



# FY'11 Interim Results Presentation

24 February 2011

This presentation is a summary of the financial results and should be read in conjunction with the Trust's FY11 Interim Results Announcement dated 24 February 2011 and the Financial Statements for the half year ended 31 December 2010

## Interim Results FY11 – Key points

### Financial results – half year ended 31 December 2010

- Property net income (“NOI”) down 4.1% to ¥1.99 billion (A\$25.10 million)<sup>2</sup> versus (“vs”) prior corresponding period (“pcp”). NOI unchanged vs six months ended to 30 June 2010 (¥1.99bn)
- Borrowing costs(in ¥) significantly higher vs pcp with an increase of 39% due to refinancing in September 2009
- Funds from operations (“FFO”)³ a loss of A\$0.39 million (0.10 cpu) vs pcp a profit of A\$6.97m (1.72 cpu)
- Total liabilities to total assets was 84.4%<sup>4</sup> as at 31 December 2010 vs 83.7% as at 30 June 2010
- Portfolio value as at 31 December 2010 of ¥71.8 billion, a reduction of 1.0% from June 2010
- Net tangible assets (“NTA”) of 35 cpu (A\$141 million)<sup>5</sup>, 12.5% lower than in June 2010
- NTA if restated as at 31 December 2010 to reflect the potential conversion of Forum’s convertible Eurobond would be 17 cpu

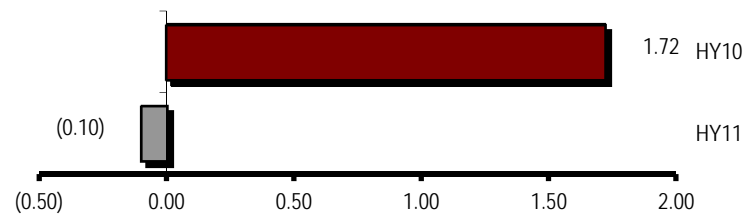
### Portfolio performance

- Portfolio occupancy 97.7% as at 31 December 2010 (95.6% at June 2010)
- As at 31 December 2010, total vacancy within the Tokyo CBD was 8.91%, a decrease of 0.23% compared to June 2010. Market conditions remain challenging but appear to be stabilising.
- Average Tokyo office market rents have continued to trend downwards with a decrease of approximately 2.5% since June 2010<sup>6</sup>

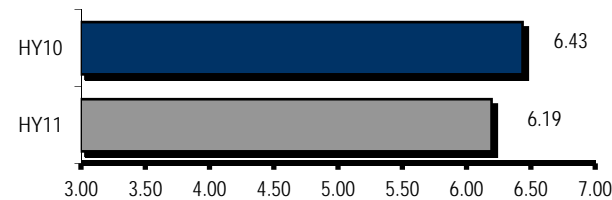
1. All references to cents per unit (“cpu”) are pre the 1 for 50 unit consolidation completed 1 February 2011  
2. Average AUD/JPY rate of ¥79.47 for the half year ended 31 December 2010  
3. Funds from operations (FFO) represents net profit attributable to unitholders adjusted for unrealised gains and losses and amortisation expense  
4. Restated to reflect the sale of Shinbashi Redbrick (refer ASX announcement dated 15 Feb 2011) equates to 83.6%  
5. AUD/JPY spot rate of ¥82.83 at 31 December 2010 (¥75.46 as at 30 June 2010). NTA restated to reflect consolidation of GJT units of \$17.35. Refer slide 5 for more detail  
6. Miki Shoji Co Ltd – Tokyo Office Building Market Research Report January 2011

## Interim Financial Results FY11

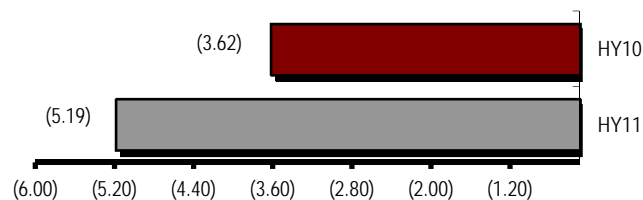
Funds from operations (cents per unit)



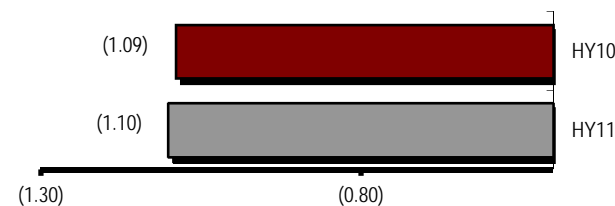
Property NOI (cents per unit)



Borrowing Costs (cents per unit)



Other net expenses (cents per unit)



- Funds from operations a loss of 0.10 (cpu), primarily due to a significant increase in borrowing costs and to a lesser extent a reduction in property NOI
- Property NOI was 4.1% lower in ¥ terms from HY10, primarily due to a decrease in average rents, an increase in rent free incentives provided to office tenants and makegood costs incurred in the residential portfolio. NOI unchanged vs six months ended to 30 June 2010 (¥1.99bn)
- Borrowing costs higher than pcp following September 2009 refinancing. Refinancing completed September 2009 therefore pcp does not reflect full period impact on borrowing costs
- Other net expenses in line with pcp

