ASX/Media Release

22 February 2017

AJA HALF YEAR RESULTS - MEDIA RELEASE AND PRESENTATION

Please find attached the following documents relating to Astro Japan Property Group's Half Year Results to 31 December 2016:

1. Media Release
2. Investor Presentation

AJA will present its half year results this morning at 11.00am (Sydney time). The results presentation will be hosted by Mr Eric Lucas, Senior Advisor to AJA. Dial-in details for participation in the conference call are located on the AJA website, www.astrojapanproperty.com.

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 27 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.

Astro Japan Property

ASX/Media Release

22 February 2017

AJA HALF YEAR RESULTS TO 31 DECEMBER 2016

- Underlying profit after tax is up 6.4% on the prior corresponding period to A$18.3 million primarily as a result of strengthening of the Japanese Yen on average during the half year (¥79.82:A$1) compared to the prior corresponding period (¥88.08:A$1)
- Statutory net loss after tax was A$22.4 million for the half year compared to a profit of A$54.2 million in the prior corresponding period
- Following upward revaluations and despite the sale of smaller assets, the value of the property portfolio increased to ¥84.5 billion (A$1.0 billion), from ¥83.0 billion at 30 June 2016
- Distribution of 21 cents per security for the half year is 16.7% higher than the previous corresponding period
- NTA is down 7% to A$7.68 per security at the close of the half year, primarily as a result of Yen weakness vs A$ at 31 December 2016 compared to 30 June 2016

Financial results

Astro Japan Property Group (ASX: AJA) today announced an underlying profit after tax of A$18.3 million for the half year ended 31 December 2016, 6.4% higher than the prior corresponding period. This was largely the result of an approximately 9% strengthening of the Japanese Yen against the Australian dollar which more than compensated for a decline in net property income following the sale of several small properties. Underlying profit after tax is a measure which the Directors believe accurately and consistently reflects the underlying business performance of AJA.

Net property income actually declined from ¥2.33 billion in December 2015 to ¥2.19 billion in the current half year following asset sales of ¥5.4 billion (Sun Ace Tokugawa and Yamashitacho in February 2016, Sapporo Co-op in March 2016, FT Nihombashi in May 2016 and Sun No 5 in September 2016), with income contribution from the two hotel acquisitions only commencing from their purchase in late August 2016. On a like for like portfolio basis and excluding currency movements, net property income decreased by 1.2%. With over A$45 million of available cash, further leveraged property acquisitions will enhance future net property income.

Statutory net loss after tax of A$22.4 million was reported for the half year, compared to a statutory profit after tax of A$54.2 million in the prior corresponding period. This substantial decrease in the statutory result is almost solely due to a non-cash foreign exchange rate translation loss of A$42 million compared to an exchange rate translation gain of A$24 million in the prior corresponding period. Following a significant fall in value during the period from ¥76.67:A$1 at 30 June 2016 to ¥84.44:A$1 at 31 December 2016, the Yen appears to have stabilised around ¥85-87:A$1, but such movements have a major impact on AJA's financial results.

Distribution for the six months ended 31 December 2016 of 21 cents per security is to be paid on or about 28 February 2017. The distribution of 21 cents per security is less than underlying profit after tax of 30.1 cents per security, with the balance used for capex maintenance and reserves, loan amortisation and capital management.

Portfolio Performance

AJA's total property portfolio carrying value has increased to ¥84.5 billion as at 31 December 2016 from ¥83.0 billion as at 30 June 2016, due to an increase in fair value of approximately ¥0.4 billion for the half year and the purchase of two hotels for ¥1.5 billion in August 2016, partially offset by the sale of Sun No.5, valued at ¥467 million in September 2016. In Australian dollar terms, the value of the portfolio decreased by less 8% over the six months, from A$1.08 billion at 30 June 2016 to A$1.00 billion at 31 December 2016.

Portfolio occupancy by area continues to remain high at 98.7% as at 31 December 2016 compared to 99.1% as at 30 June 2016.

Mr Eric Lucas, Senior Advisor to AJA, said "We are pleased that asset values continue to show a positive trend, with six of the nine properties revalued showing increases. Occupancy levels continue to remain strong, with fewer lease cancellations, increased rents for new leases and stable rents on renewal."

Net Tangible Assets

As at 31 December 2016, NTA was down 7% to A$7.68 per security compared to A$8.26 per security as at 30 June 2016 primarily as a result of a 10% weakening of the Japanese Yen against the Australian dollar at 31 December 2016 (¥84.44:A$1) compared to 30 June 2016(¥76.67:A$1).

Capital Management

There were no re-financings during the half year with the two hotels purchased last year remaining free of debt at this time. Including proceeds from the sale of Round One Amagasaki announced on 31 January, AJA holds excess cash the equivalent of approximately A$45 million at ¥85:A$1 (almost all is held in Yen), equal to approximately 10% of AJA's current NTA. This amount is after setting aside funding for the half year distribution.

Mr Eric Lucas, Senior Advisor to AJA, said "Our focus is now on deploying available cash for the acquisition of properties which are younger and have stronger long-term leveraged cash flows than those which have been sold over recent periods".

Whilst the underlying operating performance of AJA's portfolio continues to be strong and AJA securities have far outperformed the A-REIT index on a total return basis over the short, medium and long term, AJA securities continue to trade at a price below NTA. The Board and Senior Advisor are well aware of the goal to narrow the gap between the market price of AJA securities and NTA, and anticipate that continued leveraged investment of currently available cash will generate increased earnings and distributable cash which should contribute to that goal.

Outlook and Guidance

Guidance for FY2017 underlying profit after tax remains unchanged at between 56 and 58 cents per security (A$34 million and A$35 million), assuming an average foreign exchange rate of ¥85:A$1 for the second half, no material performance fee payable to the Japan Asset Manager and no property acquisitions or disposals.

With distribution for HY2017 at 21 cents per security and guidance for H2 FY2017 at 21 cents per security (subject to the assumptions above), full year distribution is expected to be 42 cents per security, an increase of 16.7% on FY2016.

Ends

Investor & Media Enquiries:

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Astro Japan Property

HALF YEAR RESULTS TO 31 DECEMBER 2016

Eric Lucas, Senior Advisor

22 February 2017

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This Presentation is issued by the Astro Japan Property Group (“Astro Group”), comprising Astro Japan Property Management Limited (ABN 94 111 874 563, AFSL 283142) (“Responsible Entity”) as responsible entity of the Astro Japan Property Trust (ARSN 112 799 854) (“AJT”) and Astro Japan Property Group Limited (ABN 25 135 381 663) (“AJCo”).

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Asset management services in Japan are generally undertaken by Spring Investment Co., Limited ("Spring"). Property level information contained in this Presentation has been provided by Spring. The Astro Group's property interests are held via a Japanese Tokumei Kumiai structure, which is a contractual arrangement whereby the Astro Group has no ownership interest in the properties. See the Astro Group website under About Us – Ownership Structure for more details, www.astrojapanproperty.com.

AGENDA

- Overview
- Capital structure
- Portfolio operating performance and leasing activity
- Outlook, strategic priorities and guidance
- Appendices

Astro Japan Property

OVERVIEW

OVERVIEW

Financial Results

- Underlying profit after tax increased by 6.4% to A$18.3 million on the prior corresponding period, primarily as a result of an approximately 9% strengthening of the Japanese Yen against the Australian dollar compared to the prior corresponding period, which more than compensated for a decline in net property income following the sale of several small properties
- Underlying profit after tax per security was 30.1 cents of which 21 cps is to be paid in distributions for the half year with the balance used for maintenance capex and reserves, loan amortisation and capital management purposes
- Statutory half year net loss after income tax of A$22.4 million, compared to a profit of A$54.2 million in the prior corresponding period. This substantial decrease in the statutory result is almost solely due to non-cash foreign exchange rate translation loss of A$42 million compared to an exchange rate translation gain of A$24 million in the prior corresponding period
- Net property income (NPI) of A$27.5 million increased by 3.8% on the prior corresponding period due to exchange rate movements. In Yen terms NPI decreased by 6.0% primarily resulting from asset sales of ¥5.4 billion since February 2016 being approximately 6.4% of current portfolio value
- NPI decreased by 1.2% on a like for like basis, (excluding asset sales, asset acquisitions and currency movements) mainly due to larger property repair expenses than normal
- With A$45 million equivalent of available cash, further property acquisitions will enhance future net property income
- NTA has decreased from A$8.26 to A$7.68 in the past 6 months, as a result of Yen weakness v $A as at 31 December 2016, compared to 30 June 2016

OVERVIEW (CONT'D)

Property Update

- Values continue to show a positive trend, with an approximately 0.5% increase across the total portfolio value for the half year. Of the nine properties for which values were adjusted at 31 December 2016, six properties increased in value, for a net increase of approximately 1.1%
- On 22 August 2016, AJA acquired interests in two hotels for a combined purchase price of ¥1.47 billion (A$19.1 million at A$1=¥77). These assets are held through a new special purpose, property owning Japanese company (SPC), KTS&S Co., Ltd. (JPKT), and have new 20 year non-cancellable leases to an experienced Japanese hotel operator
- On 30 September 2016, AJA sold its interest in Sun No.5, an office property located in Tokyo, for ¥487 million (A$6.3 million at A$1=¥77), an approximate 4.2% premium to book value
- Post balance date, Round One Amagasaki, a retail property located in Amagasaki City, was sold for ¥830 million (A$9.7 million at A$1=¥86), an approximate 5.1% premium to book value

OVERVIEW (CONT'D)

Capital Management

- AJA now holds excess cash equivalent to approximately A$45 million (held mostly in Yen), equal to approximately 10% of AJA's current NTA, after setting aside funding for the half year distribution and including proceeds from the sale of Round One Amagasaki
- Focus is on deploying available cash on the acquisition of properties which are younger and have stronger long-term leveraged cash flows than those which have been sold over recent periods
- Hotels held in JPKT remain debt free with potential to gear up, most likely following any further hotel acquisitions
- Gearing has decreased from 59.4% as at 30 June 2016 to 57.8% as at 31 December 2016 (gross interest bearing debt/gross property values)
- The weighted average maturity of AJA's debt is now 6.45 years as at 31 December 2016

