

ASX/Media Release

26 September 2014

SALE OF AEON MUKOMACHI RETAIL PROPERTY AND ON-MARKET BUY-BACK

Astro Japan Property Group (ASX: AJA) today announced the sale of a Kyoto area retail property from its 31 property portfolio – Aeon Mukomachi – for ¥3.45 billion (A\$35.6 million approx. at A\$=¥97). Financial close of this transaction has been completed. AJA's interest in the building was held through the special purpose, property owning Japanese company (SPC), JPT Scarlett Co. Ltd (JPTS).

This is the fifth asset sold from the JPTS portfolio in the past 12 months, following the sales of the Sapporo Toys 'R' Us, Prime Stay Tsukiji, Akabane and Daikanyama properties.

The sale price represents a 6.8% premium to the most recent ¥3.23 billion AJA book value of the asset, as at 30 June 2014. The asset represented approximately 3.9% of AJA's portfolio by book value at 30 June 2014.

The Aeon Mukomachi tenancy was the second largest individual lease by income in the AJA portfolio, representing 5% of portfolio gross income as at 30 June 2014.

After making repayment of approximately ¥2.5 billion of debt principal required to release this asset under the loan agreement and netting against the sale proceeds the payment of loan and sale-related costs, net proceeds available to AJA are approximately ¥878 million (approx. A\$9.1 million).

Because the terms of the JPTS loan require, upon individual asset sales, repayment of more than the allocated loan amount for each asset, such sales achieve de-leveraging of the remaining portfolio. Following the sale, the outstanding remaining loan amount for JPTS is ¥7.95 billion, which represents a loan-to-value ratio for JPTS of 60.6%, down from 65.2% as at 30 June 2014, using AJA's book values as at that date.

Mr Eric Lucas, Senior Advisor to AJA, said "With Aeon's lease having recently become cancellable and the imminent opening by Aeon of a large, competitive shopping centre nearby, the medium-term value of this 40+ year old asset had become problematic. With the JPTS loan maturing early next year, the removal of uncertainty around this property - the second-largest in the JPTS portfolio - will materially improve the chances of a satisfactory re-financing outcome.

In the results presentation for the half year to 31 December 2014, AJA had flagged the potential significant downside to this asset if Aeon were to exercise its lease termination right, so we are pleased to have been able to exit the asset not just above book value, but at a level well above those potential downside levels.

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

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We have been weighing and will continue to weigh how best to neutralize the financial impact of the loss of the material revenue from this asset. Whilst the options both of a security buy-back and property reinvestment each have merit, the ability to immediately implement a buy-back makes it appeal as the more effective of the two in the short term.”

The property interest sold was the Aeon Mukomachi retail property, which is a single tenant, six level shopping centre. The property was originally built in 1970 and is located approximately 170 metres from Higashi Muko station on Hankyu railway line and 630 metres from JR Mukomachi station.

On-Market Security Buy-Back

AJA today also announced its intention to undertake an on-market buy-back of up to 3,360,587 stapled securities representing approximately 5% of its issued capital. This initiative is being undertaken as part of AJA’s ongoing capital management strategy.

The buy-back will commence no earlier than 14 days after the date of this announcement and will be undertaken within the next 12 months.

In accordance with the ASX listing rules, securities acquired through the buy-back will be purchased on-market at a price no more than 5% above the volume weighted average market price of AJA’s securities over the five prior trading days. The total number of securities purchased by AJA under the buy-back will depend on market conditions and volumes.

The buy-back will be funded from proceeds of recent assets sales, including Aeon Mukomachi, and additional available cash reserves.

The Appendix 3C in relation to the on-market buy-back is attached.

In accordance with ASIC CO 07/422, AJA advises that none of Astro Japan Property Management Limited or its associates hold AJA stapled securities.

AJA reserves the right to amend, suspend or terminate the buy-back at any time, and there is no guarantee that AJA will buy-back the total number of stapled securities referred to above.

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 30 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 3C

Announcement of buy-back (except minimum holding buy-back)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000, 30/9/2001, 11/01/10

Name of entity

ABN/ARSN

Astro Japan Property Group – joint listing of:

- Astro Japan Property Trust
- Astro Japan Property Group Limited

(ARSN 112 799 854)
(ABN 25 135 381 663)

We (the entity) give ASX the following information.

Information about buy-back

1	Type of buy-back	On-market buy-back
2	⁺ Class of shares/units which is the subject of the buy-back (eg, ordinary/preference)	Ordinary stapled securities
3	Voting rights (eg, one for one)	One for One
4	Fully paid/partly paid (and if partly paid, details of how much has been paid and how much is outstanding)	Fully Paid
5	Number of shares/units in the ⁺ class on issue	67,211,752
6	Whether shareholder/unitholder approval is required for buy-back	Securityholder approval is not required
7	Reason for buy-back	Ongoing capital management

⁺ See chapter 19 for defined terms.

- 8 Any other information material to a shareholder's/unitholder's decision whether to accept the offer (eg, details of any proposed takeover bid)
- Refer to ASX Announcement dated 26 September 2014 for further information including information required under ASIC Class Order 07/422

On-market buy-back

- 9 Name of broker who will act on the company's behalf
- J.P. Morgan Securities Australia Limited
- 10 Deleted 30/9/2001.
- 11 If the company/trust intends to buy back a maximum number of shares - that number
- Note: This requires a figure to be included, not a percentage.
- AJA will undertake an on-market buy-back of up to 3,360,587 stapled securities representing approximately 5% of its issued capital
- 12 If the company/trust intends to buy back shares/units within a period of time - that period of time; if the company/trust intends that the buy-back be of unlimited duration - that intention
- AJA intends to undertake the buy-back within 12 months from 26 September 2014
- 13 If the company/trust intends to buy back shares/units if conditions are met - those conditions
- There are no conditions

Employee share scheme buy-back

- 14 Number of shares proposed to be bought back
- N/A
- 15 Price to be offered for shares
- N/A

Selective buy-back

- 16 Name of person or description of class of person whose shares are proposed to be bought back N/A
- 17 Number of shares proposed to be bought back N/A
- 18 Price to be offered for shares N/A

Equal access scheme

- 19 Percentage of shares proposed to be bought back N/A
- 20 Total number of shares proposed to be bought back if all offers are accepted N/A
- 21 Price to be offered for shares N/A
- 22 ⁺Record date for participation in offer N/A
Cross reference: Appendix 7A, clause 9.

Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.

or, for trusts only:

1. The trust is in compliance with all requirements of the Corporations Act as modified by Class Order 07/422, and of the trust's constitution, relevant to this buy-back.
2. There is no information that the listing rules require to be disclosed that has not already been disclosed, or is not contained in, or attached to, this form.

Sign here:


.....
(Director/Company secretary)

Date: 26 September 2014

Print name:


.....

⁺ See chapter 19 for defined terms.