## Property Net Income (“NOI”)

### Movement in NOI by Sector (six months to)

	NOI 31 Dec 2010 ¥m	NOI 30 June 2010 ¥m	NOI 31 Dec 2009 ¥m	Movement Dec 10 vs June 10	Movement Dec 10 vs Dec 09
Office	621	643	721	(3.4%)	(13.9%)
Retail/Leisure	892	877	876	1.8%	1.9%
Mixed Use	138	132	137	4.7%	0.9%
Residential	179	222	222	(19.4%)	(19.2%)
Industrial	102	53	60	92.9%	71.4%
Hotel	62	63	64	(2.0%)	(3.8%)
<b>PORTFOLIO</b>	<b>1,995</b>	<b>1,990</b>	<b>2,080</b>	<b>0.2%</b>	<b>(4.1%)</b>

- Property NOI compared to pcp down 4.1%, due to decrease in average passing rents and increase in rent free incentives provided to new office tenants. NOI unchanged vs six months ended to 30 June 2010 (¥1.99bn)
- NOI was relatively unchanged compared to the 6 months to June 2010
- Decrease in NOI in the residential portfolio mainly due to increase expenditure in makegood costs completed for re-lease of units to new tenants especially for the Shiroi building. This is consistent with a significant increase in average occupancy achieved in the residential sector vs December 2009 (from 85.5% to 95.7%)
- Increase in NOI in the industrial portfolio due to the successful recovery of doubtful debts from the previous tenant in Funabashi Tesco

## Interim Financial Results FY11

### Movement in NTA



- NTA of 35 cents per unit, a decrease of 12.5% since June 2010, primarily due to movement in FX rate and 1% property devaluation
- Following full repayment of the Mezzanine Eurobonds, the Convertible Eurobonds may be redeemed, at the bondholder's option, in cash, for the then outstanding principal amount (including accrued interest) or converted into an interest in the Japanese TK equal to a fixed 40% of the Japanese TK interest currently held by GJT. If this conversion had taken place at 31 December 2010 the net tangible asset backing per unit of the Trust would have reduced from \$0.35 per unit to \$0.17 per unit. At this point in time it is unclear if and when the Convertible Eurobonds will be converted
- The net tangible asset backing per unit at 31 December 2010 post the GJT unit consolidation would equate to \$17.35 or \$8.38 if the conversion of the Mezzanine Eurobonds had taken place

## Summary of loan facilities/ Eurobond issues

	Facility	Key Terms of Facility
Senior and Mezzanine Lender	Senior Bank Loan “Senior Lender”	¥42.39 billion (A\$511.8 million <sup>2</sup> ) Term to December 2012 Margin - 175 basis points Mandatory amortisation of 2.3% p.a. of outstanding loan principal (~¥1.0 billion (A\$11.7 million <sup>2</sup> ) in year 2) No LTV covenant, DSCR covenant 1.5x (as defined)
	Mezzanine Eurobonds Forum Partners “Forum”	¥10.44 billion <sup>1</sup> (A\$126.0 million <sup>2</sup> ) Term to September 2014 10.0% p.a cash coupon payable quarterly and 4.9% p.a payment-in-kind (PIK) coupon accrued quarterly Restrictions on the Japanese Master TK and Sub-TKs incurring additional debt No DSCR or LTV covenants
	Convertible Eurobonds Forum Partners “Forum”	¥1.44 billion <sup>1</sup> (A\$17.4 million <sup>2</sup> ) Term to September 2016 with put option in September 2014 15.0% p.a PIK coupon accrued annually Following full repayment of the mezzanine eurobonds, the convertible eurobonds may be redeemed, at the holder’s option, in cash for the then outstanding principal amount (including accrued interest) or converted into an interest in the Japanese TK business equal to a fixed 40% of the Japanese TK business interest currently held by the Trust No DSCR or LTV covenants
Derivative counterparty	Derivative Term Loan UBS AG “Derivative Counterparty”	¥4.72 billion <sup>1</sup> (A\$56.9 million <sup>2</sup> ) Term to September 2014 Interest rate – JPY LIBOR plus applicable margin Applicable margin 5% p.a. until the 3rd anniversary, thereafter 10% p.a. Interest will be capitalised quarterly to the facility amount No DSCR or LTV covenants, no prepayment penalty

6

1. Balance as at 31 December 2010 – includes accrued PIK coupon
2. AUD/JPY spot rate of ¥82.83 as at 31 December 2010

## Financial covenant compliance

### Loan Covenant status as at 31 December 2010

Facility	Amount (¥bn)	Maturity	No of properties as security	Required (DSCR)	Actual DSCR at 31 December 2010
Senior Bank Loan	42.39	Dec 2012	21	1.5x	1.79x

- There are no LTV covenant tests in any of the existing loan or eurobond facilities
- As at 31 December 2010, the actual DSCR under the senior loan document was 1.79x vs the threshold of 1.50x
- The Japanese asset manager (GJKB) is forecasting relatively stable property net income in FY11. The DSCR required under the senior loan document is calculated quarterly using a formula which makes specific allowances for the following:
  - Ongoing reserves for property taxes and insurance
  - Budgeted capital expenditure
  - Leasing commissions
  - Assumed interest rate constant of 4.5%<sup>1</sup>
- DSCR headroom for the senior loan facility was ¥138m (approximately 10.9% of gross rental income relating to the security pool) for the quarter ended 31 December 2010