OVERVIEW OF KEY FINANCIAL RESULTS

	Six months to 31 December 2016[1]	Six months to 31 December 2015[2]	Change
Net property income (¥)	¥2.19 bn	¥2.33 bn	-6.0%
Net property income (A$)	$27.5 m	$26.5 m	3.8%
Underlying profit after income tax (A$)	$18.3 m	$17.2 m	6.4%
Underlying profit after income tax per security (A$)	30.1 ¢	28.3 ¢	6.4%
Net statutory profit / (loss) after income tax (A$)	$(22.4) m	$54.2 m	N/A[5]
Weighted average stapled securities on issue	60,652,466	60,652,466	- %
Distribution per security (A$)	21.0 ¢	18.0 ¢	16.7%
	31 December 2016[3]	**30 June 2016[4]**	**Change**
Total assets (A$)	$1.14 bn	$1.26 bn	-9.5%
NTA per security (A$)	$7.68	$8.26	-7.0%

- Net property income increased 3.8% (6.0% decrease in Yen terms) on the prior corresponding period, the overall increase being due to foreign exchange rate movements, with the underlying decrease in Yen net property income resulting from the sale of Sun No.5 in September 2016 along with the sale of four properties during the second half of the prior financial year
- Underlying profit after tax of A$18.3m was up 6.4% on the prior corresponding period, primarily as a result of an approximately 9% strengthening in the average Japanese Yen exchange rate compared to the prior comparative period. Underlying profit after tax is a measure which Directors believe accurately and consistently reflects the underlying business performance of AJA
- Statutory net loss after tax of A$22.4 million was reported for the period, compared to a profit of A$54.2 million in the prior corresponding period, almost solely due to non-cash foreign exchange rate translation losses
- Half year distribution of 21 cps with the balance of underlying profit after income tax per security used for capital management purposes

[1] Average exchange rate for period of A$1.00 = ¥79.82
[2] Average exchange rate for period of A$1.00 = ¥88.08
[3] Exchange rate of A$1.00 = ¥84.44 at 31 December 2016
[4] Exchange rate of A$1.00 = ¥76.67 at 30 June 2016
[5] Percentage movement cannot be calculated as the result in the prior corresponding period was a net profit

RECONCILIATION TO FINANCIAL STATEMENTS

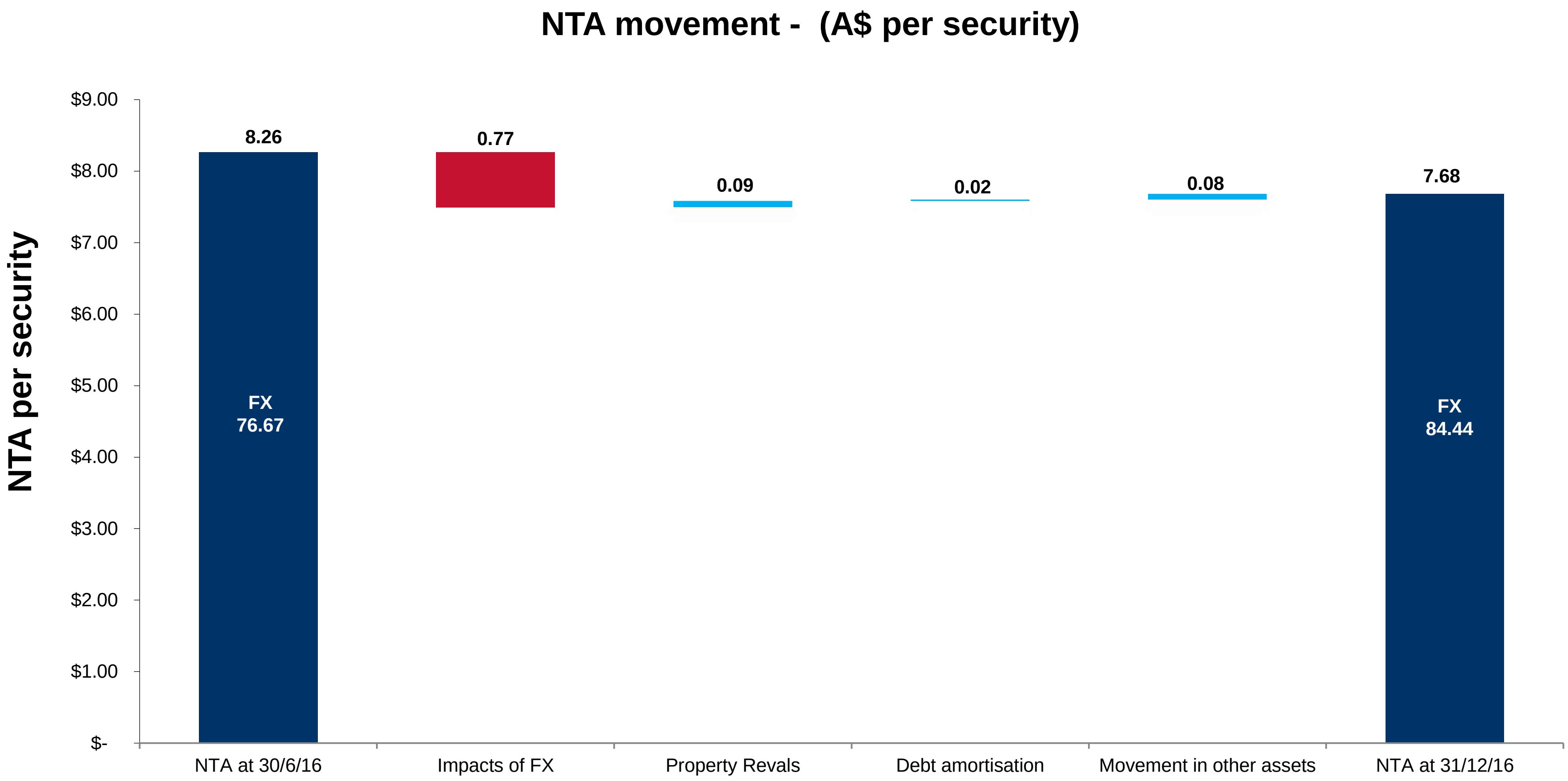
	Half Year ended 31 December 2016 A$	Half Year ended 31 December 2015 A$
Statutory Profit/ (loss) for the year	**$(22.4) m**	**$54.2 m**
Fair value adjustments to unlisted investments	-	$1.4 m
Foreign currency translation impact on the fair value of the SPCs	$42.1 m	$(24.0) m
Fair value adjustment to investment properties	$(2.9) m	$(10.7) m
Fair value adjustments to interest bearing debt	$(0.1) m	$2.9 m
Net foreign currency loss/(gain)	$4.4 m	$(2.5) m
Gain on disposal of investment properties	$(0.1) m	-
Expenses associated with TK refinancings	-	$0.8 m
Deferred tax on fair value adjustments	$(2.7) m	$(4.9) m
Underlying profit after tax	**$18.3 m**	**$17.2 m**

	As at 31 December 2016 A$	As at 30 June 2016 A$
Net assets	**$468.2 m**	**$503.3 m**
Intangible assets	$(2.6) m	$(2.6) m
Deferred tax	$0.1 m	$0.1 m
NTA	**$465.7 m**	**$500.8 m**
NTA per security (A$)	$7.68	$8.26
Percentage change (A$)	(7.0)%	
Percentage change (A$/Yen exchange rate)	(10.1%)	

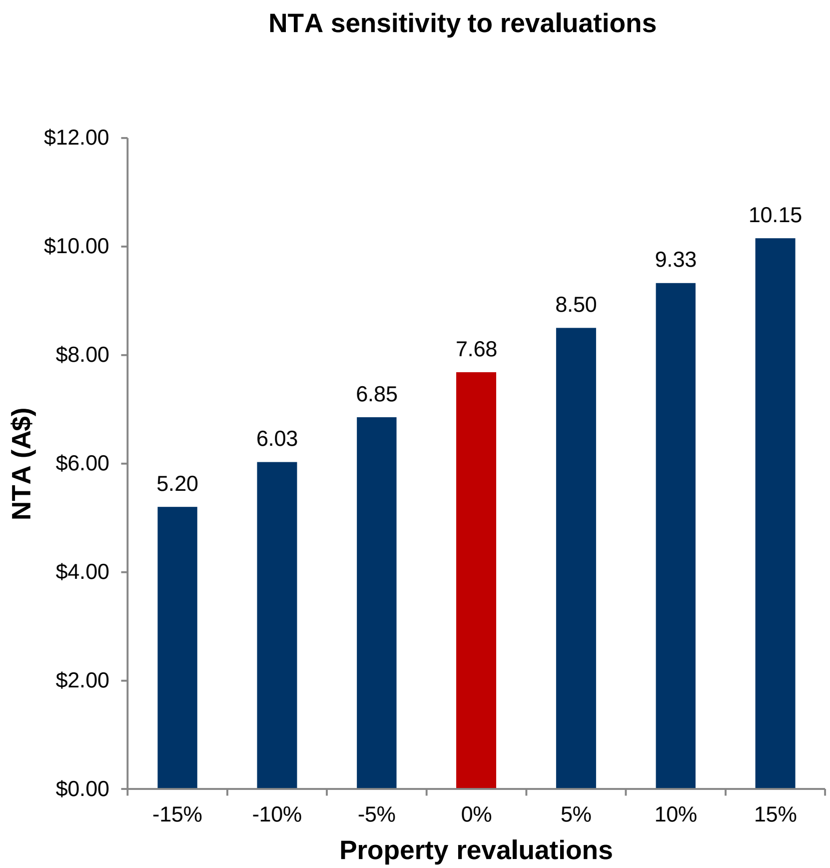
NOTE: The above calculations have not been subject to independent audit or review.

