

30 March 2017

ACQUISITION OF NEW HOTEL IN FUKUOKA

Astro Japan Property Group (ASX: AJA) today announced the acquisition of a newly constructed hotel in Fukuoka for a purchase price of ¥1.6 billion (A\$18.8 million approx. at A\$1=¥85). This represents a discount of approximately 3.6% on the independent valuation of ¥1.66 billion. Financial close of this transaction has been completed. AJA's interest in the hotel is held through a new special purpose, property owning Japanese company, Godo Kaisha WBF&S (GK WBF&S).

The hotel acquisition has been funded predominately with new debt, with a tenor of 5 years, together with AJA's equity investment of ¥496 million (A\$5.8 million). The hotel has an initial estimated average NOI yield of 4.6% on acquisition, expected to increase to 5.6% within 4 years, under the terms of the lease.

The lease of the hotel is for a 10 year non-cancellable term, to an experienced Japanese hotel operator, WBF Resort Okinawa Co. Ltd. (WBFR Okinawa), a hotel operations subsidiary of White Bear Family Co., Ltd. (WBF). WBF was established in 1981 and started its hotel operations business in 2007. WBF group's businesses include the operation of 13 hotels in Japan, car rental operations in Okinawa as well as domestic and foreign tour operations. The 13 hotels are located in Hokkaido, Okinawa and Osaka.

Mr Eric Lucas, Senior Advisor to AJA, said "Inbound Japanese tourism continues its growth surge and Fukuoka has become a key gateway, especially for visitors from China, Taiwan and Korea. We are very pleased to have made a further hotel investment, especially as the asset is leased on a long-term basis to an experienced operator, WBF, with which we hope to complete further transactions as its business expands."

The Property

Attached to this release is an overview of the property. The key property statistics are as follows:

Property	Asset Class	Purchase price ¥ million	Estimated NOI yield
Hotel WBF Fukuoka Tenjin Minami	Hotel	1,600	4.6% on acquisition 5.6% in FY 2021

Hotel WBF Fukuoka Tenjin Minami, newly completed in 2017, is a limited service 'business hotel' with 117 rooms. It is located in the Tenjin area, which is considered to be the business and retail centre of Fukuoka City, the largest city in the Kyushu region and the fifth largest city in Japan, and is approximately 5 minutes from the Tenjin Minami train station.

Astro Japan Property Group

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

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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 28 retail, office, residential and hotel 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.

Property Details

	<p>Hotel WBF Fukuoka Tenjin Minami</p> <p>Hotel WBF Tenjin Minami is a limited service hotel with 117 rooms. The hotel is located in Tenjin area, which is considered as the city center of Fukuoka City, the largest city in Kushu Region.</p> <p>Address 3-23-32 Haruyoshi, Chuo-ku, Fukuoka, Fukuoka 5 minutes from Tenjin Minami Station of Subway Nakamura Line</p> <p>Sub-market Fukuoka City</p> <p>Property type Hotel</p>																																								
<p>KEY PROPERTY STATISTICS (AUGUST 2016)</p> <p>Acquisition summary</p> <table border="0"> <tr> <td>Ownership interest</td> <td>100%</td> </tr> <tr> <td>Purchase price (¥ million)</td> <td>1,600</td> </tr> <tr> <td>NOI yield</td> <td>Year 1 4.6%</td> </tr> <tr> <td></td> <td>Year 4 5.6%</td> </tr> <tr> <td>Year completed</td> <td>February 2017</td> </tr> <tr> <td>PML</td> <td>1.9%</td> </tr> </table> <p>Independent valuation</p> <table border="0"> <tr> <td>Valuer</td> <td>Tanizawa Sogo Appraisal</td> </tr> <tr> <td>Valuation (¥ million)</td> <td>1,660</td> </tr> <tr> <td>Direct capitalization rate</td> <td>5.3%</td> </tr> <tr> <td>Terminal yield</td> <td>5.5%</td> </tr> <tr> <td>Discount rate</td> <td>Year 1-3 5.1%</td> </tr> <tr> <td></td> <td>Year 4-10 5.2%</td> </tr> <tr> <td></td> <td>Year 11 5.4%</td> </tr> </table>	Ownership interest	100%	Purchase price (¥ million)	1,600	NOI yield	Year 1 4.6%		Year 4 5.6%	Year completed	February 2017	PML	1.9%	Valuer	Tanizawa Sogo Appraisal	Valuation (¥ million)	1,660	Direct capitalization rate	5.3%	Terminal yield	5.5%	Discount rate	Year 1-3 5.1%		Year 4-10 5.2%		Year 11 5.4%	<p>Property statistics</p> <table border="0"> <tr> <td>Land area (sqm)</td> <td>544</td> </tr> <tr> <td>NRA (sqm)</td> <td>2,291</td> </tr> <tr> <td>Gross rent + CAM (√month/tsubo)</td> <td></td> </tr> <tr> <td></td> <td>Year 1 10,391</td> </tr> <tr> <td></td> <td>Year 4 12,351</td> </tr> <tr> <td>Occupancy by area</td> <td>100%</td> </tr> <tr> <td>Occupancy by income</td> <td>100%</td> </tr> </table>	Land area (sqm)	544	NRA (sqm)	2,291	Gross rent + CAM (√month/tsubo)			Year 1 10,391		Year 4 12,351	Occupancy by area	100%	Occupancy by income	100%
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TENANT SUMMARY

Tenant name	Tenant industry	Lease type	% of total rent	Lease expiry date
WBF Resort Okinawa	Hotel	Fixed, Non-Cancellable	100.0%	March 2027