## Divestment

- As announced to the market on 15 February 2011, the Japanese TK business exchanged contracts to sell its beneficial interest in Shinbashi Redbrick, Tokyo for ¥4.00 billion (refer to ASX announcement dated 15 February 2011)
- The property is an eight storey retail/leisure building completed in 1999
- The sale price represents a passing yield of 5.1% (based on net property income) and a discount to the most recent independent valuation (June 2009) of approximately 6%. Settlement is scheduled to occur on 18 March 2011. Proceeds from the sale will be applied to the partial repayment of the Shinsei senior bank loan and the Mezzanine Eurobonds with an estimated net cash surplus of approximately ¥170m available for on-going working capital
- GJFML believes this sale will provide sufficient working capital for the Japanese TK business for at least two years assuming no material change in current net operating income. This date coincides with the next loan maturity, the Shinsei senior loan facility, scheduled for December 2012



## Business strategy

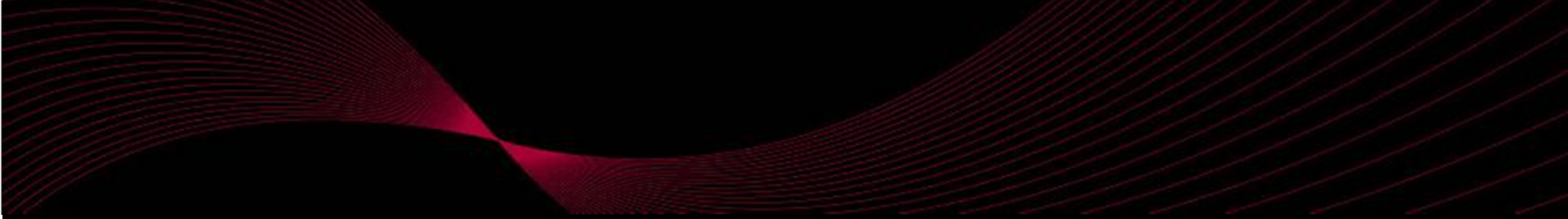
- Revised business strategy post September 2009 refinancing remains unchanged
- GJJK continues to investigate the sale of assets over the period to September 2013 to optimise GJT unitholder returns
- No income distributions (other than required for taxation purposes) will be paid to GJT unitholders until Forum and UBS debts have been fully repaid
- Given the increase in borrowing costs associated with the September 2009 refinancing it is anticipated that GJT will not have any taxable income for the foreseeable future
- GJJK has a very proactive asset management focus particularly with respect to leasing to best position assets to maximise disposal proceeds
- On completion of the sale of the portfolio, the net surplus in the Japanese TK business will be utilised to repay the UBS term loan facility and return residual TK contributions to unitholders
- GJJK is actively reviewing refinancing options for assets not secured under the current senior bank loan

## Indicative returns to GJT unitholders – sensitivity

- Forecast future return to GJT unitholders is highly sensitive to a number of assumptions that cannot be accurately predicted, particularly given the length of time involved
- Based on simplified assumptions, and subject to the key risks outlined in slides 25 and 26, the table below sets out the possible proceeds GJT unitholders may receive following the orderly sale of the property portfolio and repayment of all liabilities

	DIVESTMENT (SEPTEMBER 2013) <sup>1,2</sup>			
	Exit as at 31 December 2010 at current book value	Exit at 10% discount to current book value	Exit at current book value	Exit at 10% premium to current book value
Forecast portfolio realisation (net of selling costs) (¥bn)	71.8	64.6	71.8	79.0
Other Net Assets (¥bn)	1.6	1.6	1.6	1.6
Less: Total Senior bank loan debt obligations (¥bn) <sup>3</sup>	(42.4)	(39.8)	(39.8)	(39.8)
Less: Total Mezzanine Eurobond debt obligations (¥bn)	(10.4)	(11.9)	(11.9)	(11.9)
Less: Net Tenant Security Deposit liability (¥bn)	(2.7)	(2.7)	(2.7)	(2.7)
Estimated TK net surplus (¥bn)	17.9	11.8	19.0	26.2
Less: TK Operator share (OEI) (¥bn)	(0.3)	(0.2)	(0.3)	(0.4)
Less: Forum share if converted (¥bn)	(7.0)	(4.6)	(7.5)	(10.3)
Less: UBS Derivative loan (¥bn)	(4.7)	(5.8)	(5.8)	(5.8)
Australian TK contribution refund (¥bn)	5.8	1.2	5.5	9.7
Australian TK contribution refund at AUD/JPY 82.83 <sup>4</sup> (A\$m)	70.56	14.7	65.9	117.1
<b>Estimated proceeds per unit at AUD/JPY 82.83<sup>4</sup> (A\$)</b>	<b>0.17</b>	<b>0.04</b>	<b>0.16</b>	<b>0.29</b>
<b>Estimated proceeds per unit post consolidation at AUD/JPY 82.83<sup>4,5</sup> (A\$)</b>	<b>8.70</b>	<b>1.81</b>	<b>8.13</b>	<b>14.44</b>
<b>Exchange rate sensitivity</b>				
Proceeds per unit at AUD/JPY 60 (A\$)		0.05	0.22	0.40
Proceeds per unit at AUD/JPY 100 (A\$)		0.03	0.13	0.24
Proceeds per unit post consolidation at AUD/JPY 60 <sup>5</sup> (A\$)		2.50	11.22	19.94
Proceeds per unit post consolidation at AUD/JPY 100 <sup>5</sup> (A\$)		1.50	6.73	11.96