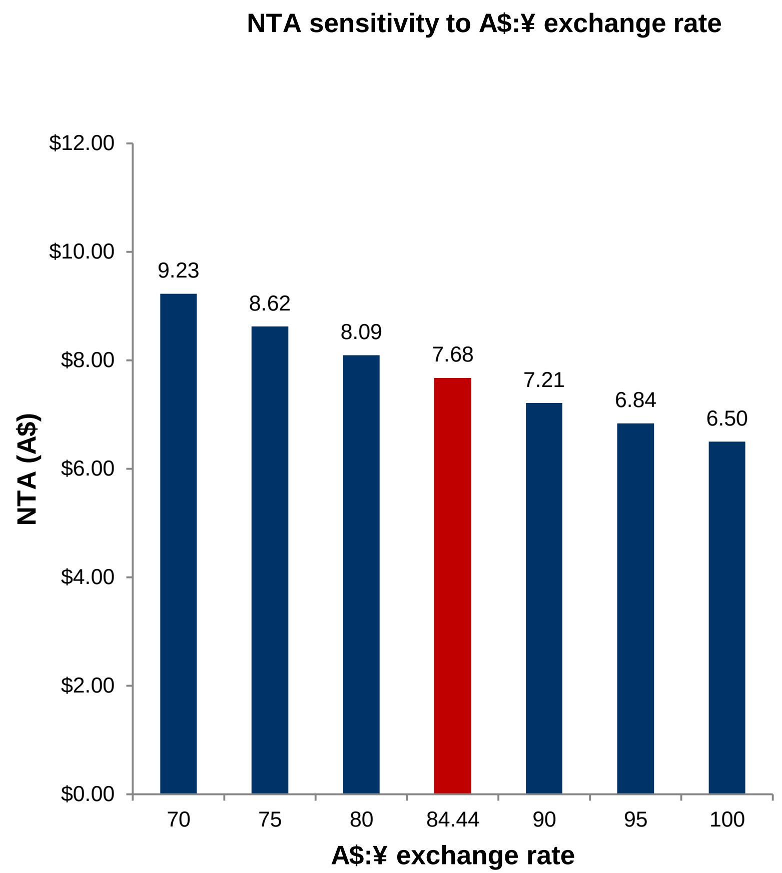
Astro Japan Property

NTA PER SECURITY
Movement over six months to 31 December 2016



NTA SENSITIVITIES





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CAPITAL STRUCTURE

PORTFOLIO CAPITAL STRUCTURE BY SPC

As at 31 December 2016

	AJA value Dec 2016 (¥ bn)	Loan amt (¥ bn)	LTV at Dec 2016	LTV covenant test	DSCR covenant test[2]	DSCR at Dec 2016	Maturity	Total interest rate	NPI per security 6 mths to 31 Dec 16 (¥)	Debt Amortisation per security 6 mths to 31 Dec 16 (¥)	Debt Amortisation per security 6 mths to 31 Dec 16 (A¢)
JPT	21.0	13.0	61.8%	87.0%	Actual: No less than: 2.5x (1-3 yr) 1.8x (4-10 yr)	Actual: 6.10x	Sep 2024	1.36%	8.3	-	-
JPTC	27.5	16.2	59.0%	87.0%	Actual: No less than: 2.5x (1-5 yr) 1.5x (6-10 yr)	Actual: 6.34x	Sep 2024	1.36%	11.4	-	-
JPTS	12.1	6.5	53.8%	90.0%	Stress: No less than 1.5x	Stress: 2.80x	Jan 2020	1.54%	6.1	0.35	0.44
JPTN	13.5	7.8	58.1%	80.0%	Actual: No less than 1.5x Stress: No less than 1.2x	Actual: 4.822x Stress: 2.20x	Mar 2022	1.04%	6.1	0.66	0.84
JPTO	5.3	3.1	58.5%	80.0%	Stress: No less than 1.1x	Stress: 1.48x	Dec 2019	0.46%	2.2	0.13	0.16
JPTGK[1]	3.6	2.2	60.9%	N/A	Actual: No less than 2.6x	Actual: 3.97x	Nov 2025	1.20%	1.5	0.18	0.23
JPKT	1.5	-	0.0%	N/A	N/A	N/A	N/A	N/A	0.6	-	-
Portfolio	84.5	48.8	57.8%	N/A	N/A	N/A	N/A	1.27%[3]	36.2	1.32	1.67

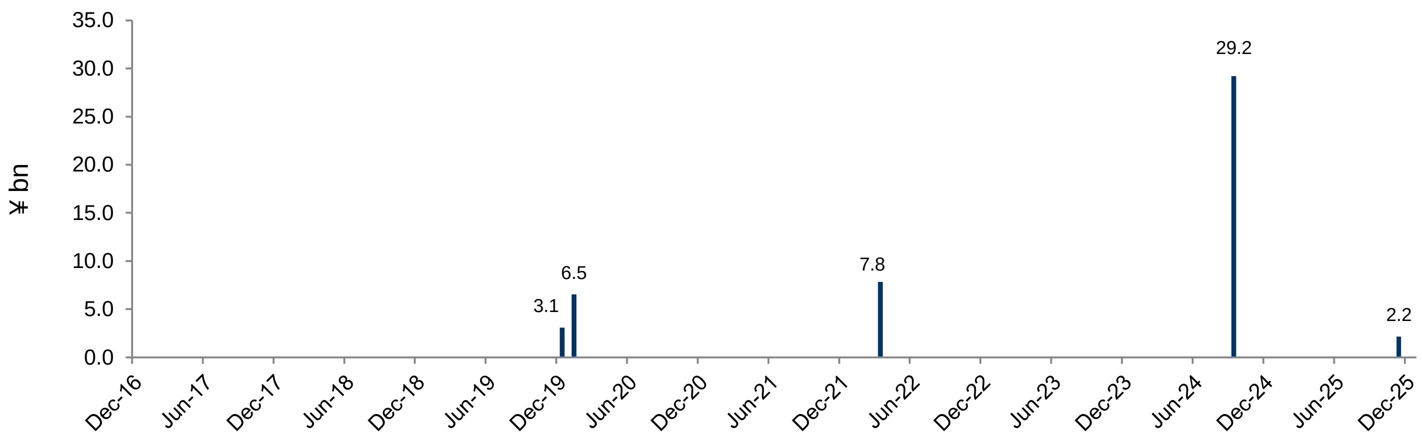
[1] Represents the 64% interest held in JPTGK (Arabesque S GK), which owns the Musashino Towers property
[2] Actual DSCR tests are based on actual loan payments whereas Stress DSCR tests are based on theoretical loan payment constants
[3] Weighted average interest rate as at 31 December 2016 (1.27% at 30 June 2016). Variable rate based on 3 month JPY Tibor currently 0.06%. JPTN based on 3 month JPY Libor currently -0.02%

Astro Japan Property

CAPITAL MANAGEMENT

	As at 31 December 2016
Number of non-recourse, asset specific loans, borrowed in ¥ in Japan	6
Weighted average portfolio interest rate	approx 1.27%
Proportion of AJA debt based on floating rate	approx 52.8%
Weighted average debt maturity	6.45 years
Annual debt amortisation	3.1 cps[1]

Debt Maturity Profile (¥ bn) as at 31 December 2016



[1] Based on 60,652,466 stapled securities and an exchange rate of ¥84.44 as at 31 December 2016

Astro Japan Property

PORTFOLIO OPERATING PERFORMANCE AND LEASING ACTIVITY

PORTFOLIO OVERVIEW

	31 December 2016	30 June 2016	Change
Portfolio carrying value	¥84.5 bn	¥83.0 bn	1.8%
Total number of properties	28	27	3.7%
NRA (sqm)	180,872	174,358	3.7%
Occupancy by area	98.7%	99.1%	-0.4%
Number of leases	152	156	-2.6%
% non-cancellable leases by income	48.6%	46.6%	1.9%
Weighted average term to expiry (WALE) (non-cancellable leases)	5.9 years	5.7 years	0.2 years

- Property portfolio carrying value has increased to ¥84.5bn at 31 December 2016 from ¥83.0bn at 30 June 2016 due to the acquisition of interests in two hotels for a combined price of ¥1.5bn, an increase in fair value of approximately ¥0.4bn for the half year partially offset by the sale of Sun No.5
- Increase in asset values reflects marginally improved assumed market and actual rents and a slight tightening in cap rates
- Proportion of non-cancellable leases (mainly in retail assets) has increased to 48.6% by income, adding stability to AJA's medium-term portfolio income stream

LIKE FOR LIKE PROPERTY REVENUE (ONGOING PORTFOLIO[1])

