galileo JAPAN TRUST

Notice of Meeting and Explanatory Memorandum

Your vote is important

The committee of independent Directors recommends that you VOTE IN FAVOUR of the Resolution proposed in this Notice of Meeting, in the absence of a Superior Proposal.

The Independent Expert has concluded that in its opinion the Proposal described in this Notice is FAIR AND REASONABLE and IN THE BEST INTERESTS of the Non-Associated Unitholders of GJT.

Issued by Galileo Japan Funds Management Limited
(ABN 59 121 567 244, AFSL No. 305 429)
as responsible entity for the Galileo Japan Trust
(ARSN 122 465 990)

The meeting of Unitholders will be held at:

Place: Four Seasons Hotel Sydney
199 George Street, Sydney NSW
Date: 23 March 2016
Time: 12:30pm (Sydney time)

Important Notices

General

The Explanatory Memorandum has been prepared to assist Unitholders in determining whether or not to vote in favour of the Resolution set out in the Notice of Meeting (Notice).

Unless otherwise defined, capitalised terms used in the Notice and Explanatory Memorandum have the meaning set out in the Glossary.

You should read the Notice and Explanatory Memorandum carefully before making a decision on how to vote on the Resolution.

In the Notice and Explanatory Memorandum, unless the context requires otherwise, "pro forma" means that the applicable historical financial information gives effect to the Proposal and any other adjustments described in that financial information.

Actual returns to Unitholders will be denominated in Australian dollars. The purchase price under the Implementation Agreement is denominated in Japanese yen, therefore sale proceeds will be received in Japanese yen at completion and then converted into Australian dollars and are subject to exchange rate fluctuations until actual conversion. Accordingly, any potential returns to Unitholders are also subject to exchange rate fluctuations until such time the proceeds are actually converted.

All financial and operational information contained in the Notice and Explanatory Memorandum is stated as at the date of the Notice and Explanatory Memorandum, unless otherwise specified.

A reference to AUD, $, Australian dollars or cents in the Notice and Explanatory Memorandum is to Australian currency unless otherwise indicated. The abbreviation "$m" represents millions of Australian dollars. A reference to JPY, ¥ or Japanese yen in the Notice and Explanatory Memorandum is to Japanese currency. The abbreviations "¥m" and "¥bn" represent millions of Japanese Yen and billions of Japanese Yen respectively.

Where an amount expressed in Japanese yen in this Explanatory Memorandum is also shown as an amount of Australian dollars, it has been done assuming an AUD/JPY exchange rate of $1=¥82 unless otherwise specified.

The financial information presented in this document has been rounded to the nearest whole number or the nearest decimal. Therefore, in the tables in this document the sum of the numbers in a column may not conform exactly to the total figure for that column. In addition, certain percentages or conversions presented in this document reflect calculations based upon the underlying information prior to rounding and accordingly, may not conform exactly to the percentages or conversions that would be derived if the relevant calculations were based upon the rounded numbers.

All references to time in this Notice and Explanatory Memorandum are references to Sydney time, unless otherwise specified.

Purpose of the Explanatory Memorandum

The purpose of the Explanatory Memorandum is to:

- explain the terms and effect of the Proposal and the Resolution described in the Notice to Unitholders;
- state any material personal interests of certain Directors in the Proposal; and
- provide such information known to the Directors as is prescribed by the Corporations Act, the ASX Listing Rules and ASIC policy or as is otherwise material to the decisions of Unitholders whether to approve the Resolution described in the Notice.

ASX

A copy of the Notice and Explanatory Memorandum has been lodged with ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Explanatory Memorandum.

Preparation of Notice and Explanatory Memorandum

All sections of the Notice and Explanatory Memorandum have been prepared by Galileo Japan Funds Management Limited as responsible entity of the Galileo Japan Trust and it makes all statements, representations and undertakings in the Notice and Explanatory Memorandum.

Investment Decisions

The information contained in the Notice and Explanatory Memorandum does not constitute financial product advice and has been prepared without reference to your investment objectives, financial situation, taxation position and particular needs. If you are in doubt in relation to these matters, you should consult your financial, legal, taxation or other professional adviser immediately.

The Notice and Explanatory Memorandum contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements.

All forward-looking statements in the Notice and Explanatory Memorandum reflect views only as at the date of the Notice and Explanatory Memorandum, and generally may be identified by the use of forward-looking words, such as "believe", "expect", "anticipate", "intending", "likely", "should", "may", "estimate" or "potential", or other similar words. Similarly, statements that describe GJFML's objectives, plans, goals or expectations are or may be forward-looking statements.

The statements contained in the Notice and Explanatory Memorandum about the impact that the implementation or non-implementation of the Proposal may have on the results or operations of GJT and the advantages and disadvantages anticipated to result from the Proposal, are also forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to differ materially from the anticipated results, performance or achievements, expressed, projected or implied by these forward-looking statements.

None of GJFML, its Directors, its officers, any persons named in this Explanatory Memorandum with their consent or any persons involved in the preparation of the Notice and Explanatory Memorandum, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any events or results expressed, projected or implied in any forward-looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward-looking statement.

All subsequent written and oral forward-looking statements attributable to GJFML or any person acting on its behalf are qualified by this notice. Subject to any continuing obligations under relevant laws or the ASX Listing Rules, GJFML does not give any undertaking to update or revise any such statements after the date of the Notice and Explanatory Memorandum, to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

Electronic Documents

Unitholders can obtain a copy of the Notice and Explanatory Memorandum and the Investor Presentation online (free of charge) via GJT's website at http://www.galileofunds.com.au/Japan/ or via ASX's website at www.asx.com.au (Code: GJT) or by calling Link Market Services Limited on +61 1800 709 446 (free call within Australia) between 8:30am and 5:00pm (Sydney time) Monday to Friday. If you access the electronic version of the Notice and Explanatory Memorandum and Investor Presentation, you should ensure that you download and read the entire document.

Enquiries

If you have any questions in relation to the Proposal, please contact your stockbroker, accountant, lawyer or other professional adviser or call the Galileo Japan Trust Proposal Information Line on +61 1800 709 446 (free call within Australia) between 8:30am and 5:00pm (Sydney time) Monday to Friday between 1 March 2016 and 23 March 2016.

Letter from the Chairman

29 February 2016

Dear Unitholder,

On behalf of the Committee of independent Directors (*Committee*) of Galileo Japan Funds Management Limited (*GJFML*) as the responsible entity of Galileo Japan Trust (*GJT* or the *Trust*), I am pleased to invite you to attend an extraordinary general meeting of GJT unitholders (*Unitholders*) to be held on Wednesday, 23 March 2016 at 12:30pm (Sydney time) at the Four Seasons Hotel Sydney at 199 George Street, Sydney (*Meeting*). The Meeting is to consider the proposed sale of the Japanese real estate properties (*Japanese Property Portfolio*) in which GJT has an indirect interest (*Proposed Sale*), the subsequent distribution of net equity proceeds to Unitholders and wind up of the Trust (together with the Proposed Sale, the *Proposal*).

The Proposed Sale is subject to the terms and conditions of the Implementation Agreement and associated Purchase and Sale Agreements, which are outlined in Section 8 of the accompanying Explanatory Memorandum, and include a successful capital raising and listing of the Proposed Purchaser of 18 of the 19 properties (*IPO Portfolio*) on the Tokyo Stock Exchange (TSE) (*Japanese IPO*). The Japanese IPO excludes the sale of Prejeal Utsubo Park (*Utsubo*), which is not currently suitable for sale in the Japanese IPO, and is intended to be sold separately. Please refer to Section 10.2 of the Explanatory Memorandum accompanying this letter for more details.

The aggregate sale price for the Japanese Property Portfolio is expected to be ¥57.8 billion which represents a 2.2% premium to its 31 December 2015 book value. This assumes that Utsubo is sold for ¥0.45 billion which is in line with its current book value[1].

GJT is a passive investor in the TK Business, which is the beneficial owner of the Japanese Property Portfolio, and is entitled to 98.5% of the equity proceeds from the sale of the Japanese Property Portfolio. If the Japanese IPO and the Proposed Sale are successful, GJFML intends to distribute these proceeds along with any additional net proceeds accruing to Unitholders on the wind up of the Trust.

The Trust intends to pay ordinary distributions currently estimated to be 8.7 cents per GJT Units for the period to 30 June 2016 and any period thereafter up until completion of the Proposal.

Rationale for Proposal

Since the recapitalisation in October 2013 and various capital and strategic initiatives implemented since that date, GJT has continued to trade at a substantial discount to its NTA. As such, GJFML and Galileo Japan K.K. (*GJKK*) have continued to explore ways to close this gap.

The Proposal, if completed, is expected to result in the payment of Special Distributions to Unitholders which are estimated to be $2.65per Unit[2] in total. If so, this would represent a:

- 28.6% premium to the last closing price of GJT Units prior to the Announcement Date;
- 32.7% premium to the one month VWAP of GJT Units up to and including 26 February 2016 (being the last trading day prior to the Announcement Date);
- 37.0% premium to the three month VWAP of GJT Units up to and including 26 February 2016 (being the last trading day prior to the Announcement Date); and
- 76.7% premium to the October 2013 recapitalisation new unit issue price of $1.50.

The expected Special Distributions are in line with GJT's currency adjusted NTA as at 31 December 2015 of $2.65 per Unit[3]. However, GJT's currency adjusted NTA does not take into account any selling or disposal costs associated with undertaking the Proposal or an alternative transaction. Refer to Section 5.2 of the Explanatory Memorandum for further analysis and commentary around the expected Special Distributions and GJT's NTA and adjusted NTA.

Proposal

The Proposal comprises the following key elements:

- The sale of the Japanese Property Portfolio for ¥57.8 billion, which represents a 2.2% premium to the independently assessed valuation of the portfolio as at 31 December 2015 by the TK Business through:
  - The sale of the IPO Portfolio for ¥57.4 billion, which is conditional on the outcome of a capital raising and listing process to be undertaken by a Japanese real estate investment corporation (J-REIT) and, if successful, is anticipated to complete around August 2016; and
  - The sale of Utsubo for approximately ¥0.45 billion in line with its 31 December 2015 independently assessed book value. Utsubo, which represents less than 1% of the value of the Japanese Property Portfolio, has been excluded from the IPO Portfolio as a result of the due diligence process identifying structural deficiencies that made it unsuitable for the Japanese IPO. This property is currently being

[1] Gross of tenant removal costs anticipated to be incurred prior to sale of approximately ¥124m ($1.5m). See Section 10.2 for further details.

[2] Based on the prevailing AUD/JPY exchange rate on 26 February 2016 (being the last business day before the announcement of the Proposal) of $1=¥82 and assumptions outlined in Section 5 including the assumed completion of the Japanese IPO, disposal of Utsubo at its independently assessed book value as at 31 December 2015 and payment of costs associated with the Proposal and wind up of GJT.

[3] Based on the prevailing AUD/JPY exchange rate on 26 February 2016 (being the last business day before the announcement of the Proposal) of $1=¥82.

marketed for sale and is expected to be sold prior to the completion of the Japanese IPO. If not sold on the open market, the vendor has the right (but not obligation) to require Galaxy, a Neil Werrett related entity, to acquire Utsubo on completion of the structural rectification works subject to certain terms and conditions. Please refer to Sections 8 and 10.2 of the Explanatory Memorandum accompanying this letter for more details;

- As soon as practical following the completion of the sale of the IPO Portfolio to the J-REIT, it is currently intended that the vast majority of the net cash proceeds in Japanese Yen will be distributed to GJT and converted into Australian dollars, then pay such net cash proceeds and cash held by the Trust to Unitholders via a special distribution (*Initial Special Distribution*); and
- As soon as practical after that:
  - GJT will cease trading and delist from ASX; and
  - Unitholders may also receive an additional, smaller final special distribution at a subsequent date (*Final Special Distribution*) in conjunction with the winding up of GJT and cancellation of all GJT Units on issue.

The Unitholder approval, if granted, will permit completion and settlement of the IPO Portfolio to occur at any time up until 31 December 2016. If the sale of the IPO Portfolio is not completed by the end of that period, GJT and the Vendor will be free to pursue any other alternative transactions.

The estimated Special Distributions relating to the Proposal of $2.65 per Unit in total are based on the prevailing AUD/JPY exchange rate on 26 February 2016 (being the last trading day before the announcement of the Proposal) of $1=¥82. Any amounts distributed to Unitholders will be subject to the prevailing AUD/JPY exchange rate at the time the net cash proceeds in Japanese Yen are converted to Australian dollars and distributed to GJT. Refer to Section 5.4 in the Explanatory Memorandum for a sensitivity analysis.

In addition to the Special Distributions associated with the Proposal, the Trust intends to continue to pay ordinary distributions for the period to 30 June 2016 currently estimated to be 8.7 cents per GJT Units and any period thereafter up until completion of the Proposal.

Recommendation

Details of the Resolution in relation to the Proposal are provided in the Notice and Explanatory Memorandum accompanying this letter. The Notice and Explanatory Memorandum contain important information about the Proposal, including details of, and reasons for, the Proposal.

The Independent Expert, Deloitte Corporate Finance Pty Limited, has opined on the Proposal. The full report of the Independent Expert is set out in Appendix 1 of this booklet.

YOUR VOTE IS IMPORTANT

The Committee of independent Directors support the Proposal and unanimously recommend that you vote in favour of the Resolution, in the absence of a Superior Proposal.

The Independent Expert has concluded that in its opinion the Proposal described in this Notice is fair and reasonable and in the best interests of the Non-Associated Unitholders of GJT.

Please note that the Proposal is subject to the passing of the Resolution and the successful completion of the Japanese IPO. If the Japanese IPO is successful, the timing of completion could be between August 2016 and 31 December 2016 and the Australian dollar value of the Special Distributions will depend on the AUD/JPY exchange rate at that time.

If you are not attending the Meeting, you may appoint one or two proxies to attend and vote for you. The proxy form accompanies the Notice and includes instructions on how to vote and appoint a proxy.

If you have any questions in relation to the Proposal, the Notice or the Explanatory Memorandum, please contact your stockbroker, accountant, lawyer or other professional adviser or call the Galileo Japan Trust Proposal Information Line on +61 1800 709 446 (free call within Australia) between 8:30am and 5:00pm (Sydney time) Monday to Friday.

I look forward to seeing you on 23 March 2016.

Yours faithfully

Jack Ritch
Non-executive Chairman
Galileo Japan Funds Management Limited

Key Dates

The following are the key dates in relation to the Proposal:

Announcement of Proposal and Meeting	Monday, 29 February 2016
Despatch of Notice of Meeting and Explanatory Memorandum	Monday, 29 February 2016
Last time to lodge proxy form with Registry	12:30pm Monday, 21 March 2016
Record date to determine eligibility to vote at the Meeting	7:00pm Monday, 21 March 2016
Meeting to be held in relation to the Proposal	12:30pm Wednesday, 23 March 2016

The dates below are indicative only and depend on, among other things, whether the Japanese IPO is successful and, if so, when:

Indicative IPO settlement date	August 2016
Announcement of completion of sale of IPO Portfolio	Immediately following IPO settlement*
Announcement of the record date for future Special Distributions and estimated amount of the Initial Special Distribution	Approximately two weeks after settlement of IPO (T)
Last day of trading in GJT Units on a 'cum' basis for Initial Special Distribution (ex-date)	T+2 business days
Trading in GJT Units on ASX suspended indefinitely	T+3 business days (or such time as ASX determines)
Record date for Initial Special Distribution	T+5 business days
Payment of Initial Special Distribution	T+20 business days
GJT is delisted	T+21 business days (or such time as ASX determines)
Termination (wind up) of GJT commences**	T+22 business days
Payment of Final Special Distribution (if any)	Following the completion of the winding up of GJT and cancellation of Units

* If the Japanese IPO does not occur on or before 31 December 2016, the approval provided by the Resolution will cease to be valid and the Proposal will not proceed.
** This date for commencement of winding up may be delayed depending on the status of the sale of Utsubo, completion of tax returns and other considerations.

Notice of Meeting

Notice is hereby given by Galileo Japan Funds Management Limited (*GJFML*) as responsible entity for Galileo Japan Trust (*GJT*) that a meeting of Unitholders (Meeting) will be held on 23 March 2016 at:

Place: Four Seasons Hotel Sydney
199 George Street, Sydney NSW

Time: 12:00pm (Sydney time) – registration
12:30pm (Sydney time) – meeting commences

In accordance with Section 252S(1) of the Corporations Act, GJFML has appointed Mr Jack Ritch to act as Chairman.

Business of the Meeting

Note: *All relevant approvals required under the Listing Rules have been combined into one Resolution. The approvals required are, in summary, to sell the main undertaking, to sell to a related party and to sell to a buyer which is to do a public securities offer in Japan but where Unitholders will not participate pro rata in such offer.*

Resolution – Approval

To consider and, if thought fit, to pass the following as an ordinary resolution:

> *"That, for the purposes of ASX Listing Rules 10.1, 11.2 and 11.4.1 and for all other purposes, approval is given for the disposal of GJT's interest in the Japanese Property Portfolio, such disposal being:*
>
> *(a) a sale of main undertaking;*
>
> *(b) a sale to an associate of a related party of GJFML;*
>
> *(c) a sale in connection with the Proposed Purchaser's planned securities offer and listing on the Tokyo Stock Exchange in circumstances where such securities offer is not a pro rata offer to GJT securityholders,*
>
> *provided that such sale (other than Utsubo) is completed on or before 31 December 2016 and approval is also given to the associated:*
>
> *(i) payment of disposal fees to GJKK under the Asset Management Agreement; and*
>
> *(ii) payment of the Initial Special Distribution to Unitholders; and*
>
> *(iii) delisting of GJT; and*
>
> *(iv) the subsequent winding up of GJT and making of the Final Special Distribution (if any),*
>
> *all substantially on the terms summarised in the Explanatory Memorandum."*
>
> ***Note:*** *The commercial law of Japan relating to TK structures is such that in this case "approval" for the disposal means consent in the following context:*
>
> - *The TK Operator has exclusive management authority over the TK Business, subject to the terms of the TK Agreement; and*
> - *The TK Operator has notified GJFML as Responsible Entity of the TK Investor regarding the proposed disposal of the Portfolio; and*
> - *GJFML as Responsible Entity of the TK Investor intends to respond to such notice following the Unitholder meeting; and*
> - *If Unitholders give approval, GJFML as Responsible Entity of the TK Investor will inform the TK Operator that it has no objection to the proposed disposal.*

Independent Expert's Report: Unitholders should carefully consider the report prepared by the Independent Expert for the purposes of the unitholder approval required under ASX Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the Proposal the subject of this resolution to the Non-Associated Unitholders of GJT.

Voting Exclusion Statement:

Under ASX Listing Rule 14.1.1, the Responsible Entity will disregard any votes cast on the Resolution by:

- a person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed or a party to the Proposal;
- an associate of that person (or persons); or
- a person which in ASX's opinion should be disregarded.

However, the Responsible Entity need not disregard a vote if:

- it is cast by a person as a proxy for a member who is entitled to vote, in accordance with the directions on the proxy appointment form; or
- it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Section 253E of the Corporations Act provides that a responsible entity of a managed investment scheme and its associates are not entitled to vote their interest on any resolutions if they have an interest in the resolution other than as a member.

Please refer to the accompanying Explanatory Memorandum, which forms part of this Notice, for more information on the proposed Resolution.

By order of the Committee of independent Directors on behalf of GJFML as responsible entity for GJT.

Yours faithfully

Jack Ritch
Non-executive Chairman
Galileo Japan Funds Management Limited

29 February 2016

Information for Unitholders

The accompanying Explanatory Memorandum forms part of this Notice and should be read in conjunction with it. Unless otherwise defined, capitalised terms used in this Notice have the meanings set out in the Glossary.

Quorum requirements

The quorum requirement for the Meeting is at least two Unitholders present in person or by attorney, representative or proxy. If a quorum is not present within 30 minutes after the scheduled time for the Meeting, the Meeting will be adjourned as GJFML directs.

Eligibility to vote

For the purposes of determining the entitlement to vote at the Meeting, Units will be taken to be held by those persons registered as holders at 7:00pm on 21 March 2016 (Sydney time). Transactions registered after that time will be disregarded in determining Unitholders' entitlements to attend and vote at the Meeting. Voting exclusions are set out in the Notice of Meeting on page 5.

Voting

The Chairman intends to conduct the voting on the Resolution on a show of hands.

If a poll is demanded, as prescribed by Section 253C of the Corporations Act, each Unitholder has one vote for each dollar of the value of the Units held by the Unitholder. Each person present as proxy, attorney or representative of a Unitholder has one vote for each dollar of the value of the Units held by the Unitholder that person represents. Unit value is equal to the last sale price of Units on ASX on the last trading day before the Meeting. On a poll, you need not exercise all of your votes in the same way, nor cast all of your votes.

Jointly held Units

If your Units are jointly held, only one of the joint holders is entitled to vote. If both joint holders are present at the Meeting, only the vote of the person named first in the register counts.

Individuals

If you plan to attend the Meeting, we ask you to arrive at the venue at least 30 minutes prior to the time designated for the Meeting so that we may check your Units against the register of Unitholders and note your attendance.

Corporations

In order to vote at the Meeting, a corporation that is a Unitholder may appoint a proxy or may appoint a person to act as its representative. The appointment of a representative must comply with Section 253B of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment including any authority under which it is signed.

Appointing a proxy

If you are entitled to attend and vote at the Meeting but cannot attend, you can appoint a proxy to attend and vote on your behalf. A proxy is entitled to vote on a show of hands. You may nominate one or two persons to vote on your behalf at the Meeting. A proxy need not be a Unitholder. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half your votes.

To ensure that all Unitholders can exercise their right to vote on the proposed Resolution, a proxy form is enclosed. The proxy form tells you what you need to do to lodge a valid proxy.

A proxy form may be returned in the reply paid envelope provided. Alternatively, you may deliver your completed proxy form:

by mail	Link Market Services C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia
by fax	+61 2 9287 0309
online	www.linkmarketservices.com.au
by hand	delivering it to Link Market Services Limited, 1A Homebush Drive, Rhodes NSW 2138

The completed proxy form (and, if a proxy form is signed by a Unitholder's attorney, the authority under which the proxy form was signed or a certified copy of the authority) must be received no later than 48 hours before the Meeting, failing which the proxy form will be disregarded for the purpose of the Meeting.

How the Chairman will vote undirected proxies

GJFML encourages all Unitholders who submit proxies to direct their proxy how to vote on the Resolution. If the proxies are not directed, the Chairman intends to vote them in favour of the Resolution.

Enquiries

If you have any questions about the Resolution, attending the Meeting, how to vote or the proxy forms, please contact the Galileo Japan Trust Proposal Information Line on +61 1800 709 446 (free call within Australia) between 8:30am and 5:00pm (Sydney time) Monday to Friday or consult your financial or other professional adviser.

Explanatory Memorandum

Contents

This Explanatory Memorandum has been considered and approved by the Committee for the information of Unitholders in relation to the business to be conducted at the Meeting.

The Committee recommends that Unitholders read this Explanatory Memorandum before determining whether to vote for or against or abstain from voting on the Resolution. The purpose of this Explanatory Memorandum is to provide Unitholders with information that is reasonably required by Unitholders to decide how to vote on the Resolution.

Explanatory Memorandum

1. Background to Proposal

Galileo Japan Trust (*GJT* or the *Trust*) has an indirect interest in a portfolio of 19 Japanese real estate properties valued at ¥56.55 billion (approximately $689.6 million)[4] as at 31 December 2015 (*Japanese Property Portfolio*). The portfolio is diversified with a geographical bias towards Greater Tokyo where 11 properties are located, and a sector bias towards office and retail properties.

The Trust's interest in the portfolio of real estate assets in Japan is via a Tokumei Kumiai (TK) investment structure. Under Japanese commercial law, a TK is not a legal entity but a contractual relationship or a series of contractual relationships between one or more TK investors and the TK operator. The TK operator exclusively conducts the business in its own name and under its sole control in accordance with the TK agreement. The TK investor (in this case the Trust) has no rights to make any business decisions with respect to the TK business and has no voting rights in relation to the TK operator. Under the TK agreement, the TK operator is required to perform its obligations with the duty of care of a good manager and the TK investor has certain rights including entitlement to a share of equity and profits and losses of the TK business.

