



Galileo Japan Funds Management Limited
(ACN 121 567 244) (AFSL 305 429)
as Responsible Entity for Galileo Japan Trust
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ASX / Media Release

GALILEO JAPAN TRUST ANNUAL RESULT FY2007 – DISTRIBUTABLE EARNINGS 6.7% HIGHER THAN IPO FORECAST

Please find attached a Galileo Japan Trust (ASX code: GJT) announcement relating to the Trust's financial results for the period ended 30 June 2007.

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About Galileo Japan Trust

The Trust listed on the Australian Stock Exchange in December 2006 with an indirect beneficial interest in a portfolio of 21 Japanese Real Estate investments valued at approximately ¥60.3 billion (approximately A\$635¹ million). The transaction announced on 3 July 2007 increased the number of assets to 24 and total value to ¥84.7 billion (approximately A\$892¹ million). The combined portfolio is well diversified by both sector and geography, however, it retains a strong bias to Greater Tokyo.

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

¹ \$A/¥ exchange rate of approximately ¥95 as at 28 August 2007

30 August 2007

**GALILEO JAPAN TRUST
ANNUAL RESULT FY2007 – DISTRIBUTABLE EARNINGS 6.7% HIGHER THAN IPO FORECAST**

Galileo Japan Funds Management Limited ('GJFML'), the responsible entity for the Galileo Japan Trust (the Trust) is pleased to provide details of the Trust's inaugural annual result, for the period 18 December 2006 (listing date) to 30 June 2007.

Key Facts

	IPO PDS ¹	Actual	Variance (%)
Distributable earnings ² (\$m)	11.22	11.96	6.7
Annualised distributable earnings per unit (cents)	7.20	7.68	6.7
Distribution per unit (cents)	3.60	3.95	9.7
Annualised distribution per unit (cents)	7.20	7.20	0.0
Net Tangible Assets per unit (\$)	0.97	0.93	(4.1)
Debt to total assets ratio (%)	54.7	50.3	(4.4)

¹ Forecasts from the IPO PDS dated 15 November 2006 have been restated reflecting settlement of the portfolio on 15 December 2006

² Represent the net profit attributable to unitholders after adjusting for the effect of AIFRS

FY2007 highlights are summarised below;

- Distributable earnings of \$11.96 million, 6.7% above the adjusted IPO PDS forecast
- Annualised FY2007 DPU of 7.20 cents per unit in line with IPO PDS forecast
- FY2008 DPU forecast upgraded on 3 July 2007 to 8.00 cents per unit (an 11% increase over FY2007)
- Net property income exceeded adjusted IPO PDS forecast by 3.8% driven by high tenant retention and strong office rental growth
- Strengthened balance sheet with significant earnings accretive acquisition capacity
- Retained distributable earnings of \$751,000
- Accretive acquisitions announced 3 July 2007, well timed from a currency perspective lifting average "going in" FX rate to A\$/¥95.3
- Sourcing capability clearly demonstrated with strong forward deal flow including exclusivity over Unidio development pipeline

"This represents an excellent first operating result for our investors, driven by a strong asset management focus and buoyant operating conditions in Japan, particularly Tokyo's office market. The Trust is very well positioned to continue to deliver strong portfolio returns to investors" said Mr Neil Werrett, Managing Director and CEO of Galileo Japan Funds Management. He added "we are particularly pleased to have outperformed our IPO PDS for both portfolio net income and capital management benchmarks. GJT is well positioned to deliver the upgraded distribution forecast for FY2008 of 8.00 cents per unit which is 11.1% higher than the annualised FY2007 distribution per unit of 7.20 cents."

Portfolio highlights are summarised below;

- 97% of office space subject to lease expiry during the period was renewed or re-leased without any income void
- 57% of office space has been subject to rent review during the period with an average increase in rent of 8.9% overall (where an increase in rent was achieved the average increase was 14.4%)
- Three office buildings in Tokyo, Kanda NK, Seishin and Azabu Amerex have all experienced substantial increases in average passing rents since IPO (16.2%, 9.3% and 16.4% respectively)³
- Occupancy has increased from 97.9% to 98.7% including the impact of the three assets acquired in July 2007

Mr Peter Murphy, Chief Operating Officer said, "Leading up to and immediately following listing in December 2006, Galileo Japan identified several key areas of focus to ensure strong returns would be delivered for Trust investors. These were to optimise occupancy, selectively pursue rental growth and target accretive acquisitions to further diversify the portfolio. On all of these measures I think the period since listing has been very successful."

He added, "The Trust's balance sheet is now larger and stronger with debt to total assets of 50.3%, which represents an excellent platform upon which to source and execute deals that will further enhance investor returns and portfolio diversification."

A distribution of 3.95 cents per unit for the period ending 30 June 2007 will be paid on or about 31 August 2007.

³ The full impact of the increase in passing rentals will be reflected in FY2008 earnings