As at 31 December 2016

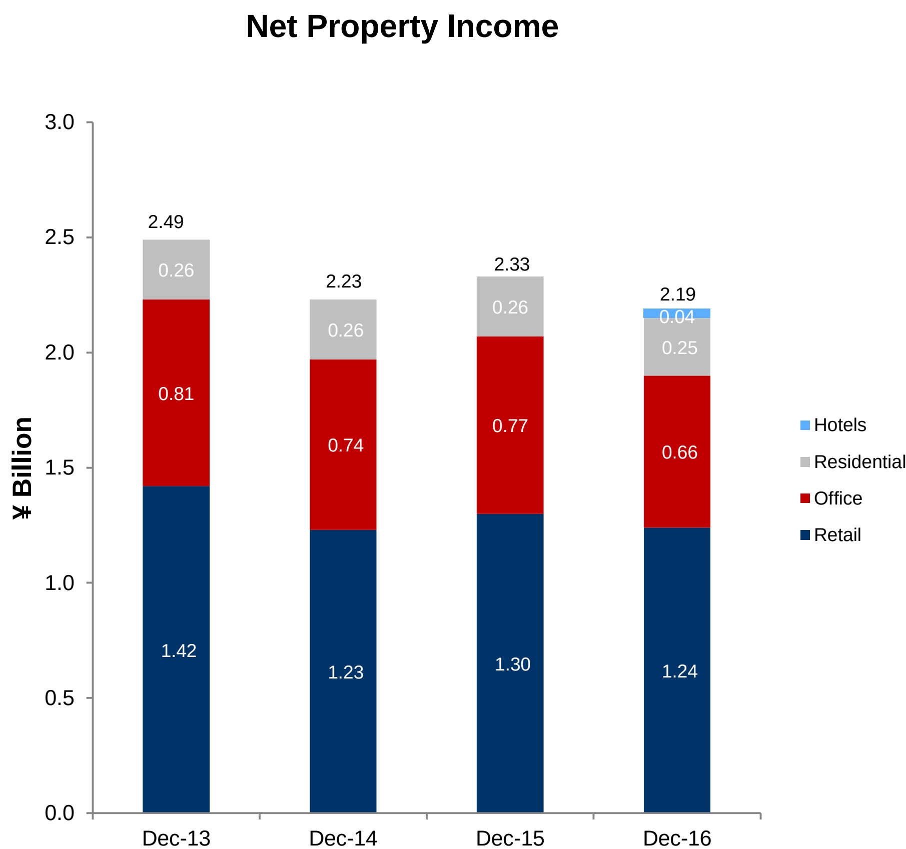
Property revenue (¥ million)	Six months to 31 December 2016	Six months to 31 December 2015	Change
Retail	1,585	1,609	-1.5%
Office	927	890	4.1%
Residential	318	323	-1.6%
Total portfolio	**2,830**	**2,822**	**0.2%**

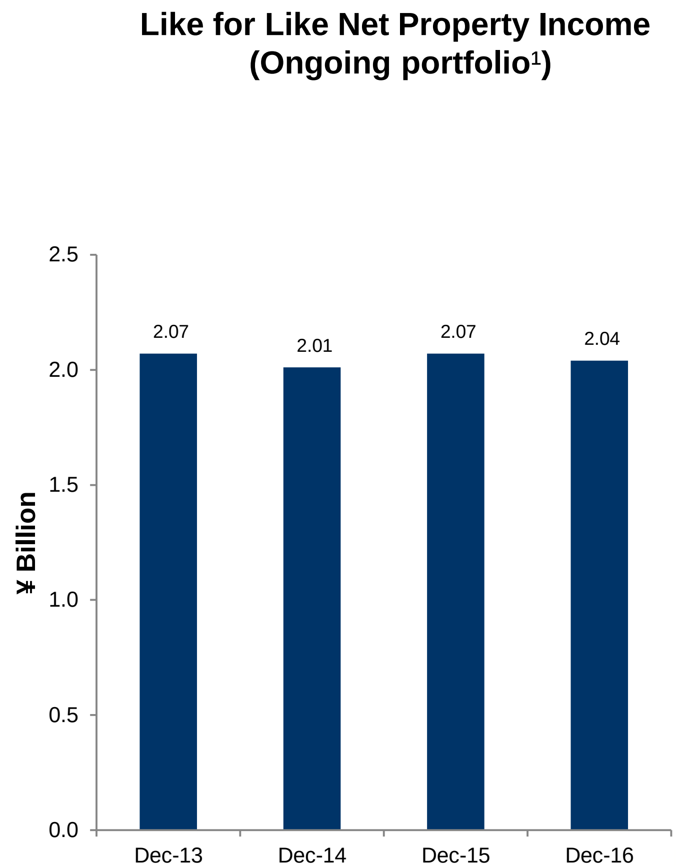
Occupancy by area	31 December 2016	30 June 2016	Change
Retail	99.2%	99.2%	0.0%
Office	95.4%	97.9%	-2.5%
Residential	100.0%	100.0%	0.0%
Total portfolio	**98.6%**	**99.1%**	**-0.5%**

- Property revenue increased slightly relative to the prior corresponding period on a like for like basis
- Period end occupancy decreased slightly relative to the prior period end on a like for like basis due to the termination of a large lease at Higashi Totsuka

[1] Property income (before expenses) for the ongoing portfolio excludes any properties purchased or sold since June 2015

OPERATING PERFORMANCE





[1] Net property income for the ongoing portfolio excludes any properties purchased or sold since June 2013

Astro Japan Property

TOP 10 TENANTS

As at 31 December 2016

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[1]	11.3%	March 2025
Good Real Estate	Tosabori	Real Estate	Fixed non-cancellable[2]	6.0%	March 2024
Matahari	Kawasaki Dice	Game Centre	Standard	4.0%	August 2023
City of Yokohama	JN	Government	Standard	3.9%	March 2017
Gaia	Shinjuku Fuji	Game Centre	Fixed cancellable	3.8%	July 2020
Jikei Space	Sekijomachi	School	Standard non-cancellable[3]	3.4%	March 2022
Maxvalu Tokai	Susono	Retail	Fixed non-cancellable[4]	3.4%	April 2024
Konami Sports & Life	Shibuya Konami	Fitness Club	Standard	3.1%	March 2019
Kyodo PR	Ginza Dowa	Advertising	Standard	3.1%	June 2017
Nitori Holdings	Matsudo Nitori/ Matsudo Nitori Parking	Retail	Standard non-cancellable[5] / Fixed non-cancellable[6]	2.8%	September 2024
TOTAL				**44.7%**	

[1] The property is 100% leased to Konan Shoji on a 20 year lease. For the first 12 years (until March 2017) the master lessee under a non-cancellable Fixed Term Lease is Toyota Tsusho Corporation pursuant to which Toyota Tsusho subleases to Konan Shoji. From the end of the 12 year master lease term the lease is directly with Konan Shoji.
[2] 9.5 year lease, The lease is non-cancellable during the term (until March 2024).
[3] 15 year lease, The lease is non-cancellable five years (until July 2018).
[4] 10 year lease. The lease is non-cancellable during the initial three years (until April 2017).
[5] 20 year lease. The lease is non-cancellable during the term (until September 2024).
[6] 20 year lease. The lease is non-cancellable during the term (until June 2023).

LEASING ACTIVITY

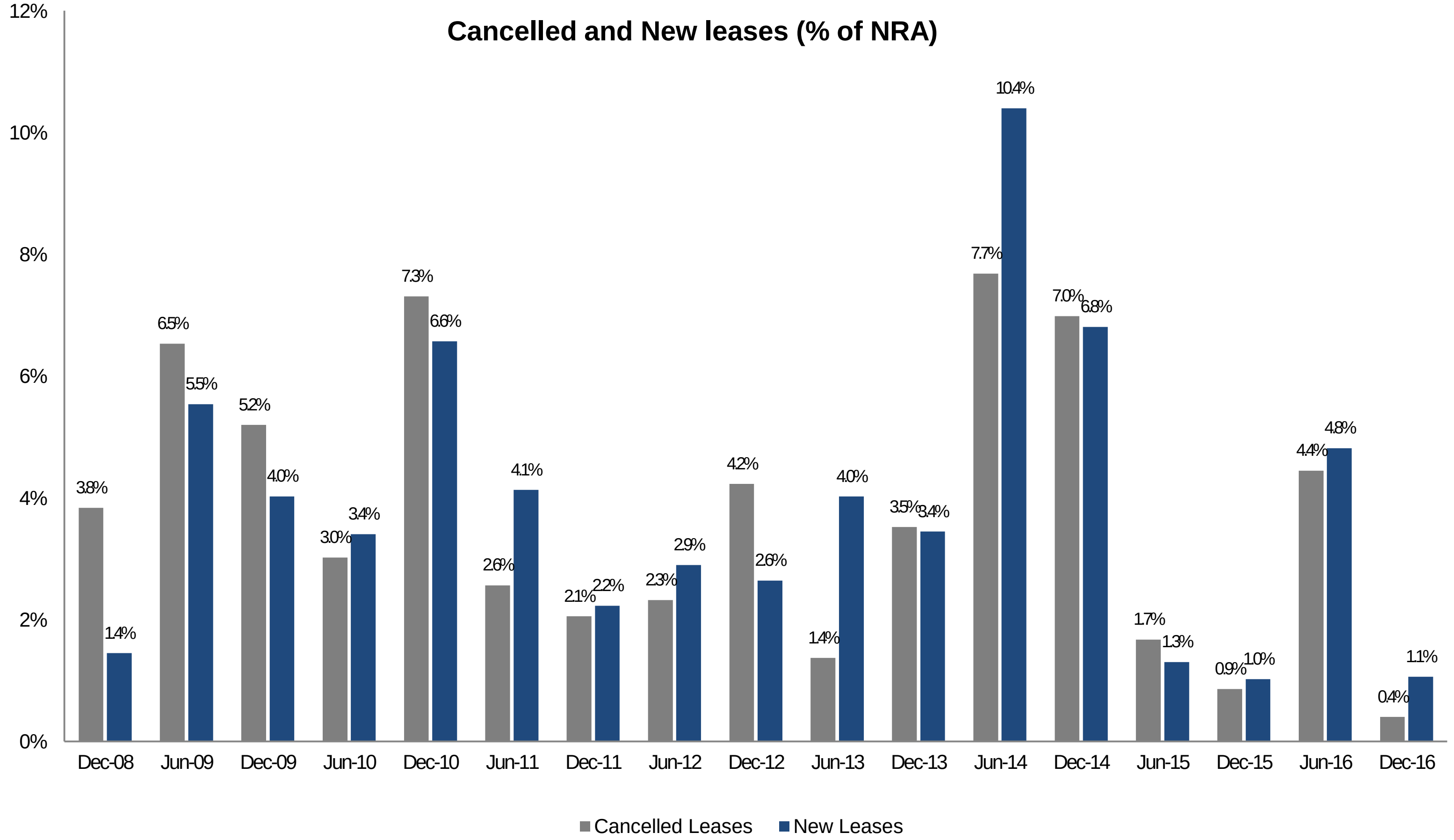
For the six months ended 31 December 2016