Under the TK agreement (*TK Agreement*) between CENTRAL MASTER Goda Kaisha (*TK Operator*) and GJFML as trustee for Galileo Japan Trust II (*TK Investor*), the Trust is entitled to 98.5% of the equity and 97% of the profits and losses of the TK business (*TK Business*). The TK Operator (which is an entity associated with Neil Werrett) is entitled to the remaining 1.5% of the equity and 3.0% of the profits and losses of the TK Business.

The value of the portfolio underpins GJT's reported NTA of $2.46 per Unit as at 31 December 2015 and adjusted NTA of $2.65 per Unit based on the prevailing AUD/JPY exchange rate on 26 February 2016 (being the last business day before the announcement of the Proposal) of $1=¥82.

In October 2013, GJT undertook a recapitalisation to stabilise the Trust's capital structure, which involved the issuance of new GJT Units at $1.50 per Unit and new Eurobonds. The pro forma NTA at that time was $2.16 per Unit.

At the time of the recapitalisation in October 2013, Galileo Japan Funds Management Limited (*GJFML*) and Galileo Japan K.K. (*GJKK*) stated that the primary focus would be to pursue capital management, asset level, and other initiatives to close the gap between the Unit Price and NTA per Unit. These proposed initiatives included the following:

(a) increasing portfolio net operating income as market conditions become more favourable, particularly in relation to Tokyo office buildings;

(b) asset acquisitions or disposals that enhance both earnings and NTA;

(c) potential buyback of GJT Units;

(d) actively promoting GJT to prospective investors, the media and analysts; and

(e) the possibility of re-domiciling the listing of GJT to Japan or Singapore.

Most of these initiatives have been implemented other than the acquisition of additional assets and the re-domiciling of GJT. The acquisition of additional assets has not been possible due to the fact that GJT has continued to trade at a material discount to NTA which significantly constrains its ability to raise additional equity capital.

In 2014, GJKK also completed an early refinancing of the Eurobonds issued in October 2013 through a combination of asset sales and new mezzanine loans issued on substantially more attractive terms than the Eurobonds.

Notwithstanding the successful completion of the recapitalisation and the various capital and strategic initiatives mentioned above, GJT has continued to trade at a substantial discount to its NTA. As such, GJFML and GJKK have continued to explore ways to close this gap.

2. Summary of Proposal

The Proposal, if successful, represents an opportunity for Unitholders to potentially realise a significant premium for their GJT Units.

The Proposal, if completed, will result in the following:

- Sale of the Japanese Property Portfolio (***Proposed Sale***);
- Payment of a First Special Distribution;
- Delisting of GJT; and
- Wind up of GJT and payment of a Final Special Distribution (if any).

The sale of the Japanese Property Portfolio for ¥57.8 billion[5] represents a 2.2% premium to its 31 December 2015 book value.

The expected Special Distributions to Unitholders are estimated to be $2.65 per Unit[6] in total. If so, this would represent a:

- 28.6% premium to the last closing price of GJT Units prior to the Announcement Date;

[4] All amounts expressed in Japanese Yen in this Explanatory Memorandum have been converted into Australian dollars at a AUD/JPY exchange rate of $1=¥82, being prevailing AUD/JPY exchange rate on 26 February 2016 (being the last business day before the announcement of the Proposal), the unless otherwise indicated.

[5] Based on the assumed completion of the Japanese IPO and disposal of Utsubo at its independently assessed book value as at 31 December 2015.

[6] Based on the prevailing AUD/JPY exchange rate on 26 February 2016 (being the last business day before the announcement of the Proposal) of $1=¥82.

- 32.7% premium to the one month VWAP of GJT Units up to and including 26 February 2016 (being the last trading day prior to the Announcement Date); and
- 37.0% premium to the three month VWAP of GJT Units up to and including 26 February 2016 (being the last trading day prior to the Announcement Date); and
- 76.7% premium to the October 2013 recapitalisation new unit issue price of $1.50.

The expected Special Distributions are in line with GJT's currency adjusted NTA as at 31 December 2015 of $2.65 per Unit. However, GJT's currency adjusted NTA does not take into account any selling or disposal costs associated with undertaking the Proposal or an alternative whole of Trust transaction. Refer to Sections 5.2 for further details.

The Proposed Purchaser of 18 of the 19 properties (*IPO Portfolio*) held by the TK Business will be a Japanese real estate investment corporation (J-REIT) established for the purpose of acquiring the IPO Portfolio via a capital raising and initial public offering (IPO) on the Tokyo Stock Exchange (TSE) (*Japanese IPO*).

The asset manager of the Proposed Purchaser of the IPO Portfolio will be a Japanese incorporated asset management company jointly owned by Galaxy (a Galileo/Neil Werrett related entity) and a TSE listed entity whose core business is real estate related services[4]. For this reason, a Committee of independent Directors was formed and has been responsible for considering and negotiating the Proposal. See Section 3 for more details.

As part of the Proposed Purchaser's due diligence process, engineering reports were commissioned for all 19 properties and it was concluded by two independent specialists that Prejeal Utsubo Park (*Utsubo*) did not comply with the Japanese earthquake code. Therefore, absent rectification works, this property, which represents less than 1% of the value of the Japanese Property Portfolio[7], is currently unsuitable for purchase by a J-REIT.

Initial analysis indicates that it is in the best interests of Unitholders to sell the asset, if possible, without rectifying the structural deficiency. Therefore, the property has been placed on the market for sale and is expected to be sold prior to the completion of the Japanese IPO. In the event that GJT is unable to sell the asset on commercial terms then GJFML will consider alternative options that may involve rectifying the structural deficiency. The portfolio is not insured for risks arising from earthquakes. In the event of a major earthquake Utsubo may be more likely to sustain serious damage due to its structural deficiencies. This could result in additional costs, loss of value and potential liability to third parties which is presently unquantifiable. See Sections 8 and 10.2 for more details.

The Proposal is subject to the terms and conditions of the Implementation Agreement that has been entered into between the Sub TK Operator (*Vendor*) on behalf of the TK Business and Galaxy. Under the Implementation Agreement, it is contemplated that the Proposed Purchaser will enter into a Purchase and Sale Agreement in relation to the IPO Portfolio once registration as an investment corporation under the relevant Japanese law has been completed.

In addition, under the terms of the Implementation Agreement, at any time prior to 15 April 2016, if Utsubo is not sold on the open market, the Vendor has the right (but not the obligation) to require Galaxy to acquire Utsubo on completion of the necessary structural rectification works at a fixed price of ¥670m subject to certain terms and conditions (including a 30 June 2017 sunset date). Further details, including a summary of the Purchase and Sale Agreement in relation to Utsubo, are contained in Section 8 and additional information in relation to the Utsubo property and current situation is contained in Section 10.2.

Even where the Resolution relating to the Proposal outlined in the Notice is approved, the Proposal may not proceed if any of the conditions precedent in the Implementation Agreement and/or associated Purchase and Sale Agreements are not satisfied or waived. These conditions include the requirement for the Proposed Purchaser to successfully raise capital via an initial public offering on the TSE and the sale of the IPO Portfolio completing on or before 31 December 2016. For further details see Section 8.

In the event the sale of the IPO Portfolio is successful, the net cash proceeds will be returned to Unitholders as soon as practical. Following the completion of the Japanese IPO, which is expected around August 2016, it is currently intended that the vast majority of net cash proceeds in Japanese Yen will be distributed to GJT and converted into Australian dollars then pay such net cash proceeds to Unitholders via a special distribution (*Initial Special Distribution*). At this point it is anticipated that GJT will cease trading and be delisted from the ASX.

Unitholders may also receive an additional, smaller distribution at a subsequent date in conjunction with the winding up of GJT (*Final Special Distribution*).

In addition to the Special Distributions associated with the Proposal, the Trust intends to continue to pay ordinary distributions for the period to 30 June 2016 currently estimated to be 8.7 cents per GJT Units and any period thereafter up until completion of the Proposal.

[7] Based on the independently assessed book values for the assets comprising the Japanese Property Portfolio adopted as at 31 December 2015.

The Independent Expert, Deloitte Corporate Finance Pty Limited, has expressed the opinion that the Proposal is fair and reasonable and in the best interests of Non-Associated Unitholders. The full report of the Independent Expert is set out in Appendix 1 of this booklet.

The Committee unanimously recommends that Unitholders vote in favour of the Resolution, in the absence of a Superior Proposal.

3. Committee Recommendations and Intentions

3.1. Directors' interests

No Directors have a material personal interest in the outcome of the Proposal (other than as Unitholders), other than Mr Neil Werrett (Chief Executive Officer and Executive Director of GJFML) and Mr Peter Murphy (Chief Operating Officer and Executive Director of GJFML) as described below.

(a) Neil Werrett:
   (i) controls and/or is associated with Galaxy which is the party to the Implementation Agreement and may be the purchaser of Utsubo;
   (ii) is associated with SRE (the proposed manager of the J-REIT) and the J-REIT (the Proposed Purchaser) in that:
      (A) he is a director of SRE;
      (B) entities he controls (and/or is associated with) will:
         a. subscribe for ¥800 million (approximately 2.7%) in the J-REIT shares under the Japanese IPO; and
         b. holds 100% of the ordinary shares of SRE and SRE will receive the following fees:
            i. an acquisition fee equal to 0.5% of the purchase price of the IPO Portfolio; and
            ii. on-going asset management fees of approximately ¥340 million per annum for providing asset management services to the J-REIT property portfolio (based on the initial Japanese IPO portfolio);
   (iii) he controls and/or is associated with CENTRAL MASTER Godo Kaisha which is entitled to 1.5% of the equity and 3.0% of the profits and losses in the Japanese Property Portfolio which will be sold together with GJT's interest;
   (iv) he controls and/or is associated with the entities which manage GJT and the TK Business being:
      (A) GJFML which will receive its ongoing responsible entity fee of 0.10% of gross assets until such time GJT is wound up;
      (B) GJKK which will receive:
         i. its on-going fund management fee of 0.30% of gross assets of the TK Business and its asset management fee of 0.30% of the value of the six assets for which it currently provides direct asset management services until such time as the Proposed Sale is completed and the TK Business is wound up; and
         ii. a disposal fee of 1.0% of the sale price of the Japanese Property Portfolio,

      however, there is no payment or compensation to GJFML or GJKK for the value of the management rights relating to GJT or the Japanese asset management business arising from this Proposal. See Section 10.3 for a summary of relevant management agreements.

(b) Peter Murphy is a director of SRE.

3.2. Composition of Committee

Accordingly, Mr Neil Werrett and Mr Peter Murphy are considered to be conflicted in relation to the Proposed Sale as disclosed above.

To ensure that decisions and recommendations in relation to the Proposal are made independently, the Directors who have no conflict have formed the Committee which has considered and provided, on GJFML's behalf, the recommendations in this Notice and Explanatory Memorandum. The Committee comprises Mr Jack Ritch, Mr Frank Zipfinger and Mr Philip Redmond.

3.3. The Independent Expert's opinion

The Independent Expert, Deloitte Corporate Finance, has considered the Proposal and expressed the opinion that it is fair and reasonable and in the best interests of Unitholders.

The Independent Expert's Report can be found in Appendix 1 of this Explanatory Memorandum, which you are encouraged to read in full.

3.4. Committee recommendations and intentions

The Committee unanimously recommends that Unitholders vote in favour of the Resolution, in the absence of a Superior Proposal. The Committee members intend to do so in relation to their own Units.

In forming its recommendation, the Committee has carefully considered the expected advantages, disadvantages, consequences and risks in relation to the Proposal as well as the Independent Expert's opinion that the Proposal of GJT's indirect interest in the Japanese Property Portfolio is fair and reasonable and in the best interests of Non-Associated Unitholders. These matters are described in Sections 4 to 7 of this Explanatory Memorandum.

The Committee believes that the expected advantages of the Proposal outweigh the potential disadvantages and risks. The Committee unanimously supports the Proposal on the basis that it is likely to deliver the best available outcome for Unitholders, in the absence of a Superior Proposal.

4. Advantages and Disadvantages of the Proposal

The purpose of Section 4 is to identify significant issues for Unitholders to consider in relation to the Proposal and therefore the Resolution. Before deciding on how to vote at the Meeting, Unitholders should carefully consider the factors discussed below, as well as other information contained in this Explanatory Memorandum and the Independent Expert's Report which is provided in full in Appendix 1.

Refer to Section 5 in relation to the impact on GJT if the Proposal does proceed and Section 6 in relation to the impact on GJT if the Proposal does not proceed.

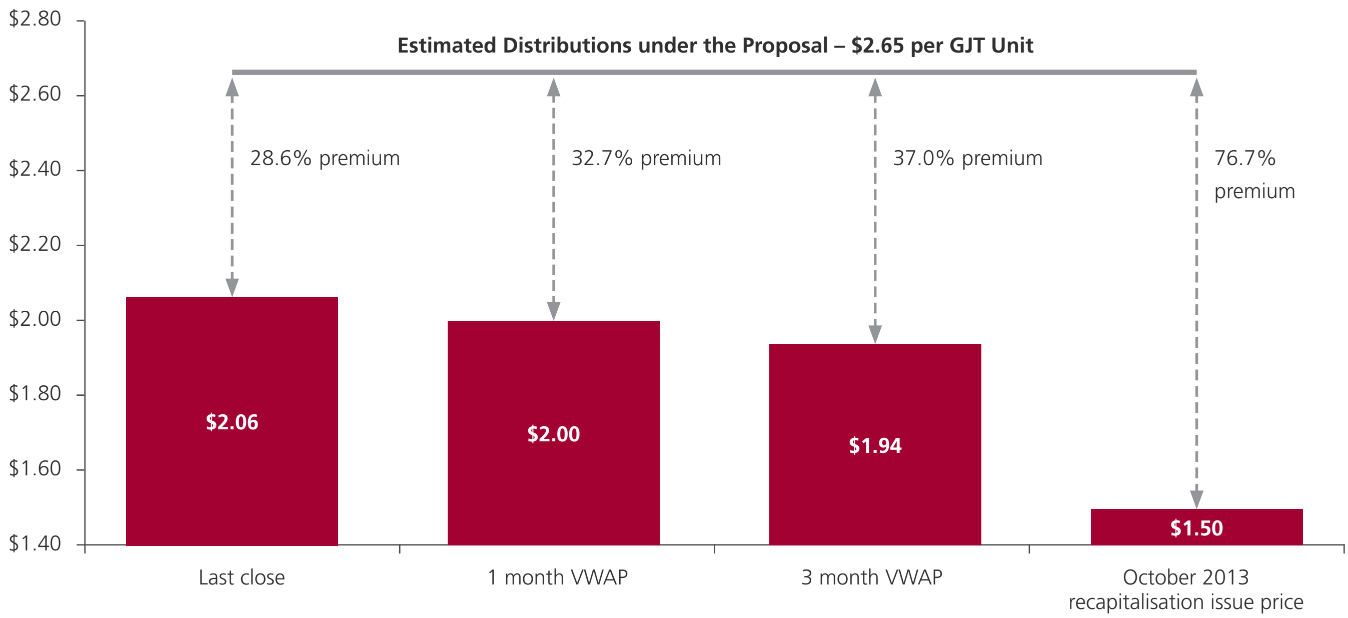
4.1. Advantages of the Proposal

Potential advantages or benefits to Unitholders of the Proposal, if it is successfully completed, are detailed below. These advantages may lead Unitholders to vote "Yes" to approve the Resolution.

4.1.1. The Proposal is expected to result in Unitholders realising a substantial premium for their GJT Units

Unitholders are expected to receive Special Distributions of approximately $2.65[8] per Unit in total under the Proposal. If so, this would represent a:

- 28.6% premium to the last closing price of GJT Units prior to the Announcement Date;
- 32.7% premium to the one month VWAP of GJT Units up to and including 26 February 2016 (being the last trading day prior to the Announcement Date);
- 37.0% premium to the three month VWAP of GJT Units up to and including 26 February 2016 (being the last trading day prior to the Announcement Date); and
- 76.7% premium to the October 2013 recapitalisation new unit issue price of $1.50.



Source: IRESS

Note: The estimated Special Distributions under the Proposal in the graph above are based on the prevailing AUD/JPY exchange rate on 26 February 2016 (being the last business day before the announcement of the Proposal) of $1=¥82 and assumptions outlined in Section 5.

[8] Based on the prevailing AUD/JPY exchange rate on 26 February 2016 (being the last business day before the announcement of the Proposal) of $1=¥82 and assumptions outlined in Section 5.

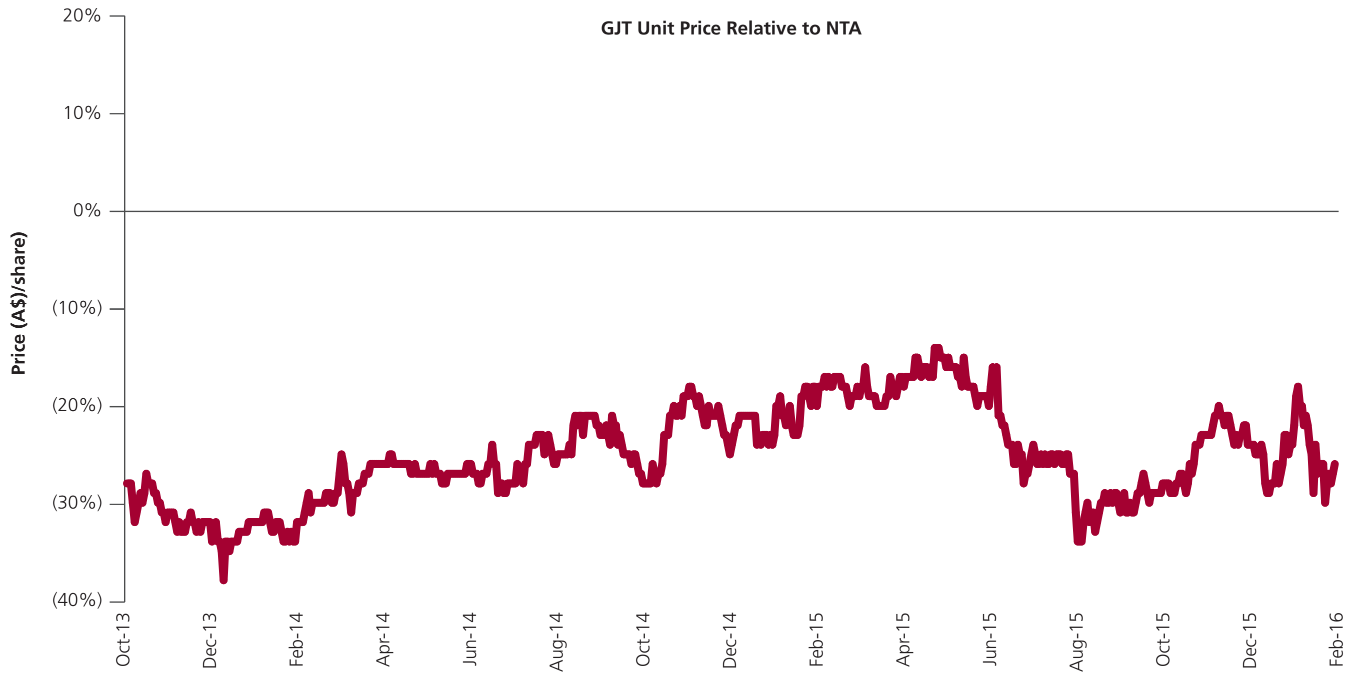
4.1.2. If the Proposal completes, the subsequent all-cash Special Distributions to Unitholders will deliver liquidity for your GJT Units

The successful completion of the Proposal will enable Unitholders to realise cash proceeds for their GJT Units and eliminate their exposure to the risks and uncertainties inherent in owning GJT Units.

By contrast, if the Proposal does not proceed, the ability of Unitholders to realise value for their GJT Units is uncertain and subject to a number of risks.

4.1.3. The GJT Unit Price is likely to continue to trade below NTA and the estimated value Unitholders would receive upon the successful completion of the Proposal in the absence of a Superior Proposal

The GJT Unit Price since the recapitalisation in October 2013 relative to GJT's reported NTA at the relevant corresponding balance date adjusted for movements in the AUD/JPY exchange rate intra period is set out below.



Sources: IRESS; Bloomberg

Note: GJT's reported NTA per Unit at the relevant corresponding balance date has been adjusted to reflect the implied value of the Trust's interest in the TK Business based on the daily AUD/JPY exchange rate (as adopted by Bloomberg) when compared to the prevailing GJT Unit Price in the graph above.

The Committee believes that if the Proposal does not proceed and no Superior Proposal is forthcoming, the GJT Unit Price is likely to continue to trade at levels well below the implied value of the estimated total Special Distributions expected to be received by Unitholders upon its completion.

4.1.4. No real estate or other brokerage is payable under the Proposal

No real estate or other brokerage will be paid under the Proposal. In Japan, typically real estate brokerage payable on the disposal of property assets ranges from 1.5% to 3.0%.

4.2. Disadvantages of the Proposal

Potential disadvantages of the Proposal for Unitholders are set out below. These disadvantages may lead Unitholders to vote "No" in relation to the Resolution.

4.2.1. Condition to completion

If Unitholders approve the Resolution, the sale may not occur due to the non-fulfilment of a condition such as the condition requiring a successful capital raising and IPO in Japan. In this event, the Vendor and therefore GJT will be required to reimburse certain costs to the Purchaser. Refer to Sections 6 and 8 for further details.

Potential disadvantages to Unitholders of the Proposal, if it is successfully completed, are detailed below.

4.2.2. Tax consequences

There will be tax consequences for Unitholders, which may include tax payable on the Special Distributions. Further information on the relevant tax consequences for Australian residents is contained in Section 9 of this Explanatory Memorandum.

4.2.3. Superior Proposal

Unitholders will lose the opportunity (if any) to consider a Superior Proposal until after the end date in the Implementation Agreement being 31 December 2016.

The Committee has considered the possibility of a Superior Proposal from a third party. As at the date of this Explanatory Memorandum, no Superior Proposal has been communicated to the Committee.

If a Superior Proposal emerges before the Meeting, the Committee will consider it and notify Unitholders by an appropriate ASX announcement. After the Meeting, if Unitholders have approved the Proposal (which includes the Proposed Sale), the Vendor and therefore GJT will be committed to sell the IPO Portfolio to the Proposed Purchaser and will not be able to pursue any Superior Proposal unless that sale does not complete by the deadline of 31 December 2016.

As part of the Proposal neither GJFML nor GJKK will receive any compensation for the termination of their management rights. There have been no discussions with GJFML or GJKK regarding their management rights should a Superior Proposal emerge. Therefore, negotiations may be required concerning consideration for such management rights in the event of a Superior Proposal.

4.2.4. Exposure to the Japanese Property Portfolio

Unitholders will lose their exposure to the Japanese Property Portfolio through their investment in GJT. In particular, due to the securities laws in Japan, there is no facility for Unitholders to have preferential participation rights in the initial public offering of the Proposed Purchaser.

5. Financial Impact and Consequences for Unitholders if the Proposal Proceeds

5.1. Financial impact on GJT if the Proposal proceeds

On completion of the Proposed Sale, the aggregate sale proceeds in Japanese Yen will be received by the TK Business (*Gross Sale Proceeds*). The TK Operator will use these proceeds to do the following:

- repay debt and other liabilities held by the TK Business;
- pay transaction costs in connection with the Proposed Sale and wind up of the TK Business; and
- Distribute 98.5% of the residual equity proceeds remaining to the TK Investor in accordance with the TK Agreement (*TK Investor's Net Sale Proceeds*).

The TK Investor's Net Sale Proceeds are expected to be approximately ¥23.2 billion. Following the receipt of the TK Investor's Net Sale Proceeds, GJT is projected to have net cash available for Special Distributions to Unitholders of approximately $279 million ($2.65 per Unit[9]). This amount is after allowing for:

- additional transaction costs expected to be borne by GJT in relation to the Proposal; and
- costs expected to be incurred to affect the orderly wind up of GJT.

5.2. Pro forma balance sheet

Set out below is an abridged pro forma balance sheet of GJT, which has been prepared to illustrate the likely effect of the Proposal on GJT's balance sheet.

