

ASX/Media Release

4 December 2015

NEW 10 YEAR, FIXED RATE FINANCING FOR MUSASHINO TOWERS

Astro Japan Property Group (ASX: AJA) today announced completion of the refinancing of the existing ¥2.575 billion (A\$28.6 million, approx at A\$1=¥90) loan to Arabesque S Godo Kaisha ('JPTGK') with a new, ten year, senior loan of ¥3.4 billion (A\$37.8 million). The new loan is provided by an institution unrelated to the previous lender. The previous loan was scheduled to mature in May 2018.

AJA has a 64% economic interest in JPTGK, a special purpose, property owning Japanese company into which AJA and co-investors contributed equity by a tokumei kumiai (TK) or Japanese partnership. JPTGK holds the Musashino Towers property, being the lower floor retail and commercial sections of two high rise residential towers located near Mitaka station in greater Tokyo.

Based on the 30 June 2015 Musashino Towers value of approximately ¥5.3 billion (A\$59 million), AJA's interest had a gross value of approximately ¥3.4 billion (A\$37.8 million).

Key Terms of the new JPTGK loan

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

The new all-in interest rate is a fixed rate of 1.20%, compared to 1.27% under the previous loan.

The level of annual amortisation decreases from approximately 1.85% of the old loan to 1% of the new loan, or for AJA's 64% interest to approximately 0.40 cents per security (cps) compared to 0.58 cps under the previous loan.

Notwithstanding the new loan amount being higher than that of the previous loan, cash flows from JPTGK for AJA will be improved by approximately 0.05 cps for FY2016 or 0.09 cps on a full year, pro-forma basis.

Following the refinance, a surplus of approximately ¥480 million (A\$5.3 million) is available to AJA after the payment of expenses and funding loan reserves. Including this surplus, AJA currently has at its disposal free cash in excess of A\$33 million equivalent, after reserving sufficient cash to pay the expected December 2015 half year distribution of 17.5 cps.

The refinancing was arranged by AJA's Japan Asset Manager, Spring Investment Co., Ltd ('Spring'), which is now the sole asset manager with respect to JPTGK and Musashino Towers, having had a more limited role previously. The Spring group continues to hold its investment in the JPTGK TK, along with AJA and one other investor.

Astro Japan Property Group

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Mr Eric Lucas, Chairman of Spring and Senior Advisor to AJA, commented, “We are very pleased to have been able to obtain these significantly improved financing terms for JPTGK well before maturity of the existing loan. The refinance achieves a number of desirable outcomes: substantially extending the debt term to better match the long-term lease profile of the asset, fixing the interest rate and at a lower cost than previously, increasing leveraged cash flow to AJA from the asset and returning over \$5m of capital to AJA.

The increased cash now available to AJA continues to provide substantial flexibility to consider and pursue various capital deployment opportunities, including stock buybacks and asset acquisitions, depending on market conditions.”

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 31 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 JPTGK loan and new loan

	Loan amount (¥ bn)	LTV covenant test	DSCR covenant test	Maturity	Current all-in interest rate	Debt Amortisation
Previous loan	2.575	70%	Over 1.5 times actual	May 2018	1.27%	1.85% per annum
New loan	3.4	N/A	Over 2.6 times actual	November 2025	1.20%	1% per annum