Leasing activity	No. of leases	% of NRA	% of portfolio income[1]
Expired / renewed leases			
Expired leases	(13)	(2.6)%	(5.2)%
Renewed leases	13	2.6%	5.2%
Net increase / (decrease) due to renewals	**0**	**0.0%**	**0.0%**
New / cancelled			
Cancelled leases	(6)	(0.4)%	(0.8)%
New leases	9	1.1%	1.6%
Net increase / (decrease) due to new / cancelled leases	**3**	**0.7%**	**0.8%**
Net increase / (decrease) in occupied area	**3**	**0.7%**	**0.8%**
Ongoing leases: Rental Adjustments			
Net decrease of rental adjustments for ongoing leases (2 leases, representing 2.9% of NRA)			(0.1)%
Net increase / (decrease) contract base at 31 December 2016	**3**	**0.7%**	**0.7%**

- All 13 leases that expired during the period (equivalent to 5.2% of portfolio income) were renewed by the existing tenants. 12 of the 13 renewed leases were at rents equal to previous rents, one renewed lease representing 0.7% of portfolio income was renewed at increased rent
- 6 leases were cancelled during the period and there were 9 new leases during the period which resulted in a net increase of 0.7% of NRA and a 0.8% increase of portfolio income
- Total increase in the portfolio income was 0.7%

[1] Rent and Common Area Maintenance (CAM) as a percentage of the portfolio at December 2016

LEASING ACTIVITY COMPARISON



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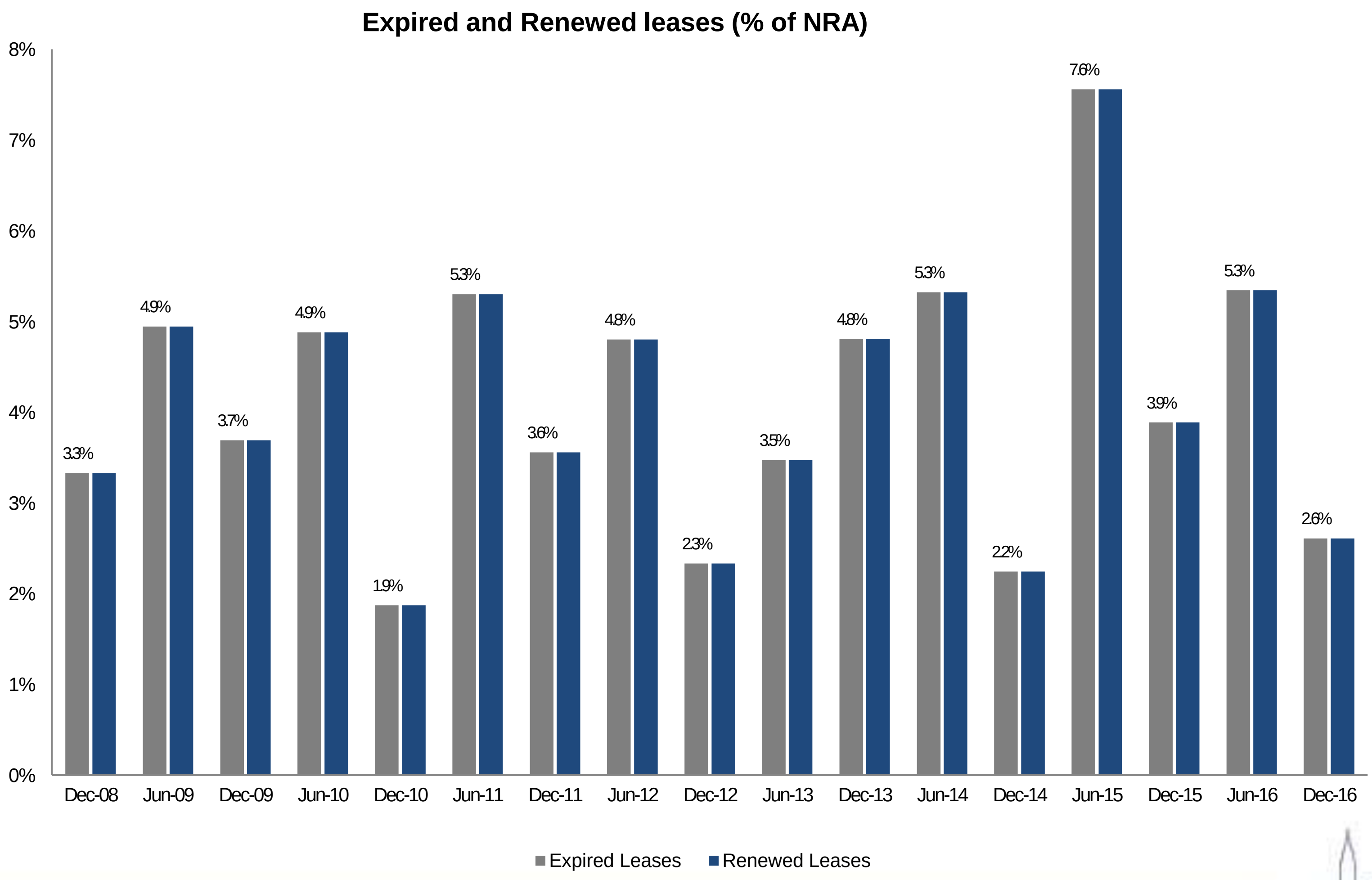
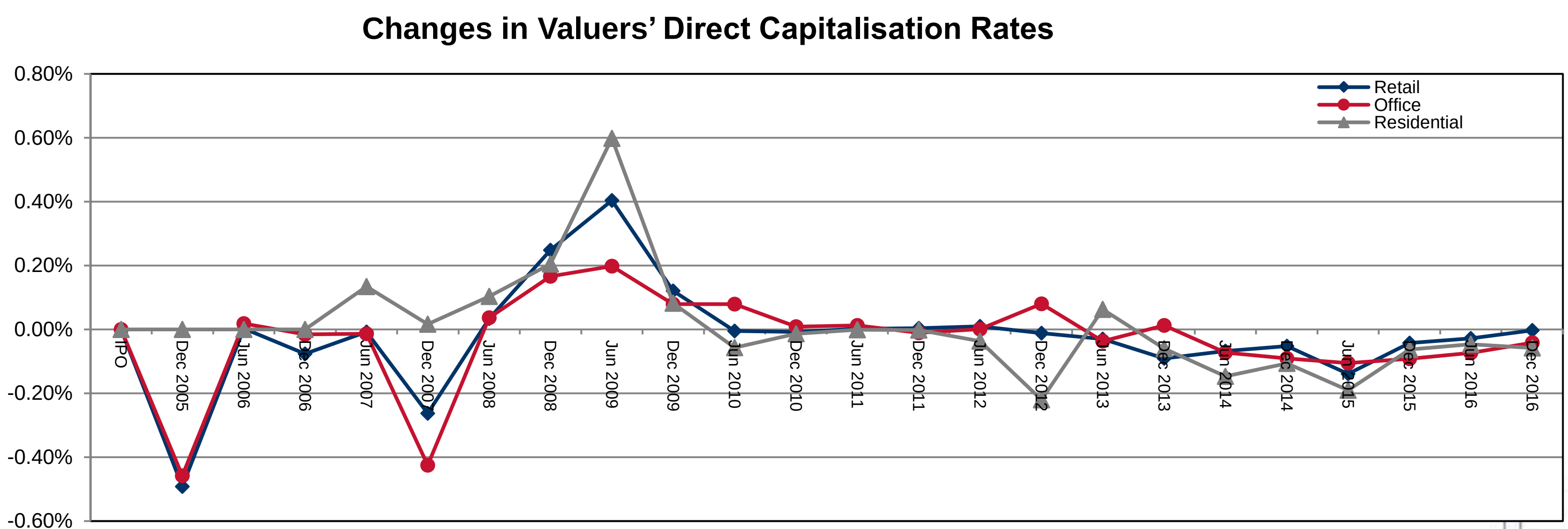
LEASING ACTIVITY COMPARISON (CONT'D)



PROPERTY REVALUATIONS – CAP RATE TRENDS

- Weighted average capitalisation rates used by independent valuers for the portfolio have continued to tighten since June 2013, in the most recent 6 months by between 4 and 6 basis points depending on the asset type

Valuers' Capitalisation Rates by Segment	December 2016	June 2016
Retail	5.18%	5.18%
Office	4.76%	4.80%
Residential	5.34%	5.40%
Hotel	6.25%	N/A
Total	**5.09%**	**5.09%**