The abridged pro forma balance sheet has been prepared based on GJT's last published balance sheet as at 31 December 2015, which was subject to review by GJT's auditors, adjusted for the following:

- the conversion of GJT's share of JPY denominated net assets held by the TK Business based on the prevailing AUD/JPY exchange rate on 26 February 2016 (being the last business day prior to the announcement of the Proposal) of $1=¥82[10];
- payment of the December 2015 ordinary distribution of approximately $9.2 million as provisioned for in the 31 December 2015 balance sheet;
- payment of estimated costs associated with the on-going tenant relocation process relating to Utsubo expected to be incurred prior to its sale;
- pro forma adjustments to the carrying value of investment property to reflect the aggregate anticipated sale price for the Japanese Property Portfolio under the Proposal; and
- payment of transaction costs and fees associated with the Proposal and the wind up of GJT.

[9] Based on the prevailing AUD/JPY exchange rate on 26 February 2016 (being the last date before the announcement of the Proposal) of $1=¥82 and assumptions outlined in Section 5.

[10] Based on the prevailing AUD/JPY exchange rate on 26 February 2016 (being the last date before the announcement of the Proposal) of $1=¥82.

Explanatory Memorandum (continued)

The above abridged pro forma balance sheet for GJT does not contain all of the disclosures usually provided in an audited balance sheet prepared in accordance with Australian Accounting Standards.

Unitholders should note that the expected cash position of GJT on completion of the Proposal is provided as a guide only. The actual cash position of GJT at this date is dependent on a range of factors, including the assumptions outlined above, foreign exchange rates and the net impact of any non-cash other assets and liabilities required to be derecognised on wind up (which are not expected to be material).

As such, the actual NTA position of GJT after completion of the Proposal may vary from the expected NTA[5] position set out in the abridged pro forma balance sheet below.

Further, it should be noted that GJT's NTA GJT's currency adjusted NTA does not take into account any costs associated with selling the Japanese Property Portfolio or winding-up GJT. These costs represent approximately $0.23 per GJT Unit assuming real estate brokerage of 2.5% and the GJKK disposal fee of 1%.

Abridged Pro Forma Balance Sheet	Actual 31 December 2015	Adjusted for Current Spot Rate[1]	Payment of GJT December 2015 Distribution[2]	Costs Relating to Utsubo[3]	Impact of Proposal[4]	Pro forma 31 December 2015[5]
	$ (000's)	$ (000's)	$ (000's)	$ (000's)	$ (000's)	$ (000's)
Assets						
Cash and cash equivalents	63,811	68,346	(9,168)	(1,512)	(13,939)	43,727
Other assets	4,387	4,692				4,692
Investment property	642,760	689,634			15,366	705,000
Total assets	**710,958**	**762,673**	**(9,168)**	**(1,512)**	**1,426**	**753,419**
Liabilities						
Borrowings	390,440	418,914				418,914
Tenant security deposits	34,475	36,989				36,989
Interest rate swap liability	2,716	2,914				2,914
Other liabilities	19,462	20,205	(9,168)			11,037
Total liabilities	**447,093**	**479,022**	**(9,168)**	**–**	**–**	**469,854**
Outside equity interest in TK Business	4,311	4,625		(23)	103	4,705
Net assets attributable to GJT unitholders	**259,554**	**279,025**	**–**	**(1,490)**	**1,324**	**278,859**
Units on issue (millions)	105.4	105.4	105.4	105.4	105.4	105.4
Net tangible assets per unit	**2.46**	**2.65**	**–**	**(0.01)**	**0.01**	**2.65**

1 Reflects the conversion of GJT's share of JPY denominated net assets held by the TK Business based on the prevailing AUD/JPY exchange rate on 26 February 2016 (being the last trading day before the announcement of the Proposal) of $1=¥82.

2 Reflects the payment of the December 2015 accrued ordinary distribution of $9.2m.

3 Reflects provision for and payment of costs relating to the tenant relocation process at Utsubo which could be incurred prior to its sale of ¥124m ($1.5 million).

4 The adjustment to investment property of ($15.4 million) reflects the difference between the carrying value of the properties as at 31 December 2015 of ¥56.55bn ($689.6 million) and the aggregate sale price for the Japanese Property Portfolio under the Proposal of approximately ¥57.8bn ($705.0 million).

The adjustment to cash and cash equivalents comprises: the 1% disposal fee payable to GJKK by the TK Business on sale of the portfolio of ¥578m ($7.0 million); estimated tax and legal fees expected to be incurred by the TK Business in relation to the Proposed Sale of ¥50m ($0.6 million); costs expected to be incurred by the TK Business post completion of the IPO and in conjunction with the wind up of the TK Business of ¥71m ($0.9 million); transaction costs anticipated to be incurred by GJT
in relation to the Proposal in the event it is successful of $5.0m; and costs expected to be incurred by GJT post completion of the IPO and in conjunction with the wind up of the Trust of $0.4m.

The adjustment to outside equity interest reflects the net benefit/(loss) from the adjustments relating to the TK Operator in recognition of their 1.5% interest in the TK Business.

5 For the avoidance of doubt, excludes all trading profits (net of on-going capex) between 31 December 2015 and completion of the Proposed Sale which are anticipated to be paid to Unitholders in accordance with GJT's current distribution policy.

5.3. Distributions to Unitholders

As indicated in the abridged pro forma balance sheet above, the aggregate Special Distributions are expected $2.65 per Unit[11] under the Proposal. Any amounts distributed to Unitholders will be subject to the prevailing AUD/JPY exchange rate at the time the TK Investors Net Sale Proceeds received by GJT from Japan and converted into Australian dollars.

In the event the Proposal is successful, the Special Distributions will be returned to Unitholders as soon as practical. As indicated under Section 5.1, following the completion of the Japanese IPO, which is expected around August 2016, 98.5% of the net equity proceeds held by the TK Business in Japanese Yen will be distributed to GJT in accordance with the TK Agreement.

GJT currently intends to use the TK Investor's Net Sale Proceeds aggregate with any additional cash held by the Trust (after the payment of other residual expenses and liabilities) and remit the vast majority of the proceeds to Unitholders via the Initial Special Distribution. At this point it is anticipated that GJT Units will cease trading and be delisted from the ASX.

Unitholders may also receive an additional, smaller Final Special Distribution at a subsequent date in conjunction with the winding up of GJT.

The Special Distributions assume that Utsubo is sold at its book value of ¥0.45 billion prior to or in conjunction with the completion of the Japanese IPO. If the sale price realised for Utsubo is below its book value in the 31 December 2015 balance sheet then the proceeds ultimately received by Unitholders via the Special Distributions will be lower.

However, the net impact is not expected to be material given Utsubo represents less than 1% of the value of the Japanese Property Portfolio[12]. A 20% discount to book value has a $0.01 per Unit impact on the estimated Special Distributions to be received by Unitholders.

Further, under the terms of the Implementation Agreement, at any time prior to 15 April 2016, if Utsubo is not sold on the open market, the Vendor has the right (but not the obligation) to require Galaxy to acquire Utsubo on completion of the necessary structural rectification works at a fixed price subject to certain terms and conditions (including a 30 June 2017 sunset date). Further details, including a summary of the Purchase and Sale Agreement in relation to Utsubo, are contained in Section 8 and additional information in relation to the Utsubo property and current situation is contained in Section 10.2.

GJT intends to continue to pay ordinary distributions in accordance for the period to 30 June 2016 and for any period thereafter from 1 July 2016 up until completion of the Proposal.

5.4. Foreign exchange sensitivities

The table below provides a sensitivity analysis showing the impact of the AUD/JPY exchange rate on the expected Special Distributions to Unitholders in Australian dollars. The table also includes a sensitivity on the NTA of GJT as at 31 December 2015, adjusted to make it comparable to the sensitivity analysis of the pro forma NTA.

	Adjusted for 10% Decrease in AUD/JPY Exchange Rate to $1=¥73.80		Prevailing AUD/JPY Exchange Rate of $1= ¥82		Adjusted for 10% Increase in AUD/JPY Exchange Rate to $1= ¥90.20	
Proforma GJT NTA for the Proposal	$	2.95	$	2.65	$	2.39
Adjusted GJT NTA at 31 December 2015[1]	$	2.74	$	2.46	$	2.23

[1] The reported NTA for GJT at 31 December 2015 of $2.46 has been adjusted for the specified AUD/JPY exchange rate under each sensitivity, tenant relocation expenses relating to Utsubo and real estate brokerage costs of 2.5% of the carrying value of the Japanese Property Portfolio assets.

5.5. Delisting of GJT

GJT will cease to trade on ASX and will be delisted if Unitholders approve the Resolution and the sale of the IPO Portfolio is completed. In addition:

- trading in the Units will be indefinitely suspended from the close of trade on the last day of trading in the Units on a 'cum' basis for the Initial Special Distribution (or such other time as the ASX determines); and
- the record date for the Initial Special Distribution will also be the record date for all future distributions (if any) to Unitholders.

Set out on page 5 is an indication of the timetable for the Proposal.

[11] Based on the prevailing AUD/JPY exchange rate on 26 February 2016 (being the last date before the announcement of the Proposal) of $1=¥82.

[12] Based on the independently assessed book values for the assets comprising the Japanese Property Portfolio adopted as at 31 December 2015.

5.6. Wind up of GJT

If the Proposed Sale of the Japanese Property Portfolio (including both the IPO Portfolio and Utsubo) completes, GJT's only assets will be its cash (inclusive of the proceeds received from the Proposed Sale, net of fees and costs). In these circumstances, GJFML will issue a notice under clause 30 of GJT's constitution to terminate, that is, wind up GJT and distribute the remaining cash proceeds to Unitholders and cancel all outstanding units. No unitholder resolution will be required to effect that winding up.

6. Consequences if the Proposal Does Not Proceed

The Proposal may not proceed because Unitholders do not approve it, or having approved it, because a condition to completion is not satisfied.

6.1. Impact on GJT if the Proposal does not proceed

If the Proposed Sale does not complete, GJT will continue to hold its indirect interest in the Japanese Property Portfolio via its interest in the TK Business and the Proposal will not proceed.

Given that Special Distributions expected to be paid to Unitholders under the Proposal imply a significant premium to the last trading price of GJT Units prior to its announcement, the Unit Price may fall if it has risen (post announcement of the Proposal) based on the prospect that the Proposal will be successful.

6.2. Costs of the Proposal

In the event Unitholders vote against the Proposal, GJFML estimates that it will incur approximately $2.7 million[13] in costs in connection with the Proposal including GJT's share of expenses expected to be incurred by the Vendor/TK Business. This amount includes a provision for the cost associated with engineering and structural due diligence reports and independent valuations commissioned by the Proposed Purchaser. In the event the Proposed Sale is unsuccessful, the Vendor has agreed to reimburse the Proposed Purchaser for costs relating to these due diligence materials up to a maximum amount of ¥78 million provided they can be assigned to the benefit of the Vendor (*Costs Reimbursement Amount*). For further details see Section 8.2.

In the event Unitholders vote in favour of the Proposal and it is unsuccessful, for example, due to the failure of the Japanese IPO, GJFML estimates that it will incur approximately $3.1 million[14] in costs in connection with the Proposal including GJT's share of expenses expected to be incurred by the Vendor/TK Business. For the avoidance of doubt, this estimate also assumes payment of the ¥78 million relating to the Costs Reimbursement Amount.

In addition, the Vendor has committed to pay compensation to Galaxy in certain circumstances. For further details see Section 8.2.

7. Alternatives to Proposal

GJFML has considered a range of possible alternatives to the Proposal. A description of the alternatives is set out below.

7.1. Background

In October 2013, GJT undertook a recapitalisation to stabilise the Trust's capital structure, which involved the issuance of new GJT Units at $1.50 per Unit and new Eurobonds. The pro forma NTA at the time was $2.16 per Unit.

At the time of the recapitalisation in October 2013, GJFML and GJKK stated that the primary focus would be to pursue capital management, asset level and other initiatives to close the gap between the Unit Price and NTA per Unit. These proposed initiatives included the following:

(a) increasing portfolio net operating income as market conditions become more favourable, particularly in relation to Tokyo office buildings;

(b) asset acquisitions or disposals that enhance both earnings and NTA;

(c) potential buyback of GJT Units;

(d) actively promoting GJT to prospective investors, the media and analysts; and

(e) the possibility of re-domiciling the listing of GJT to Japan or Singapore.

Most of these initiatives have been implemented other than the acquisition of additional assets and the re-domiciling of GJT. The acquisition of additional assets has not been a viable option primarily due to GJT continuing to trade at a material discount to NTA which significantly constrains its ability to raise additional equity capital.

In 2014, GJKK also completed an early refinancing of the Eurobonds issued in October 2013 through a combination of asset sales and new mezzanine loans issued on substantially more attractive terms than the Eurobonds.

Notwithstanding the above initiatives, the Unit Price has continued to trade at a significant discount to NTA per Unit. Therefore, GJFML and the Committee have considered a number of alternatives in order to maximise value for Unitholders. These have included the options outlined below.

[13] Based on the prevailing AUD/JPY exchange rate on 26 February 2016 (being the last date before the announcement of the Proposal) of $1=¥82.
[14] Based on the prevailing AUD/JPY exchange rate on 26 February 2016 (being the last date before the announcement of the Proposal) of $1=¥82.

7.1.1. Continuing to actively manage the existing portfolio

Continuing to actively manage the existing portfolio could enable Unitholders to realise upside from potential further improvements in earnings and the Japanese real estate market beyond what is already implied in current independent valuations. This is unlikely to close the gap between market price and NTA.

Further, as noted above, GJT has implemented a range of asset level and strategic initiatives across its portfolio since its recapitalisation in October 2013, yet the Unit Price continues to trade at a significant discount to the Trust's NTA. The appetite for offshore asset exposure via ASX listed REITs remains limited among domestic institutions and Australian investors. Without a change in this dynamic, which is not anticipated, GJFML believes this discount is unlikely to close (absent the implementation of this Proposal or a similar alternative proposal) thereby reducing the benefit to Unitholders of any potential future improvement in the value of the underlying portfolio.

In addition, the low levels of liquidity in GJT Units makes it extremely difficult for larger Unitholders to exit their position in a timely manner without significantly impacting the Unit Price.

Lastly, whilst GJT continues to trade at a material discount to NTA, its cost of capital is relatively high. This significantly impedes the Trust's growth prospects by preventing the efficient acquisition of new assets and, in turn, restricting GJFML's ability to enhance value through active portfolio management.

7.1.2. An orderly sale of the individual property assets

GJT has explored the sale of individual assets in recent times and successfully disposed of two non-core industrial assets as part of its Eurobond refinancing and GJT Unit buyback initiatives.

While these assets were both sold at substantial premiums to book value, their disposal was in both cases dilutive to future earnings and distributions.

A sale of the entire portfolio on an individual asset basis involves significant execution risk and costs including:

(a) the process for the sale of all 19 assets is likely to take considerable time and therefore be subject to potential changes in current market conditions;

(b) Japanese real estate brokerage fees for asset sales are generally in the range of 1.5% to 3.0% of the sale price;

(c) the most attractive properties may be able to be sold (on acceptable terms) more readily leaving the relatively less attractive assets which may then be more difficult to find buyers for at fair value on a standalone basis;

(d) the current senior loan terms include the requirement to allocate half of the net cash proceeds from asset sales to top up the tenant security deposit reserve which are likely to cause individual asset sales to result in significant earnings dilution even if some assets are sold at or above book value; and

(e) if selling assets on a standalone basis results in the market forming a view that the TK Business is a forced or overly keen seller, the Committee believes the ability to achieve fair value for the sale of individual assets and therefore the overall portfolio may be compromised.

For the above reasons the Committee prefers a single sale of the entire Japanese Property Portfolio over individual sales.

7.1.3. Sale of the entire portfolio to a third party

Since the recapitalisation of GJT in October 2013, GJKK has engaged with potential third party acquirers in relation to a potential transaction. However, interest from all of these parties could be characterised as opportunistic due to the significant discount between GJT's NTA and its Unit Price.

Further, the Unit Price has continued to trade at a material discount to NTA since the recapitalisation proposal in October 2013 and no other proposal has emerged to date.

With regards to the prospect of any Superior Proposal, please see Section 4.2.3. If a Superior Proposal emerges before the Meeting, the Committee will consider it and notify Unitholders by an appropriate ASX announcement.

7.2. Conclusion regarding alternatives

The Committee believes it is unlikely that any of these initiatives would result in a better outcome for Unitholders for the reasons outlined above.

Further, these initiatives may require, among other things, a number of concessions and approvals from GJKK, the TK Operator and/or the Group's lenders in order to facilitate.

Therefore, the Committee concluded that, consistent with the opinion provided by the Independent Expert, in the absence of a Superior Proposal, the Proposal provides the best outcome for Unitholders.

8. Implementation Agreement (IA) and Purchase and Sale Agreements (PSAs)

8.1. General

The key provisions of the IA and the PSAs are summarised below:

(a) The parties to the IA are CENTRAL SUB Godo Kaisha as Vendor and Galaxy JREIT Pty Limited (*Galaxy*). GJFML is not a party. This reflects the TK structure described in Section 1. The IA does not take effect for any purposes until 8 March 2016 being ten (10) business days after a required notice to the lenders to the TK Business in Japan was given.

(b) The PSAs have not yet been entered into. A number of conditions precedent must be satisfied before this occurs. However the parties will be:

- (i) Purchase and Sale Agreement for all properties other than Utsubo (*IPO PSA*): CENTRAL SUB Godo Kaisha as Vendor and the Proposed Purchaser (the JREIT);
- (ii) Purchase and Sale Agreement for Utsubo (*Utsubo PSA*): CENTRAL SUB Godo Kaisha as Vendor and Galaxy as purchaser;

(c) Utsubo is being marketed for sale to third parties, but the Vendor has the right before 15 April 2016 to elect to sell Utsubo to Galaxy for ¥670m subject to completion of the rectification works before 30 June 2017. If the sale under the IPO PSA does not complete by 31 December 2016 then the Utsubo PSA can be terminated by either party. The Utsubo PSA contains other provisions typical for Japanese real property transactions.

(d) Under the IA:

- (i) The parties agree to implement the Proposal on the terms of the IA;
- (ii) The IPO PSA is expected to be entered into once the condition precedent is satisfied, being once SRE is issued an investment management business licence and incorporation and registration of the J-REIT as an investment corporation occurs. If this is not satisfied by 30 September 2016, either Party may terminate the IA by notice in writing to the other party;
- (iii) Termination will also occur if:
  - (A) a resolution of GJT unitholders to approve the Proposal is voted on but not passed; or
  - (B) completion has not occurred under the IPO PSA by 31 December 2016;
- (iv) there are exclusivity provisions but such provisions do not prevent action with respect to a bona fide Competing Transaction (which was not solicited) provided that the board of directors (or equivalent) of the relevant entity in the Vendor group has determined in good faith, acting reasonably and after consultation with its advisers that such a Competing Transaction could reasonably be considered to be capable of being completed and more favourable to that entity's investors; and failing to respond to that bona fide Competing Transaction would be reasonably likely to constitute a breach of the fiduciary or statutory obligations of the directors (or equivalent) of the relevant entity in the Vendor group.

(e) Under the IPO PSA the sale price for the IPO Portfolio is ¥57.36 billion. Timing of completion of the sale depends on timing of successful completion of the IPO and on satisfaction of a number of conditions precedent. If the sale under the IPO PSA does not complete by 31 December 2016 then the IPO PSA can be terminated by either party. The IPO PSA contains other provisions typical for Japanese real property transactions such as warranties. As regards the warranties given by Vendor of the IPO Portfolio it is possible, though not considered likely, that the Vendor may need to incur additional expenses if it is found that any warranty is incorrect and that consequent corrective action is needed.

8.2. Costs

The Vendor is not responsible for any costs born by Galaxy or the JREIT as purchasers except as follows. All amounts exclude Japanese consumption tax.

(a) In all circumstances other than a successful IPO allowing completion under the IPO PSA, the Vendor must pay for the following reports (provided those reports can be and are assigned to the benefit of the Vendor): the independent valuation reports for the19 trust beneficial interests of the Properties and the engineering and structural reports for the 19 trust beneficial interests of the Properties, up to a total maximum amount of ¥78 million ($1.0 million) (*Costs Reimbursement Amount*).

(b) There are two fees potentially payable by the Vendor:

- (i) a First Compensating Amount of ¥200 million ($2.4 million) (less Costs Reimbursement Amount) equating to a net amount of ¥122 million ($1.5 million); and

(ii) a Second Compensating Amount of ¥350 million ($4.3 million) less the following amounts if paid, the Costs Reimbursement Amount and the First Compensating Amount equating to a net amount of ¥150 million ($1.8 million).

8.3. Trigger for First Compensating Amount

The First Compensating Amount is payable if either paragraph (a) or (b) below occurs:

(a) a majority of the independent Directors of the GJFML board of directors state publicly that they no longer recommend that GJT unitholders vote in favour of a resolution of GJT to approve the Proposal, other than because:

(i) Galaxy is in breach of this agreement; or

(ii) a Condition Precedent is not satisfied; or

(iii) after the date of this agreement the independent Directors of the GJFML board become aware of new information which has a material effect on the Properties; or the Vendor Group (other than the TK Investor); or Galaxy or the J-REIT; or the ability of the parties to complete the Proposal on the terms described in the Notice, which, at the date of this agreement, is either known to either of the parties (including a person in a senior management role) or would have been known if reasonable enquiries had been undertaken by each of the parties,

and the unitholders vote on, but do not pass, such resolution; or

(b) a Competing Transaction emerges and a resolution of GJT to approve the Proposal is not voted on by GJT unitholders at a meeting on or before 8 April 2016.

8.4. Trigger for the Second Compensating Amount

The Second Compensating Amount is payable in the following circumstances:

(a) a Competing Transaction emerges prior to GJT unitholders voting on a resolution to approve the Proposal; and

(b) a Competing Transaction substantially completes on or before 31 December 2016; and

(c) at the time the Competing Transaction substantially completes, unitholders of GJT have not passed a resolution approving the Proposal.

For the avoidance of doubt, all three paragraphs (a), (b) and (c) above must be satisfied before such amount becomes payable.

9. Tax Implications

The tax implications for the Unitholders will depend on their individual circumstances.

As a result of the Proposal, it is expected that any existing Australian tax revenue losses of GJT and its subsidiaries carried forward from prior income years will not be available to offset any taxable income derived by GJT and its subsidiaries in the income year in which it completes the Proposed Sale of the IPO Portfolio and any subsequent income years. As a result, GJT may be in a net taxable income position for that income year and subsequent income years.

To the extent GJT is in a net taxable income position for any particular income year, the income will be allocated to Unitholders as a component of the Special Distribution made in relation to that income year (including any distributions made in addition to the Initial Special Distribution and Final Special Distribution), with any balance of the Special Distribution constituting a distribution of capital.

For Australian resident Unitholders who hold their GJT Units on capital account, the income component of the Special Distributions should be included in the Unitholder's assessable income while the capital component of the Special Distributions should be applied to reduce the Unitholder's existing tax cost base in their GJT Units. To the extent the capital component of the Special Distributions exceeds the Unitholder's existing tax cost base in the GJT Units, the excess should be treated as a capital gain.

To the extent an Australian resident Unitholder who holds their GJT Units on capital account has a remaining tax cost base in their GJT Units after applying the capital component of the Special Distributions, this amount should be treated as a capital loss on cancellation of the GJT Units.

Unitholders should confirm with their own tax advisers any tax implications which may arise from the Proposal.

10. Additional Information

10.1. Overview of Japanese Property Portfolio

All assets were independently valued as at 31 December 2015 and the valuations adopted by the independent valuers are reflected in the book values shown in the table below.

