



## ASX/Media Release

6 November 2012

### **Update on transaction dealing with JPTD and JPTA loan maturities: Partial settlement of property transaction and extension to Standstill Period relating to remaining properties**

Astro Japan Property Group (ASX: AJA) provides an update on the transaction dealing with the maturities of the loan to JPT Direct Co., Ltd (JPTD) and the loan to JPT August Co., Ltd (JPTA) which have been subject to a standstill agreement that provides, among other things, for settlement of the loans and release of up to 11 properties, as announced on 29 June 2012.

Agreement has been reached with the common lender to JPTD and JPTA on an immediate settlement in relation to 3 of the 11 properties and an extension to the standstill period under the loan arrangements, during which time the parties will progress the 8 property transaction outlined below.

#### **1. Partial settlement of property transaction**

As previously announced, AJA had the ability to pay a settlement price to the existing lender for the release of its security in relation to 10 (or at AJA's option, 11) of the 14 properties in JPTD/JPTA, but not with respect to fewer than 10 properties. Despite substantial progress being made in securing suitable new senior debt financing to fund the settlement price, satisfactory terms for all 10 or 11 properties to be financed in one line could not be finalised by 31 October 2012.

Therefore parties agreed that the settlement price for the 11 properties be allocated between two pools of 3 and 8 properties respectively, and to pursue a two stage settlement process.

In consideration of the injection by AJA of ¥600 million (A\$7.2 million at A\$=¥83) in equity, which AJA made on 6 November 2012, the existing lender agreed to allocate a loan of ¥2.12 billion (A\$25.5 million) secured by 3 of the 11 properties for the period until 31 October 2013.

The 3 properties, which are listed in the Appendix, will therefore continue to be part of AJA's property portfolio. They have a current book value of approximately ¥5.0 billion (A\$60.2 million). The 3 properties are subject to security deposit refund liabilities to tenants of ¥422 million (A\$5.1 million), and one of the properties is subject to a construction assistance fund refund liability of ¥723 million (A\$8.7 million), which is amortised through rent reduction over time.

---

#### **Astro Japan Property Group**

Astro Japan Property Group Limited ABN 25 135 381 663

Astro Japan Property Management Limited ABN 94 111 874 563 AFSL 283142

as responsible entity of the Astro Japan Property Trust ARSN 112 799 854

Suite 1 Level 14, 50 Pitt Street, Sydney NSW 2000, Australia

T +61 2 8987 3900 F +61 2 8987 3999

W [www.astrojapanproperty.com](http://www.astrojapanproperty.com)

The existing terms of the loan will remain unchanged, including the all-in interest rate of 2.77%, and otherwise terms of the existing standstill under the loan arrangements relating to these properties will apply during the 12 month loan term. The principal amount of the loan will increase to ¥2.32 billion on 1 January 2013 in the event the 8 property transaction outlined below does not proceed, however otherwise this revised financing will remain in place unaffected by whether or not the closing for the 8 properties occurs.

It is expected that during the 12 month extended loan period for these 3 properties AJA will seek to either refinance the loan with longer term debt or dispose of some or all of the properties. Following payment of the ¥600 million, AJA's cash reserves total ¥1.4 billion (A\$16.9 million).

## **2. Extension of standstill arrangement for remaining 8 properties**

The lender has agreed to an extension to the standstill under the loan arrangements for 45 days until 15 December 2012 (extendable at AJA's option until 31 December) to enable additional time to resolve issues relating to funding of the transaction for the remaining 8 of the 11 properties yet to be settled. During this period, neither the JPTD nor JPTA loan can be placed into default by the lender on the basis of it having matured.

The 8 properties are listed in the Appendix and have a current book value of approximately ¥14.2 billion (A\$171.1 million).

If, during the extended standstill period, the lender receives a net payment of ¥10.14 billion (A\$122.2 million) ('Settlement Price'), then the lender will release its security over the 8 properties, and those properties will continue to be part of AJA's portfolio.

The Settlement Price for these 8 properties is, as before, subject to adjustment for ongoing items such as interest, and property income and expenses. 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 the case where the balance of the Settlement Price is not paid by 15 December (or 31 December, if applicable), the transaction for the 8 properties will not proceed, and these properties will be taken over by the lender and will cease to form part of AJA's portfolio.

As was originally contemplated by the Standstill Agreement, the remaining 3 of the 14 properties in JPTD and JPTA will be taken over by the lender shortly and will cease to form part of AJA's portfolio.

## **3. Settlement of tenant security deposit repayment obligations to the lender if property transaction is not fully completed**

Consistent with terms previously announced, even in the case where the property transaction does not proceed with respect to the 8 properties, provided certain conditions are satisfied, 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. The principal conditions are that the lender must receive payment of ¥400 million by AJA as well as the cash which had been expected to be in JPTD's and JPTA's bank accounts as at 31 July. Both amounts have been received by the lender, as previously advised.

Mr Allan McDonald, Chairman of AJA, said "We are pleased an outcome has now been reached with the lender which ensures that, at the very least, 3 properties in JPTD and JPTA will continue to be part of AJA's portfolio. We are also pleased to have secured an extension

of the period of time available to finance the remaining 8 properties. The asset manager will continue to use its best efforts to finalise that financing on suitable terms.”

There can be no certainty that the transaction in relation to the 8 properties will be completed, as it is dependent on AJA closing funding on satisfactory terms with respect to all 8 properties within the extended standstill period.

Depending on the finalisation of the debt funding arrangements, AJA may seek to raise equity in order to fund part of the remaining Settlement Price. Based on current 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 as compared to the scenario of not retaining the 8 properties.

AJA will announce details regarding proposed funding arrangements once the terms of senior debt are finalised, following which the AJA Board will be in a position to determine the structure and terms of any equity raising.

### **Loan Details**

The loan to JPTD is ¥14.7 billion (A\$177.4 million at A\$=¥83) and matured on 31 May 2012, and the loan to JPTA is ¥18.5 billion (A\$223.1 million) and matured 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.

### **ENDS**

#### **Investor & Media Enquiries:**

Eric Lucas  
Senior Advisor  
Phone: +61 2 8987 3900 (Australia)  
+81 3 3238 1671 (Japan)

John Pettigrew  
Chief Financial Officer  
Phone: +61 2 8987 3902

#### **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](http://www.astrojapanproperty.com).

## Appendix

### 3 Property Transaction

Property	Current TK	AJA Book Value June 2012 Yen (¥)
<b>Retail</b>		
Matsudo Nitori	JPTD	2,210,000,000
Yoshikawa	JPTD	308,000,000
<b>Residential</b>		
Sekijomachi	JPTA	2,480,000,000
<b>Total AJA Book Value June 2012</b>		<b>4,998,000,000</b>

### 8 Property Transaction

Property	Current TK	AJA Book Value June 2012 Yen (¥)
<b>Retail</b>		
Ginowan	JPTD	1,976,465,747
Shibuya Konami	JPTD	2,322,683,800
Susono	JPTD	2,265,066,782
Sapporo Co-op	JPTD	1,110,000,000
Tsudanuma	JPTD	1,967,339,404
Round One Amagasaki	JPTA	1,339,307,656
Round One Nara	JPTA	1,020,990,000
<b>Office</b>		
Yamashitacho	JPTD	2,171,630,000
<b>Total AJA Book Value June 2012</b>		<b>14,173,483,389</b>