- Simplified summary – assumes constant exchange rate and application of all operating cash flows and asset sale proceeds to operating costs and debt servicing and repayment obligation
- Includes accrued PIK coupon for Mezzanine Eurobond and UBS derivative loan and the impact of amortisation on senior bank loan
- Assumes the terms of the senior debt remain unchanged at expiry in December 2012
- AUD/JPY spot rate of ¥82.83 at 31 December 2010
- Total number of units post consolidation has reduced from 405,558,571 units to 8,111,332 units on issue



# Portfolio and market update



## Portfolio update as at 31 December 2010

	30 JUNE 2010	31 DECEMBER 2010	CHANGE IN PERIOD
Number of properties	26	26	-
Total Portfolio book value (100% interest) (¥bn)	72.5	71.8	(0.7)
Net Rentable Area (sqm)	224,280	224,480	-
Occupancy (by area) (%)			
Office	89.6	89.6	-
Retail / Mixed Use	99.1	99.6	0.5
Residential	85.5	95.7	10.2
Industrial	100.0	100.0	-
Hotel	100.0	100.0	-
Overall Portfolio	95.6	97.7	2.1
Number of leases <sup>1</sup>	180	184	4
Proportion of portfolio income (Std Japanese lease) (%)	64	64	-
Proportion of portfolio income ("non-cancellable") (%)	36	36	-
Weighted ave. Cap. Rate (%)	6.05	5.98	(0.07)
Average asset value (¥bn)	2.8	2.8	-

- Portfolio occupancy has increased 210bps to 97.7% mainly due to improved occupancy levels in the residential portfolio. The Shiroy residential building occupancy has improved substantially due to a change in property management and revised leasing strategy adopted by GJKK management
- Office portfolio occupancy is consistent compared to 30 June 2010. Post 31 December 2010, management has been successful in leasing a further 636 tsubo in Seishin, Hiei Kudan and Nara II. Occupancy of all these areas is expected to commence by April 2011. This would increase the office occupancy rate to 96.9%

1. Number of leases excludes individual residential leases

## Rental reversions in the period

OFFICE	# OF LEASES	AREA SQM	% OF OFFICE NRA	% CHANGE IN RENTAL
New leases	12	2,101	7.4%	(32.6%)
Lease renewals in period	14	3,294	11.6%	(0.3%)

RETAIL	# OF LEASES	AREA SQM	% OF RETAIL NRA	% CHANGE IN RENTAL
New leases	5	674	0.5%	(10.2%)
Lease renewals in period	9	1,522	1.1%	(1.8%)

- 19% of office space was subject to a review during the period. Approximately half of this area (11.6% of NRA) relates to existing tenants renewing where the passing rents remain largely unchanged. Leasing to new tenants resulted in lower rent than previous passing rents
- Decrease in rents for new leases in the retail sector was mainly due to a new lease at Shinbashi Redbrick where a new whole floor tenant commenced at a rent 12% below previous passing rent. Similar to the trend in the office sector tenants renewing leases in the retail portfolio generally did so with no change to passing rents

## Revaluation of the portfolio as at 31 December 2010

### Book Value Summary<sup>1</sup>

	Book Value as at 30 June 2010 ¥bn	Book Value as at 31 Dec 2010 ¥bn	Mvmt
Office	27.3	27.2	(0.3%)
Residential	7.1	7.2	0.9%
Retail/ Leisure	29.7	29.4	(1.2%)
Mixed Use	4.2	4.3	1.7%
Industrial	2.4	2.2	(9.1%)
Hotel	1.7	1.5	(12.3%)
<b>PORTFOLIO</b>	<b>72.5</b>	<b>71.8</b>	<b>(1.0%)</b>