Sector	Property	Location	Occupancy 31 December 2015	Market rent 31 December 2015 ¥/tsubo/ month	Passing rent 31 December 2015 ¥/tsubo/ month[1]	Book value 31 December 2015	Book value 30 June 2015	Variance
Office	Seishin	Tokyo	100.00%	21,064	19,579	7.43	7.24	2.60%
	Tsukasacho	Tokyo	100.00%	17,700	17,049	3.50	3.40	2.90%
	Takadanobaba Access	Tokyo	100.00%	15,042	12,880	3.32	3.32	–
	Kanda NK	Tokyo	100.00%	17,826	17,842	3.50	3.44	1.70%
	Azabu Amerex	Tokyo	85.90%	14,167	14,729	1.94	1.88	3.20%
	Hiei Kudan	Tokyo	100.00%	17,000	15,420	1.94	1.86	4.30%
	Shin-Yoko-hama Nara	Greater Tokyo	100.00%	9,174	9,427	1.74	1.74	–
	Total/ average		**98.70%**	**16,293**	**15,489**	**23.37**	**22.88**	**2.10%**
Retail/ Leisure	La Park Kishiwada	Osaka	98.90%	4,838	4,664	6.47	6.47	–
	Suroy Mall, Nagamine	Kumamoto	100.00%	6,616	6,699	4.18	4.18	–
	Suroy Mall, Chikushino	Fukuoka	99.60%	5,067	5,075	7.65	7.52	1.70%
	Seiyu Minakuchi	Shiga	100.00%	2,863	2,863	3.90	3.90	–
	Total/ average		**99.40%**	**4,691**	**4,630**	**22.2**	**22.07**	**0.60%**
Mixed Use	Confomall	Sapporo	97.90%	5,998	5,745	1.37	1.37	–
	Total/ average		**97.90%**	**5,998**	**5,745**	**1.37**	**1.37**	**–**

Sector	Property	Location	Occupancy 31 December 2015	Market rent 31 December 2015 ¥/tsubo/ month	Passing rent 31 December 2015 ¥/tsubo/ month[1]	Book value 31 December 2015	Book value 30 June 2015	Variance
Residential	Shiroi	Greater Tokyo	96.40%	3,400	3,455	2.42	2.4	0.80%
	Matsuya Residence Sekime	Osaka	99.30%	5,715	5,724	2.08	2.08	–
	Royalhill Sannomiya II Kobe	Kobe	97.00%	9,908	9,640	1.5	1.49	0.70%
	Imazato	Osaka	98.50%	4,700	4,721	0.99	0.99	–
	Prejeal Utsubo Park	Osaka	98.50%	9,826	9,822	0.45	0.81	(44.20%)
	Total/ average		**97.40%**	**4,821**	**4,834**	**7.44**	**7.77**	**(4.30%)**
Industrial	Funabashi Hidan	Greater Tokyo	100.00%	3,800	4,056	1.52	1.51	0.70%
	Funabashi Hi-Tech	Greater Tokyo	–	3,800	3,800	0.65	0.65	–
	Total/ average		**66.30%**	**3,800**	**3,970**	**2.17**	**2.16**	**0.5%**
Total Portfolio	**Total/ average**		**96.80%**	**6,125**	**5,996**	**56.55**	**56.25**	**0.50%**

[1] Passing and market rents are inclusive of common area maintenance.

10.2. Utsubo

As part of the due diligence undertaken by the Proposed Purchaser in preparation for its potential acquisition of the Japanese Property Portfolio, engineering and structural reports were commissioned on all 19 properties.

The review of the structural integrity of the building indicated that Utsubo did not comply with the Japanese earthquake code (introduced in 1981). The Vendor sought and obtained a second opinion from a separate independent consultant which confirmed the opinion provided by the Proposed Purchaser's consultant. Therefore, absent rectification works, the property is unsuitable for purchase by a J-REIT.

Structural rectification works can be undertaken to achieve compliance. These works essentially involve bracing and wall panels being inserted in certain areas of the building.

The tenants occupying the apartments within the building have been notified of the situation and the Vendor is currently seeking to relocate all tenants as soon as practical in accordance with its legal obligations; however, the timing and process for relocating the tenants remains subject to negotiation. It is the intention of the Vendor to complete this process prior to commencing any rectification works.

The independent valuation for the property as at 31 December 2015 is ¥452m ($5.5 million) reflecting the structural deficiencies identified. However, in determining the estimated Special Distributions to be received by Unitholders under the Proposal, a further provision for the payment of costs relating to the tenant relocation process has been deducted. This amounts to ¥124m ($1.5 million).

It should be noted that the Vendor commissioned an engineering report for due diligence purposes upon the acquisition of Utsubo in December 2006. The independent consultant that produced the report at that time confirmed the building was constructed in accordance with appropriate design standards. In doing so, the consultant relied upon an independent certification from a designated and accredited inspection body which confirmed that the building was constructed in accordance with the appropriate building standards.

The Japanese Property Portfolio is not insured for risks arising from earthquakes. In the event of a major earthquake Prejeal Utsubo may be more likely to sustain serious damage due to its structural deficiencies. This could result in additional costs, loss of value and potential liability to third parties which is presently unquantifiable.

10.3. Summary of related party management arrangements

Entities associated with Neil Werrett provide services to GJT in Australia and to the TK Business in Japan under the agreements listed below. Those entities are GJFML, GMST and GJKK (in Japan).

10.3.1. Australia

Entity	Role/Fees	Document	Termination Date
GJFML	**Role:** Responsible Entity of GJT and trustee of GJTII **GJFML Fees:** *Base fee:* up to 0.4% per annum of GJT's proportionate interest in the TK Business and other assets held. Currently 0.1% is charged but GJFML may choose to charge up to 0.4% if there is a change in operating circumstances. *Performance fee:* This fee was waived permanently as part of the recapitalisation in October 2013 and is therefore not triggered under the Proposal.	Trust Constitution, subject to announced waivers	None specified
Galileo Management Services Pty Ltd, as trustee for the Galileo Management Services Trust (GMST)	**Role:** Sponsor Provides services related to acquisitions only **GMST Fees:** 1% of GJT's proportionate interest in the purchase price of new properties acquired. This fee is not triggered under the Proposal.	Sponsor Management Agreement	December 2016 with a 10-year option to renew, conditional upon Unitholder approval

10.3.2. Japan

Entity	Role/Fees[1]	Document	Termination Date
GJKK	**Role:** Adviser to the TK Operator providing services related to portfolio management, finance and disposals. **GJKK Fees:** *Base fee:* 0.3% per annum of the portfolio and other assets held in the TK Business. *Disposal fee:* 1% of the value of the property disposed (valued at the sale price). *Debt arrangement:* 0.5% of the debt arranged for the portfolio. This fee is not triggered under the Proposal[3]. *Due diligence fee:* 0.5% of the purchase price of any new property. This fee is not triggered under the Proposal.	Asset Management Agreement	October 2019[2]
GJKK	**Role:** Asset manager in relation to all properties owned by the TK Business. However, until December 2016, 13 of the 19 properties are managed by Tokyo Capital Management under a sub-management agreement. **GJKK Fees:** *Base fee:* 0.3% of the value of the properties managed (currently six properties).	Management Agreement	October 2020[4] Prior to that, with lender consent

[1] All base fees relating to GJKK's Asset Management Agreement are calculated on the gross assets of the TK Business and all fees relating to GJKK's Management Agreement are calculated on the carrying value of the assets managed.

[2] The original termination date for this agreement set at the time of the GJT IPO was December 2016. However, the agreement has been amended by CENTRAL MASTER Goda Kaisha (the TK Operator) and GJKK such that its current termination date is October 2019. This takes into account the senior lender's policy that the manager's term should extend beyond the debt maturity date (currently October 2018).

[3] The debt arrangement fee was extended to cover refinancings in addition to the arrangement of finance for new property acquisitions as part of the amendments made in October 2014.

[4] This agreement was entered into by CENTRAL SUB (the Sub-TK Operator) and GJKK in October 2010 after GJKK obtained its discretionary asset management licence in Japan. Two months prior notice must be given for the agreement to terminate on the termination date.

Glossary

In this Explanatory Memorandum, and in the Important Notices, Letter from the Chairman, Notice of Meeting and Information for Unitholders, the following capitalised terms and expressions have the following meanings unless stated otherwise or as the context otherwise requires:

Asset Management Agreement	means the agreement referred to in Section 10.3.2 between GJKK and the TK Operator.
ASX	means ASX Limited or the market operated by it as the context requires.
ASX Listing Rules	means the listing rules of ASX as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
AUD, $ or Australian dollars	means Australian dollars.
Committee of Independent Directors	means a committee of independent Directors, being the directors of GJFML who do not have a material personal interest in the Proposal (other than as a Unitholder of GJT) and comprises Mr Jack Ritch, Mr Frank Zipfinger and Mr Philip Redmond.
Competing Transaction	means a proposed transaction or arrangement which would result in a third party directly or indirectly: acquiring, having a right to acquire or otherwise acquiring, a relevant interest in, or becoming entitled to more than 30% of the GJT units; or acquiring, having a right to acquire or otherwise acquiring, an interest or relevant interest in, or becoming the holder of all or substantially all of the assets or business of GJT; or directly or indirectly acquiring the Properties.
Corporations Act	means the *Corporations Act 2001* (Cth).
Costs Reimbursement Amount	has the meaning given in Section 8.2.
Director	means a director of GJFML.
Explanatory Memorandum	means this document, which forms part of the Notice.
Final Special Distribution	has the meaning given in Section 5.3.
Galaxy	means Galaxy J-REIT Pty Limited (a Neil Werrett related entity).
GJFML	means Galileo Japan Funds Management Limited (ACN 121 567 244), the company which is appointed Responsible Entity of the Trust.
GJKK	means Galileo Japan KK.
GJT or Trust	means Galileo Japan Trust (ARSN 122 465 990).
GJT Group	means GJT and all the entities through which it holds an indirect interest in the Japanese Property Portfolio.
Greater Tokyo	means the Tokyo metropolitan region, comprising the prefecture of Tokyo and the three neighbouring prefectures of Saitama, Kanagawa and Chiba.

Gross Sale Proceeds	has the meaning given in Section 5.1.
Implementation Agreement	means the agreement between CENTRAL SUB Godo Kaisha and Galaxy J-REIT Pty Limited which is summarised in Section 8.
Initial Special Distribution	means the current intention to pay a special distribution to Unitholders as soon as practical following the completion of the sale of the IPO Portfolio to the J-REIT, being the vast majority of net cash proceeds in Japanese Yen converted to Australian dollars and distributed to GJT which will then pay such net cash proceeds and cash held by the Trust to Unitholders. See Section 5.3.
Investor Presentation	means the presentation titled "Proposed sale of the Japanese property portfolio and return of net proceeds to Unitholders" dated 29 February 2016 and lodged with ASX on 29 February 2016.
IPO Portfolio	means 18 of the 19 assets comprising the Japanese Property Portfolio (excludes Utsubo).
Japanese Property Portfolio	means the real estate assets located in Japan, that are held by the TK Business and in which GJT has an indirect and passive interest equal to 98.5% of the equity and 97% of the profits and losses.
JPY, ¥ or Japanese yen	means Japanese currency.
Meeting	means the general meeting of Unitholders to be held on 23 March 2016 at 12:30pm (Sydney time) at Four Seasons Hotel Sydney at 199 George Street, Sydney NSW in relation to the Notice.
Notice	means the Notice of the Meeting dated 29 February 2016 including the Explanatory Memorandum.
Non-Associated Unitholders	means the Unitholders whose votes are not required to be disregarded.
NTA	means net tangible assets.
Proposal	means the Proposed Sale of the IPO Portfolio, the sale of Utsubo either by market sale or sale to Galaxy, the payment of the Initial Special Distribution to Unitholders and subsequent delisting. The Trust will then seek to wind up and pay the Final Special Distribution (if any).
Proposed Purchaser	means a Japanese real estate investment corporation (J-REIT) established for the purpose of acquiring GJT's Japanese Property Portfolio via a capital raising and initial public offering and listing on the Tokyo Stock Exchange (TSE).
Proposed Sale	means the sale of the Japanese Property Portfolio to the Proposed Purchaser (as regards the IPO Portfolio) and on market or to Galaxy (as regards Utsubo) in accordance with this Explanatory Memorandum, in particular Section 8.
Resolution	means the Resolution proposed in the Notice.
Responsible Entity	means Galileo Japan Funds Management Limited (ABN 59 121 567 244, AFSL No. 305 429) as responsible entity for the Trust.
Special Distribution	means each of the Initial Special Distribution and the Final Special Distribution (if any).
SRE	means Sakura Real Estate Funds Management which will be the manager of the J-REIT.

Glossary (continued)

Superior Proposal	means a bona fide proposal that the independent Directors determine is reasonably capable of being completed and is more favourable to Unitholders than the Proposal.
TCM	means TCM means Tokyo Capital Management, a subsidiary of Nippon Kanzai Company.
TK Agreement	means the TK agreement entered into between GJFML as trustee of Galileo Japan Trust II (a wholly owned subsidiary of the Trust) and the TK Operator as described in Section 1.
TK Business	means the consolidated business of CENTRAL MASTER Godo Kaisha and CENTRAL SUB Godo Kaisha operated in accordance with the TK Agreement.
TK Investor	means GJFML as trustee for the Galileo Japan Trust II which is a wholly owned subsidiary of the Trust.
TK Investor's Net Sale Proceeds	has the meaning given in Section 5.1.
TK Operator	means CENTRAL MASTER Godo Kaisha.
Unitholder	means the registered holder of a Unit.
Unit	means a fully paid ordinary unit in the Trust.
Unit Price	means the price at which Units are bought and sold on ASX.
Vendor	CENTRAL SUB Godo Kaisha, being the entity which holds the trust beneficiary interests in the Japanese Property Portfolio.
VWAP	means volume weighted average price of the Unit during the specified period.

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The Independent Directors
Galileo Japan Funds Management Limited
as responsible entity for
Galileo Japan Trust
Level 9
1 Alfred Street
Sydney NSW 2000

26 February 2016

Dear Independent Directors

Independent expert's report

Introduction

Galileo Japan Trust (**GJT or the Trust**) is listed on the Australian Securities Exchange (**ASX**) with an indirect interest in a portfolio of 19 real estate investment assets in Japan (the **Japanese Property Portfolio**) held through a Tokumei Kumiai (**TK**) investment structure (the **TK Business**). The responsible entity of GJT is Galileo Japan Funds Management Limited (**GJFML**), and the fund manager of the TK Business is Galileo Japan K.K. (**GJKK**).

On or around 26 February 2016, the TK Operator, being CENTRAL SUB Godo Kaisha, entered into an agreement (the **Implementation Agreement**) to sell 18 of the 19 real estate investment assets in the Japanese Property Portfolio (the **IPO Portfolio**) held through the TK Business for Japanese Yen (**JPY**)57.4 billion to a Japanese incorporated entity [1] (the **Proposed Purchaser**) (the **Proposed Sale**).

The Proposed Purchaser will be a new J-REIT established for the purpose of acquiring the IPO Portfolio via a capital raising process and an initial public offering on the TSE (the **Japanese IPO**). The asset manager of the Proposed Purchaser will be a Japanese incorporated asset management company jointly owned by Galaxy J-REIT Pty Limited (an associate of a related party to GJT) and a TSE listed entity whose core business is real estate related services.

The remaining asset in the Japanese Property Portfolio, Prejeal Utsubo Park (**Utsubo**), which represents less than 1% of the value of the Japanese Property Portfolio, has been excluded from the IPO Portfolio as a result of the due diligence process identifying a structural deficiency that made it unsuitable for the Japanese IPO. Utsubo has been separately placed on the market and is expected to be sold prior to the completion of the Japanese IPO[2].

As soon as practical following the completion of the Proposed Sale (including the sale of Utsubo) and the Japanese IPO, the net cash proceeds in JPY will be converted to Australian dollars (**AUD**) and distributed to GJT (the **TK Investor's Net Sale Proceeds**). GJT will then pay the net cash proceeds along with any other accrued

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[1] The interim purchaser of the Japanese Property Portfolio will be Galaxy J-REIT Pty Limited, until such time as the new Japanese Real Estate Investment Trust (**J-REIT**) is incorporated, by Sukura Real Estate Funds Management, Inc. as the organiser under the laws in Japan, and listed on the Tokyo Stock Exchange (**TSE**)

[2] In the event that Utsubo is unable to be sold on commercial terms prior to the Japanese IPO, the TK Operator will consider alternative options that may involve rectifying the structure deficiency and selling Utsubo to the Proposed Purchaser (refer to section 8 of the Explanatory Memorandum)

earnings and cash held in the Trust to GJT unitholders (**Unitholders**) via a special distribution (**Initial Special Distribution**).

As a consequence of the Proposed Sale, GJT will cease all operations, delist from the ASX and wind up the Trust. It is anticipated that Unitholders may also receive an additional smaller distribution at a subsequent date in conjunction with the winding up of GJT (**Final Special Distribution**).

The above transaction is collectively referred to as **the Proposal.**

The Proposal will be presented to Non-Associated Unitholders[3] for approval under ASX Listing Rule 10.1 (a sale to an associate of a related party of GJT), 11.2 (a sale of main undertaking) and 11.4 (a sale in connection with the Proposed Purchaser's planned securities offer and listing on the TSE).

The independent directors of GJT (the **Independent Directors**) have prepared a notice of meeting and accompanying explanatory memorandum containing detailed terms of the Proposal (the **Explanatory Memorandum**), and an overview of the Proposal is provided in Section 1 of our report.

Purpose of the report

When the disposal of a substantial asset to a related party is proposed, Chapter 10 of the Listing Rules of the ASX (the **Listing Rules**) requires an independent expert to prepare a report stating whether the proposed transaction is fair and reasonable to the non-associated securityholders. In addition, the directors may request an independent expert to prepare a report when a transaction with a related party requires member approval under Chapter 2E of the Corporations Act 2001 (Cth) (**Corporations Act**).

We understand that the subject of the Proposal, the IPO Portfolio (which is held by GJT through the TK Business), qualifies as a substantial asset and, as the joint owner of the asset manager of the Proposed Purchaser and the initial Proposed Purchaser, Galaxy J-REIT Pty Limited, is an associate of a related party to GJT, the Proposal is a related party transaction. The Independent Directors have requested that Deloitte Corporate Finance provide an independent expert's report advising whether, in our opinion, the Proposal is fair and reasonable to, and in the best interests of, Non-Associated Unitholders in order to assist them in their decision to vote for, or against, the Proposal (**Listing Rule 10 Opinion**).

Chapter 2E of the Corporations Act prohibits public companies from giving financial benefits to a related party of the public company without shareholder approval. However, under Chapter 2E of the Corporations Act, if the related party transaction is assessed to be on arm's length terms, there is an exception to the relevant provisions as set out in section 210 of the Corporations Act:

"Member approval is not needed to give a financial benefit on terms that:
(a) would be reasonable in the circumstances if the public company or entity and the related party were dealing at arm's length; or
(b) are less favourable to the related party than the terms referred to in paragraph (a)."

Pursuant to the exception in section 210 of the Corporations Act, the Independent Directors have requested Deloitte Corporate Finance to provide an opinion stating whether the Proposal will result in the Japanese Property Portfolio being sold on an equivalent arms' length basis or at terms that are less favourable to the Proposed Purchaser than would have been achieved if the parties were dealing at arm's length (the **Chapter 2E Opinion**).

This report is to be included in the Explanatory Memorandum, which will be sent to Non-Associated Unitholders, and has been prepared for the exclusive purpose of assisting Non-Associated Unitholders in their consideration of the Proposal.

Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Non-Associated Unitholders and GJT, in respect of this report, including any errors or omissions however caused.

[3] Unitholders of GJT who are not associated with Proposed Purchaser and the asset manager of the Proposed Purchaser including Galaxy J-REIT Pty Limited

Basis of evaluation

Guidance

We have prepared this report having regard to Chapter 10 of the Listing Rules, Chapter 2E of the Corporations Act, and Australian Securities and Investments Commission (**ASIC**) Regulatory Guide 111 in relation to the content of expert's reports and ASIC Regulatory Guide 112 in respect of the independence of experts.

ASIC Regulatory Guide 111

This regulatory guide provides guidance in relation to the content of independent expert's reports prepared for a range of transactions.

ASIC Regulatory Guide 111 refers to a 'control transaction' as being the acquisition (or increase) of a controlling stake in a company that could be achieved by way of a number of different legal mechanisms. The Proposal is regarded as a control transaction by virtue of the sale of the Japanese Property Portfolio (the main business undertaking of the TK Business, in which GJT holds an interest), and that as a result GJT will cease all operations, be delisted from the ASX and wound up at a future point in time. In addition, all available proceeds as a result of the Proposal, will be distributed to Unitholders.

Generally, ASIC expects an expert who is asked to analyse a related party transaction to express an opinion on whether the transaction is 'fair and reasonable' from the perspective of non-associated members. This analysis is specifically required where the report is also intended to accompany meeting materials for member approval of an asset acquisition or disposal under Listing Rule 10.1.

Under ASIC Regulatory Guide 111, in respect of related party transactions, an offer is:

- fair, when the value of the financial benefit or assets provided by the entity to the related party is equal to or less than the value of the consideration being providing to the entity. In respect of a related party transaction that is also a control transaction, such as the Proposal, the assessment of fairness should be made assuming 100% ownership of the assets (i.e. including a control premium)
- reasonable, if it is fair, or, despite not being fair, after considering other significant factors, members should vote for the proposal.

According to ASIC Regulatory Guide 111, if an expert were to conclude that a proposal was 'fair and reasonable', it will also be able to conclude that the proposal is in the best interests of the members of the entity. If an expert were to conclude that the proposal was 'not fair but reasonable', it is open to the expert to conclude whether the proposal is in the best interests of the members of the entity. If the expert concludes that the proposal is neither fair nor reasonable then the expert would conclude that the proposal is not in the best interests of members of the entity.

To assess whether the Proposal is fair and reasonable to, and in the best interests of, Non-Associated Unitholders, we have adopted the tests of whether the Proposal is either fair and reasonable, not fair but reasonable, or neither fair nor reasonable, as set out in ASIC Regulatory Guide 111.

Fairness

When analysing related party transactions, ASIC Regulatory Guide states that it is important for an expert to focus on the substance of the related party transaction, rather than the legal mechanism. Accordingly, we have considered the fairness of the Proposal by comparing the value of GJT's investment in the TK Business, the structure in which the Trust holds an interest in the Japanese Property Portfolio (being the IPO Portfolio and Utsubo), on a control basis, with the value of the consideration to be distributed to GJT as a result of the Proposal, being the TK Investor's Net Sale Proceeds net of any transaction costs payable as a result of the implementation of the Proposal.

As the Initial Special Distribution and Final Special Distribution to be provided to Unitholders will not be determined until the Proposal is implemented, we have also considered the method to be used to distribute the net proceeds as a result of the Proposal, to Unitholders, as it is proposed that GJT will cease operations, delist from the ASX upon completion of the Proposal and be wound up at a future point in time.

We are of the view that the concept of fairness described above satisfies not only the requirements of the Listing Rule 10 Opinion but also the Chapter 2E Opinion. That is, if the TK Investor's Net Sale Proceeds, net of any transaction costs payable as a result of the implementation of the Proposal, is considered to be fair, it implies that the financial benefit provided in respect of the Proposal is on terms that are at an equivalent arm's length basis or are less favourable to the Proposed Purchaser than would have been achieved if the parties were dealing at arm's length in accordance with the exception in section 210 of the Corporations Act.

Reasonableness

ASIC Regulatory Guide 111 considers an offer to be reasonable if either:

- the offer is fair
- despite not being fair, but considering other significant factors, members should vote for the proposal.

To assess the reasonableness of the Proposal we considered the following significant factors in addition to determining whether the Proposal is fair:

- the alternative options available to GJT and the likelihood of those options occurring
- the likely market price and liquidity of GJT units in the absence of the Proposal
- the impact on GJT if the Proposal does not proceed
- other implications associated with Unitholders voting against the Proposal.

Definition of value

Our valuation analysis is based on the concept of fair market value, which we have defined as the amount at which the assets would be expected to change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither of whom is under any compulsion to buy or sell. Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuations have not been premised on the existence of a special purchaser.

Summary and conclusion

In our opinion the Proposal is fair and reasonable and therefore in the best interests of Non-Associated Unitholders. In arriving at this opinion, we have had regard to the following factors.

The Proposal is fair

According to ASIC Regulatory Guide 111, in order to assess whether the Proposal is fair, the independent expert is required to compare the fair market value of GJT's investment in the TK Business with the fair market value of the consideration being the TK Investor's Net Sale Proceeds (net of any transaction costs payable as a result of the implementation of the Proposal) to be received by GJT under the Proposed Sale. The Proposal is fair if the value of the consideration is equal to or greater than the value of the assets subject to the offer.

