

ASX/Media Release

30 January 2015

COMPLETION OF LOAN REFINANCING FOR JPTS

Astro Japan Property Group (ASX: AJA) today confirms completion as scheduled of the previously announced refinancing of the ¥7.915 billion (A\$84.2 million, approx at A\$1=¥94) senior loan to JPT Scarlett Co., Ltd. (JPTS), representing approximately 17.5% of AJA debt, with a new 5 year, ¥8.5 billion financing (A\$90.4 million), consistent with terms announced on 19 December 2014. The financing was provided by two Japanese lenders, one taking a senior and the other a junior position. Neither is related to the previous lender.

The new financing is on substantially more favourable terms than the previous loan, details of which are provided below. The current JPTS loan was scheduled to mature in April 2015.

JPTS is a special purpose, property-owning Japanese company (SPC) through which AJA has invested in Japan. The loan is secured by the existing 10 JPTS properties plus the Sapporo Co-op property that has been transferred from JPTD to JPTS.

Key terms of the new JPTS financing

A table showing the key terms of the new JPTS financing compared to the key terms of the previous loan is set out in the Appendix.

The new all-in interest rate, assuming a 3 month Tibor rate of 0.18%, will be 1.41% p.a., compared to 3.94% p.a. payable under the previous loan. Additionally, the annual amortisation payment required under the financing will be 0.5% of the principal amount, or ¥43 million (A\$0.5 million, approx) initially, compared with the previous loan's annual amortisation of ¥140 million (A\$1.5 million, approx).

Therefore, on a pro-forma annualised basis the impact of the new financing is an interest saving of about ¥192 million (A\$2.0 million, approx) or 3.0 cps. This, coupled with the reduction in loan-related amortisation, represents pro-forma annual improvements in cash flow of ¥290 million (A\$3.1 million, approx) or 4.6 cps and in earnings of ¥192 million (A\$2.0 million, approx) or 3.1 cps.

In addition, following the refinancing a surplus of approximately ¥300 million (A\$3.2 million, approx) remains after paying expenses and funding loan reserves. Combined with the cash released from recent, previously announced asset sales, AJA has at its disposal free cash in excess of A\$20 million, after recently announced on-market security buy-backs and reserving sufficient cash to pay the expected December 2014 half year distribution of 12.5 cps.

Current intentions are to use these funds to continue the current on-market buy-back program announced on 26 September 2014 and/or selective property investment. The ability to buy-back

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securities under the current program has however been very limited to date – with only 1.1% of AJA's securities acquired so far - due mainly to low volumes and regulatory restrictions on influencing market pricing.

Distribution Guidance

AJA confirms that based upon the cash flow benefits from this refinancing, and taking into account AJA's current strong cash position, distribution guidance for the second half of FY15 is 15 cps, making distribution guidance for FY15 27.5 cps.

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

Comparison of key terms under the previous JPTS loan with the new financing

	Loan amount (¥ bn)	LTV covenant test	DSCR covenant test	Maturity	Current all-in interest rate	Debt Amortisation
Previous loan	7.9	n/a	Over 1.20 times 5.5% stress payment constant	April 2015	3.94%	¥140 m (2.2 cps) per annum (p.a.)
New financing	8.5	90%	Over 1.50 times 3.8% stress payment constant	January 2020	1.41% (¥6.9 bn floating rate and ¥1.6 bn fixed rate) assuming a 3 month Tibor rate of 0.18%	0.5% of loan principal p.a., currently ¥43 m (0.6 cps) p.a.