### Capitalisation Rate Summary

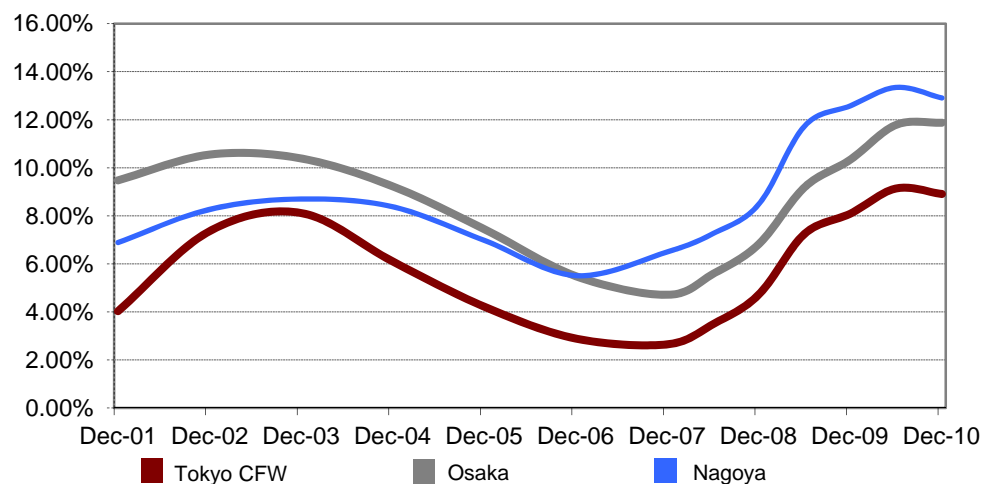
	Weighted Ave Cap Rate (%) as at 30 June 2010	Weighted Ave Cap Rate (%) as at 31 Dec 2010	Mvmt
Office	5.27%	5.25%	(0.02%)
Residential	7.49%	7.16%	(0.33%)
Retail/ Leisure	6.14%	6.12%	(0.02%)
Mixed Use	6.85%	6.74%	(0.11%)
Industrial	6.98%	7.06%	0.08%
Hotel	7.67%	7.14%	(0.54%)
<b>PORTFOLIO</b>	<b>6.05%</b>	<b>5.98%</b>	<b>(0.07%)</b>

- The overall movement in carrying value for the portfolio from June 2010 to December 2010 is a devaluation of 1.0% or ¥0.7bn.
- In aggregate, 12 properties were independently revalued representing approximately 41% of the total portfolio (by value). These assets were independently revalued by Savills Japan KK. The independent valuation of these assets represented a decrease of 0.8% compared to 30 June 2010 book values
- Directors' valuations were completed on all remaining assets not independently valued by Savills Japan KK with the remaining 14 assets written down by 1.1%

## Japan - Real estate market

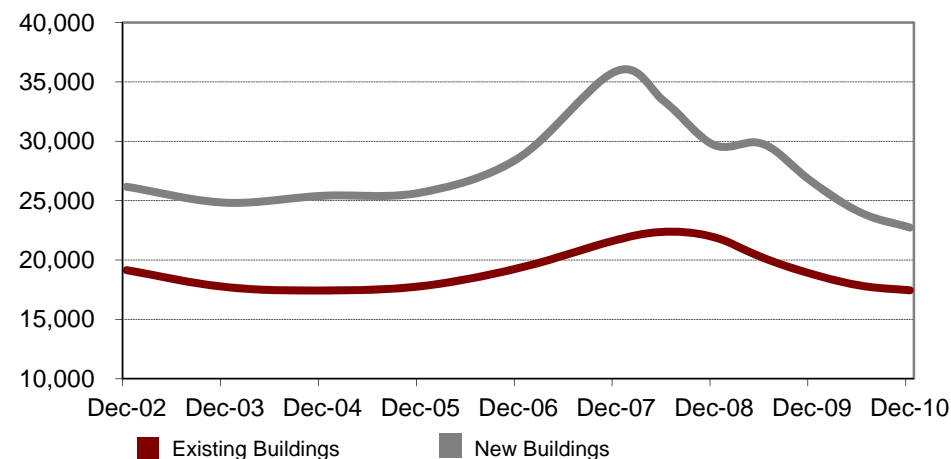
- Average vacancy rates in Tokyo office have decreased for the first time since June 2008. As at December 2010, the total vacancy stood at 8.91%, a decrease of 0.23% compared to June 2010<sup>1</sup>
- Average market rents in CBD Tokyo have continued to trend down with a decrease of approximately 2.5% over the 6 months to 31 December 2010<sup>1</sup>
- The decrease in average market rents is predominantly being led by newly constructed buildings (5.2%) as opposed to the existing (2.2%), where the reduction in market rent has been less significant.
- The velocity of decrease in market rents has continued to slow with each 6 month rental movement gradually decreasing. Market rents in existing buildings in six monthly movements from December 2008 decreased by 7.5%, 6.7%, and 5.2%, 2.2% to December 2010

Office Vacancy – Japan's major CBD's



Source: Miki Shoji January 2011

Tokyo CFW office rents (¥/tsubo/month)



Source: Miki Shoji January 2011



Appendix 1

Additional Information



## Statement of funds from operations (FFO)<sup>1</sup>

	HY11 ACTUAL ¥'000	HY10 ACTUAL ¥'000
Net property income	1,994,601	2,079,528
Interest expense – Senior Bank	(682,323)	(638,266)
Interest expense - Bonds	(868,512)	(473,897)
Finance cost amortisation	(22,309)	(119,803)
MTM gain/(loss) on interest rate swap	226,464	(29,601)
Asset management fee	(237,860)	(245,742)
Other expenses	(59,925)	(37,782)
Outside equity interest	(10,854)	(16,568)
Net income/(loss) from TK Business	339,282	517,869
Exchange rate (¥/A\$)	79.5	79.6
	A\$'000	A\$'000
Net income/(loss) from TK business	4,282	6,502
Interest expense – foreign currency (UBS) loan	(1,547)	(838)
Finance cost amortisation	(182)	(103)
Foreign exchange gain/(loss)	-	5,197
Loss on property revaluations (net of minority interest share)	(10,343)	(5,265)
Other expenses	(634)	(521)
Net profit/(loss) before tax	(8,424)	4,972
Withholding tax	-	-
Net profit/(loss) after tax	(8,424)	4,972
Add back non-cash items	8,036	1,988
Funds from operations	(388)	6,960
Funds from operations (cents per unit)	(0.10)	1.72
Distribution paid/ payable (cents per unit)	nil	nil