As the Initial Special Distribution and Final Special Distribution to be paid to Unitholders will not be determined until the Proposal is implemented, we have also considered the method to be used to distribute the net proceeds as a result of the Proposal, to Unitholders, as it is proposed that GJT will be wound up at a future point in time.

Set out in the table below is a comparison of our assessment of the fair market value of GJT's investment in the TK Business with the distribution to be received by GJT.

Table 1

	Low (JPY'million)	High (JPY'million)
Estimated fair market value of GJT's investment in the TK Business (Section 4)	18,982	19,702
Estimated fair market value of the TK Investor's Net Sale Proceeds (net of transaction costs) (set out below)	22,757	22,757

Source: Deloitte Corporate Finance analysis

The TK Investor's Net Sale Proceeds (net of transaction costs) payable to GJT as a result of the Proposal is above the range of our estimate of the fair market value of GJT's investment in the TK Business.

In our opinion, the method to be utilised in determining the Initial Special Distribution and Final Special Distribution will not result in any value leakage between the net cash proceeds being paid to GJT as a result of the Proposal and the distributions to Unitholders. Refer to Section 5 for further details.

Accordingly it is our opinion that the Proposal is fair.

Notwithstanding this opinion, we highlight to Unitholders that a significant period of time will elapse between the Unitholder meeting on the Proposal and the implementation date which is estimated to be in or after August

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2016 (i.e. approximately 5 months). During this period, the value of GJT's investment in the TK Business may change, primarily due to the underlying value of the Japanese Property Portfolio. The value of the Japanese Property Portfolio would need to increase by over 5%, all else being equal, to make the Proposal not fair. A sensitivity analysis of our assessed value of GJT's investment in the TK Business is set out in Section 4.2.2.

In regards to the Chapter 2E Opinion, as the Proposal being fair, it implies that the financial benefit provided in respect of the Proposal is on terms that are at an equivalent arm's length basis or are less favourable to the Proposed Purchaser than would have been achieved if the parties were dealing at arm's length in accordance with the exception in section 210 of the Corporations Act.

Valuation of GJT's investment in the TK Business

For the purpose of assessing the fair market value of GJT's investment in the TK Business on a control basis, we have used the net assets on a going concern approach, which estimates the fair market value of the TK Business by aggregating the fair market value of its assets and liabilities. The most significant factor impacting our estimate of the fair market value of the TK Business is the underlying value of the Japanese Property Portfolio.

We have cross-checked the reasonableness of our assessed fair market value of the TK Business based on a comparison of our valuation to earnings multiples, distribution yields and asset based parameters implied by the trading of publicly listed comparable entities.

Our assessment of the fair market value of the TK Business' net assets has been based on the reviewed balance sheet of GJT as at 31 December 2015. The fair value of the Japanese Property Portfolio recognised at fair value in the balance sheet of GJT has been reviewed by Deloitte Corporate Finance's in house property team and is considered reasonable.

Set out below is a summary of our assessment of the value of GJT's investment in the TK Business on a net assets on a going concern basis. Refer to Section 4 for further details.

Table 2

	Low (JPY'million)	High (JPY'million)
Book value of the TK Business' net assets as at 31 December 2015	**23,870**	**23,870**
Fair market value adjustments		
Transaction costs already incurred relating to the Proposal	(212)	(212)
Management fees	(4,455)	(3,712)
Fair market value of the TK Business (on a control basis)	**19,203**	**19,945**
GJT's investment in the TK Business [1]	98.5%	98.5%
Fair market value of GJT's investment in the TK Business (on a control basis)	**18,982**	**19,702**

Source: Deloitte Corporate Finance analysis

Note:
1. GJT is entitled to 98.5% of the assets and liabilities and 97% of the profit and losses of the TK Business. Therefore, in determining the fair value of GJT's investment in the TK Business we have applied 97% to GJT's proportion of the management fees and 98.5% to all other assets and liabilities

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Valuation of consideration

We have estimated the value of the TK Investor's Net Sale Proceeds (net of transaction costs), based on the consideration to be received for the Japanese Property Portfolio, the value of the other assets and liabilities of the TK Business included in the reviewed financial statements of GJT as at 31 December 2015 and an estimate of other expenses to be incurred in respect of the Proposal as advised by GJT management, at JPY22,757 million, which is set out in the table below.

Table 3

	Value of consideration (JPY'million)
Proceeds from the sale of the Japanese Property Portfolio[1]	57,810
Other assets and liabilities of the TK Business (refer to Section 3.9 of our report)	(33,627)
GJKK disposition fee (1% of the Japanese Property Portfolio)	(578)
Other estimated expenses	(50)
Interest retained by the TK Operator (1.5%)	(386)
TK Investor's Net Sale Proceeds[2]	**23,169**
Less: Transaction costs payable on completion of the Proposal[3]	(412)
TK Investor's Net Sale Proceeds after transaction costs	**22,757**

Source: Deloitte Corporate Finance analysis

Notes:
1. We have assumed that Utsubo is sold for its current unrectified value of JPY 0.45 billion and the IPO Portfolio is sold for JPY 57.4 billion
2. The TK Investor's Net Sale Proceeds plus the net proceeds of any other assets and liabilities held in GJT less any costs incurred as a result of the delisting of the Trust from the ASX and winding up of GJT will be distributed to Unitholders in the form of the Initial Special Distribution and Final Special Distribution
3. The transaction costs payable on completion of the Proposal are deducted from the TK Investor's Net Sale Proceeds as they are directly attributable to the implementation of the Proposal and the consideration to be ultimately received by Unitholders. These costs of AUD5.0 million have been converted to JPY based on the AUD/JPY exchange rate as at the date of our report of 1AUD=82 JPY

The Proposal is reasonable

In accordance with ASIC Regulatory Guide 111 an offer is reasonable if it is fair. On this basis, in our opinion the Proposal is reasonable. Set out below are some further factors concerning the reasonableness of the Proposal.

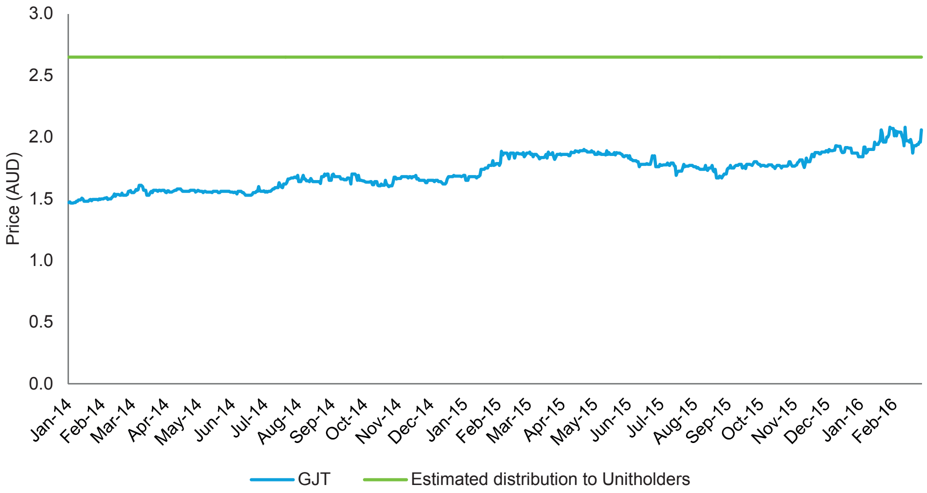
If implemented, the Proposal provides Unitholders with an opportunity to realise their investment in GJT at a premium to the traded unit price

Since the recapitalisation of GJT in October 2013, the units in GJT have traded at a discount to their net asset value (in the range of 9% to 36% on an unadjusted currency basis). The combined distributions payable to Unitholders as a consequence of the Proposal, as noted in section 2.1 of the Explanatory Memorandum, have been estimated to be AUD2.65 per GJT unit. This implies a 33% premium to the 30 day volume weight average price (**VWAP**) trading price of a GJT unit of AUD2.00, and a 8% premium to the net assets of GJT as at 31 December 2015 (on a non-foreign currency adjustment basis).

Further to this, the market for units in GJT is illiquid, providing limited opportunities for Unitholders to realise their investment. In the six month period to 26 February 2015 only 7.7% of issued GJT units were traded. If implemented, the Proposal provides Unitholders with the opportunity to realise their investment for cash which may have not been achievable on market due to the low liquidity levels in the GJT units.

A comparison of the distributions estimated to be paid to Unitholders with the GJT unit price is set out below.

Figure 1



Source: Capital IQ, Deloitte Corporate Finance analysis

Notes:

1. Distributions to Unitholders has been based on the pro-forma 31 December 2015 financial statements set out in section 2 of the Explanatory Memorandum
2. The above figure has been prepared on an unadjusted currency basis

In the absence of an alternative offer and in the event that the Proposal is unsuccessful, GJT's unit price is likely to remain at levels below its net asset value. There is also no evidence to indicate that the liquidity of the trading in GJT units would improve in the absence of the Proposal hence limiting opportunities for Unitholders to realise their investment.

Unitholders will be exposed to fluctuations in the value of the IPO Portfolio and JPY/AUD exchange rate until implementation

If the value of the IPO Portfolio increases, or decreases, during the period to the implementation date (in or after August 2016), there will be no adjustment made to the proceeds received from the sale of the IPO Portfolio in accordance with the Implementation Agreement and the accompanying purchase and sale agreements. Therefore, Unitholders bear the risk associated with fluctuations in the underlying values of the IPO Portfolio. However, we note that the value of the Japanese Property Portfolio increased only 0.5% from 30 June 2015 to 31 December 2015 in JPY terms.

Further to this, GJT will continue to be exposed to movements in the JPY/AUD exchange rate up until the implementation date when the proceeds from the Proposed Sale are distributed to GJT in AUD. Therefore, movements in the JPY/AUD exchange rate will impact on the distributions payable to Unitholders. We note that GJT and Unitholders are already exposed to movements in the JPY/AUD exchange rate through the ordinary course of operations of the Trust.

The Proposal is dependent upon the capital raising of the Proposed Purchaser

The Proposal is conditional upon the Japanese IPO, and no funds will be distributed to GJT or Unitholders until this condition is met. This exposes Unitholders to significant execution risk, over a long period of time (August 2016 at the earliest or 31 December 2016 at the latest, in comparison to a conventional sale or takeover transaction.

If the Proposed Purchaser is not successful in listing on the TSE prior to 31 December 2016, the Proposed Purchaser will be able to 'walk away' from the Proposal, with no compensation payable to GJT or the TK Business.

GJT will not be able to re-commence pursuing other strategic opporunities until after 31 December 2016, although, as noted below, these opportunities have been limited over recent years.

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No superior alternatives to the Proposal

As at the date of our independent expert's report, GJT had not received any alternative offers for the Japanese Property Portfolio, its investment in the TK Business or for GJT's issued capital.

As set out in section 7 of the Explanatory Memorandum, since the recapitalisation of GJT in October 2013, GJFML and GJKK have considered a number of initiatives to maximise value for Unitholders. Notwithstanding these initiatives, the GJT units have continued to trade at a discount to their net asset value. Therefore GJFML and GJKK have considered a number of alternatives to maximise value for Unitholders which included:

- continuing to actively manage the existing portfolio
- an orderly sale of the individual property assets
- sale of the entire portfolio to a third party.

We have considered the above alternatives available to GJT, in the absence of the Proposal, as set out below.

- continuing to actively manage the existing portfolio would provide Unitholders with the opportunity for increased future earnings and distributions especially from growth in the value of the Japanese Property Portfolio and favourable foreign exchange rate movements. However, this opportunity comes with the associated operating risks including adverse changes in the Japanese real estate market, interest rates and foreign exchange rate movements. Furthermore, this opportunity is unlikely to rebalance the trading price of a GJT unit to a level more comparable with other listed J-REITs or Australian real estate investment trusts (**A-REITs**), particularly not in the short term. However, it should be noted that the distribution yield Unitholders are receiving is currently at a premium to other A-REITs and J-REITs both on a security trading basis and based on our underlying valuation
- GJT has considered an orderly sale of individual property assets and successfully sold two non-core assets at significant premiums to book value in FY15. It is possible, however highly unlikely, that GJT would be able to sell the remaining 19 properties at similar premiums as there were specific reasons why these properties were divested for prices above their independent valuations (refer to Section 3.2). There are inherent risks and additional costs associated with the sale of the remaining properties in an orderly manner including the significant time involved to broker deals and the staged manner in which the assets may need to be released to the market, brokerage fees and an inability to divest all 19 of the property assets
- GJT has undertaken a process to solicit and engage with a number of potential third party buyers in relation to a potential transaction for its entire property portfolio. However, according to GJT management, interest from these parties appeared to be opportunistic with indicative offers above recent trading metrics of the GJT unit price but at a discount to GJT's net asset value. Any further interest in the entire Japanese Property Portfolio may take time to materialise, and there is no guarantee of an offer price higher than that provided by the Proposal.

None of the alternatives presented above, and considered by GJT management, are likely to realise greater value for Unitholders than the Proposal, particularly after considering the relative risks, costs and timing associated with each of the alternatives. It is nonetheless possible that a superior alternative could emerge following the announcement of the Proposal.

Unitholders will no longer have an exposure to the Japanese Property Portfolio

If the Proposal proceeds, Unitholders will no longer hold an indirect interest in the Japanese Property Portfolio, and therefore will not participate in any potential growth or upside in the performance of the underlying properties. In the event Unitholders no longer hold an indirect interest in the Japanese Property Portfolio, Unitholders will no longer have the rights to the strong distribution yields of the Trust, which may be difficult for Unitholders to replicate in other investment structures.

Due to the securities laws in Japan, there is no facility for Unitholders to have preferential participation rights in the Japanese IPO. However, Unitholders can subscribe for shares in the Proposed Purchaser through the public capital raising application process.

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The TK Business bears the risks associated with the sale of Utsubo

As a result of the structural deficiency identified at Utsubo, the Proposed Purchaser is not acquiring this property. Therefore, the TK Business will sell this asset on the open market. There are risks associated with this sale process including the time it will take to achieve a sale and the price that will be ultimately negotiated.

In the event that Utsubo is not sold prior to the Japanese IPO, then the TK Operator will have to consider alternative options that may involve rectifying the structural deficiency, and selling Utsubo to the Proposed Purchaser (refer to section 8 of the Explanatory Memorandum). This will then expose the TK Business to the cost associated with the rectification.

Costs if the Proposal does not proceed

Regardless of the outcome of the Proposal, and even if the Proposed Purchaser is unsuccessful in undertaking the proposed capital raising on the TSE by 31 December 2016, GJT will be required to incur certain costs related to the Proposal (which are regarded as sunk costs). These costs are estimated to be approximately AUD2.6 million.

Depending on any reasons why the Proposal does not proceed, GJT may be liable to pay a compensating amount to the Proposed Purchaser, as set out in section 8.2 of the Explanatory Memorandum.

No realisation costs for the divestment of the Japanese Property Portfolio

Unitholders will not be required to pay any realisation costs or agent commissions associated with the sale of the Japanese Property Portfolio. Traditionally these costs would be approximately 1.5% to 3% of the value of the assets. Based on the fair market value of the Japanese Property Portfolio as at 31 December 2015 of AUD642.8 million, these cost could be as high as AUD19 million.

Disposal costs are currently captured in the fair market value of the Japanese Property Portfolio, albeit only in the estimated terminal value of the properties valued using a discounted cash flow approach and do not reflect an upfront disposal fee.

Tax consequences

The tax implications of accepting the Proposal will vary depending on the individual circumstances of each Unitholder. Further details of the tax implications to Unitholders are set out in section 9 of the Explanatory Memorandum. Unitholders should seek advice and evaluate the taxation consequences of the Proposal based on their individual circumstances.

Conclusion on reasonableness

On balance, in our opinion, the Proposal is reasonable.

Opinion

In our opinion, the Proposal is fair and reasonable to Non-Associated Unitholders. It is therefore in the best interests of Non-Associated Unitholders. An individual unitholder's decision in relation to the Proposal may be influenced by his or her particular circumstances. If in doubt the unitholder should consult an independent adviser, who should have regard to their individual circumstances.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully

Stephen Reid	**Rachel Foley-Lewis**
Authorised Representative	Authorised Representative
AR number: 461011	AR number: 461000

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Glossary

Reference	Definition
A-REIT	Australian real estate investment trust
AFSL	Australian Financial Services Licence
AJA	Astro Japan Property Group
AR	Authorised Representative
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUD	Australian dollars
Chapter 2E Opinion	An opinion stating whether the Proposal will result in the TK Business being sold on an equivalent arms' length basis or at terms that are less favourable to the Proposed Purchaser than would have been achieved if the parties were dealing at arm's length
CIA	Central Intelligence Agency of the United States of America
Corporations Act	Corporations Act 2001 (Cth)
Deloitte Corporate Finance	Deloitte Corporate Finance Pty Limited
Directors	Directors of GJT
EBIT	Earnings before interest and tax
EIU	Economist Intelligence Unit
Explanatory Memorandum	A notice of meeting and accompanying explanatory memorandum containing detailed terms of the Proposal
FFO	Funds from operations
Final Special Distribution	An additional smaller distribution made to Unitholders at a subsequent date in conjunction with the winding up of GJT
FSO	Financial Ombudsman Service
FSG	Financial Services Guide
FY	Financial year
GDP	Gross domestic product
GJFML	Galileo Japan Funds Management Limited
GJKK	Galileo Japan K.K.
GJT	Galileo Japan Trust
J-REIT	Japanese real estate investment trust
Japanese IPO	The initial public offering of the new J-REIT on the TSE
Japanese Property Portfolio	A portfolio of 19 real estate investment assets in Japan
JPY	Japanese Yen
Implementation Agreement	The agreement entered into between the TK Operator and the Proposed Purchaser in respect of the Proposed Sale
Independent Directors	Directors of GJT who are not associated with the Proposed Purchaser
Initial Special Distribution	The payment of the net cash proceeds following the Proposed Sale along with any other accrued earnings and cash held in the Trust to the Unitholders via a special distribution
IPO Portfolio	The Japanese Property Portfolio excluding Utsubo
LIBOR	London Interbank Offered Rate
Listing Rules	Listing Rules of the ASX
Listing Rule 10 Opinion	An opinion on whether the Proposal is fair and reasonable to, and in the best interests of, Non-Associated Unitholders
Master TK Agreement	TK investment in the business of the TK Operator under a TK agreement
MSCI World Index	Morgan Stanley Capital International World Index
Non-Associated Unitholders	Unitholders of GJT who are not associated with Proposed Purchaser and the asset manager of the Proposed Purchaser including Galaxy J-REIT Pty Limited
Proposal, the	The proposed sale of the Japanese Property Portfolio to the Proposed Purchaser, distribution of the net proceeds to GJT, and winding up and delisting of GJT
Proposed Purchaser, the	The interim purchaser of the Japanese Property Portfolio will be Galaxy J-REIT Pty Limited, until such time as the new J-REIT is incorporated, by Sukura Real Estate Funds Management, Inc. as the organiser under the laws in Japan, and listed on the TSE
Proposed Sale, the	The sale of the Japanese Property Portfolio held through the TK Business to the Proposed Purchaser
REIT	Real estate investment trust
S&P	Standard and Poor's

Reference	Definition
Sub TK Agreement	TK investment in the business of the Sub TK Operator under another TK agreement
TK	Tokumei Kumiai
TK Business, the	The TK investment structure which holders the Japanese Property Portfolio
TK Investor's Net Sale Proceeds	The net cash proceeds to be distributed to GJT on completion of the Proposal
TK Operator	CENTRAL SUB Godo Kaisha
Tokyo Capital Management	Tokyo Capital Management Co,. Ltd
Trust, the	Galileo Japan Trust
TSE	Tokyo Stock Exchange
Unitholders	Existing holders of GJT units
US	United States of America
Utsubo	Prejeal Utsubo Park real estate investment asset
VWAP	Volume weighted average price

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Contents

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1 Overview of the Proposal

1.1 Summary

On or around 26 February 2016, the TK Operator entered into an Implementation Agreement in respect of the Proposed Sale of the IPO Portfolio, held through the TK Business, to the Proposed Purchaser which, if successful (along with the sale of Utsubo), will result in the distribution of the TK Investor's Net Sale Proceeds. GJT will then commence a process to wind-up the Trust and distribute the proceeds to Unitholders.

The TK Investor's Net Sale Proceeds are estimated to be approximately $282.5 million and the distributions payable to Unitholders pursuant to the Proposal are estimated to be approximately $2.65 per GJT unit (refer to section 5.1 of the Explanatory Memorandum).

The Proposal comprises of the following key elements:

- the Proposed Sale of the IPO Portfolio, in which GJT has an interest through its investment in the TK Business, for JPY 57.4 billion to the Proposed Purchaser
- Utsubo, which represents less than 1% of the value of the Japanese Property Portfolio as at 31 December 2015 with a carrying value of JPY 0.45 billion, has been placed on the market for sale and is expected to be sold prior to the completion of the Japanese IPO
- the Proposed Purchaser intends to undertake a capital raising to fund the acquisition of the IPO Portfolio via an initial public offering on the TSE. The Proposal is conditional on the success of the capital raising and listing process which, if it proceeds, is anticipated to complete in or after August 2016. The Proposed Purchaser will be a J-REIT established for the purpose of acquiring the IPO Portfolio. The asset manager of the Proposed Purchaser will be a Japanese incorporated asset management company jointly owned by Galaxy J-REIT Pty Limited (an associate of a related party to GJT) and a TSE listed entity whose core business is the provision of real estate related services
- the distribution of the net equity cash proceeds, in JPY converted to AUD, from the Proposal to GJT (being the TK Investor's Net Sale Proceeds). GJT will then pay the net cash proceeds (after any transaction costs and cash retained for the purposes of the delisting and wind up of the Trust) along with any other accrued earnings and cash held in the Trust to Unitholders via a special distribution, referred to as the Initial Special Distribution
- GJT will cease all operations, delist from the ASX and be wound up at a future point in time. It is anticipated that Unitholder may receive a smaller Final Special Distribution in conjunction with the winding up of GJT
- the TK Business and GJT will continue to pay distributions in accordance with its current distribution policy for the period to 30 June 2016 and for any period thereafter from 1 July 2016 until completion of the Proposal.

1.2 Key conditions of the Proposal

The Proposal is subject to various conditions, the most significant being:

- Unitholder approval under Listing Rules 10.1, 11.2 and 11.4
- the terms and conditions of the Implementation Agreement that has been entered into between the TK Operator and the Proposed Purchaser, which include:
    - Sukura Real Estate Funds Management, Inc. being issued an investment management business licence under the Financial Instruments and Exchange Act in Japan
    - incorporation of a new J-REIT by Sukura Real Estate Funds Management, Inc. as the organiser under the laws of Japan
    - entering into purchase and sale agreements in respect of the IPO Portfolio within 15 business days of the above conditions being met
- the success of the capital raising and listing of the Proposed Purchaser
- completion of the Proposed Sale by 31 December 2016.

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1.3 Intentions if the Proposal proceeds

Upon completion of the Proposal, GJT will cease all operations, delist from the ASX and at a further point in time be wound up. The net proceeds from the Proposal will be distributed to GJT, which in turn will be paid to Unitholders along with any other accrued earnings and cash held in the Trust.

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2 The Japanese real estate sector and economic overview

2.1 Introduction

Approximately half of the Japanese Property Portfolio held by GJT is located in the Greater Tokyo Area and the remainder is in regional areas of Japan. The properties are located in urban and suburban areas and include office, retail/leisure, residential, industrial and mixed use facilities. Having regard to this, we have presented below an overview of the economic outlook for Japan and the Japanese real estate sector.

