs) and cash posted as collateral with the FX hedging counterparty.

<sup>2</sup> NTA per security reflects an economic calculation based on the fact that, due to the non-recourse nature of the asset-specific debt in each of the five subsidiary investment vehicles (TKs) which are consolidated by the Group, the effective NTA of any TK cannot be less than zero as a result of a TK's debt liabilities being greater than the value of its assets. Calculated under A-IFRS, NTA at 31 December 2010 is A\$6.65 per security and NTA at 30 June 2010 was A\$6.43 per security

# PORTFOLIO OVERVIEW AS AT 31 DEC 2010

	Retail		Office		Residential		Portfolio	
	31-Dec-10	30-Jun-10	31-Dec-10	30-Jun-10	31-Dec-10	30-Jun-10	31-Dec-10	30-Jun-10
Number of properties	18	18	18	20	5	5	41	43
Carrying value (¥ bn)	54.1	55.2	42.5	48.6	9.9	10.1	106.4	113.9
Net Rentable Area (tsubo)	51,500	51,564	21,626	23,355	8,569	8,569	81,694	83,488
Net Rentable Area (sqm)	170,235	170,449	71,488	77,202	28,330	28,330	270,052	275,981
% of portfolio by value	50.8%	48.5%	39.9%	42.6%	9.3%	8.9%	100.0%	100.0%
% of portfolio by area	63.0%	61.8%	26.5%	28.0%	10.5%	10.3%	100.0%	100.0%
Number of leases	112	109	222	231	64	62	398	402
Occupancy by area	98.9%	98.0%	79.5%	79.7%	99.3%	99.2%	93.8%	93.0%

# PORTFOLIO SNAPSHOT AS AT 31 DEC 2010

	Carrying value			Occupancy by area		
	December 2010 (¥bn)	June 2010 (¥bn)	% change	% of portfolio post-revaluations	Jun-10	Dec-10
Retail	54.1	55.2	-2.0%	50.8%	98.0%	98.9%
Office	42.5	48.6	-4.1%	39.9%	79.7%	79.5%
Residential	9.9	10.1	-2.7%	9.3%	99.2%	99.3%
<b>Portfolio</b>	<b>106.4</b>	<b>113.9</b>	<b>-2.9%</b>	<b>100.0%</b>	<b>93.0%</b>	<b>93.8%</b>

## RETAIL

Kawasaki Dice	12.3	12.3	0.0%	11.6%	99.3%	99.3%
Konan Home Centre	10.5	10.5	0.0%	9.9%	100.0%	100.0%
Shinjuku Fuji	4.5	4.5	0.1%	4.3%	100.0%	100.0%
Mukomachi Saty	4.2	4.2	0.0%	4.0%	100.0%	100.0%
Shibuya Konami	2.3	2.3	0.0%	2.2%	100.0%	100.0%
Susono	2.3	2.3	0.1%	2.1%	100.0%	100.0%
Matsudo Nitori	2.2	2.2	0.0%	2.1%	100.0%	100.0%
Tsudanuma	2.0	2.0	0.1%	1.8%	100.0%	100.0%
Ginowan	1.9	1.9	0.0%	1.8%	74.0%	86.4%
Sapporo Co-op	1.9	1.9	0.0%	1.8%	100.0%	100.0%
Motomachi	1.7	2.3	-26.5%	1.6%	100.0%	100.0%
Sapporo Ai	1.7	1.7	0.1%	1.6%	97.0%	97.0%
Sapporo Toys 'R' Us	1.6	1.6	0.0%	1.5%	100.0%	100.0%
Harajuku Bell Pier	1.5	1.6	-6.4%	1.4%	81.2%	88.4%
Round One Amagasaki	1.3	1.3	0.0%	1.2%	100.0%	100.0%
Round One Nara	1.0	1.0	0.0%	1.0%	100.0%	100.0%
Kajicho Ekimae	0.8	0.8	0.0%	0.8%	79.2%	100.0%
Yoshikawa	0.4	0.9	-53.6%	0.4%	99.0%	97.8%
<b>Retail sub total / average</b>	<b>54.1</b>	<b>55.2</b>	<b>-2.0%</b>	<b>50.8%</b>	<b>98.0%</b>	<b>98.9%</b>