17 <sup>1</sup> FFO represents net profit attributable to unitholders adjusted for unrealised gains and losses and amortisation expense

## Statement of financial position as at 31 December 2010

	¥'000	A\$'000
Current assets		
Cash and cash equivalents	4,044,175	48,825
Trade and other receivables	610,457	7,370
Asset held for sale	4,000,026	48,292
<b>Total current assets</b>	<b>8,654,658</b>	<b>104,487</b>
Non-current assets		
Investment property	67,806,461	818,622
Other assets	13,004	157
<b>Total non-current assets</b>	<b>67,819,465</b>	<b>818,779</b>
<b>TOTAL ASSETS</b>	<b>76,474,123</b>	<b>923,266</b>
Current liabilities		
Trade and other payables	1,374,150	16,590
Interest bearing liabilities	4,594,083	55,464
Tenant security deposits	1,084,990	13,099
Derivative financial instruments	341,508	4,123
<b>Total current liabilities</b>	<b>7,394,731</b>	<b>89,276</b>
Non-current liabilities		
Interest bearing liabilities	54,111,100	653,279
Tenant security deposits	2,728,089	32,936
Derivative financial instruments	250,892	3,029
Other	63,696	769
<b>Total non-current liabilities</b>	<b>57,153,777</b>	<b>690,013</b>
<b>TOTAL LIABILITIES</b>	<b>64,548,508</b>	<b>779,289</b>
<b>NET ASSETS</b>	<b>11,925,615</b>	<b>143,977</b>
Non-controlling interest		(3,269)
<b>NET ASSETS (attributable to unitholders)</b>		<b>140,708</b>
Units on issue (million)		405.6
NTA per Unit (A\$) <sup>2</sup>		0.35
Debt to assets %		76.8
Total liabilities to total assets %		84.4

- 18 1. Statement of financial position translated at AUD/JPY spot rate of ¥82.83 at 31 December 2010  
2. NTA if restated as at 31 December 2010 to reflect the potential conversion of Forum's convertible Eurobond would be 17 cpu

## Book Values as at 31 December 2010

Property	Prefecture	Occupancy (%) 31 December 2010	Market Rents 31 December 2010 <sup>2</sup> ¥/tsubo/month	Passing Rents 31 December 2010 <sup>2</sup> ¥/tsubo/month	Book Value 30-Jun-10 (¥bn)	Book Value 31-Dec-10 (¥bn)	Mvmt (%)
<b>OFFICE</b>							
Seishin	Tokyo	90.9%	21,516	21,438	7.69	7.69	0.0%
Tsukasacho	Tokyo	100.0%	17,500	17,240	3.24	3.39	4.5%
Takadanobaba Access	Tokyo	100.0%	15,648	14,425	3.52	3.52	0.0%
Kanda NK	Tokyo	99.2%	18,582	20,800	3.82	3.82	-0.1%
Azabu Amerex	Tokyo	85.8%	18,224	15,335	2.20	2.20	0.0%
Hiei Kudan	Tokyo	44.9%	17,500	17,531	2.02	1.91	-5.3%
Irifune Access	Tokyo	100.0%	15,600	16,000	1.75	1.70	-2.9%
Doshoumachi	Osaka	100.0%	8,802	9,911	0.67	0.67	-0.4%
Nara 2	Kanagawa	79.0%	11,052	10,587	2.37	2.31	-2.5%
<b>Total/ Average</b>		<b>89.6%</b>	<b>16,602</b>	<b>16,475</b>	<b>27.29</b>	<b>27.21</b>	<b>-0.3%</b>
<b>RETAIL/LEISURE</b>							
Shinbashi Redbrick	Tokyo	100.0%	24,800	23,795	4.27	4.00	-6.3%
Daimyo 247	Fukuoka	100.0%	15,810	15,096	1.03	1.03	0.0%
Kishiwada	Osaka	100.0%	3,877	4,073	9.19	9.19	0.0%
Seiyu Minakuchi	Shiga	100.0%	3,702	3,703	3.72	3.72	0.0%
Suroy Mall, Fukuoka	Fukuoka	99.6%	5,058	5,007	7.53	7.42	-1.5%
Suroy Mall, Kumamoto	Kumamoto	97.1%	6,272	6,661	4.00	4.02	0.5%
<b>Total/ Average</b>		<b>99.6%</b>	<b>4,987</b>	<b>5,065</b>	<b>29.74</b>	<b>29.38</b>	<b>-1.2%</b>

- 19
1. Assets highlighted in blue were independently revalued as at 31 December 2010 by Savills Japan KK. All other values reflect Directors' valuations as at 31 December 2010
  2. Passing and market rents are inclusive of common area maintenance "CAM"

