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as Responsible Entity for Galileo Japan Trust
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ASX / Media Release

GALILEO JAPAN TRUST
STRONG ANNUAL RESULT, DISTRIBUTABLE EARNINGS PER UNIT 12.5% HIGHER THAN FY07

Please find attached a Galileo Japan Trust (ASX code: "GJT") announcement relating to the Trust's annual financial results for the year ended 30 June 2008.

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About Galileo Japan Trust

The Trust is listed on the Australian Stock Exchange with an indirect beneficial interest in a portfolio of 26 Japanese Real Estate investments valued at approximately ¥94.8 billion (approximately A$930[1] million). The portfolio is well diversified by both sector and geography while retaining a strong bias to Greater Tokyo.

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

[1] $A/¥ exchange rate of ¥101.93 as at 30 June 2008

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JAPAN TRUST

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STRONG ANNUAL RESULT, DISTRIBUTABLE EARNINGS PER UNIT 12.5% HIGHER THAN FY07

Galileo Japan Funds Management Limited ("GJFML"), the responsible entity for the Galileo Japan Trust (the Trust), today announced the Trust's annual result for the year ended 30 June 2008.

Highlights in the period are summarised below:

- Distributable earnings[1] of $34.35 million (8.64 cpu), 12.5% above FY07[2]
- FY08 DPU of 8.00 cents, 11.1% higher than FY07[2]
- Total assets increased 55% to A$996.3 million[3]
- Acquisition of five properties for ¥31.8 billion (A$312 million)
- Average debt maturity of 3.5 years with less than 3% maturing in next 12 months
- Debt to total assets of 54.6% with interest cover of 3.8 times[4]
- 41% of office portfolio (by area) reviewed in the period with growth in passing rents of 11.1%
- Occupancy remains high at 97.6%

Financial performance

Galileo Japan Trust today announced distributable earnings for the year ended June 2008 of $34.35 million equating to 8.64 cents per unit, 12.5% above the prior year annualised. The earnings outperformance relative to FY07 and earlier guidance provided in February 2008 has been driven by a strong portfolio performance delivered by higher than forecast tenant retention and growth in rentals particularly in the Tokyo office portfolio.

A distribution of 4.00 cents per unit has been declared for the six month period ended 30 June 2008 payable on 29 August 2008. Total distributions for FY08 of 8.00 cents per unit are 11.1% higher than the annualised FY07 distribution of 7.20 cents per unit.

Neil Werrett, Managing Director and CEO of GJFML said, "Despite a more challenging financial environment we are very pleased to report another strong operating result for GJT investors. The portfolio continues to perform well demonstrating the strength of Galileo's management platform and that of its relationship partners in Japan".

Balance Sheet

During FY08 the Trust's Total Assets increased by 55% to approximately A$996 million.

This growth was achieved primarily through the acquisition of the assets detailed below:-

	La Park Kishiwada SC Osaka	Suroy Mall Fukuoka	Seiyu Minakuchi Shiga	Suroy Mall Kumamoto	Nara 2 Shin Yokohama
Purchase Price ¥bn	10.68	9.01	4.01	4.65	3.41
Settlement	Jul 2007	Jul 2007	Jul 2007	Sept 2007	Jan 2008
Net Rentable Area (sqm)	53,125	32,160	23,815	12,526	4,050
Occupancy %	99.8	99.3	100	91.0	97.7
Year built	1994	2007	1999	2007/8	1992

Excludes Asakusa Vista Hotel (¥2.26 billion) which formed part of the IPO Portfolio and subject to deferred settlement (July 2007)

[1] Represents the net profit attributable to unitholders after adjusting for the effect of AIFRS and amortisation of borrowing costs
[2] FY07 Annualised for part period from IPO (18 December 2006) to 30 June 2007
[3] $A/¥ exchange rate of ¥101.93 as at 30 June 2008
[4] 4.3 times inclusive of income from capital hedge

The Trust's debt to total assets as at 30 June 2008 was 54.6% well within the Trust's preferred gearing range of 50% to 60%. The Trust's debt service coverage ratio for the 2008 year remained healthy at 3.8 times.

GJFML believes that in the current tighter credit market environment it is in the interest of unitholders for the Trust to move toward the lower end of its stated gearing range. To achieve this, sales of "non-core" assets are being considered and equity released from these sales will provide additional balance sheet flexibility.

Despite volatility in the exchange rate during the period the Trust's NTA has remained relatively stable and was 90 cents per unit as at 30 June 2008. The reduction of 3 cents per unit from 30 June 2007 is primarily due to a mark to market reduction in the fair market value of income, capital and interest rate hedges.

Capital Management

The Trust has two loan facilities maturing in FY09. Terms have already been agreed with the lender to extend the first of these, a A$26 million dollar facility due to mature in September 2008. The remaining smaller facility to be refinanced in January 2009(A$14.6 million) represents 2.7% of the Trust's total borrowings.

The Manager continues to adopt a conservative approach in managing risks associated with interest rate and foreign exchange movements.