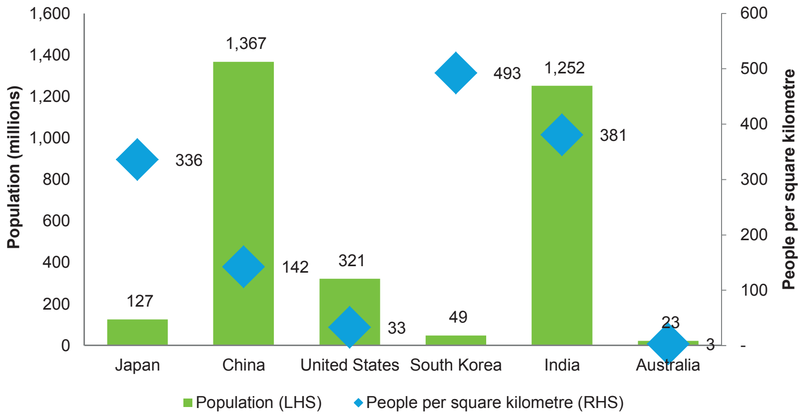
2.2 Economic overview for Japan

Similar to most developed countries, Japan's real estate market is underpinned by the performance of the Japanese economy. As recorded by the World Bank, Japan is the world's third largest individual economy as measured by Gross Domestic Product (**GDP**) behind the United States of America (US) and China. According to the Central Intelligence Agency (**CIA**) of the United States of America the Japanese economy is one of the most technologically advanced and is a large producer and exporter of electronic equipment, motor vehicles, machine tools, steel and nonferrous metals, ships, chemicals, textiles and processed foods.

Prior to 2012, the Japanese economy was suffering from stagnation. However, the introduction of significant monetary easing, fiscal stimulus and structural reform (referred to as the 'three arrows') in 2012 led to moderate improvements in the economic climate in Japan. Currently, interest rates remain at record lows, -0.1% as of 29 January 2016[4] and the JPY has depreciated significantly against major currencies. As a result, exports, corporate profits and tourism have improved since this time. However, overall economic growth remains slow[5] at approximately 1% in nominal terms[6].

In July 2015, Japan's population was estimated to be 127 million, making it the eleventh most populous country in the world and equivalent to around 2% of the world's population[7]. Although Japan's population is gradually declining due to an aging population and low birth rates, it remains one of the most densely populated nations in the world (per square kilometre), as illustrated below.

Figure 2



Source: CIA – The World Factbook, July 2015, Deloitte Corporate Finance Analysis

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[4] Bank of Japan, 2016, Introduction of "Quantitative and Qualitative Monetary Easing with a Negative Interest Rate"

[5] Jones Lang LaSalle, Japan Real Estate Investment -The Abe Impact, 2015

[6] Organisation for Economic Co-operation and Development, 2015, "Japan – Economic Forecast Summary"

[7] CIA – The World Factbook

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The high population density in Japan has helped promote high land prices and underlying land value generally represents a relatively larger component of the overall property value compared with property in the Australian market.

Japan's population is highly urbanised (93.5% in 2015[8]) with a strong concentration toward large prefectures[9]. The Greater Tokyo Area has the largest population among Japan's urban areas, with approximately 38 million citizens, followed by Osaka-Kobe, Nagoya, Kitakyshu-Fukuoka, Shizuoka-Hamamatsu and Sapporo.

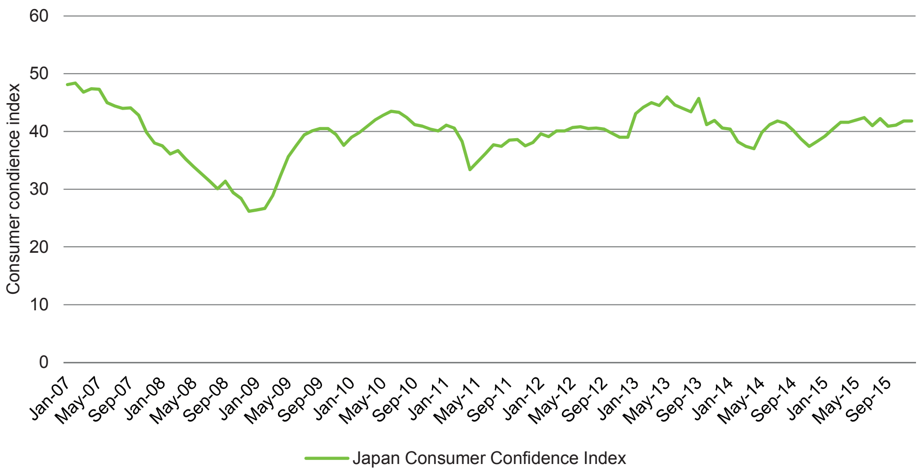
2.3 Japan's real estate sector

Japan's real estate market has experienced significant growth since 2012, primarily due to changes in Government and monetary policies, quantitative easing[10] and increased overseas investment caused by depreciation in the JPY.

The main drivers of the Japanese real estate sector relate to economic and demographic fundamentals. Key drivers include:

- **GDP growth:** According to the Economist Intelligence Unit (**EIU**) real GDP growth was 0.7% in 2015 and is expected to increase to 1.1% in 2016. Growth is expected to be driven by an increase in exports and corporate capital expenditure. However, an ageing population and a declining workforce are expected to negatively impact long term GDP growth. In September 2015, Standard & Poor's (**S&P**) downgraded Japan's sovereign debt rating to A-
- **Unemployment:** According to the EIU, Japan's estimated unemployment rate was 3.4% in 2015 and is forecast to decline to 2.9% in 2020. Growth in wages is expected to remain low. Low unemployment positively impacts the demand for office space as well as discretionary spending which subsequently leads to economic growth
- **Consumer confidence:** Consumer confidence is an economic indicator that measures the degree of optimism that consumers feel about the overall state of the economy and their personal financial situation. Consumer confidence in Japan declined significantly during the Global Financial Crisis; however improved during 2009 as shown below.

Figure 3



Source: Economic and Social Research Institute, Cabinet Office, Government of Japan

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[8] CIA – The World Factbook

[9] Prefectures are Government bodies larger than cities, towns and villages

[10] Quantitative easing is a monetary policy used by central banks to stimulate the economy when standard monetary policy has become ineffective

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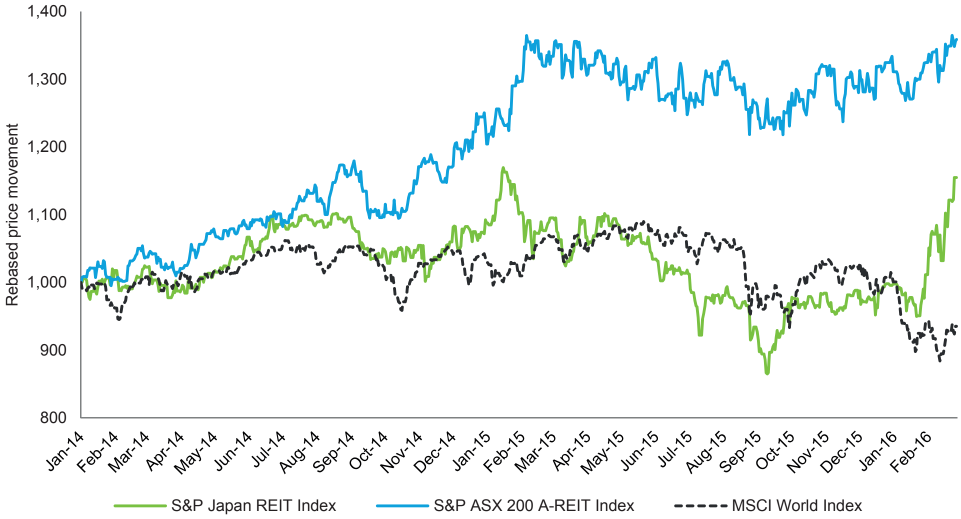
2.3.1 Real estate investment trust performance

Significant monetary easing in 2012 and lower borrowing costs have resulted in increased investment activity in the J-REIT sector. Investment activity in commercial real estate assets in Japan increased by 135% between 2012 and 2014 to JPY 4.7 trillion[11] (USD 43.5 billion). This growth in real estate activity has had a positive impact on capital values, in particular Grade A and Grade B office values in Tokyo, which accounts for the majority of transactions, have increased by approximately 41% and 59%, respectively, since 2013. Furthermore, increased competition for real estate assets has resulted in record low yields.

The performance of the S&P J-REIT Index relative to S&P ASX 200 A-REIT Index and Morgan Stanley Capital International World Index (**MSCI World Index**) is set out in the figure below.

Figure 4



Source: Capital IQ

Note:
1. The above chart has not been adjusted for movements in foreign exchange rates

Since 2015, the S&P ASX 200 A-REIT Index has outperformed the S&P J-REIT Index and the MSCI World Index and is likely to reflect movements in foreign exchange rates, lower A-REIT gearing levels, yields on A-REIT assets relative to J-REIT assets and an appetite from investors for high grade Australian real estate assets.

[11] Jones Lang LaSalle, Japan Real Estate Investment -The Abe Impact, 2015

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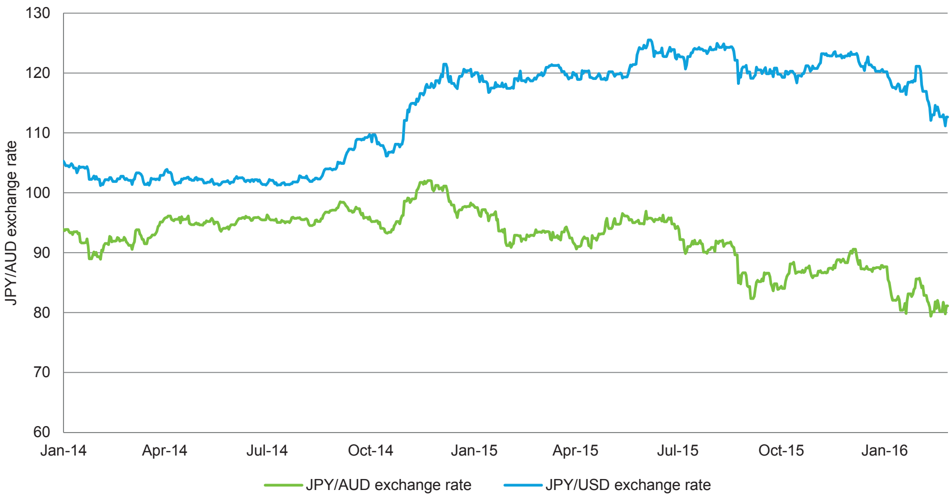
2.3.2 Foreign exchange

A-REITs with underlying assets in Japan, like GJT and Astro Japan Property Group (**AJA**), are inherently exposed to JPY/AUD foreign exchange rate movements. The JPY/AUD exchange rate has exhibited some volatility, over the last two years as set out below.

Figure 5



Source: Capital IQ

Over the last two years the JPY/AUD exchange rate has traded within a range of JPY79 to JPY102 to the AUD, and has averaged JPY92/AUD over this period.

The movements observed above have been driven by a number of factors including: significant movements in commodity prices (which are a primary driver of the value of the AUD), movements in interest rate differentials between Japan and Australia and significant fiscal stimulus (quantitative easing) undertaken by the Bank of Japan.

2.3.3 Outlook

It is expected that expansionary monetary policy will continue to bolster the Japanese real estate market in the short to medium term with domestic and international investors continuing to show interest across all real estate sectors[12].

Short to medium term growth in Tokyo is expected to be driven by an increase in rental and further yield compression, whilst growth in regional cities is expected to be driven by an increase in the volume of transactions as investors seek higher yielding assets relative to Tokyo. The number of properties entering the transaction market is expected to increase as investors seek to realise profits on properties purchased in 2011 and 2012, however the supply of high grade property is expected to remain limited.

The longer term outlook for Japan real estate investment is dependent on the continuation (and success) of quantitative easing in the near to medium term and the ability of the Government to implement sufficient and timely structural reform (such as addressing the issue of an aging population by improving female workforce participation rates) to improve the longer term performance of the economy.

[12] Jones Lang LaSalle, Japan Real Estate Investment -The Abe Impact, 2015

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3 Profile of GJT

3.1 Overview of GJT

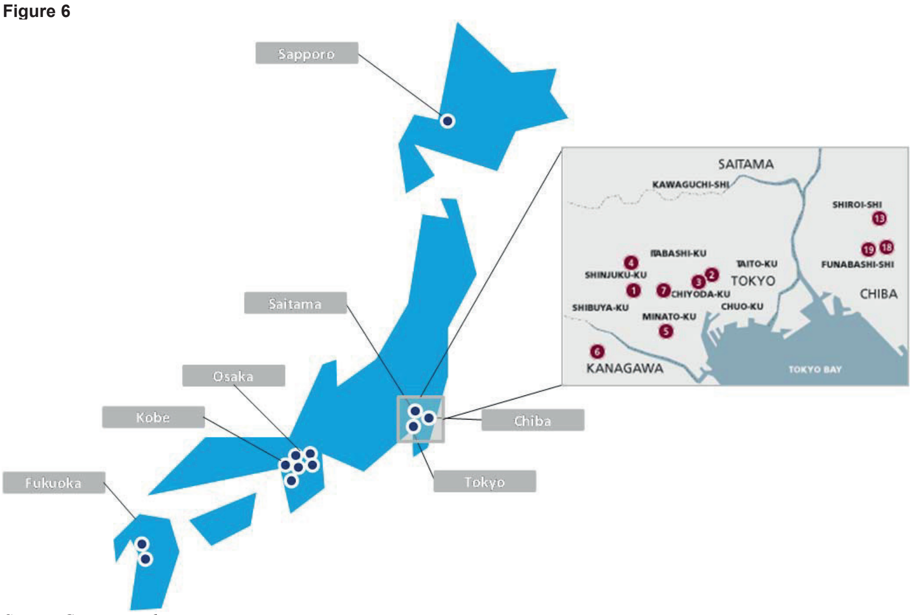
GJT is a real estate investment trust established in 2006 and listed on the ASX in December 2006. As at 26 February 2016, GJT had a market capitalisation of AUD217 million, which implied a discount of 16% to its net asset value of AUD260 million as at 31 December 2015 or a discount of 23% adjusted for foreign currency movements in the net asset value as at the date of our report.

As at 31 December 2015, GJT held a portfolio of properties in Japan valued at approximately JPY56.6 billion or AUD643 million[13].

3.2 Overview of the Japanese Property Portfolio

GJT holds a portfolio of 19 properties located throughout Japan, with a bias towards the Greater Tokyo region. An overview of the property locations is presented below.

Figure 6



Source: Company website

[13] Based on a JPY/AUD exchange rate of JPY87.9 on 31 December 2015

A detailed list of the Japanese Property Portfolio as at 31 December 2015 is presented as Appendix B and summary of is set out below.

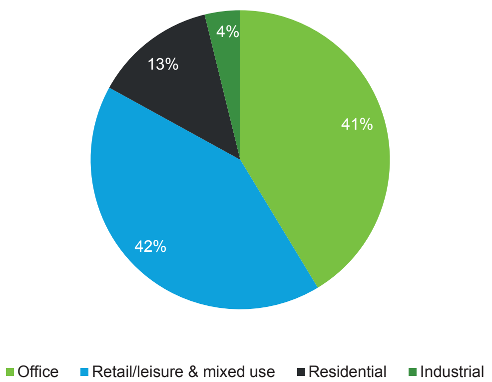
Table 4

Type	Number of properties	Location	Net rentable area (m^2)	Percentage of portfolio by value (%)	Percentage of portfolio by income (%)	Occupancy rate (%)
Office	7	Tokyo, Kanagawa	24,535	41.3	44.7	98.7
Retail/mixed use	5	Osaka, Fukuoka, Kumamoto, Shiga, Sapporo	123,206	41.7	29.9	99.3
Residential	5	Osaka, Kobe	39,197	13.2	13.9	97.4
Industrial	2	Chiba	12,575	3.8	11.5	66.3
Total / overall	**19**		**199,513**			**96.8**

*Source: Financial year (**FY**) 2015 Results Presentation*

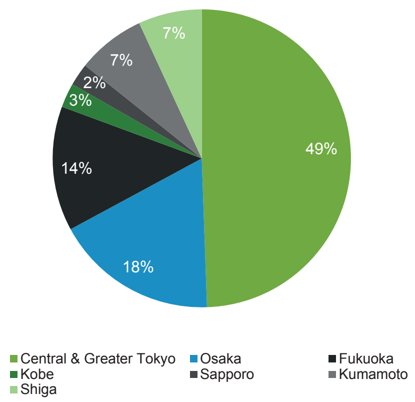
GJT's property portfolio by sector by value (Figure 7) and geographical location by value (Figure 8) as at 31 December 2015 is set out in the figures below.

Figure 7: Property sector by value



Source: GJT website

Figure 8: Geographic location by value



Source: GJT website

We note the following in respect of the Japanese Property Portfolio:

- GJT's portfolio is diversified across office, residential, retail and mixed use and industrial properties, and approximately 50% by value are located in the Central and Greater Tokyo region
- two properties located in Tokyo and Osaka were divested by the TK Business during FY15 for total proceeds of JPY3.18 billion, which comprised:
  - the sale of GJT's beneficial interest in Lions Square, located in the Greater Tokyo area, for JPY1.8 billion at a premium of 32.5% to the last independent valuation as at 31 December 2013
  - the sale of GJT's beneficial interest in Doshoumachi, located in Osaka, for JPY800 million representing a 14% premium to the last reported book value as at 30 June 2014

Through discussions with GJT management, we understand there are specific reasons why these two properties attracted premiums to their previous valuations, as set out below:

  - Lions Square was previously valued at a point in the property cycle in which Japanese real estate market fundamentals particularly in Tokyo were improving. In addition, the property was in the process of undergoing a refurbishment and negotiation of a new long-term lease to a major tenant. These factors may not necessarily have been fully reflected in the independent valuation. Further to this, at the time the previous valuation was undertaken there was not as many comparable transactions of similar Tokyo based properties or sales, demonstrating the improvement market fundamentals, as there are available in the current market

- Doshoumachi was acquired by a high net worth individual who was seeking the particular yield of this property.

There is no evidence to suggest that further asset sales would occur at significant premiums to the underlying property valuations

- the overall portfolio occupancy rate declined from 98.8% in FY14 to 96.0% in FY15 due to a tenant (Tesco plc) vacating the Funabashi Hi Tech property. A leasing campaign is currently underway to lease these premises and a new lease is anticipated to be signed by February 2016. The overall portfolio occupancy rate was 96.8% as at 31 December 2015
- as at 31 December 2015, approximately 38% of the property leases (by income) have a weighted average lease term of 10.1 years whilst the remaining 62% of the property leases are standard Japanese lease agreements which can be cancelled with six months' notice
- historically investment properties are carried at fair value on the balance sheet of GJT. Fair value is determined based on both independent and GJT directors' (the **Directors**) valuations of the individual properties held in the TK Business. An independent valuation of each property is carried out at least once every three years, whilst the Directors' valuation assessments are undertaken at each reporting date. If the Directors' assessment results in the fair value movement being greater than 5% of the previous carrying value, a valuation adjustment is recognised
- independent valuations for all 19 properties were undertaken as at 31 December 2015, reflecting an 0.5% increase in the underlying value of the Japanese Property Portfolio (in JPY) compared to 30 June 2015

3.3 Legal Structure

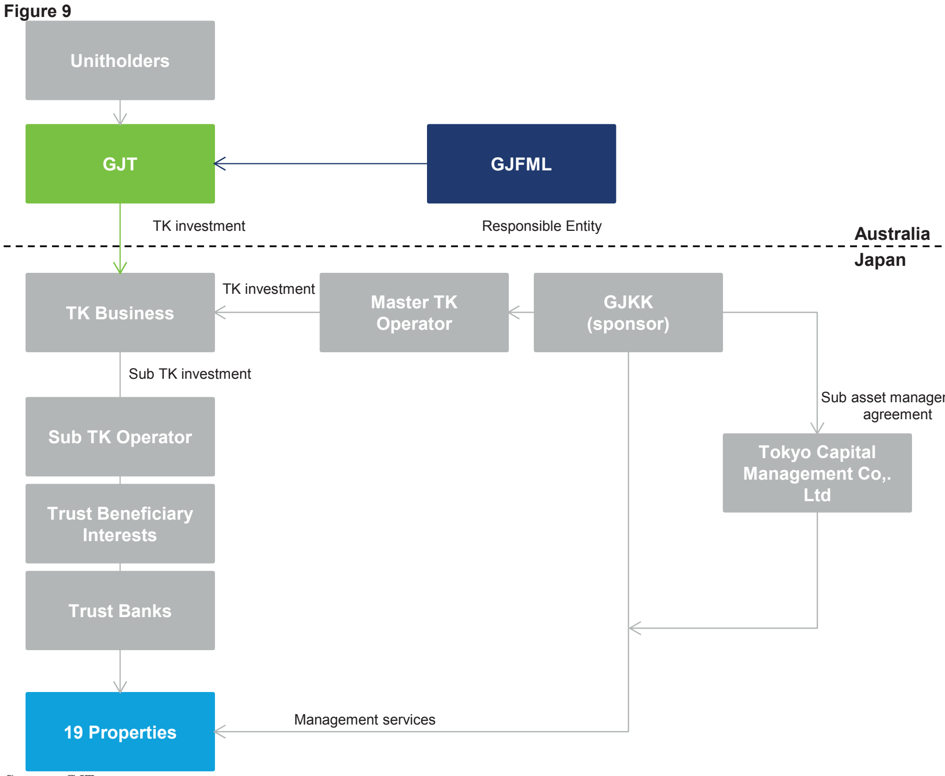
GJT's indirect interest in the properties is held via a TK investment structure (referred to as the TK Business). Under Japanese Commercial Code, a TK is not a legal entity but a contractual relationship between an investor and the TK operator.

We note the following in respect of the TK structure:

- the TK Operator is the master TK operator in Japan through which GJT indirectly owns 98.5% of the Japanese Property Portfolio. GJT is entitled to 98.5% of the assets and liabilities of the TK Business and 97.0% of the distributable income generated by the TK Business. GJKK acts as sponsor and provides management services to the TK Operator
- Galileo Japan Trust II, a wholly owned subsidiary of GJT, has made a TK investment in the business of the TK Operator under a TK agreement (**Master TK Agreement**)
- the TK Operator has made a TK investment in the business of the Sub TK Operator under another TK agreement (**Sub TK Agreement**). The Sub TK Operator is the legal entity holding the Trust Beneficiary Interests of all the properties in the portfolio. The trustees for the Trust Beneficiary Interests are the Trust Banks which hold the legal titles to the entrusted property
- GJT does not have any voting rights in relation to the TK Operator or the TK Business. The TK Business is governed by the TK Agreement.

The simplified legal structure of GJT is set out in the figure below.

Figure 9



Source: GJT management

In connection with these investments, Tokyo Capital Management Co,. Ltd (**Tokyo Capital Management**), a wholly owned subsidiary of Nippon Kanzai, provides management services to 13 properties under the Sub Asset Management Agreement, whilst GJKK (the sponsor) provides management services to the remaining properties.

GJFML

GJFML acts as the responsible entity for GJT. GJFML holds the assets of GJT as a Trustee and is responsible for the management of GJT.

As the responsible entity for GJT, GJFML is entitled to receive certain fees for its services, including a base responsible entity fee.

3.4 Key fee arrangments

The main fees incurred by GJT and the TK Business are set out below:

- a base responsible entity fee of up to 0.4% per annum (payable quarterly) of the gross value of GJT's direct and indirect proportionate interest (98.5%) in the properties and other assets held in the TK Business. As the TK Business asset manager, GJKK, charges the TK Business a fund management fee equivalent to 0.3% per annum of the gross assets for providing fund management services, and the base responsible entity fee charged in Australia by GJFML is 0.1% per annum
- GJKK is entitled to a disposal fee equivalent to 1.0% of the sale price of the Japanese Property Portfolio (or any individual property in this portfolio) and a debt arrangement fee equivalent to 0.50% of the principal amount of all debt arranged
- GJFML is entitled to a performance fee, however following the recapitalisation of GJT in September 2013, GJFML announced that it would no longer charge GJT a performance fee

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- GJFML is entitled to reimbursement for all expenses reasonably and properly incurred in relation to GJT or in performing its obligations under GJT's constitution.

In addition to the above, the TK Business incurs the following fees:

- GJKK is entitled to receive an asset management fee of 0.3% per annum in respect of the six properties it manages
- Tokyo Capital Management is entitled to a fee of 0.3% per annum of the gross value of the 13 properties in respect of which it provides management services.

3.5 Capital structure

3.5.1 Equity

The unitholders of GJT are comprised of a combination of institutional and retail investors. The top five unitholders hold 46.7% of the total units on issue and the top ten unitholders hold 68.7% of the total units on issue. As at 15 January 2016, GJT had 105.4 million units on issue held by 1,492 unitholders.