# PORTFOLIO SNAPSHOT AS AT 31 DEC 2010 (cont'd)

	Carrying value			Occupancy by area		
	December 2010 (¥bn)	June 2010 (¥bn)	% change	% of portfolio post-revaluations	Jun-10	Dec-10
<b>OFFICE</b>						
JN	8.6	8.9	-4.1%	8.0%	96.5%	96.5%
Ginza Dowa	7.5	7.5	0.3%	7.1%	68.5%	89.7%
Osaka No.4	7.0	7.7	-9.4%	6.6%	95.7%	75.4%
Osaka No.3	2.9	3.2	-10.2%	2.7%	81.3%	83.8%
Kokusai Nihombashi	N/A	3.5	N/A	N/A	0.0%	N/A
Yamashitacho	2.5	2.5	0.0%	2.3%	76.9%	56.9%
Higashi Totsuka	2.0	2.0	0.1%	1.8%	93.7%	93.7%
Takadanobaba	1.6	1.7	-6.5%	1.5%	51.1%	51.1%
Forest Kita Aoyama	1.4	1.6	-14.1%	1.3%	100.0%	100.0%
Sun Ace Tokugawa	1.4	1.4	0.1%	1.3%	49.6%	48.5%
OS Tsukiji	1.3	1.4	-4.9%	1.2%	86.5%	64.9%
Prime Kanda	1.2	1.2	0.0%	1.2%	100.0%	85.7%
Asakusa	1.2	1.2	0.0%	1.1%	100.0%	100.0%
Shiba Daimon	0.9	0.9	0.0%	0.8%	100.0%	100.0%
Prime Tsukiji	N/A	0.8	N/A	N/A	100.0%	N/A
Daikanyama Takara	0.7	0.7	0.0%	0.7%	75.8%	75.8%
Akabane	0.7	0.7	0.0%	0.6%	100.0%	87.3%
Yotsuya KD	0.6	0.7	-7.5%	0.6%	100.0%	86.6%
FT Nihombashi	0.6	0.6	0.0%	0.6%	83.3%	83.3%
Sun No. 5	0.4	0.4	0.3%	0.4%	100.0%	100.0%
<b>Office sub total / average</b>	<b>42.5</b>	<b>48.6</b>	<b>-4.1%</b>	<b>39.9%</b>	<b>79.7%</b>	<b>79.5%</b>
<b>RESIDENTIAL</b>						
Tosabori	4.4	4.7	-6.0%	4.2%	100.0%	100% <sup>1</sup>
Sekijomachi	2.7	2.7	0.0%	2.5%	100.0%	100.0%
G-Clef Kamata	1.6	1.6	0.1%	1.5%	100.0%	100.0%
Prime Stay Tsukiji	0.7	0.7	0.0%	0.6%	81.7%	84.5%
Nishi Kasai	0.5	0.5	0.1%	0.5%	100.0%	100.0%
<b>Residential sub total / average</b>	<b>9.9</b>	<b>10.1</b>	<b>-2.7%</b>	<b>9.3%</b>	<b>99.2%</b>	<b>99.3%</b>
<b>Total / average</b>	<b>106.4</b>	<b>113.9</b>	<b>-2.9%</b>	<b>100.0%</b>	<b>93.0%</b>	<b>93.8%</b>

<sup>1</sup> Leased to a master lessee Takuto Kanri. Occupancy to the end tenant is 94.0%, which results in an average occupancy of 93.9% for the Residential segment and an average occupancy of 93.5% for the total portfolio

# PORTFOLIO VALUATION SUMMARY

	Carrying value		Date	Type of report	Direct Cap	DCF	DCF Terminal	Method
	¥ billions	% of portfolio			Overall Cap Rate	Discount Rate	Cap Rate	
	31/12/2010							
	¥ billions	% of portfolio			%	%	%	
Retail	54.1	50.8%			5.8%	5.6%	6.1%	
Office	42.5	39.9%			5.3%	5.2%	5.6%	
Residential	9.9	9.3%			6.2%	6.0%	6.5%	
Portfolio	106.4	100.0%			5.6%	5.5%	5.9%	

