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Japan Fund Platform Launched

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Release Immediate

New wholesale funds to capitalise on Japanese logistics market

Today J-REP Co., Ltd. ("J-REP") announced its plan to establish a new Japanese private fund platform aimed at institutional investors seeking to invest in Japanese logistics assets sourced and managed by J-REP. The assets of the fund will be managed by J-REP Funds Management Co., Ltd.

The platform will provide an opportunity for institutional investors to gain exposure to an existing portfolio of high quality logistics assets owned by J-REP, future opportunities sourced by J-REP including developments as well as access to J-REP's integrated full service Japanese logistics platform.

Strategy

When J-REP formed its strategic alliance with Macquarie Goodman Japan* in May 2007, it intended to expand its funds management platform. It has explored public and private fund structures and earlier this year management determined that an expansion of its private fund strategy of establishing, providing services in relation to and co-investing with unlisted institutional investors will provide a deeper and longer term source of capital for the foreseeable future.

The platform will be provided with a first right of refusal to invest in any properties divested by J-REP as well as in any existing or new opportunities it secures. The fund will form a key pillar of J-REP's growth strategy. Whilst J-REP will continue to pursue development opportunities on balance sheet an investment in any such opportunities will first be offered to the fund.

J-REP's expanded private fund strategy is intended to provide the following benefits:

- Investments into the fund will be structured as a committed amount with an initial amount payable on first close and the balance of the committed amount at call by the management of the fund. The ability of the fund to access such capital will provide J-REP with a solid basis to pursue opportunities in its pipeline.
- The growth in J-REP's assets under management will accelerate as it recycles capital alongside its investment partners.
- J-REP's provision of services to the fund will create increased levels of annuity-style fee-income and will leverage off J-REP's property services, development management, asset management and funds management capabilities.
- J-REP expects to benefit from potential upside in the Japanese logistics market through its co-investment in the assets.

The initial portfolio

The initial portfolio is comprised of 15 assets with a total acquisition value of A\$0.7 billion. It includes modern logistics properties in key strategic locations, geographically diversified across Japan with a high quality tenancy profile, has been sourced and will be offered for investment by the fund. The portfolio has a weighted average lease expiry in excess of 10 years and an average building age of approximately 1 year. Tenants in the portfolio include leading Japanese third party logistics providers with strong credit ratings.

As part of the financing for this initial portfolio, J-REP secured a non-recourse 4 year term debt financing totalling A\$0.5 billion from a syndicate of leading Japanese financial institutions arranged by the Development Bank of Japan. In addition to the Development Bank of Japan, the lenders included The Bank of Tokyo-Mitsubishi UFJ Ltd, Mizuho Bank Ltd, Mitsubishi UFJ Lease and Finance Company Limited, Aozora Bank Ltd and Mitsubishi UFJ Trust and Banking Corporation.

The Japanese logistics market

JREP expects the Japanese logistics real estate sector to grow strongly driven by demand/supply fundamentals. Demand has increased with higher corporate profitability increasing capital spending and tenants being focussed on larger scale assets. Supply is limited due to an extended period of underinvestment which has led to an inadequate existing stock of logistics facilities.

The Japanese logistics sector is in an evolutionary phase with substantial growth in third party logistics operations and a slow but growing trend for domestic manufacturers to outsource their distribution function to third party logistics providers in order to focus on key operations.

New senior management appointments

J-REP's president Wamoto welcomed Makoto Kurihara as Head of Developments. Mr Kurihara has over 17 years of Japanese and US real estate experience. Mr Kurihara was most recently the Head of Logistics Real Estate Investment Business at Orix Real Estate Corporation Limited. Mr Kurihara established Orix's Logistics business division where he was responsible for the development of over 30 properties with a total value of JPY 160 billion.

J-REP's president Wamoto also welcomed Paul McGarry and Matthew Gibb from Macquarie Group and Goodman Group respectively to J-REP's senior management team based in Tokyo. Mr McGarry has over 11 years experience in real estate and corporate finance and has been appointed Head of Funds Management. Mr Gibb has over 14 years experience in commercial property and will assist with the Group's strategic business growth and development.

Outlook

As at 20 March 2008 J-REP's total assets under management have grown substantially to an estimated total on-completion value of A\$1.6 billion. This includes the initial portfolio at current valuation of A\$0.7 billion. A further A\$0.4 billion will remain in existing closed end private funds managed by J-REP on behalf of institutional investors with the remainder being investments in a number of opportunities J-REP is developing on balance sheet. In addition, J-REP's opportunity pipeline encompassing both secured and currently identified opportunities is significant.

For further information, please contact Goodman:

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*** Macquarie Goodman Japan Pte Ltd is a Singapore based joint venture investment company established between Macquarie Group, a diversified financial services institution with over 12,000 staff in 25 countries and Goodman Group, an integrated industrial property company headquartered in Australia and is the major shareholder in J-REP.**

J-REP, founded in 1980, is a specialist property company offering logistics brokerage, research and consulting, development management, construction management, asset management and property management services in the logistics property sector. J-REP is listed on the Tokyo Stock Exchange (Mothers) Index (TSE: "8992").

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