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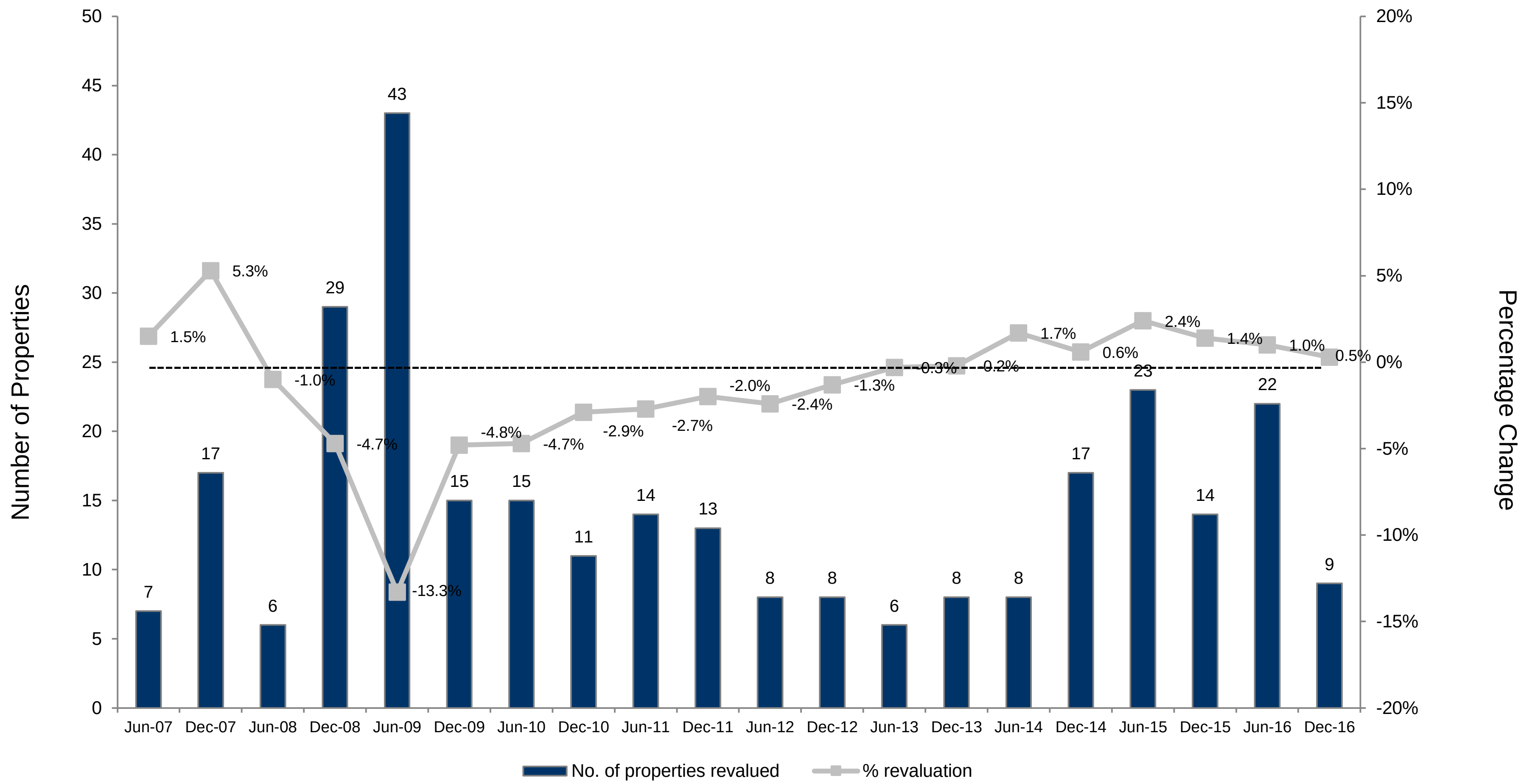
HISTORICAL TREND OF PORTFOLIO VALUATION



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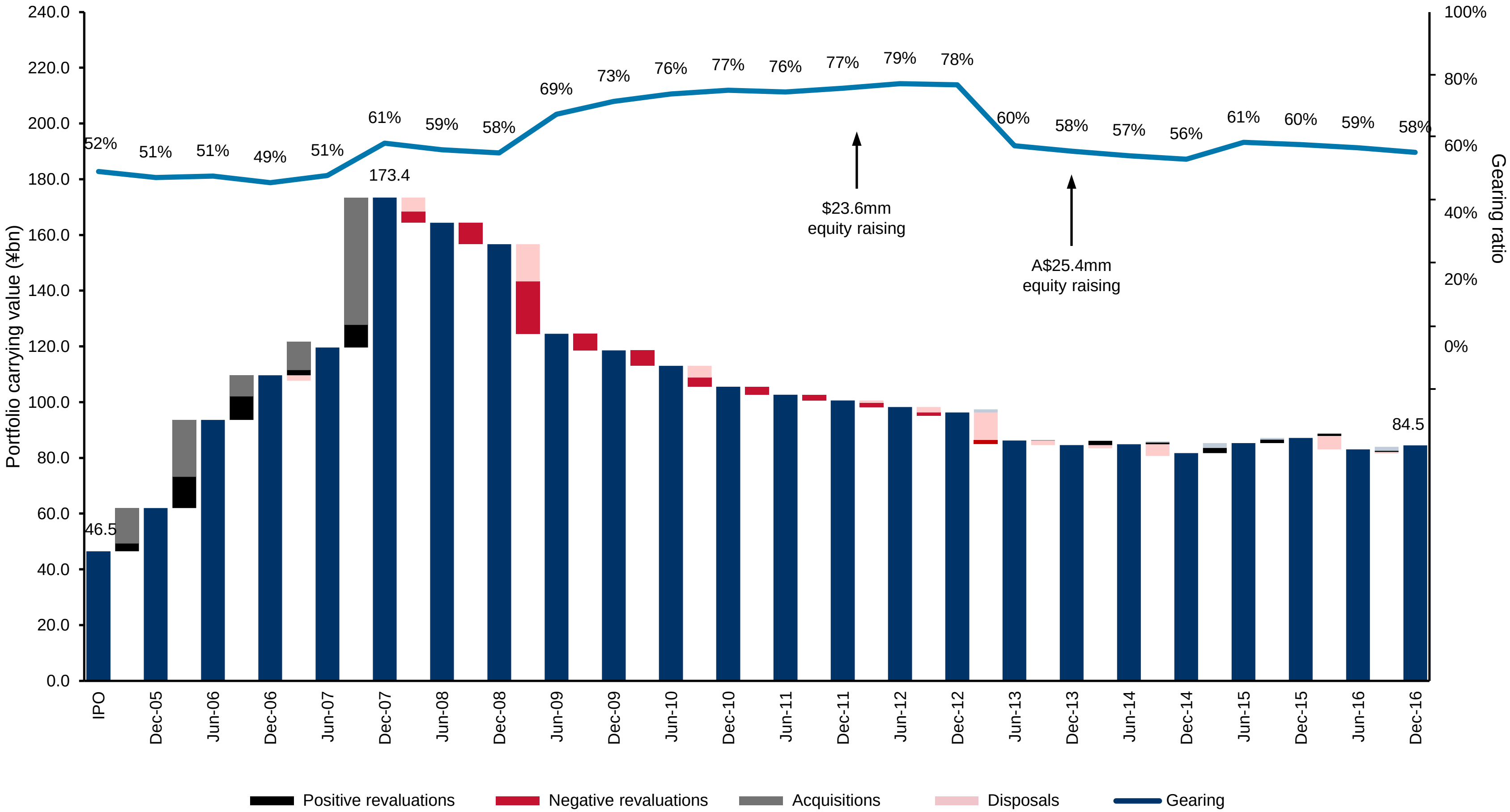
PORTFOLIO VALUE / GEARING SINCE IPO[1]



[1]Gearing represents interest bearing debt to gross property values

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PORTFOLIO YIELD DATA AS AT 31 DECEMBER 2016

Asset class	Original NOI yield / purchase price	Current NOI yield / current book value December 2016
Retail	5.6%	5.4%
Office	5.3%	5.3%
Residential	5.6%	5.7%
Hotel	5.8%	5.8%
Total	**5.5%**	**5.4%**

Weighted average valuation cap rates[1] December 2016
5.2%
4.8%
5.3%
6.2%
5.1%

[1] Cap rate used by valuers for NCF (underlying income less leasing fees and capex)

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OUTLOOK, STRATEGIC PRIORITIES AND GUIDANCE

OUTLOOK

Overall Japanese market and economic outlook

- Japanese economy finished on a strong note with December 2016 trade surplus of ¥641 billion, a 360% rise year on year
- Annualised GDP growth for 2016 was 1% after the December 2016 quarter became the fourth consecutive quarterly increase
- Industry production and retail sales expanding strongly from November 2016
- President Trump's indicated expansionary approach has strengthened the US dollar against the Yen, should be positive for export growth for Japan

Japan Balance of Trade

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STRATEGIC PRIORITIES AND GUIDANCE

- Focus is on deploying available cash in the most efficient way to sustainably increase earnings and distributable cash per security
- Continued leveraged investment of currently available cash will generate increased earnings and distributable cash which should contribute to further narrowing the NTA and security price gap
- Japan Asset Manager is currently pursuing negotiations of a number of specific acquisitions, although there can be no guarantee that negotiations will be successfully completed
- Japan Asset Manager will continue to review opportunistic asset sales, especially of smaller, non-strategic assets
- Whilst the underlying operating performance of AJA's portfolio continues to be strong, the AJA security price continues to trade at a price below NTA which is a matter of ongoing strategic review
- An ongoing programme of capital expenditure on the portfolio to ensure achievement of the highest possible rental outcomes is estimated at approximately 10 cps of the FY2017 cash flow
- Assuming an average foreign exchange rate of ¥85:A$1 for the second half, no material performance fee payable to the Japan Asset Manager and no property acquisitions or disposals, FY2017 forecast underlying profit after tax remains unchanged at between 56 cents per security and 58 cents per security (A$34 million and A$35 million) and, with distribution guidance for H2 FY2017 21 cps, the full year distribution is expected to be 42 cps, an increase of 16.7% on FY2016