## RETAIL

Kawasaki Dice	12.3	11.6%	31/12/2010	Full appraisal	5.0%	4.7%	5.2%	DCF
Konan Home Centre	10.5	9.9%	31/12/2010	Quasi appraisal	6.1%	6.0%	6.3%	DCF
Shinjuku Fuji	4.5	4.3%	01/10/2010	Full appraisal	5.9%	5.2%	6.4%	DCF
Mukomachi Saty	4.2	4.0%	01/10/2010	Full appraisal	6.1%	5.9%	6.6%	DCF
Shibuya Konami	2.3	2.2%	31/12/2010	Desk-top	4.9%	4.9%	5.4%	DCF
Susono	2.3	2.1%	31/12/2010	Quasi appraisal	6.3%	6.3%	6.8%	DCF
Matsudo Nitori	2.2	2.1%	31/12/2010	Quasi appraisal	5.5%	5.5%	5.8%	DCF
Tsudanuma	2.0	1.8%	31/12/2010	Desk-top	6.1%	5.9%	6.4%	DCF
Ginowan	1.9	1.8%	31/12/2010	Desk-top	6.4%	6.4%	6.9%	DCF
Sapporo Co-op	1.9	1.8%	31/12/2010	Quasi appraisal	6.6%	6.6%	7.1%	DCF
Motomachi	1.7	1.6%	31/12/2010	Quasi appraisal	5.5%	5.2%	5.6%	DCF
Sapporo Ai	1.7	1.6%	31/12/2010	Directors' valuation	5.7% <sup>1</sup>	5.7%	6.0%	DCF
Sapporo Toys 'R' Us	1.6	1.5%	01/10/2010	Full appraisal	7.2%	6.7%	7.5%	DCF
Harajuku Bell Pier	1.5	1.4%	31/12/2010	Quasi appraisal	4.9%	4.7%	5.0%	DCF
Round One Amagasaki	1.3	1.2%	31/12/2010	Directors' valuation	6.5% <sup>1</sup>	6.2%	6.7%	DCF
Round One Nara	1.0	1.0%	31/12/2010	Directors' valuation	6.8% <sup>1</sup>	6.4%	7.0%	DCF
Kajicho Ekimae	0.8	0.8%	01/10/2010	Full appraisal	5.8%	5.4%	6.0%	DCF
Yoshikawa	0.4	0.4%	31/12/2010	Full appraisal	7.9%	7.3%	7.7%	DCF
<b>Retail sub total / average</b>	<b>54.1</b>	<b>50.8%</b>			<b>5.8%</b>	<b>5.6%</b>	<b>6.1%</b>	

<sup>1</sup> The property's assessed value by the Directors. Same cap rate as the last valuation by external valuers was quoted respectively

# PORTFOLIO VALUATION SUMMARY (cont'd)

	Carrying value		Date	Type of report	Direct Cap	DCF	DCF Terminal	Method
	31/12/2010 ¥ billions	% of portfolio			Overall Cap Rate	Discount Rate		
					%	%	%	
<b>OFFICE</b>								
JN	8.6	8.0%	31/12/2010	Full appraisal	5.0%	5.0%	5.3%	DCF
Ginza Dowa	7.5	7.1%	31/12/2010	Quasi appraisal	4.9%	4.7%	5.1%	DCF
Osaka No.4	7.0	6.6%	31/12/2010	Quasi appraisal	5.0%	5.0%	5.4%	DCF
Osaka No.3	2.9	2.7%	31/12/2010	Quasi appraisal	5.1%	5.1%	5.5%	DCF
Yamashitacho	2.5	2.3%	31/12/2010	Desk-top	5.7%	5.7%	6.2%	DCF
Higashi Totsuka	2.0	1.8%	31/12/2010	Quasi appraisal	6.2%	6.2%	6.8%	DCF
Takadanobaba	1.6	1.5%	01/10/2010	Full appraisal	5.3%	5.3%	5.8%	DCF
Forest Kita Aoyama	1.4	1.3%	31/12/2010	Quasi appraisal	4.8%	4.7%	4.9%	DCF
Sun Ace Tokugawa	1.4	1.3%	01/10/2010	Full appraisal	7.4%	6.8%	7.4%	DCF
OS Tsukiji	1.3	1.2%	01/10/2010	Full appraisal	5.6%	5.4%	5.7%	DCF
Prime Kanda	1.2	1.2%	01/10/2010	Full appraisal	5.7%	5.5%	5.8%	DCF
Asakusa	1.2	1.1%	01/10/2010	Full appraisal	5.9%	5.5%	6.0%	DCF
Shiba Daimon	0.9	0.8%	31/12/2010	Directors' valuation	5.5% <sup>1</sup>	5.2%	5.6%	DCF
Daikanyama Takara	0.7	0.7%	01/10/2010	Full appraisal	5.7%	5.5%	5.8%	DCF
Akabane	0.7	0.6%	01/10/2010	Full appraisal	5.9%	5.5%	5.9%	DCF
Yotsuya KD	0.6	0.6%	31/12/2010	Quasi appraisal	6.1%	5.4%	5.8%	DCF
FT Nihombashi	0.6	0.6%	01/10/2010	Full appraisal	6.0%	5.6%	6.1%	DCF
Sun No. 5	0.4	0.4%	31/12/2010	Directors' valuation	5.9% <sup>1</sup>	5.6%	6.1%	DCF
<b>Office sub total / average</b>	<b>42.5</b>	<b>39.9%</b>			<b>5.3%</b>	<b>5.2%</b>	<b>5.6%</b>	
<b>RESIDENTIAL</b>								
Tosabori	4.4	4.2%	31/12/2010	Full appraisal	6.3%	6.1%	6.4%	DCF
Sekijomachi	2.7	2.5%	31/12/2010	Quasi appraisal	6.1%	6.1%	6.7%	DCF
G-Clef Kamata	1.6	1.5%	01/10/2010	Full appraisal	6.0%	5.5%	6.3%	DCF
Prime Stay Tsukiji	0.7	0.6%	01/10/2010	Full appraisal	6.4%	6.1%	6.5%	DCF
Nishi Kasai	0.5	0.5%	01/10/2010	Full appraisal	6.6%	6.1%	7.1%	DCF
<b>Residential sub total / average</b>	<b>9.9</b>	<b>9.3%</b>			<b>6.2%</b>	<b>6.0%</b>	<b>6.5%</b>	
<b>Total / average</b>	<b>106.4</b>	<b>100.0%</b>			<b>5.6%</b>	<b>5.5%</b>	<b>5.9%</b>	

