**ASX/Media Release**

25 January 2010

# TERMS AGREED FOR NEW 5 YEAR ¥ 13.4BN (A$160M) SENIOR LOAN, REFINANCING A MATURING 5 YEAR LOAN

Astro Japan Property Group (ASX: AJA) today announced that a definitive term sheet for a new, senior, non-recourse loan of ¥13.4bn (A$160m, approx.) has been signed. The loan will be used to refinance the first of AJA's five separate, non-recourse loans, a five year term loan set to mature in March this year which represents 16.3% of AJA's debt balance. The new lender is unrelated to the existing lender.

The term sheet is subject only to finalisation of formal loan documentation, execution of which is expected to occur by late February with closing expected to take place in March.

**Key Terms of Loan**

| | |
|---|---|
| **Lender:** | A Japanese commercial bank |
| **Term:** | 5 years |
| **Amount:** | ¥13.4 bn |
| **Interest Margin:** | 195 bp |
| **LTV Covenant:** | None |
| **DSCR Covenant**: | Cash flow not to fall below 1.28 times a theoretical loan payment constant of 6.5% p.a. applied to outstanding loan balance |
| **Amortization:** | ¥11.8 million per quarter until October 2011 and then ¥148.4 million per quarter until loan maturity |

AJA intends to contribute additional equity of ¥900 million (A$11m, approx.) from its existing cash resources to reduce the leverage within its portfolio. This equity will be injected into JPT Co., Ltd., the Japanese special purpose company borrowing the new loan, and represents the difference between the amount being debt financed and the loan maturing. Equity to pay loan costs and expenses will also be injected from existing AJA cash resources.

After injection of this equity amount AJA will have available free cash resources of about ¥900 million (A$11m, approx.). AJA's pro-forma gearing (interest bearing debt / investment property) is currently 73.3% following the 31 December revaluations, and will reduce to 72.6% following this injection of equity.

Upon closing of this refinancing, AJA's weighted average debt maturity will be 2.5 years with a weighted average interest rate of approximately 2.04%, compared with a weighted average interest rate of 1.90% at 31 December 2009.

Mr Eric Lucas, Senior Advisor to AJA, said, "We are extremely pleased to have agreed these terms for this important first refinancing. Whilst the margin payable is, as expected, higher than the sub-100 bp margin payable on the existing loan concluded 5 years ago, it compares very favourably with recent real estate financings both here in Japan and elsewhere. We believe the ability to negotiate a new long-term loan in current market conditions reflects well both on the underlying quality of the assets and the positive relationship that AJA's asset manager has with lenders in Japan."

The Appendix sets out information regarding each of the five separate loans secured against properties in which AJA has an interest.

Upon the closing of this refinancing, AJA will no longer be constrained by existing lender covenants from completing the final legal acquisition of Babcock & Brown Japan Property Management Limited (the Responsible Entity of the Astro Japan Property Trust) from the Babcock & Brown Group. The economic interest in this entity was acquired in April 2009. This will complete AJA's final separation from the Babcock & Brown Group.

**ENDS**

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**About Astro Japan Property Group**

Astro Japan Property Group is a listed property group which invests in the Japan real estate market. It currently holds interests in a portfolio comprising 43 retail, office and residential properties. Asset management services in Japan are generally undertaken by Spring Investment Co., Ltd.

AJA is a stapled entity comprising Astro Japan Property Trust (ARSN 112 799 854) and Astro Japan Property Group Limited (ABN 25 135 381 663). For further information please visit our website: www.astrojapanproperty.com.

## APPENDIX: AJA DEBT AS AT 25 JANUARY 2010

- Total AJA debt is 5 separate, non-recourse, asset-specific loans, all borrowed in Yen in Japan, primarily from Japanese lenders
- No cross-collateralization or cross-default between loans
- None of the loans contain covenants which take into account FX hedging mark-to-market
- The principal financial covenant under each loan is a debt service coverage ratio (DSCR) test. Only one loan contains a Loan to Value (LTV) test
- Current gearing across the entire portfolio is 72.6% (assuming the equity injection outlined in the re-financing section of the attached ASX announcement)
- Portfolio gearing ratio does not impact any individual loan terms or covenants
- AJA remains compliant with these covenants with an unaudited DSCR for the half-year ending 31 December 2009 of 3.5x.
- Only one loan (JPTC) has a LTV ratio covenant. The LTV covenant is 78%. Constructive discussions are taking place with the lender of this loan as to how best to deal with the proximity of the current LTV to the covenant, given the loan is comfortably in compliance with its DSCR covenant.

| | AJA value Dec 2009 (¥bn) | Loan Amount (¥bn) | Gearing % | Total Interest Rate % | Maturity | Term to Maturity (Yrs) |
|---|---|---|---|---|---|---|
| **JPTS** | **27.7** | **18.0** | **65.0%** | **1.6%** | Dec-10 | 0.8 |
| **JPTD** | **18.3** | **15.5** | **84.5%** | **2.8%** | May-12 | 2.2 |
| **JPTA** | **18.5** | **18.8** | **101.9%** | **2.7%** | Aug-12 | 2.5 |
| **JPTC** | **27.1** | **21.1** | **77.8%** | **1.2%** | Dec-12 | 2.8 |
| **JPT** | **28.0** | **13.4** | **47.8%** | **2.2%** | Mar-15 | 5.0 |
| **Total** | **119.5** | **86.7** | **72.6%** | **2.04%** | | **2.5** |

Note:

- Total Interest Rate for 4 out of 5 of the loans includes a portion based on 3 month JPY LIBOR of 0.255%
- The Term to Maturity is as at closing of the refinancing in March 2010
- On the assumption that the new JPT loan will be floating rate, 43.3% of AJA's debt will be floating rate and 56.7% will be fixed for a weighted average of 2.6 years from the expected JPT loan closing date.