APPENDICES

INCOME STATEMENT

	31 Dec 2016 $'000	31 Dec 2015 $'000	31 Dec 2016 ¥ '000	31 Dec 2015 ¥ '000
Net Property Income				
Property revenue	36,353	35,725	2,897,721	3,144,186
Property expenses	(8,820)	(9,209)	(705,360)	(809,027)
Net property income	**27,533**	**26,516**	**2,192,361**	**2,335,159**
Interest income	31	54	2,524	4,819
Distribution income	45	347	3,579	30,583
Other income	5	21	438	1,844
Total income	**27,614**	**26,938**	**2,198,902**	**2,372,405**
Expenses				
Asset Management fees	(2,577)	(2,524)	(205,486)	(222,180)
Borrowing expense	(4,227)	(4,219)	(337,051)	(371,341)
Other expenses	(2,005)	(2,257)	(159,364)	(198,528)
Total Expenses	**(8,809)**	**(9,000)**	**(701,901)**	**(792,049)**
Underlying profit before tax	**18,805**	**17,938**	**1,497,001**	**1,580,356**
Income tax expense, net of deferred tax on fair value adjustments	(549)	(762)	(43,782)	(67,171)
Underlying profit after tax	**18,256**	**17,176**	**1,453,219**	**1,513,185**
Non underlying items				
Fair value adjustment to unlisted investments	(32)	(1,352)	(2,575)	(119,050)
Fair value adjustments to interest bearing debt	58	(2,843)	4,959	(249,111)
Foregin currency translation impact on the fair value of the TKs	(42,066)	23,959	-	-
TK operator share of TK distributions	(26)	(44)	(2,219)	(3,837)
Net fair value adjustment of investment properties	2,909	10,656	245,669	938,226
Net foreign currency gain	(4,368)	2,489	(348,635)	219,218
Gain on disposal of investment properties	50	-	3,837	-
Expenses associated with TK refinancings	-	(779)	-	(68,753)
Impairment of goodwill	-	-	-	-
Deferred tax on fair value adjustments	2,774	4,958	236,406	436,989
Net non underlying profit	**(40,701)**	**37,044**	**137,442**	**1,153,682**
Net AIFRS accounting profit	**(22,445)**	**54,220**	**1,590,661**	**2,666,867**

BALANCE SHEET

	31 Dec 2016 (A$'000)	30 Jun 2016 (A$'000)	31 Dec 2016 (¥'000)	30 Jun 2016 (¥'000)
Assets				
Cash and cash equivalents	76,681	107,020	6,474,795	8,205,168
Restricted cash[1]	43,550	48,279	3,677,278	3,701,526
Trade and other receivables	3,603	4,330	304,230	331,979
Financial assets at FVTPL	3,749	3,781	316,558	289,887
Investment properties	1,000,323	1,081,950	84,465,338	82,952,542
Deferred tax asset	10,898	7,303	920,206	559,917
Intangible assets	2,600	2,600	219,539	199,341
Other assets	755	897	63,751	68,773
Total assets	**1,142,159**	**1,256,160**	**96,441,696**	**96,309,131**
Liabilities				
Payables and other liabilities	10,462	20,691	883,391	1,586,368
Tenant deposits	43,926	47,987	3,709,026	3,679,138
Distribution payable	12,737	10,917	1,075,488	837,001
Interest bearing debt at fair value	582,571	647,745	49,191,168	49,662,271
Current tax liabilities	480	858	40,530	65,782
Deferred tax liabilities	23,825	24,623	2,011,737	1,887,833
Total liabilities	**674,001**	**752,821**	**56,911,340**	**57,718,393**
Net assets	**468,158**	**503,339**	**39,530,355**	**38,590,738**
Net tangible asset per security	$7.68	$8.26		
Gearing ratio (interest bearing debt (at par)/property value)	57.8%	59.4%		

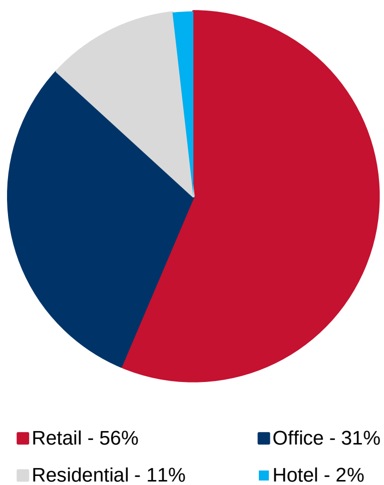
[1] Restricted cash consists of cash in trust (e.g. tenant security deposits) and lender reserves (e.g. cash required under loan agreements for items such as capex and repairs)

PORTFOLIO OVERVIEW

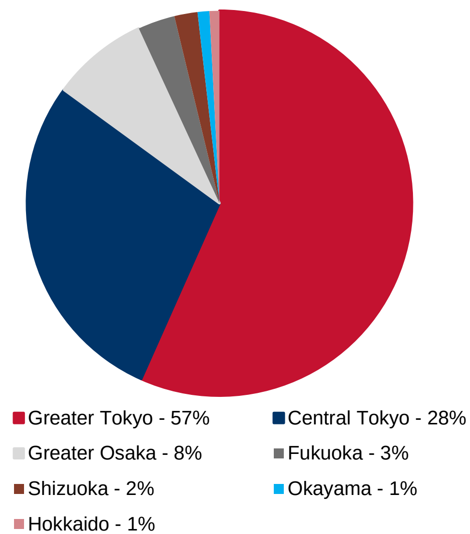
	Retail		Office		Residential		Hotel		Portfolio	
	31 Dec 16	30 Jun 16	31 Dec 16	30 Jun 16	31 Dec 16	30 Jun 16	31 Dec 16	30 Jun 16	31 Dec 16	30 Jun 16
Number of properties	14	14	8	9	4	4	2	0	28	27
Carrying value (¥ bn)	47.6	47.4	25.7	26.0	9.6	9.5	1.5	0.0	84.5	83.0
Net Rentable Area (tsubo)	34,756	34,756	9,546	9,788	8,199	8,199	2,213	0	54,714	52,743
Net Rentable Area (sqm)	114,896	114,896	31,556	32,357	27,105	27,105	7,315	0	180,872	174,358
% of portfolio by value	56.4%	57.2%	30.4%	31.4%	11.4%	11.4%	1.8%	0.0%	100.0%	100.0%
% of portfolio by area	63.5%	65.9%	17.4%	18.6%	15.0%	15.5%	4.0%	0.0%	100.0%	100.0%
Number of leases	68	68	78	84	4	4	2	0	152	156
Occupancy by area	99.2%	99.2%	95.4%	98.0%	100.0%	100.0%	100.0%	0.0%	98.7%	99.1%

PORTFOLIO DIVERSIFICATION

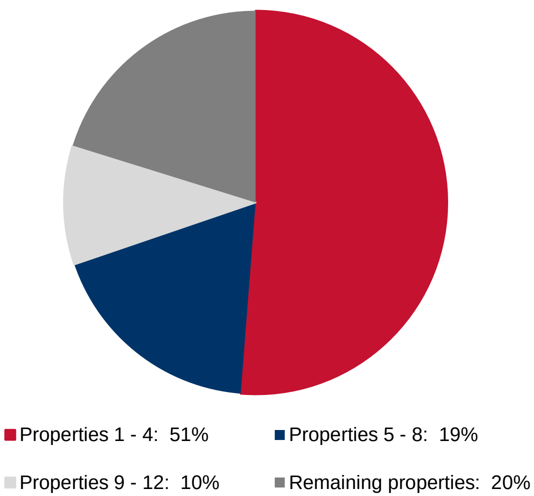
Asset class diversification (by value)



Geographic diversification (by value)



Asset diversification (by value, largest to smallest)



- Post property revaluations in December 2016 and asset sales, all segments remain substantially unchanged from June 2016
- Over 80% concentration of properties in Central and Greater Tokyo

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TOP 10 PROPERTIES

Property	Property Type	Carrying Value 31 December 2016 ¥ billions	% of portfolio	Occupancy by area
Kawasaki Dice	Retail	14.0	16.6%	100.0%
Konan Home Centre	Retail	12.0	14.2%	100.0%
Ginza Dowa	Office	9.0	10.7%	100.0%
JN	Office	8.3	9.8%	100.0%
Tosabori	Residential	5.2	6.2%	100.0%
Shinjuku Fuji	Retail	4.3	5.1%	100.0%
Musashino Towers	Retail	3.5	4.2%	100.0%
Sekijomachi	Residential	2.6	3.1%	100.0%
Shibuya Konami	Retail	2.4	2.8%	100.0%
Matsudo Nitori	Retail	2.3	2.7%	100.0%
Total		**63.6**	**75.3%**	

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PORTFOLIO ASSETS BY SPC AS AT 31 DECEMBER 2016

JPT			JPTS			JPTC			JPTN			JPTO			JPTGK			JPKT		
Property	Carrying value 31 Dec 16 (¥bn)	% of portfolio	Property	Carrying value 31 Dec 16 (¥bn)	% of portfolio	Property	Carrying value 31 Dec 16 (¥bn)	% of portfolio	Property	Carrying value 31 Dec 16 (¥bn)	% of portfolio	Property	Carrying value 31 Dec 16 (¥bn)	% of portfolio	Property	Carrying value 31 Dec 16 (¥bn)	% of portfolio	Property	Carrying value 31 Dec 16 (¥bn)	% of portfolio
Konan Home Centre	12.0	14.2	Shinjuku Fuji	4.3	5.1	Kawasaki Dice	14.0	16.6	Shibuya Konami	2.4	2.8	Sekijomachi	2.6	3.1	Musashino Towers	3.5	4.2	Kuretake Inn Okayama	0.8	1.0
Ginza Dowa	9.0	10.7	Takadanobaba	1.7	2.0	JN	8.3	9.8	Tsudanuma	2.0	2.4	Matsudo Nitori	2.3	2.7				Kuretake Inn Asahikawa	0.7	0.8
			OS Tsukiji	1.3	1.6	Tosabori	5.2	6.2	Harajuku Bell Pier	1.8	2.1	Matsudo Nitori Parking	0.4	0.5						
			G-Clef Kamata	1.2	1.4				Susono	1.7	2.0									
			Prime Kanda	1.2	1.4				Forest Kita Aoyama	1.5	1.8									
			Asakusa	1.1	1.3				Higashi Totsuka	1.5	1.8									
			Kajicho Ekimae	0.7	0.8				Motomachi	0.9	1.1									
			Nishi Kasai	0.6	0.7				Round One Nara	0.8	1.0									
									Round One Amagasaki	0.8	0.9									
Total	**21.0**	**24.9**	**Total**	**12.2**	**14.3**	**Total**	**27.5**	**32.5**	**Total**	**13.5**	**16.0**	**Total**	**5.3**	**6.3**	**Total**	**3.5**	**4.2**	**Total**	**1.5**	**1.8**

