galileo
JAPAN TRUST

Galileo Japan Funds Management Limited
(ACN 121 567 244) (AFSL 305 429)
as Responsible Entity for Galileo Japan Trust
(ARSN 122 465 990)

Level 9,1Alfred Street
Sydney NSW 2000 Australia
GPO Box 4760 Sydney NSW 2001
Telephone: (02) 9240 0333
Facsimile: (02) 9240 0300
ASX Code: GJT
Website: www.galileofunds.com.au

3 July 2007

ASX / Media Release

GALILEO JAPAN TRUST
ACQUISITIONS, ENHANCED GROWTH PLATFORM AND FY08 DISTRIBUTION UPGRADE

Please find attached a Galileo Japan Trust (ASX code: GJT) announcement relating to the funding and acquisition of three quality retail investments, enhanced growth platform and upgraded distribution guidance for the year ending 30 June 2008. Management presentation and Product Disclosure Statement will be lodged before an investor briefing scheduled for 2.00pm 3 July 2007.

Investor and media enquiries:

Peter Murphy
Chief Operating Officer
Phone: +61 2 9240 0308

Neil Werrett
Managing Director & Chief Executive Officer
Phone: +61 2 9240 0303

About Galileo Japan Trust

The Trust listed on the Australian Stock Exchange in December 2006 with an interest in a portfolio of 21 Japanese Real Estate investments valued at approximately ¥60.3 billion[1] (approximately A$580 million). The transaction detailed herein increases the number of assets to 24 and total value to ¥84.7 billion (approximately A$810 million). The combined portfolio is diversified by both sector and geography, however, retains a strong bias to Tokyo.

Further information on Galileo Japan Trust is available at www.galileofunds.com.au/Japan

1. Asakusa Vista Hotel is anticipated to settle in August 2007

galileo
JAPAN TRUST

3 July 2007

GALILEO JAPAN TRUST
ACQUISITIONS, ENHANCED GROWTH PLATFORM AND FY08 DISTRIBUTION UPGRADE

Key Transaction Highlights:

- Acquisition of three quality retail properties ("New Portfolio") in Japan for ¥23.7 billion or approximately A$227 million (100% interest))
- Average NOI property yield 5.31%, 46bps above IPO portfolio
- Average asset size (by NRA) increases 84% to 8,655 square metres
- 5.3% increase in FY08 distribution per unit from 7.60 cents per unit to 8.00 cents per unit
- Reduction in Trust gearing from 54.7% to 51.1% post transaction, increased balance sheet capacity to fund future growth opportunities (approximately A$190 million of capacity)
- GJT market capitalisation to increase to approximately A$385 million
- New equity of approximately A$116 million is to be raised via an accelerated non-renounceable entitlement offer and public offer
- Growth platform enhanced with GJT forming a relationship with developer Unidio Corporation, to source future acquisitions from their significant pipeline

Galileo Japan Funds Management Limited ("GJFML") as responsible entity for Galileo Japan Trust (ASX code: "GJT") is pleased to announce the acquisition of three quality retail investments located in Osaka, Fukuoka and Shiga for approximately ¥23.7 billion (approximately A$227 million) ("Acquisition").

GJFML is also pleased to announce an upgrade in GJT's forecast distribution per unit for the year ending 30 June 2008 to 8.00 cents which is 5.3% higher than the 7.60 cents per unit forecast in the original IPO PDS (December 2006) and 11.1% higher than the annualised distribution per unit for the year ending 30 June 2007.

The acquisition will be funded through a combination of new equity, borrowings and the release by tenants of security deposits. Equity will be raised through the issue of new fully paid GJT units ("New Units") via a 3 for 7 non-renounceable Entitlement Offer and Public Offer which has been fully underwritten by JPMorgan Australia Limited and UBS AG, Australia Branch. The Public Offer relates only to New Units not subscribed for by eligible unitholders under the Entitlement Offer. The application price is A$0.95 per unit with the number of new units to be 121,667,571 New Units. New Units will be issued pursuant to a product disclosure statement ("PDS") to be lodged with the Australian Securities and Investments Commission on 3 July 2007. The PDS will be available at www.galileofunds.com.au/Japan and investors should consider the PDS in its entirety in deciding whether to acquire or to continue to hold units in GJT.

New Units will rank for distribution from 1 July 2007. New Units will receive an attractive FY'08 cash distribution yield of 8.42% based on an issue price of $0.95, approximately 260 basis points above the listed property trust sector average.

Significantly, the Acquisition and Entitlement Offer will reduce the Trust's gearing level to approximately 51.1% resulting in a much stronger balance sheet and significant funding capacity to pursue accretive acquisitions, with the potential to further enhance unitholder returns.

The transaction results in a 40% increase in the size of GJT's portfolio to ¥84.7 billion (A$810 million) and a similar increase in market capitalisation, which is estimated to be around A$385 million post allotment of New Units.

As part of the transaction GJT has established a new relationship with Unidio Corporation, a successful Japanese developer and vendor of one of the assets within the New Portfolio. The relationship enhances the Trust's growth potential as it provides exclusivity for GJT over all future office, retail and logistics projects originated by Unidio. Currently Unidio has a forward pipeline of projects exceeding ¥120 billion or A$1.1 billion (end value), located in 14 different Japanese prefectures.

Chief Operating Officer Peter Murphy said, "The formation of a relationship with Unidio Corporation adds a new dimension to GJT. The ability to source off market opportunities with a successful development partner significantly enhances the Trust's growth platform."

Other key benefits of the transaction are summarised below:-

- Portfolio being acquired at 2.9% discount to independent valuation
- Largest asset (post transaction) La Park Kishiwada is 6.9% under rented
- Proportion of GJT's gross income from "non-cancellable" leases increases from 14% to 33%
- Average asset size by value increases 23% to ¥3.5 billion
- Average asset age reduces 14% to 11.5 years
- Total NRA increases 111% to 207,721 square metres
- Third largest asset (post transaction) Suroy Mall, Fukuoka has further development potential
- Total number of tenants expected to increase from 91 to 148
- Approximately 65% of the New Portfolio's gross income is subject to periodic rent reviews

The Galileo Group, as a property funds manager, has substantial experience in the management of retail shopping centres and believes the assets being acquired are well positioned within their trade areas.

Commenting on the Japanese retail market Mr Murphy said, "The retail sector in Japan is currently underpinned by healthy employment conditions and relatively robust consumer spending, a key driver of recent GDP growth. Japan by global standards is undersupplied in terms of retail floorspace per capita with about one square metre per person. In contrast, Australia has more than twice that amount of retail space per capita and the United States three times."

Key retail trade area statistics relating to the New Portfolio[1] include the following:-

- Average Trade Area population of approximately 306,535
- Average retail spending per capita exceeds the Japanese National average by 4%
- Average retail floor space per capita is 21% below the Japanese National average
- Historical population and household growth has been relatively strong

Managing Director Neil Werrett said, "We are delighted to announce the acquisitions of these high quality retail investments and deliver to our investors a 5.3% upgrade to the FY08 IPO distribution forecast. This transaction provides GJT with many benefits, including a larger and stronger balance sheet providing scope for the manager to further enhance unitholder returns through additional earnings accretive acquisitions."

[1] Retail statistics on the New Portfolio provided by Geo Akamatsu a leading Japanese retail researcher and Urbis