The weighted average term to maturity of the Trust's borrowings at 30 June 2008 is 3.5 years with 81% of this at a fixed rate (1.96%), inclusive of margin. Despite the tightening of global credit markets, it is anticipated that the Trust's debt service coverage ratio should continue to exceed 3 times for the 2009 financial year.

GJT has one of the longest income hedge profiles in the LPT sector with 100% of income hedged until 2012 and approximately 84% hedged on a weighted average basis through to December 2016.

The Trust has approximately 35% of its equity hedged with the following maturity profile:-

- 30% matures December 2011
- 30% matures December 2012
- 20% matures December 2013
- 20% matures December 2014

Asset revaluations

GJFML conducts a comprehensive review of the carrying value of its investment portfolio at each balance date. Since June 2007 over 80% of the portfolio (by value) has been independently valued.

Fourteen assets were independently revalued during FY08. Five assets were independently revalued in the six months to December 2007 with a revaluation increase of A$27.6 million, this movement predominantly related to three Tokyo office assets that had significant income growth post IPO. Nine assets were independently revalued in the six months to June 2008 with a decrease of A$27.4 million booked, reflecting an easing in capitalisation rates for certain asset types and locations, but most notably residential assets and those in locations outside Tokyo.

The overall result of all independent and Directors' revaluations completed in the period are that the Trust has recorded no net revaluation movement for FY08. As at 30 June 2008 the carrying value of the investment portfolio was ¥93.9 billion (A$921 million), approximately 1.0% lower than the total of all independent valuations being ¥94.80 billion (A$930 million).

Weighted average capitalisation rates based on the most recent independent valuations for the various asset classes in the portfolio are Office 4.6%, Retail 5.4%, Residential 6.0%, Mixed Use 5.5%, Industrial 6.2% and Hotel 6.0%. The overall portfolio has a weighted average capitalisation rate of 5.2%.

Performance of Investment Portfolio
Galileo's focus on optimising returns from the property portfolio has been reflected in the maintenance of high occupancy levels and growth in underlying cash flows of the portfolio. Key highlights include:-

- 100% of the net rentable area at Irifune Access (Tokyo office) reviewed with a 15% increase in passing rent
- 61% of the net rentable area at Tsukasacho (Tokyo office) reviewed with a 17% increase in passing rent
- 63% of the net rentable area at Hiei Kudan (Tokyo office) reviewed with a 4% increase in passing rent
- 23% of the net rentable area at Seishin (Tokyo office) reviewed with an 8% increase in passing rent
- Occupancy levels remain high at 97.6%
- On a like for like basis passing rent in the IPO portfolio increased 3.1% in FY08
- The weighted average lease term to expiry of GJT's "non-cancellable" leases (representing 34% of property income) exceeds 14 years
- Property management contracts have recently been tendered with savings of approximately 7% per annum (¥8 million), effective September quarter 2008

Peter Murphy, Chief Operating Officer of GJFML said, "Galileo's asset management team has been very successful in growing rents particularly within the strong Central Tokyo office market. The GJT investment portfolio has the highest proportion of Central Tokyo office of any of the Australian listed Japanese LPTs and this factor is a key strength for the Trust relative to its peers."

Japanese Economy and Real Estate Market
The economy in Japan has recently exhibited signs of weakening following similar trends globally. June quarter real GDP was negative reflecting lower residential investment and private consumption. Following a period of relative strength in the Japanese economy the Bank of Japan's outlook is for a period of below trend growth with an improved growth outlook from mid to late 2009.

The real estate market in Japan remains sound with Tokyo office in particular continuing to demonstrate growth in rents and robust tenant absorption. Some sectors of the market, most notably residential and lower quality assets in regional locations, have recently experienced some downward pressure on valuations. GJT's investment portfolio retains a bias toward Tokyo and in particular the office sector, which is considered a positive in the context of the current global economic outlook.

FY09 Guidance
GJFML is confident the Trust is well positioned to deliver distributable earnings of at least 8.0 cents per unit in FY09. Based on this assessment and having regard to current market conditions it is the Responsible Entity's intention to maintain the same level of distribution for FY09 of 8.0 cents per unit. Key factors taken into consideration in forming this view have included:

- While the Trust has approximately 50% of its office portfolio subject to rent review in FY09, no growth in passing rent has been assumed other than for those already agreed with tenants
- A vacancy allowance has been made for existing vacancy plus a general vacancy provision across the portfolio
- Nippon Kanzai's Asset Management fee waivers expire during the period and the fee payable during FY09 will increase by approximately ¥100m (A$980,000)
- Two loan facilities are due for refinancing during FY09. Terms have been agreed with the lender to extend the first of these, a $26 million dollar facility due to mature in September 2008. The remaining smaller facility (A$14.6 million) is due to mature in January 2009. Assuming this facility is refinanced on similar terms reflecting the subordinate nature of the loan, the Trust's total borrowing costs are estimated to increase by approximately A$1 million in FY09.
- No asset sales or any other "one-offs" impacting distributable earnings

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