## Book Values as at 31 December 2010 (cont'd)

Property	Prefecture	Occupancy (%) 31 December 2010	Market Rents 31 December 2010 <sup>2</sup> ¥/tsubo/month	Passing Rents 31 December 2010 <sup>2</sup> ¥/tsubo/month	Book Value 30-Jun-10 (¥bn)	Book Value 31-Dec-10 (¥bn)	Mvmt (%)
<b>RESIDENTIAL</b>							
Shiroi	Chiba	98.4%	3,402	3,527	2.18	2.21	1.4%
Matsuya Residence Sekime	Osaka	89.8%	6,100	5,981	1.78	1.78	0.0%
Royalhill Sannomiya II	Kobe	96.1%	9,917	9,898	1.40	1.46	4.6%
Imazato	Osaka	94.1%	5,104	5,059	1.01	0.99	-2.5%
Prejeal Utsubo	Osaka	90.9%	9,500	9,595	0.75	0.75	0.0%
<b>Total/ Average</b>		<b>95.7%</b>	<b>4,934</b>	<b>4,977</b>	<b>7.12</b>	<b>7.19</b>	<b>1.0%</b>
<b>MIXED USE</b>							
Lions Square	Saitama	100.0%	5,750	5,991	1.76	1.76	0.1%
Confomall	Sapporo	99.3%	5,700	5,777	1.25	1.25	0.1%
Itabashi Belle Maison	Tokyo	100.0%	9,127	9,483	1.23	1.30	5.9%
<b>Total/ Average</b>		<b>99.7%</b>	<b>6,426</b>	<b>6,626</b>	<b>4.23</b>	<b>4.31</b>	<b>1.8%</b>
<b>INDUSTRIAL</b>							
Funabashi Hidan	Chiba	100.0%	4,050	4,506	1.78	1.56	-12.4%
Funabashi Tesco	Chiba	100.0%	4,000	3,800	0.66	0.66	0.0%
<b>Total/ Average</b>		<b>100.0%</b>	<b>4,033</b>	<b>4,268</b>	<b>2.44</b>	<b>2.22</b>	<b>-9.1%</b>
<b>HOTEL</b>							
Asakusa Vista Hotel	Chiba	100.0%	10,498	12,764	1.71	1.50	-12.4%
<b>Total/ Average</b>		<b>100.0%</b>	<b>10,498</b>	<b>12,764</b>	<b>1.71</b>	<b>1.50</b>	<b>-12.4%</b>
<b>TOTAL PORTFOLIO</b>		<b>97.7%</b>	<b>6,571</b>	<b>6,664</b>	<b>72.53</b>	<b>71.81</b>	<b>-1.0%</b>

1. Assets highlighted in blue were independently revalued as at 31 December 2010 by Savills Japan KK. All other values reflect Directors' valuations as at 31 December 2010
2. Passing and market rents are inclusive of common area maintenance "CAM"

## Leasing activity in detail

### Office portfolio

	AREA SQM
Total Office NRA	28,416
Occupied area at beginning of period	25,453
<b>Occupancy % at beginning of period</b>	<b>89.6 %</b>
Lease expiry in period	(3,294)
Lease renewals	3,294
Lease terminations	(2,105)
New leases	2,101
Occupied area at end of period	25,449
<b>Occupancy % at 31 December 2010</b>	<b>89.6%</b>



Azabu Amerex, Tokyo



Seishin, Tokyo



Kanda NK, Tokyo

## Leasing activity in detail

### Retail / mixed use portfolio

	AREA SQM
Total retail / mixed use NRA	140,729
Occupied area at beginning of period	139,459
<b>Occupancy % at beginning of period</b>	<b>99.1%</b>
Lease expiry in period	(1,522)
Lease renewals	1,522
Lease terminations	(977)
New leases	1,675
Occupied area at end of period	140,158
<b>Occupancy % at 31 December 2010</b>	<b>99.6%</b>



La Park Kishiwada, Osaka



Suroy Mall Kumamoto, Kumamoto

## Leasing activity in detail

### Residential portfolio

	AREA SQM
Total residential NRA	39,197
Occupied area at beginning of period	33,513
<b>Occupancy % at beginning of period</b>	<b>85.5%</b>
Net leased area in the period	3,979
Occupied area at end of period	37,492
<b>Occupancy % at 31 December 2010</b>	<b>95.7%</b>



Royalhill Sannomiya, Kobe



Shiroi, Chiba



Matsuya Residence Sekime, Osaka



## Appendix 2

### Key Risks





## Key risks

Galileo Japan Funds Management Limited (“GJFML”) recognises that an investment in GJT has changed given the adoption of the revised business strategy communicated to unitholders in September 2009. GJFML believes there continue to be significant risks and makes no assurance that the current strategy can be successfully executed. The following is intended to assist unitholders understand the key risks of an investment in GJT. This list is not a comprehensive list and a number of these risks may materially impact future returns.

### **Property and market conditions**

The ultimate amount of capital returned to unitholders will depend on the price achieved from the sale of GJT’s property portfolio. Factors relevant to determining value include rental, occupancy levels and property yield, and these may change significantly over time for a variety of reasons. Valuations represent only the analysis and opinion of qualified experts at a certain date – they are not guarantees of present or future values. The valuation of a property may be materially higher than the amount that can be obtained from the sale of a property in certain circumstances, such as under a distressed or liquidation sale.