<sup>1</sup> The property's assessed value by the Directors. Same cap rate as the last valuation by external valuers was quoted respectively

# PORTFOLIO ASSETS BY TK AS AT 31 DEC 2010

JPT			JPTS			JPTC			JPTD			JPTA		
Property	Carrying value 31 Dec 10 ¥bn	% of portfolio	Property	Carrying value 31 Dec 10 ¥bn	% of portfolio	Property	Carrying value 31 Dec 10 ¥bn	% of portfolio	Property	Carrying value 31 Dec 10 ¥bn	% of portfolio	Property	Carrying value 31 Dec 10 ¥bn	% of portfolio
Konan Home Centre	10.5	9.9%	Shinjuku Fuji	4.5	4.3%	Kawasaki Dice	12.3	11.6%	Yamashitacho	2.5	2.3%	Osaka No.4	7.0	6.6%
Ginza Dowa	7.5	7.1%	Mukomachi Saty	4.2	4.0%	JN	8.6	8.0%	Shibuya Konami	2.3	2.2%	Osaka No.3	2.9	2.7%
Higashi Totsuka	2.0	1.8%	G-Clef Kamata	1.6	1.5%	Tosabori	4.4	4.2%	Susono	2.3	2.1%	Sekijomachi	2.7	2.5%
Motomachi	1.7	1.6%	Takadanobaba	1.6	1.5%				Matsudo Nitori	2.2	2.1%	Round One Amagasaki	1.3	1.2%
Harajuku Bell Pier	1.5	1.4%	Sapporo Toys 'R' Us	1.6	1.5%				Tsudanuma	2.0	1.8%	Round One Nara	1.0	1.0%
Forest Kita Aoyama	1.4	1.3%	Sun Ace Tokugawa	1.4	1.3%				Sapporo Co-op	1.9	1.8%			
Shiba Daimon	0.9	0.8%	OS Tsukiji	1.3	1.2%				Ginowan	1.9	1.8%			
Yotsuya KD	0.6	0.6%	Prime Kanda	1.2	1.2%				Sapporo Ai	1.7	1.6%			
Sun No.5	0.4	0.4%	Asakusa	1.2	1.1%				Yoshikawa	0.4	0.4%			
			Kajicho Ekimae	0.8	0.8%									
			Daikanyama Takara	0.7	0.7%									
			Akabane	0.7	0.6%									
			Prime Stay Tsukiji	0.7	0.6%									
			FT Nihombashi	0.6	0.6%									
			Nishi Kasai	0.5	0.5%									
<b>Total</b>	<b>26.6</b>	<b>25.0%</b>	<b>Total</b>	<b>22.6</b>	<b>21.3%</b>	<b>Total</b>	<b>25.3</b>	<b>23.7%</b>	<b>Total</b>	<b>17.1</b>	<b>16.1%</b>	<b>Total</b>	<b>14.9</b>	<b>14.0%</b>

# DECEMBER 2010 REFINANCING

- Completed refinancing of ¥13.6bn senior loan to JPTS with the closing of a new senior loan of ¥13.729bn (A\$165m, at A\$1=¥83) maturing in April 2015
- JPTS holds 15 assets, representing approximately 21% of AJA's property interests by book value
- All-in interest cost of approximately 394 bps
- No LTV covenant
- DSCR covenant test; failure to satisfy DSCR test does not lead to default, rather to cash flow being used to pay down the loan until the test is again satisfied
- Quarterly amortisation equivalent to 1.50% p.a. of the loan amount at inception

Key terms of new loan	
Lender:	A major international bank
Term:	4 years and 4 months (expiring 30 April 2015)
Amount:	¥13.729 bn
Interest Margin:	332 bps
All-In Interest Rate:	394 bps
LTV Covenant:	None
DSCR Covenant:	No less than 1.20x against a 5.5% constant payment of the outstanding loan principal
Amortisation:	¥51.56m quarterly. Equivalent to 1.50% p.a. of the loan amount at inception