The Directors and employees, and associates, of GJT hold 3.81% of the total units on issue.

The following table summarises the top ten unitholders in GJT as at 15 January 2016.

Table 5

Unitholder	Units	Percentage of total units (%)
Merrill Lynch Equities	19,765,898	18.8
Renaissance Asset Management	10,171,468	9.7
Deutsche Bank	7,689,881	7.3
Morgan Stanley	5,898,040	5.6
Wilson Asset Management	5,586,283	5.3
Private Stakeholders (Australia)	5,242,092	5.0
Coronation Fund Managers	5,098,942	4.8
Milford Asset Management	4,466,616	4.2
Quest Asset Partners	4,342,274	4.1
Allan Gray Investment Management	4,160,367	3.9
Total – top ten GJT unitholders	**72,421,861**	**68.7**
Total - other GJT unitholders	32,963,554	31.3
Total units on issue	**105,385,415**	**100.0**

Source: Sharetrack and GJT management

Note:
1. The above Unitholders have been presented on a non-beneficial interest basis

In October 2013, GJT completed a recapitalisation where AUD 150 million was raised through the issue of 98.3 million new units at AUD 1.50 per unit, a discount to the net asset value per unit of 30.6%. The proceeds of the recapitalisation were primarily used to repay existing debt in the TK Business.

On 25 June 2015, GJT completed an on-market buy-back of approximately 1 million units at an average price of AUD 1.79 per unit, a 22% discount to the net asset value per unit as at 30 June 2015. The buy-back was funded with the net proceeds from the sale of the Osaka property.

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3.5.2 Debt

As at 31 December 2015, GJT did not have any interest bearing debt as all interest bearing debt is held by the TK Business. We set out below a summary of the interest bearing debt of the TK Business as at 31 December 2015:

Table 6

	Maturity date	JPY'000	AUD'000[1]
Senior bank loan	October 2018	28,400,000	322,982
Mezzanine loan - senior	October 2018	2,970,000	33,729
Mezzanine loan - junior	October 2018	2,970,000	33,729
Total TK Business borrowings		**34,340,000**	**390,440**

Source: GJT HY16 Financial Statements
Notes:
1. Exchange rate at 31 December 2015: approximately AUD1=JPY88

In respect of the above:

- the senior bank loan facility is denominated in JPY and is secured by mortgage over the properties. The loan has an interest rate margin of 1.25% over 3-month Japanese London Interbank Offered Rate (**LIBOR**). There are no undrawn amounts for this facility and no loan to value covenant test. In addition, the TK Business entered into an interest rate swap whereby the floating interest rate was swapped for a fixed interest rate resulting in an effective interest rate of 1.60% for the half year ending 31 December 2015. The interest rate swap is coterminous with the loan facility and matures in October 2018
- the senior and junior mezzanine loans were entered into as part of a refinance in October 2014. Both loans are denominated in JPY, are non-amortising and have no loan to value covenants. The senior mezzanine loan has an interest rate margin of 1.25% over 3-month Japanese LIBOR, whilst the junior mezzanine loan has an interest rate margin of 5.05% over 3-month Japanese LIBOR.

3.6 Liquidity analysis

A summary of GJT's quarterly unit price performance and volumes traded since the quarter ended 31 March 2014 is provided below.

Table 7

Quarter ended	High[1] (AUD)	Low[1] (AUD)	VWAP (AUD)	Volume traded per quarter (million)	Volume by percentage of units outstanding[2] (%)
31 March 2014	1.61	1.47	1.53	6.86	6.5%
30 June 2014	1.60	1.53	1.56	7.98	7.6%
30 September 2014	1.70	1.56	1.65	5.57	5.3%
31 December 2014	1.69	1.60	1.65	5.89	5.6%
31 March 2015	1.89	1.65	1.81	8.22	7.8%
30 June 2015	1.90	1.76	1.85	5.06	4.8%
30 September 2015	1.80	1.67	1.76	5.17	4.9%
31 December 2015	1.93	1.75	1.81	4.04	3.8%
26 February 2016[3]	2.08	1.84	1.94	2.28	2.2%

Source: CapitalIQ, Deloitte Corporate Finance analysis
Notes:
1. Lowest and highest unit price values during the corresponding quarter
2. As at each quarter end
3. Volume for the quarter to date to 26 Feb 2016

In the six month period to 31 December 2015 approximately 9.21 million units were traded. This equates to a total trading volume over the period of approximately 8.7% of issued units, which indicates that the market for units in GJT is illiquid.

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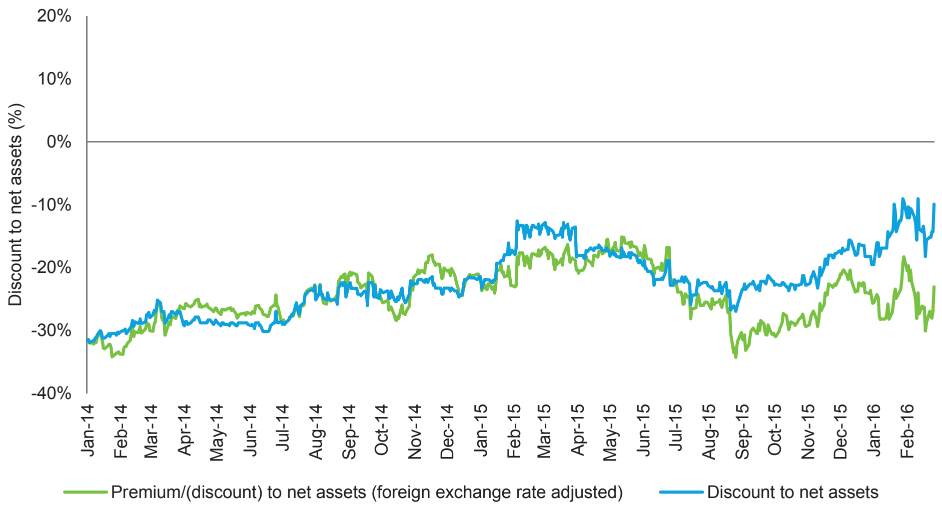
3.7 Unit price performance

The discount in GJT's unit price to its net asset value per unit since January 2014 is presented in the figure below. We have also presented in the figure below, the discount in GJT's unit price to the foreign exchange rate adjusted net asset value.

Figure 10



Source: Capital IQ

As can be seen from the above figure, GJT units have traded at a significant discount to their net asset value per unit (and foreign exchange rate adjusted net asset value) since January 2014. Potential reasons for GJT units trading at a discount to the net asset value per unit are as follows:

- as GJT has limited analyst coverage due to its size and low levels of liquidity. Further to this, as GJT is not included in any indices, it is unlikely to be attractive to major institutional investors, which are typically larger and more sophisticated investors, and which would improve GJT's profile, liquidity and access to capital. In addition, GJT is not included in any benchmark indices which is likely a further factor contributing to the lack of trading liquidity
- earnings and distributions are unhedged and are therefore impacted by movements in the JPY/AUD exchange rate. However, this foreign exchange risk is reduced as the properties and debt held by the TK Business are both denominated in JPY
- relatively high levels of gearing of GJT, held through its investment in the TK Business, of approximately 55% as at 31 December 2015. The average gearing of entities in the S&P ASX 200 A-REIT Index is 24.4% and S&P J-REIT Index is 34.9%.
- perceived limited growth potential in Japan relative to listed A-REITs and a potential lack of investment appetite in Australia for listed REITs with assets located in Japan.

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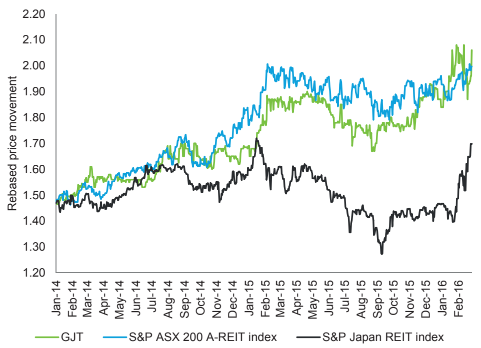
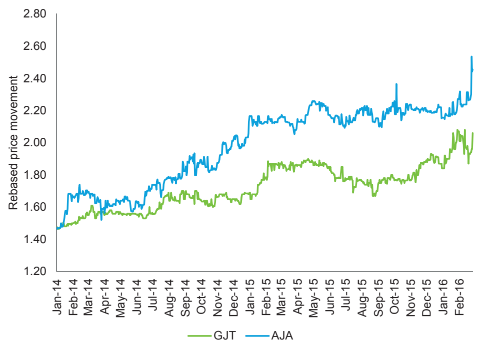
The GJT unit price relative to the S&P ASX 200 A-REIT index and S&P Japan REIT index (Figure 11) and its only comparable Australian peer with Japanese assets, AJA, (Figure 12) since January 2014 is presented in the figures below.

Figure 11



Source: CapitalIQ
Notes:
1. The S&P ASX 200 A-REIT Index and S&P Japan REIT Index values have been rebased to GJT's unit price as at 1 January 2014 for comparative purposes
2. The above chart has not been adjusted for movements in foreign exchange rates

Figure 12

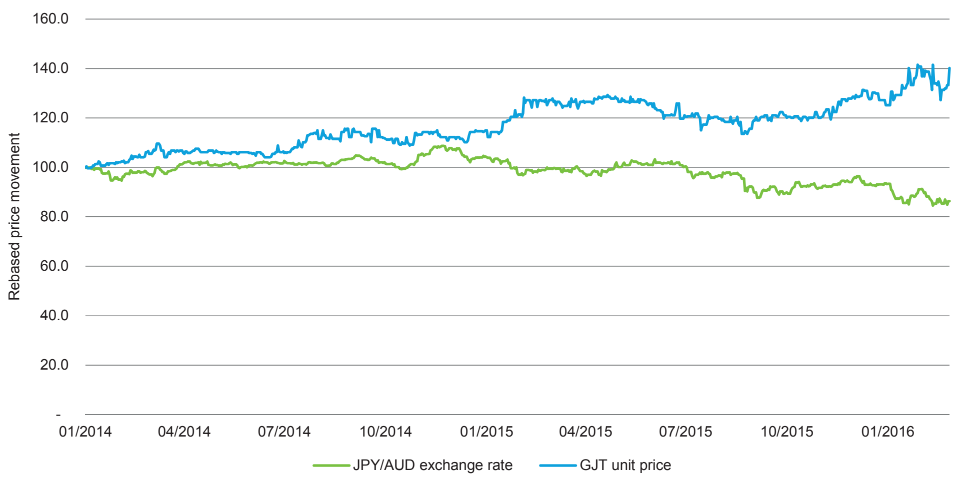


Source: Capital IQ
Notes:
1. AJA's unit price has been rebased to GJT's unit price as at 1 January 2014 for comparative purposes
2. The above chart has not been adjusted for movements in foreign exchange rates

We note the following in respect of the above figures:

- since January 2014, GJT has performed broadly in-line with the S&P ASX 200 A-REIT Index and outperformed the S&P Japan REIT Index. The outperformance relative to the S&P Japan REIT Index may be reflective of the GJT model, as the JPY appreciates against the AUD, the net assets of GJT should appreciate as it becomes more valuable in AUD terms. Although the trading in GJT units has not historically directly correlated with movements in the exchange rate, as demonstrated in the following figure:

Figure 13



Source: CapitalIQ, Deloitte Corporate Finance analysis
Note:
1. Prices have been rebased to 100 for comparative purposes

- GJT has underperformed relative to AJA. The increase in AJA's unit price may be reflective of an on-market buy back of 1.6 million units (prices ranging from AUD4.30 and AUD5.00) between 22 October 2014 and 24

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Deloitte: Galileo Japan Trust – Independent expert's report and Financial Services Guide

April 2015 and an off-market buy back of 4.9 million units (7.6% of issued units) for AUD5.30 per unit between 24 April 2015 and 4 June 2015. By comparison, GJT's on-market buy back during FY15 represented less than 1.0% of the issued units in GJT.

3.8 Financial performance

The audited statements of comprehensive income of GJT for the 12 months ended 30 June 2014 and 30 June 2015, and the half year ended 31 December 2015 are summarised in the table below.

Table 8

(AUD'000)	Audited FY14	Audited FY15	Reviewed HY16
Fair value gain on financial assets held at fair value through profit or loss	21,178	21,589	12,117
Debt forgiveness - foreign currency loan facility	26,061	-	-
Unrealised foreign exchange gain	-	5,544	17,561
Interest income	18	7	1
Total revenue	**47,257**	**27,140**	**29,679**
Finance costs - foreign currency loan facility	(1,045)	-	-
Responsible entity fees and costs	(639)	(630)	(326)
Auditors remuneration	(308)	(322)	-
Professional fees	(255)	(234)	(275)
Other expenses	(407)	(395)	(345)
Realised foreign exchange loss	-	(24)	(1,029)
Unrealised foreign exchange loss	(9,927)	-	-
Financial instrument loss	-	(87)	-
Total expenses	**(12,581)**	**(1,692)**	**(1,975)**
Net profit before tax for the year	**34,676**	**25,448**	**27,704**
Other metrics			
Earnings per unit (cents per unit)	0.44	0.24	0.26
Distribution per unit (cents per unit)	0.11	0.15	0.09

Source: GJT 2014 Annual Report, GJT 2015 Annual Report and Half Year Report 31 December 2015

We note the following in respect of GJT's financial performance:

- all of GJT's operations are undertaken through the TK Business, and GJT is entitled to 97% of the profits accumulated by the TK Business
- fair value gain on financial assets held at fair value through profit or loss represents GJT's 97% proportional interest in the profits of the TK Business
- debt forgiveness relates to a foreign currency loan facility that was repaid at a 68% discount to its face value in October 2013
- GJFML's remuneration as the responsible entity in FY14 and FY15 is comprised of the following:
    - responsible entity fees of AUD473,000 and AUD630,000, respectively
    - cost recoveries of AUD166,000 and nil, respectively
- GJKK's fees as the fund manager of the TK Business are payable through the TK Business and therefore not separately disclosed above.

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3.9 Financial position

The audited balance sheets of GJT as at 30 June 2014 and 30 June 2015 and the reviewed half year ending 31 December 2015 are summarised in the table below.

Table 9

(AUD'000)	Audited 30 June 2014	Audited 30 June 2015	Reviewed 31 December 2015
Cash and cash equivalents	4,955	1,797	1,623
Trade and other receivables	571	89	121
Other assets	-	-	81
Total current assets	**5,526**	**1,886**	**1,825**
Financial asset held at fair value through profit or loss	235,416	248,030	266,998
Total non-current assets	**235,416**	**248,030**	**266,998**
Total assets	**240,942**	**249,916**	**268,823**
Trade and other payables	248	169	101
Other liabilities	-	87	-
Provision for distribution	7,451	8,642	9,168
Total current liabilities	**7,699**	**8,898**	**9,269**
Total liabilities	**7,699**	**8,898**	**9,269**
Net assets	**233,243**	**241,018**	**259,554**

Source: GJT 2014 Annual Report, GJT 2015 Annual Report and Half Year Report 31 December 2015

Note:
1. The historical figures presented above have not been foreign exchange rate adjusted

We note the following in respect to GJT's financial position:

- financial asset held at fair value through profit or loss comprises of GJT's interest in TK Business. GJT is entitled to 98.5% of the assets and liabilities of the TK Business. The financial position of the TK Business is set out below:

Table 10

(AUD'000)	Audited 30 June 2014	Audited 30 June 2015	Reviewed 31 December 2015
Cash and cash equivalents	10,216	20,216	19,627
Restricted cash	34,658	38,586	42,561
Other TK Business assets	5,888	5,732	4,185
Investment property	613,015	598,914	642,760
Total TK Business assets	**663,777**	**663,448**	**709,133**
Other TK Business liabilities	10,384	11,264	10,193
Tenant security deposits	34,566	32,204	34,475
Interest rate swap liability	2,684	2,254	2,716
Borrowings (refer to Section 3.5.2)	377,369	365,747	390,440
Total TK Business liabilities	**425,003**	**411,469**	**437,824**
TK Business net assets	**238,774**	**251,979**	**271,309**
Non-controlling interest share of TK Business net assets	3,358	3,949	4,311
Investment in TK Business	**235,416**	**248,030**	**266,998**

Source: GJT 2014 Annual Report, GTJ 2015 Annual Report and Half Year Report 31 December 2015

- a summary of the movements in value of GJT's interest in the TK Business between 30 June 2014 and 30 June 2015, and the half year ended 31 December 2015 is set out below:

Table 11

(AUD'000)	Audited 30 June 2014	Audited 30 June 2015	Reviewed 31 December 2015
Unlisted investment - balance at the beginning of the year	109,605	235,416	248,030
Fair value gain recognised in income statement	21,178	21,589	12,117
Investment in TK Business	123,359	-	-
Distributions from TK Business	(8,714)	(14,486)	(9,442)
Foreign exchange movements	(10,012)	5 ,511	16,293
Unlisted investment - balance at the end of the year	**235,416**	**248,030**	**266,998**

Source: GTJ 2015 Annual Report and Half Year Report 31 December 2015

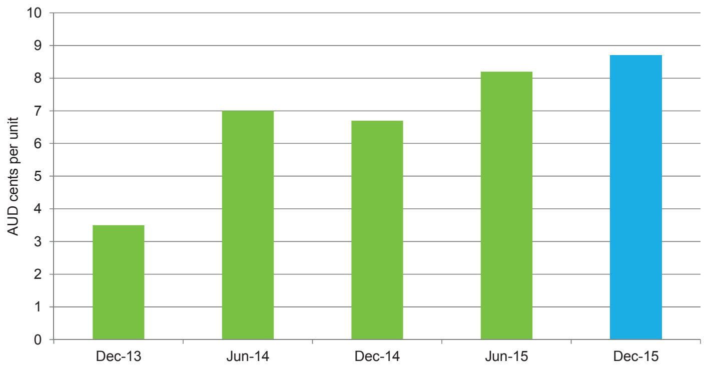
The fair value gain of AUD21.2 million in FY15, and AUD12.2 million in HY16 is recognised in the income statement in Table 8

- provision for distribution comprises distributions declared but not paid.

3.10 Distribution policy

Distributions are paid half yearly and are based on the profits of GJT for each period. Total distributions paid to Unitholders from 31 December 2013 to 31 December 2015, are summarised in the figure below:

Figure 14



Source: GJT company website

Distributions have progressively increased from December 2013 to December 2015 due to reduced gearing and lower cost of debt in the TK Business, and appreciation in the JPY/AUD exchange rate. The annualised dividend yield for the 2015 financial year was 8.4% based on the closing share price as at 30 June 2015.

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4 Valuation of GJT's investment in the TK Business

4.1 Introduction

We have estimated the fair market value of GJT's investment in the TK Business on a control basis to be in the range of JPY18,982 million to JPY19,702 million.

We have defined fair market value as the amount at which securities or assets would be expected to change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither of whom is under any compulsion to buy or sell. Special purchasers may be willing to pay higher prices to reduce or eliminate competition, to ensure a source of material supply or sales, or to achieve cost savings or other synergies arising on business combinations, which could only be enjoyed by the special purchaser. Our valuation analysis has not been premised on the existence of a special purchaser.

For the purpose of assessing the fair market value of GJT's investment in the TK Business on a control basis, we have used the net assets on a going concern approach, which estimates the fair market value of the TK Business by aggregating the fair market value of its assets and liabilities. Accordingly, our assessment does not reflect the immediate costs that would be incurred if the assets were disposed of today in order to realise their value. We consider the net assets approach, on a going concern basis, to be appropriate given the TK Business is an asset-holding business and this is the most common approach utilised when valuing REITs or comparable business such as the TK Business which are largely passive.

In addition, we have also considered market evidence derived from our analysis of earnings and asset-based multiples observed in listed securities involving entities comparable to the TK Business, to provide additional evidence of the fair market value of GJT's investment in the TK Business.

In our selection of an appropriate methodology to estimate the fair market value of GJT's investment in the TK Business, we have considered common market practice and the valuation methodologies recommended by ASIC Regulatory Guide 111, which are outlined in Appendix A.

4.2 Net assets on a going concern

4.2.1 Fair market value of GJT's investment in the TK Business

In order to estimate the fair market value of GJT's investment in the TK Business we have considered the reviewed balance sheet as at 31 December 2015 of GJT and any adjustments required to reflect the fair market value of the assets and liabilities of GJT.

We have estimated the fair market value of GJT's investment in the TK Business to be between JPY18,982 million and JPY19,702 million as set out in the table below.

Table 12

	Unit	Low	High
Book value of the TK Business' net assets as at 31 December 2015	**JPY'million**	**23,870**	**23,870**
Fair market value adjustments			
Transaction costs already incurred relating to the Proposal	JPY'million	(212)	(212)
Management fees	JPY'million	(4,455)	(3,712)
Fair market value of the TK Business (on a control basis)	**JPY'million**	**19,203**	**19,945**
GJT's investment in the TK Business [1]		98.5%	98.5%
Fair market value of GJT's investment in the TK Business (on a control basis)	**JPY'million**	**18,982**	**19,702**

Source: Deloitte Corporate Finance analysis

Note:
1. GJT is entitled to 98.5% of the assets and liabilities and 97% of the profit and losses of the TK Business. Therefore, in determining the fair

value of GJT's investment in the TK Business we have applied 97% to GJT's proportion of the management fees and 98.5% to all other assets and liabilities

GJT's reviewed half year financial statements as at 31 December 2015 are prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated. Therefore we have assessed GJT's investment in the TK Business as having a fair market value equal to its book value as at 31 December 2015.

Further, as set out in section 5.2 of the Explanatory Memorandum, the pro-form balance sheet of GJT does not reflect any material changes to the financial position of the TK Business or GJT from 31 December 2015.

Our consideration of the adjustments required to the TK Business' net assets as at 31 December 2015 is set out below.

Fair market value of the Japanese Property Portfolio

Historically, GJT's valuation policy is to have independent valuers assess the value of each of the investment properties at least once every three years. Where an investment property has not been independently valued during the reporting period the Directors make an assessment of fair value and if that assessment results in the fair value movement being greater than 5% of the previous carrying value, a valuation adjustment is recorded.

As at 31 December 2015, the Directors had the entire Japanese Property Portfolio independent valued.

For the purposes of this report, our in-house property experts assessed whether the aggregate fair value of the Japanese Property Portfolio recognised in the balance sheet as at 31 December 2015 was reasonable, having regard to:

- available market data on key valuation benchmarks such as capitalisation rates, yields, value per square meter for the particular property type and other comparable sales data
- the valuation methods used in the determination of the fair value of the Japanese Property Portfolio
- the inputs and assumptions used in the determination of the fair value of the Japanese Property Portfolio (for example rent, vacancy rates, expenses, discount rate, capitalisation rates/terminal capitalisation rates and inflation rates), and whether these are reasonable having regard to nature and location of each property.

Based on this work, we consider the carrying value ascribed to the Japanese Property Portfolio as at 31 December is reasonable.

We do not consider it appropriate to apply a portfolio premium or discount to the value of Japanese Property Portfolio, as there is insufficient evidence to indicate that a general market participant would pay either a portfolio premium or demand a discount in order to acquire these assets.

An overview of the Japanese Property Portfolio, and their carrying values as at 31 December 2015, is set out in section 10.1 of the Explanatory Memorandum and summarised in Appendix B of our report.

Expected cash flow until implementation date

As the TK Business will continue to pay distributions to GJT, and GJT to Unitholders, in the ordinary course of business until implementation date, we have not made any adjustment for the expected cash flows to be generated until the implementation date in our valuation of GJT's investment in the TK Business.

Transaction costs

Regardless of the outcome of the Proposal, GJT will incur transaction costs (i.e. sunk costs) of approximately AUD2.6 million (or JPY 212 million based on the AUD/JPY exchange rate at the date of our report of 1AUD=82 JPY) including legal fees, other advisors fees, costs relating to the preparation of the Explanatory Memorandum and meeting costs. These expenses, which will be paid from GJT's cash reserves, are to be incurred prior to the implementation of the Proposal. Whilst these costs are to be paid by GJT, we consider these costs to be related to the sale of the main business undertaking of the TK Business, and should therefore be attributed to the TK Business and deducted from the value of the TK Business.