The ability of GJKK to execute its business strategy will be facilitated by a stabilisation and recovery in the Japanese real estate market, as well as the broader Japanese economy. These factors are out of GJKK’s and GJFML’s control, and the near-term outlook remains highly uncertain. A weaker than anticipated recovery in market conditions may result in slower sales and actual proceeds being substantially lower.

### **Property income**

Property income is a key driver of the performance of the GJT portfolio and the Master TK’s ability to service debt obligations. The level of property income will depend on factors including rent and occupancy, both of which have experienced downward pressure in recent times. If current economic conditions continue, a number of rent adjustments may be required to fill vacant space.

### **Foreign exchange**

In September 2009, the derivative counterparty terminated all of the foreign currency contracts with the Trust leaving the Trust totally unhedged in relation to the impact of foreign currency movements on equity and net income. The future level of exchange rates cannot be forecast accurately and is outside GJKK’s and GJFML’s control.

### **Refinancing agreements**

The refinancing agreements have various terms which, if breached, are likely to result in an event of default and higher financing costs. A number of factors impacting the refinancing agreement terms are not fully in GJFML’s control, including market conditions which may impact the operating performance of GJT’s assets. In addition, there is no certainty that facilities that expire in the future can be refinanced or refinanced on terms that are substantially comparable to current terms.



## Key risks (cont'd)

### **Asset sale and potential wind-up costs**

Completion of the business strategy requires the sale of all of GJT's portfolio and the potential wind-up of the various legal entities associated with GJT (and its investments in sub-trusts). This process is complex and will include the preparation of numerous legal agreements, interaction with various regulators in Australia and Japan as well as a Unitholder Meeting on wind-up. The costs associated with the completion of this process are difficult to predict. Furthermore, as this process is anticipated to be completed by September 2013, there is additional uncertainty with respect to both the required process and its cost.

### **Tax**

The refinancing agreement with Forum does not allow for cash distributions to be paid to GJT unitholders prior to the full repayment of their Eurobond facilities. Further, it is currently anticipated that no taxable income will be generated in the foreseeable future. This may not be the case if there is a stronger than anticipated performance of the portfolio. Tax implications may arise in the absence of distributions, and unitholders are encouraged to seek appropriate professional advice.

Additionally, the price to be achieved from the sale of GJT's property portfolio is uncertain. A higher than anticipated sale price may result in a Japanese tax liability and will be reflected in the ultimate return to unitholders. This may in turn give rise to Australian capital gains tax implications, and unitholders are encouraged to seek professional advice as to their individual cost bases.

Any change to tax legislation in either Australia or Japan, including tax on foreign investment income and withholding tax, may adversely impact the returns received by GJT unitholders.

### **Timing**

GJFML's business strategy assumes it can be executed prior to September 2013. There are a number of important steps and assumptions required for this strategy to be successfully executed over a period of time. GJFML is not in control of a number of these factors, and accordingly, there is a risk the proposed timing is not achieved.

### **Unit liquidity**

There can be no guarantee of an active market in GJT securities. There may be relatively few or no potential buyers or sellers of GJT securities at any time particularly as an attraction of an investment in REITs is their distribution and GJT will not make any distributions (other than required for taxation purposes) until Forum and the Derivative Counterparty are fully repaid. Given the costs associated with the September 2009 refinancing it is anticipated that GJT unitholders will not have any taxable income in the foreseeable future

This may increase the volatility of the market price of the securities. It may also affect the price at which investors are able to sell their securities.

# Disclaimer

This presentation has been prepared by Galileo Japan Funds Management Limited (ABN 59 121 567 244), the Responsible Entity ("Manager") of Galileo Japan Trust ("Trust")

This presentation does not constitute an offer, invitation, solicitation or recommendation in relation to the subscription, purchase or sale of units or other securities in any jurisdiction and neither this presentation nor anything in it shall form the basis of any contract or commitment. Past performance Information provided in this presentation is not a reliable indication of future performance.

No action should be taken on the basis of, or in reliance on, this presentation. Except as required by law, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the Information, opinions and conclusions, or as to the reasonableness of any assumption contained in this presentation. By receiving this presentation and to the extent permitted by law, you release the Manager and their respective officers, employees, agents and associates from any liability (including, without limitation, in respect of direct, indirect or consequential loss or damage or loss or damage arising by negligence) arising as a result of the reliance by you any other person on anything contained in or omitted from this presentation.

Any forward looking statements included in this presentation involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, the Manager and their respective officers, employees, agents or associates. Actual future events may vary materially from any forward looking statements and the assumptions on which those statements are based. Given these uncertainties, you are cautioned to not place undue reliance on any such forward looking statements.

No responsibility is accepted by the Manager, employees, agents or associates, nor any other person, for any of the Information or for any action taken by you on the basis of the Information.

This presentation does not constitute investment, legal, taxation, financial product or other advice and the presentation does not take into account your investment objectives, financial situation nor particular needs. You are responsible for forming your own opinions and conclusions on such matters and should make your own independent assessment of the Information and seek independent professional advice in relation to the Information and any action taken on the basis of the Information.