PORTFOLIO SNAPSHOT AS AT 31 DECEMBER 2016

	Carrying Value					Occupancy by area	
	Dec-16 ¥ billions	Jun-16 ¥ billions	Dec-15 ¥ billions	% Change (Jun-16 to Dec-16)	% of portfolio post revaluations	Actual Dec-16	Actual Jun-16
Retail	47.6	47.4	48.8	0.4%	56.4%	99.2%	99.2%
Office	25.7	26.0	29.0	-1.2%	30.4%	95.4%	98.0%
Residential	9.6	9.5	9.3	1.1%	11.4%	100.0%	100.0%
Hotel	1.5	N/A	N/A	N/A	1.8%	100.0%	N/A
Portfolio	**84.5**	**83.0**	**87.1**	**1.8%**	**100.0%**	**98.7%**	**99.1%**

Retail							
Kawasaki Dice	14.0	13.8	13.8	1.4%	16.6%	100.0%	100.0%
Konan Home Centre	12.0	12.0	11.8	0.0%	14.2%	100.0%	100.0%
Shinjuku Fuji	4.3	4.3	4.2	0.0%	5.1%	100.0%	100.0%
Musashino Towers	3.5	3.5	3.5	0.0%	4.2%	100.0%	100.0%
Shibuya Konami	2.4	2.4	2.4	0.0%	2.8%	100.0%	100.0%
Matsudo Nitori	2.3	2.3	2.2	0.0%	2.7%	100.0%	100.0%
Tsudanuma	2.0	2.0	1.9	0.0%	2.4%	100.0%	100.0%
Harajuku Bell Pier	1.8	1.8	1.8	0.0%	2.1%	100.0%	100.0%
Susono	1.7	1.7	1.8	0.0%	2.0%	100.0%	100.0%
Motomachi	0.9	1.0	1.1	-10.0%	1.1%	40.5%	40.5%
Sapporo Co-op	N/A	N/A	1.0	N/A	N/A	N/A	N/A
Round One Nara	0.8	0.8	1.0	0.0%	1.0%	100.0%	100.0%
Round One Amagasaki	0.8	0.8	1.2	0.0%	0.9%	100.0%	100.0%
Kajicho Ekimae	0.7	0.7	0.7	0.0%	0.8%	100.0%	100.0%
Matsudo Nitori Parking	0.4	0.4	0.4	0.0%	0.5%	100.0%	100.0%
Retail	**47.6**	**47.4**	**48.8**	**0.4%**	**56.4%**	**99.2%**	**99.2%**

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PORTFOLIO SNAPSHOT AS AT 31 DECEMBER 2016 (CONT'D)

	Carrying Value					Occupancy by area	
	Dec-16 ¥ billions	Jun-16 ¥ billions	Dec-15 ¥ billions	% Change (Jun-16 to Dec-16)	% of portfolio post revaluations	Actual Dec-16	Actual Jun-16
Office							
Ginza Dowa	9.0	8.9	8.2	1.1%	10.7%	100.0%	100.0%
JN	8.3	8.2	8.2	1.2%	9.8%	100.0%	100.0%
Yamashitacho	N/A	N/A	2.1	N/A	N/A	N/A	N/A
Takadanobaba	1.7	1.7	1.7	0.0%	2.0%	100.0%	100.0%
Higashi Totsuka	1.5	1.5	1.6	0.0%	1.8%	74.7%	93.6%
Forest Kita Aoyama	1.5	1.5	1.4	0.0%	1.8%	100.0%	100.0%
Sun Ace Tokugawa	N/A	N/A	1.3	N/A	N/A	N/A	N/A
OS Tsukiji	1.3	1.3	1.2	0.0%	1.6%	100.0%	86.5%
Prime Kanda	1.2	1.2	1.2	0.0%	1.4%	100.0%	100.0%
Asakusa	1.1	1.1	1.1	0.0%	1.3%	100.0%	100.0%
FT Nihombashi	N/A	N/A	0.5	N/A	N/A	N/A	N/A
Sun No.5	N/A	0.5	0.5	N/A	N/A	N/A	100.0%
Office sub total/average	**25.7**	**26.0**	**29.0**	**-1.2%**	**30.4%**	**95.4%**	**98.0%**
Residential							
Tosabori	5.2	5.1	5.0	2.0%	6.2%	100.0%	100.0%
Sekijomachi	2.6	2.6	2.6	0.0%	3.1%	100.0%	100.0%
G-Clef Kamata	1.2	1.2	1.2	0.0%	1.4%	100.0%	100.0%
Nishi Kasai	0.6	0.6	0.6	0.0%	0.7%	100.0%	100.0%
Residential sub total/average	**9.6**	**9.5**	**9.3**	**1.1%**	**11.4%**	**100.0%**	**100.0%**
Hotels							
Kuretake Inn Okayama	0.8	N/A	N/A	N/A	**1.0%**	100.0%	N/A
Kuretake Inn Asahikawa	0.7	N/A	N/A	N/A	**0.8%**	100.0%	N/A
Hotel sub total/average	**1.5**				**1.8%**	**100.0%**	
Total/average	**84.5**	**83.0**	**87.1**	**1.8%**	**100.0%**	**98.7%**	**99.1%**

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PORTFOLIO VALUATION SUMMARY

	Portfolio Carrying Value		Date	Direct Cap Overall Cap Rate	DCF Discount Rate	DCF Terminal Cap Rate	Method
	31/12/2016 ¥ billions	% of portfolio		%	%	%	
Retail	47.6	56.4%		**5.2%**	**4.9%**	**5.4%**	
Office	25.7	30.4%		**4.8%**	**4.5%**	**4.9%**	
Residential	9.6	11.4%		**5.3%**	**5.1%**	**5.5%**	
Hotel	1.5	1.8%		**6.2%**	**6.0%**	**6.4%**	
Portfolio	**84.5**	**100.0%**		**5.1%**	**4.8%**	**5.3%**	
Retail							
Kawasaki Dice	14.0	16.6%	31/12/2016	4.5%	4.3%	4.6%	DCF
Konan Home Centre	12.0	14.2%	31/12/2016	5.5%	5.3%	5.6%	DCF
Shinjuku Fuji	4.3	5.1%	31/12/2016	5.8%	5.1%	6.3%	DCF
Musashino Towers	3.5	4.2%	31/12/2016	4.9%	4.7%	5.0%	DCF
Shibuya Konami	2.4	2.8%	31/12/2016	4.7%	4.4%	4.9%	DCF-50% DC-50%
Matsudo Nitori	2.3	2.7%	31/12/2016	5.4%	5.2%	5.6%	DCF-50% DC-50%
Tsudanuma	2.0	2.4%	31/12/2016	5.7%	5.6%	6.1%	DCF
Harajuku Bell Pier	1.8	2.1%	31/12/2016	4.3%	4.1%	4.4%	DCF
Susono	1.7	2.0%	31/12/2016	6.3%	6.1%	6.5%	DCF-50% DC-50%
Motomachi	0.9	1.1%	31/12/2016	5.7%	5.2%	5.6%	DCF
Round One Nara	0.8	1.0%	31/12/2016	6.8%	6.2%	7.2%	DCF
Round One Amagasaki	0.8	0.9%	31/12/2016	6.7%	6.2%	7.7%	DCF
Kajicho Ekimae	0.7	0.8%	31/12/2016	5.5%	5.0%	5.6%	DCF
Matsudo Nitori Parking	0.4	0.5%	31/12/2016	5.4%	5.2%	5.6%	DCF-75% DC-25%
Total retail	**47.6**	**56.4%**		**5.2%**	**4.9%**	**5.4%**	

PORTFOLIO VALUATION SUMMARY (CONT'D)

	Portfolio Carrying Value		Date	Direct Cap Overall Cap Rate	DCF Discount Rate	DCF Terminal Cap Rate	Method
	31/12/2016 ¥ billions	% of portfolio		%	%	%	
Office							
Ginza Dowa	9.0	10.7%	31/12/2016	4.1%	3.9%	4.3%	DCF
JN	8.3	9.8%	31/12/2016	4.8%	4.6%	5.0%	DCF-50% DC-50%
Takadanobaba	1.7	2.0%	31/12/2016	5.2%	5.0%	5.6%	DCF-50% DC-50%
Higashi Totsuka	1.5	1.8%	31/12/2016	6.8%	6.0%	6.3%	DCF
Forest Kita Aoyama	1.5	1.8%	31/12/2016	4.4%	4.3%	4.5%	DCF
OS Tsukiji	1.3	1.6%	31/12/2016	5.1%	4.8%	5.1%	DCF
Prime Kanda	1.2	1.4%	31/12/2016	5.3%	5.1%	5.4%	DCF
Asakusa	1.1	1.3%	31/12/2016	5.9%	5.7%	5.9%	DCF
Total office	**25.7**	**30.4%**		**4.8%**	**4.5%**	**4.9%**	
Residential							
Tosabori	5.2	6.2%	31/12/2016	5.0%	4.7%	5.0%	DCF
Sekijomachi	2.6	3.1%	31/12/2016	5.8%	5.6%	6.2%	DCF-50% DC-50%
G-Clef Kamata	1.2	1.4%	31/12/2016	5.5%	5.3%	5.6%	DCF
Nishi Kasai	0.6	0.7%	31/12/2016	6.0%	6.1%	6.4%	DCF
Total residential	**9.6**	**11.4%**		**5.3%**	**5.1%**	**5.5%**	
Hotel							
Kuretake Inn Okayama	0.8	1.0%	31/12/2016	6.2%	6.0%	6.4%	DCF-50% DC -50%
Kuretake Inn Asahikawa	0.7	0.8%	31/12/2016	6.3%	6.1%	6.5%	DCF-50% DC -50%
Total hotel	**1.5**	**1.8%**		**6.2%**	**6.0%**	**6.4%**	

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