These transactions costs reflect the costs to be incurred whether or not the Proposal is successful. Additional transaction costs will be incurred in the event the Proposal is successful and these additional costs have been considered in Figure 3.

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Derivatives – Interest rate swaps

The TK Business has entered into forward interest rate swaps designed to hedge against fluctuations in income caused by movements in interest rates. Upon review of the pro-forma management accounts in section 5.2 of the Explanatory Memorandum, we have not adjusted for the movement in the net fair market value of these instruments since 31 December 2015, as we do not consider this movement to be material.

Management fees

We consider there should be an adjustment to our net asset valuation range, on a control basis, to reflect the potential leakage of value associated with paying ongoing contracted management fees, which are not otherwise factored into the independent property valuations.

There is an argument that such costs should not be factored in at all when assessing the market value of a property holding company since:

- investment property management is a highly scalable business model where costs tend to be relatively fixed. A third party buyer considering purchasing the Japanese Property Portfolio would likely be able to achieve economies of scale in managing the portfolio and therefore would be likely to factor in only a portion of these costs when assessing the purchase price to acquire the TK Business
- these arrangements are often able to be terminated through an ordinary resolution of unitholders which may result in the manager not receiving any compensation for these rights, such as is the case for GJT
- these costs are incurred for the purpose of improving the performance of a fund either by sourcing new investment opportunities or by optimising the existing portfolio thereby increasing the return of the existing portfolio. Accordingly, it can be argued that the ongoing costs associated with such services produce a return equal to or higher than the cost of providing those services.

Further, a potential acquirer of the TK Business may not see value in continuing with the existing management agreements due to the synergies they expect from assuming the role of the investment manager.

Under the terms of the GJT Constitution, the Responsible Entity is entitled to receive a base responsible entity fee up to 0.4% per annum of the Trust's direct and indirect proportionate interest (i.e. 98.5%) in the investment properties and other assets held in the TK Business. As GJKK charges a fund management fee of 0.3% per annum, GJFML in Australia charged a fund management fee of 0.1% per annum. Based on the gross value of the assets of the TK Business as at 31 December 2015, GJKK would be entitled to charge an annual fund management fee of JPY 187 million. During FY15, the TK Business incurred approximately JPY241 million of funds management fees and additional corporate costs. These costs and the fund management fee are ongoing in nature but could be reduced by a potential acquirer. For the purpose of our analysis, we have not incorporated the management fees incurred by the Trust (i.e. fees charged by GJFML), as these are not an expense of the TK Business.

Having regard to the scale and size of a potential acquirer of the TK Business, and the cost synergies to be achieved through a reduction in corporate costs, executive salaries and an acquirer integrating the Japanese Property Portfolio into their existing portfolio, an acquirer may be able to negotiate better terms with the fund manager, should it continue to be externally managed.

Alternatively, if the TK Business were internally managed, incremental costs would be incurred in order to procure similar functions and services for the TK Business as long as the TK Business and its investments are managed on a going concern basis. It is likely that these costs incurred would be less than the existing management fee payments as the manager would typically earn a profit margin on the fees paid by the entity.

Based on the above considerations, we have estimated the annual ongoing management costs to be incurred to be in the range of JPY200 million to JPY240 million per annum. This implies hypothetical cost savings in the order of 1% to 17% relative to the existing direct costs and management fees incurred by the TK Business during FY15.

We have capitalised these ongoing costs, using the weighted average capitalisation rate of the Japanese Property Portfolio as set out in Appendix B of 5.39%, as we consider the risk and growth prospects of these costs to be similar to those of the underlying property assets, which results in a present value of estimated ongoing management fees in the range of JPY3,712 million and JPY4,455 million.

Removal of responsible entity fee

As our valuation of GJT's investment in the TK Business is premised on a going concern assumption, no adjustment has been made for any termination fees which would be payable for the hypothetical removal of the fund manager of the TK Business.

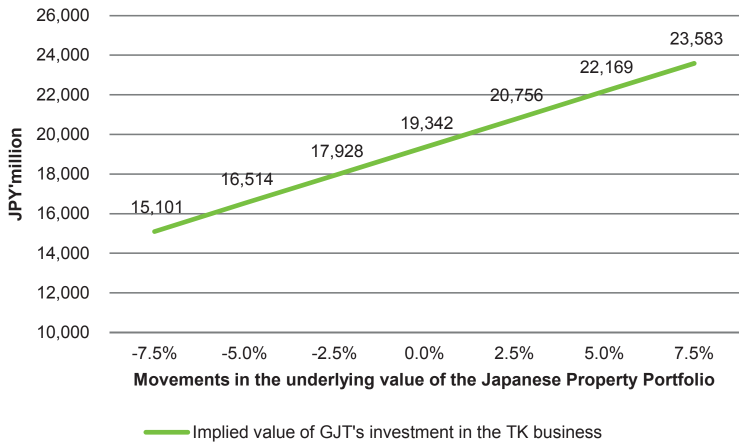
Intangible assets

We are not aware of any intangible assets which are not otherwise identified in the accounts of the TK Business which should be attributed a fair market value.

4.2.2 Sensitivity of the value of the TK Business

Our assessed value of the TK Business is sensitive to movements in the underlying value of the Japanese Property Portfolio. The figure below sets out an indicative sensitivity analysis on the change in the value of the TK Business, on a going concern basis, based on movements in the value of the Japanese Property Portfolio.

Figure 15



Source: Deloitte Corporate Finance analysis

Based on the above figure, it can be seen that a +/- 2.5% basis point movement in the fair market value of the Japanese Property Portfolio would have an approximate +/- JPY1.4 billion (or 7%) impact on the value of GJT's investment in the TK business under the net assets on a going concern basis method.

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4.3 Cross-check of the value of the TK Business

To provide additional evidence of the fair market value of GJT's investment in the TK Business, we have considered market evidence derived from our analysis of earnings multiples and asset-based metrics observed for listed securities involving entities comparable to the TK Business.

We have identified a number of listed property funds with characteristics that are broadly comparable to those of the TK Business as set out in the table below.

Table 13

Company	Enterprise value (JPY million)[2]	Fund gearing[3] (%)	Distribution yield[4] Historical (%)	Distribution yield[4] Current (%)	EBIT multiples[5] Historical (times)	EBIT multiples[5] Current (times)	Income yield[6] (%)	FFO multiple[7]
TK Business – control value	52,198	63	7.4	9.6	15.1	19.0	6.1	7.1
TK Business – minority basis	48,283	68	9.3	12.1	13.9	17.6	6.1	4.5
A-REITs investing in Japan								
AJA	26,129	N/A	6.3	5.7	8.5	7.1	9.6	17.5
Diversified J-REITs								
United Urban Investment Corporation	727,332	30	3.2	3.3	39.2	39.3	3.5	26.7
Nomura Real Estate Master Fund, Inc.	670,647	11	3.2	2.9	71.4	38.9	3.7	62.2
ORIX JREIT Inc.	615,607	33	3.4	3.0	37.1	35.6	3.5	24.4
Japan Prime Realty Investment Corp.	570,478	27	2.9	3.3	42.2	41.2	3.5	30.1
Activia Properties Inc.	488,734	24	2.9	2.9	45.8	40.6	3.7	34.0
Mori Hills REIT Investment Corporation	419,885	27	2.9	2.8	50.8	43.3	3.4	33.5
Invincible Investment Corporation	310,094	20	2.4	2.6	55.6	43.9	4.4	43.1
Premier Investment Corp.	286,366	34	3.3	-	44.3	N/A	3.2	28.6
Tokyu REIT Inc.	253,828	34	3.0	3.3	39.2	40.3	3.1	24.7
Fukuoka REIT Corporation	214,090	31	3.6	3.1	35.5	N/A	3.5	23.9
Top REIT, Inc.	165,169	52	4.4	-	35.3	N/A	2.6	16.6
NIPPON REIT Investment Corporation	208,121	46	5.1	-	54.7	N/A	2.6	28.4
HEIWA REAL ESTATE REIT, Inc.	158,004	39	3.9	-	34.1	N/A	3.0	20.1
Hankyu Reit, Inc.	140,103	39	3.7	-	36.1	N/A	3.0	21.2
Average		**32**	**3.4**	**1.9**	**44.4**	**40.4**	**3.3**	**29.8**
Median		**32**	**3.3**	**2.8**	**40.7**	**40.4**	**3.4**	**27.6**
Office J-REITs								
Nippon Building Fund Inc.	1,372,385	28	2.3	2.6	50.5	49.1	2.7	35.6
Japan Real Estate Investment Corporation	1,270,474	27	2.3	2.5	54.5	52.1	2.7	39.1
Kenedix Office Investment Corporation	410,656	36	3.2	3.4	33.6	N/A	3.2	20.0
Japan Excellent, Inc.	323,786	38	3.3	-	40.6	N/A	2.8	24.3
Ichigo Office REIT Investment Corporation	168,439	43	4.1	-	32.3	N/A	3.3	17.9
MCUBS MidCity Investment Corporation	182,962	47	3.9	-	56.8	N/A	1.6	22.2
SIA REIT, Inc.	135,539	54	10.3	-	53.1	N/A	7.0	13.2
Invesco Office J-REIT, Inc.	107,841	47	4.9	N/A	43.6	N/A	3.1	22.6

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Company	Enterprise value (JPY million)[2]	Fund gearing[3] (%)	Distribution yield[4] Historical (%)	Distribution yield[4] Current (%)	EBIT multiples[5] Historical (times)	EBIT multiples[5] Current (times)	Income yield[6] (%)	FFO multiple[7]
Average		40	4.3	1.2	45.6	50.6	3.3	24.4
Median		41	3.6	-	47.0	50.6	3.0	22.4
Overall Average		35	3.9	1.9	43.2	39.2	3.6	27.4
Overall Median		34	3.3	2.6	42.2	40.6	3.2	24.4

Source: CapitalIQ, ASX company announcements, company websites, Deloitte Corporate Finance analysis

Notes:

1. Overall average and median excludes the TK Business
2. With the exception of the TK Business, enterprise value is calculated as market capitalisation (at 25 February 2016) plus net debt per the latest available financial statements and expressed in JPY. Enterprise value for the TK Business was based on the midpoint of our estimated valuation range of the TK Business plus net debt. The enterprise valuation of the TK Business on a minority basis includes a minority interest discount of 20% (being the approximate mid-point of the observed range of minority interest discounts of 15% to 30%)
3. Gearing is calculated as net debt/enterprise value
4. With the exception of the TK Business, distribution yield is calculated using share price as at 25 February 2016. In respect of the TK Business, it has been calculated using the midpoint of our estimated midpoint equity valuation range of the TK Business. Broker consensus has been used to obtain future distribution data. If no broker consensus was available company guidance was used
5. Earnings before interest and tax (**EBIT**) multiples are calculated as enterprise value/EBIT. Broker consensus has been used to obtain current EBIT data
6. Income yield is calculated as net operating income/property portfolio value
7. Funds from operations (**FFO**) multiple is calculated using share prices as at 25 February 2016 (with the exception of the TK Business which is based on our estimated midpoint equity valuation range) divided by historical FFO

The above table shows the gearing, distribution yields and EBIT and FFO multiples for the TK Business compared to that of the comparable listed entities.

We note the following observations from the above table:

- the TK Business is most comparable to J-REITs holding property in Japan. However, the overall GJT operations are most comparable to A-REITs investing in Japan, of which there is only one, being AJA
- all of the comparable entities excluding AJA are significantly larger than the TK Business. Generally, larger companies generate higher multiples in comparison to smaller companies
- **EBIT multiples:** the historical and current EBIT multiple implied our control valuation of the TK Business is 15.1 times and 19.0 times, respectively. These implied multiples are below the overall average historical and current EBIT multiples of the comparable listed companies of 43.2 times and 39.2 times, respectively. However, the EBIT multiples implied by our valuation of the TK Business, are above those of AJA, the only comparable A-REIT
- **Gearing levels:** the gearing of the TK Business, based on the midpoint of our estimated valuation range (on a control basis), is 63%. This is above the overall average gearing level of 35% for the comparable Japanese entities
- **Distribution yields:** the historical and current distribution yields for the TK Business, based on our valuation range on a control basis, are between 7.4% and 9.6%. These are above the average historical and current distribution yields for the J-REIT's of 3.9% and 1.9% respectively
- **Income yield** is calculated as net operating income divided by the carrying value of the property portfolio. The comparable companies have a median and average income yield in the range of 3.2% and 3.6%, respectively. This is lower than the income yield of the TK Business of 6.1%
- **FFO multiples**: the historical FFO multiple for the TK Business is 7.1 times in comparison to the average of the comparable companies of 27.4 times.

Conclusion

Notwithstanding that our valuation of the TK Business generates a distribution yield and income yield higher than that of the comparable companies, and EBIT and FFO multiples lower than those of the comparable companies, in the absence of an alternative cross-check, we consider the above provides directional support for our valuation of GJT's investment in the TK Business.

5 Method of calculating the special distributions to Unitholders

5.1 Introduction

As soon as practical following the completion of the Proposed Sale, the net equity cash proceeds in JPY will be converted to AUD and distributed to GJT, referred to earlier as the TK Investor's Net Sale Proceeds.

GJT will then pay the net cash proceeds along with any other accrued earnings and cash held in the Trust to Unitholders via a special distribution, referred to as the Initial Distribution. It is anticipated that Unitholders may receive an additional smaller distribution at a subsequent date in conjunction with the winding up of GJT, being the Final Distribution.

5.2 Method of calculation distributions

Based on our understanding of the Proposal, the methodology to be applied in determining the Initial Special Distribution and Final Special Distribution is as follows:

- GJT will receive the net equity cash proceeds from the Proposal along with any accrued earnings of the TK Business (less any distributions already paid) in AUD up to the implementation date as the TK Investor's Net Sale Proceeds. The TK Business will continue to pay ordinary distributions to GJT up until the implementation date
- GJT will distribute the net proceeds received in AUD as a result of the Proposal (less any distributions already paid to Unitholders) and any residual cash in the Trust to Unitholders as the Initial Special Distribution. GJT will continue to pay ordinary distributions up until the implementation date
- subsequent to implementation GJT will cease operations, delist from the ASX and commence winding up the Trust
- as part of the winding up of the Trust, the remaining assets and liabilities of the Trust (net of associated costs) will be realised and distributed to Unitholders. This process is consistent with the process for winding up of the Trust documented in the GJT Constitution.

Based on our review of the above methodology, all net proceeds from the Proposal will be distributed to Unitholders. The only expenses to be incurred by the Trust during the intervening period will be incurred in the ordinary course of business and the winding up of GJT. As noted in section 9 of the Explanatory Memorandum, there are no additional tax consequences as a result of the Proposal, which would result in additional tax payable by GJT or the TK Business. All residual net proceeds and accrued earnings will be distributed.

5.3 Conclusion

In our opinion, the method to be utilised in determining the Initial Special Distribution and Final Special Distribution will not result in any value leakage between the net equity cash proceeds being paid to GJT as a result of the Proposal and the distribution to Unitholders.

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Appendix A: Valuation Methodology

To estimate the fair market value of GJT's investment in the TK Business we have considered common market practice and the valuation methodologies recommended by ASIC Regulatory Guide 111, which provides guidance in respect of the content of independent expert's reports. These are discussed below.

Market based methods

Market based methods estimate an entity's fair market value by considering the market price of transactions in its securities or the market value of comparable entities. Market based methods include:

- capitalisation of maintainable earnings
- analysis of an entity's recent securities trading history
- industry specific methods.

The capitalisation of maintainable earnings method estimates fair market value based on the entity's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the entity's earnings are relatively stable.

The most recent security trading history provides evidence of the fair market value of the securities in an entity where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. Generally rules of thumb provide less persuasive evidence of the market value of an entity than other valuation methods because they may not account for entity specific factors.

Discounted cash flow methods

Discounted cash flow methods estimate market value by discounting an entity's future cash flows to a net present value. These methods are appropriate where a projection of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

Asset based methods

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to security holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of an entity but does not take account of realisation costs.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill. Asset based methods are appropriate when companies are not profitable, a significant proportion of an entity's assets are liquid, or for asset holding companies.

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Appendix B: Japanese Property Portfolio

Table 14

Building name	Address	Location	Date acquired	Age (years)	Net rentable area (TSUBO[1])	Net rentable area (square meters)	Gross passing rent (JPY/month/ TSUBO)	Capitalisation Rate	Carrying value as at 31 December 2015 (JPY billion)	Percentage of portfolio (%)
Seishin	2-5-10 Shinjuku, Shinjuku-ku	Tokyo	Dec-06	26	1,699	5,617	19,579	4.30%	7.43	13.14%
Kanda NK	2-7-2 Sudacho Kanda, Chiyoda-ku	Tokyo	Dec-06	24	1,027	3,326	17,842	4.50%	3.5	6.19%
Tsukasacho	2-6 Kanda Tsukasa-Machi, Chiyoda-ku	Tokyo	Dec-06	27	983	3,251	17,049	4.50%	3.5	6.19%
Takadanobaba Access	2-20-15 Nishiwaseda, Shinjuku-ku	Tokyo	Dec-06	21	1,117	3,691	12,880	4.60%	3.32	5.87%
Azabu Amerex	3-5-7 Azabudai, Minato-ku	Tokyo	Dec-06	27	676	2,233	14,729	4.20%	1.94	3.43%
Shin-Yokohama Nara	2-2-8 Shin Yokohama, Kouhoku-ku, Yokohama-shi	Kanagawa	Jan-08	23	1,225	4,050	9,427	5.20%	1.74	3.08%
Hiei Kudan	3-8-11 Kudan-minami, Chiyoda-ku	Tokyo	Dec-06	24	695	2,299	15,420	4.50%	1.94	3.43%
La Park Kishiwada	21-1 Harakiwakamatsu-cho, Kishiwada-shi	Osaka	Jul-07	21	14,730	48,693	4,664	6.00%	6.47	11.44%
Suroy Mall, Chikushino	836-4 Oaza Harada, Chikushino-shi	Fukuoka	Jul-07	8	9,728	32,160	5,075	6.00%	7.65	13.53%
Suroy Mall, Nagamine	1-5-1 Nagamine Nishi, Kumamoto-shi	Kumamoto	Sep-07	8	3,811	12,601	6,699	5.90%	4.18	7.39%
Seiyu Minakuchi	6084-1 Minakuchi, Minakuchi-cho, Koga-shi	Shiga	Jul-07	16	7,204	23,815	2,863	6.20%	3.9	6.90%
Confomall	1005-4 Minami 4 jyo Nishi 10 Chome, Chuo-ku, Sapporo-shi	Sapporo	Dec-06	12	1,797	5,940	5,745	6.10%	1.37	2.42%
Shiroi	151-2 Fuji, Shiroi-shi	Chiba	Dec-06	20	6,619	21,897	3,455	6.40%	2.42	4.28%
Matsuya Residence Sekime	6-6-24 Sekime, Jyoto-ku	Osaka	Dec-06	26	2,350	7,767	5,724	5.60%	2.08	3.68%
Royalhill Sannomiya II Kobe	3-5-11 Kanoucho, Chuo-ku	Kobe	Dec-06	11	977	3,206	9,640	5.50%	1.5	2.65%
Imazato	6-11-17 Shin-Imazato, ikuno-ku	Osaka	Dec-06	24	1,411	4,663	4,721	5.80%	0.985	1.74%
Prejeal Utsubo Park	2-4-6 Utsubo Honsho, Nishi-ku	Osaka	Dec-06	10	500	1,655	9,822	5.40%	0.452	0.80%
Funabashi Hidan	606-11 Suzumi-cho, Funabashi-shi	Chiba	Dec-06	12	2523	8,341	4,056	6.70%	1.52	2.69%
Funabashi Hi Tech	631-13 Toyotomi-cho, Funabashi-shi	Chiba	Dec-06	14	1281	4,234	3,800	6.70%	0.651	1.15%
Total/Weighted average					60,353	199,439		**5.39%**	**56.548**	**100.00%**

Source: GJT and Deloitte Corporate Finance analysis

Note:

1. TSUBO is a common form of area measurement in Japan. One TSUBO is equivalent to approximately 3.31square meters

Appendix C: Context to the Report

Individual circumstances

We have evaluated the Proposal for Non-Associated Unitholders as a whole and have not considered the effect of the Proposal on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Proposal from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Proposal is fair and reasonable to, and therefore in the best interests of, Unitholders. If in doubt investors should consult an independent adviser, who should have regard to their individual circumstances.

Limitations, qualifications, declarations and consents

The report has been prepared at the request of the Independent Directors and is to be included in the Explanatory Memorandum to be given to Non-Associated Unitholders to assist in their evaluation of the Proposal in accordance with ASX Listing Rule 10. Accordingly, it has been prepared only for the benefit of the Independent Directors and those persons entitled to receive the Explanatory Memorandum in their assessment of the Proposal outlined in the report and should not be used for any other purpose. Neither Deloitte Corporate Finance, Deloitte Touche Tohmatsu, nor any member or employee thereof, undertakes responsibility to any person, other than the Non-Associated Unitholders and GJT, in respect of this report, including any errors or omissions however caused. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Proposal. This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte Corporate Finance has relied upon the completeness of the information provided by GJT and its officers, employees, agents or advisors which Deloitte Corporate Finance believes, on reasonable grounds, to be reliable, complete and not misleading. Deloitte Corporate Finance does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to GJT management for confirmation of factual accuracy.

In recognition that Deloitte Corporate Finance may rely on information provided by GJT and its officers, employees, agents or advisors, GJT has agreed that it will not make any claim against Deloitte Corporate Finance to recover any loss or damage which GJT may suffer as a result of that reliance and that it will indemnify Deloitte Corporate Finance against any liability that arises out of either Deloitte Corporate Finance's reliance on the information provided by GJT and its officers, employees, agents or advisors or the failure by GJT and its officers, employees, agents or advisors to provide Deloitte Corporate Finance with any material information relating to the Proposal.

Deloitte Corporate Finance holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte Corporate Finance principally involved in the preparation of this report were Stephen Reid, Authorised Representative, M App. Fin (Secinst), B.Ec (Macq), CA, F Fin and Rachel Foley-Lewis, Authorised Representative, B.Com., CA, F.Fin. Stephen and Rachel have many years of experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Consent to being named in disclosure document

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of 225 George Street, Sydney, NSW, 2000 acknowledges that:

- GJT proposes to issue an Explanatory Memorandum in respect of the Proposal between GJT, the TK Business and the Proposed Purchaser
- the Explanatory Memorandum will be issued in hard copy and be available in electronic format
- it has previously received a copy of the draft Explanatory Memorandum for review
- it is named in the Explanatory Memorandum as the 'independent expert' and the Explanatory Memorandum includes its independent expert's report in Appendix 1 of the Explanatory Memorandum.

On the basis that the Explanatory Memorandum is consistent in all material respects with the draft Explanatory Memorandum received, Deloitte Corporate Finance Pty Limited consents to it being named in the Explanatory Memorandum in the form and context in which it is so named, to the inclusion of its independent expert's report in Appendix 1 of the Explanatory Memorandum and to all references to its independent expert's report in the form and context in which they are included, whether the Explanatory Memorandum is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Explanatory Memorandum and takes no responsibility for any part of the Explanatory Memorandum, other than any references to its name and the independent expert's report as included in Appendix 1.

Sources of information

In preparing this report we have had access to the following principal sources of information:

- draft Explanatory Memorandum
- draft transaction documents in respect of the Proposal
- audited financial statements for GJT for the years ending 30 June 2014 and 30 June 2015, and half year ending 31 December 2015 reviewed financial statements for GJT
- GJT Constitution and TK Agreements
- company websites for GJT and the comparable companies
- publicly available information on comparable companies published by ASIC, Thompson research, Capital IQ, and Mergermarket
- other publicly available information, media releases and brokers reports on GJT, comparable companies and the REIT and real estate industry/sectors.

In addition, we have had discussions and correspondence with certain executives of GJT, including Mr Jack Ritch, Non-executive Chairman; Mr Frank Zipfinger, Non-executive Director; Mr Philip Redmond, Non-executive Director; Mr Brett Bradley, Chief Financial Officer and Donna Duggan, Company Secretary, in relation to the above information and to current operations and prospects of GJT.

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