



ASX/Media Release

8 August 2011

CAPITAL HEDGING – REMOVAL OF ANNUAL TERMINATION RIGHT

Astro Japan Property Group (ASX: AJA) has concluded negotiations with its foreign exchange hedge counterparty in relation to the counterparty's annual option to terminate the overall hedging arrangements.

The following key terms have been agreed:

- Removal of the counterparty's annual option to terminate;
- Mandatory termination of all outstanding hedges if JPY/A\$ rises to 73 between now and February, 2012 and to 75 from that date to the termination of the facility in August, 2014;
- Settlement funds due to the counterparty on maturity of remaining hedges to be paid out of existing collateral, which was posted with the counterparty in August 2009;
- Relaxation of the securityholders' equity covenant from \$250 million to \$200 million as outlined in the Appendix to this announcement; and
- Relaxation of the default provisions so that if there is a default by one of the 5 SPCs (through which AJA invests in Japan) on its loan or other obligations, this will no longer give rise to a right to accelerate settlement of the capital hedges.

The cash collateral posted with the counterparty is currently ¥1.72 billion (approx A\$21 million), which is in excess of AJA's current A\$/¥ hedging position which is out of the money on a mark-to-market basis at A\$ = ¥82 to the extent of approximately \$15.5 million.

The profile of the capital hedges and details of the hedge contract covenants are set out in the Appendix to this announcement. AJA remains in compliance with the hedge contract covenants.

Mr Eric Lucas, Senior Advisor to the Board of AJA said, "We are very pleased to have been able to agree these amendments, which give much greater visibility to securityholders on the continuity of the remaining capital hedges through to their respective maturities and ensure that AJA now has limited its capital hedge risk to the collateral it has already provided to the counterparty. Having substantially further reduced the capital hedge book during recent A\$ strength against the Yen, we will continue to monitor exchange rates and seek opportunities to terminate hedges, but with these changes and the hedge book reduced to a more suitable size, there is significantly less reason to do so".

ENDS

Astro Japan Property Group

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About Astro Japan Property Group (AJA)

Astro Japan Property Group is a listed property group which invests in the Japan real estate market. It currently holds interests in a portfolio comprising 41 retail, office and residential properties. Asset management services in Japan are generally undertaken by Spring Investment Co., Ltd.

AJA is a stapled entity comprising Astro Japan Property Trust (ARSN 112 799 854) and Astro Japan Property Group Limited (ABN 25 135 381 663). For further information please visit our website: www.astrojapanproperty.com.

APPENDIX

Capital Hedge Maturity Profile

<i>Settlement date</i>	<i>AJA receives AUD</i>	<i>AJA pays ¥</i>	<i>Exchange rate</i>	<i>Interest rate spread</i>
Aug-11	14,724,649	1,500,000,000	101.9	6.19%
Aug-12	20,614,509	2,100,000,000	101.9	6.01%
Aug-13	16,687,936	1,700,000,000	101.9	5.86%
Aug-14	22,577,795	2,300,000,000	101.9	5.69%
Total	74,604,889	7,600,000,000		

Hedge Contract Covenants

<i>Covenant</i>	<i>Threshold</i>
Securityholders Equity	Not to fall below A\$200m as shown in the most recent audited consolidated financial statements or unaudited consolidated semi annual financial statements of the Trust
Interest Coverage (Net operating profit before tax /borrowing costs)	At least 2 times as shown in the most recent audited consolidated financial statements or unaudited consolidated semi annual financial statements of the Trust