



ASX/Media Release

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Loan Maturity – Conclusion of Negotiations

Astro Japan Property Group (ASX: AJA) today announced that agreement had been reached with the common lender to JPT Direct Co., Ltd (JPTD) and JPT August Co., Ltd (JPTA) regarding the terms of a transaction dealing with the maturities of the ¥15.5 billion (A\$194 million at A\$=¥80) loan to JPTD and the ¥18.8 billion (A\$235 million) loan to JPTA. The loan to JPTD matured on 31 May 2012 and the loan to JPTA matures on 31 August 2012. JPTD and JPTA are two of the five special purpose, property-owning Japanese companies in which AJA has an economic interest.

There are three key elements to the Agreement which are outlined below.

1. Standstill arrangement

The lender has agreed to a standstill under the loan arrangements until 31 October 2012. During the standstill period, each loan will continue and neither loan can be placed into default by the lender on the basis of it having matured, and the parties will progress the transaction outlined below.

2. Payment to settle debt and acquire properties

If, during the standstill period, (a) the lender receives a net payment of ¥12.3 billion (A\$154 million) ('Settlement Price') and (b) JPTD and JPTA do not make any further distributions of cash to the equity investor, AJA, then:

- (i) the lender will release its security over 10 of the 14 properties currently owned by JPTD and JPTA (covering about 58% of these portfolios by book value), and those properties will be transferred to a new special purpose property-owning Japanese company ('SPC') into which AJA is expected to invest. The 10 properties are listed in the Appendix and have a current book value of ¥17 billion (A\$213 million) and a passing unleveraged net cash flow of slightly less than ¥1 billion (A\$12.5 million); and
- (ii) the remaining 4 properties will be taken over by the lender and will cease to form part of AJA's portfolio, and the lender will also release all claims it has, or might have had if it had exercised its security rights, against AJA to contribute equity to fund security deposit repayments to tenants in respect of these properties.

Astro Japan Property Group

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The Settlement Price is subject to adjustment for ongoing items such as interest, and property income and expenses, adjusted for the date on which the Settlement Price is paid. However, based upon current forecasts of the Japan Asset Manager, these adjustments are not expected to alter the Settlement Price by a material percentage.

In addition to the 10 properties listed in the Appendix, an additional property, Matsudo Nitōri, can be added to the acquisition arrangement at AJA's option. If this option is exercised the Settlement Price will be increased on terms broadly similar to those covering the 10 properties.

In the case where the Settlement Price is not paid by 31 October, the property transaction will not proceed.

3. Settlement of tenant security deposit repayment obligations if property transaction does not proceed

Under the agreement, AJA is required to pay to the lender ¥400 million (approx. A\$5 million) in two instalments, ¥200 million within 2 business days of execution of the agreement, and a further ¥200 million upon the lender completing satisfactory due diligence on the 4 properties to be taken over by the lender, which must be completed no later than 31 July. These payments will be credited against the balance of the Settlement Price should the property transaction proceed to completion.

In the case where the property transaction does not proceed and the lender receives payment of the ¥400 million by AJA described above plus the cash expected to be in JPTD's and JPTA's bank accounts as at 31 July, the lender will release all claims it has, or might have had if it had exercised its security rights, against AJA to contribute equity to fund security deposit repayments to tenants in respect of the 14 properties in JPTD and JPTA.

AJA's position

In essence, therefore, AJA's primary financial commitments under the agreement are to make the ¥400m payment and to meet certain costs associated with the transaction, in exchange for which AJA obtains the right, but not the obligation, during the standstill period, to pay the Settlement Price to continue its interest in the 10 or 11 properties.

Whilst AJA intends to use its best efforts to pay the Settlement Price and obtain the release of the properties as outlined above, there is no certainty that this will be completed as the agreement includes several conditions, some of which must be met to the satisfaction of the lender.

Payment of the Settlement Price is also dependent on AJA obtaining funding on satisfactory terms. In this regard, the Japan Asset Manager has made significant progress in negotiating the terms of new, long term, non-recourse senior debt to fund the Settlement Price. Depending on the finalisation of debt funding arrangements, it is possible that AJA may seek to raise equity in order to fund part of the Settlement Price. Based on current debt indications and market conditions, AJA expects that, if such equity were to be raised, the transaction would be positive for AJA's NTA, earnings and distributable cash.

AJA will announce details regarding proposed funding arrangements once the terms of senior and any subordinated debt are finalised, following which the AJA Board will be in a position to determine the structure and terms of an equity raising (if required). The ¥400 million payable by AJA will be paid from existing cash reserves, which currently total ¥2.1 billion (A\$26 million).

The AJA Board and the Japan Asset Manager will make every effort during the standstill period to complete the transaction in the best interests of AJA securityholders, however, in the event that for any reason the transaction involving the payment of the Settlement Price cannot be completed, the JPTD and JPTA properties will cease to form part of AJA's portfolio.

The AJA Board will provide updates to the market as appropriate.

ENDS

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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 40 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

Property	Current TK	AJA Book Value Dec 2011 Yen (¥)
Retail		
Ginowan	JPTD	1,975,865,747
Shibuya Konami	JPTD	2,313,733,800
Susono	JPTD	2,264,516,782
Sapporo Co-op	JPTD	1,110,000,000
Yoshikawa	JPTD	385,000,000
Tsudanuma	JPTD	1,956,060,004
Round One Amagasaki	JPTA	1,336,107,915
Round One Nara	JPTA	1,020,990,000
Office		
Yamashitacho	JPTD	2,171,630,000
Residential		
Sekijomachi	JPTA	2,480,000,000
Total AJA Book Value Dec 2011		17,013,904,248