Aberdeen Japan Investment Trust PLC

An investment trust that invests in Japanese equities, with the ability to hedge substantially its yen exposure.

Annual Report
31 March 2018

Contents

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To find out more about Aberdeen Japan Investment Trust PLC, please visit **www.aberdeenjapan.co.uk**

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Company Overview

Launched in 1998, Aberdeen Japan Investment Trust PLC (the "Company") is an investment company with its Ordinary shares listed on the premium segment of the London Stock Exchange. The Company aims to achieve long-term capital growth principally through investment in listed Japanese companies which are believed by the Investment Manager to have above average prospects for growth.

The Company is governed by a Board of Directors, all of whom are independent, and has no employees. Like other investment companies, it outsources its investment management and administration to an investment management group, Aberdeen Asset Management, and other third party providers. The Company does not have a fixed life.

Net asset value total return[A] 2018

+12.6%

2017 **+20.5%**

Index total return 2018

+8.2%

2017 **+33.0%**

Ongoing charges ratio[A] 2018

1.18%

2017 **1.24%**

[A] Alternative Performance Measure (see pages 13, 55, 63 and 64).

Share price total return[A] 2018

+7.5%

2017 **+23.5%**

Discount to net asset value at 31 March 2018[A]

14.6%

2017 **10.5%**

[B] Discount ranged between 8.7% and 14.6% during the year ended 31 March 2018

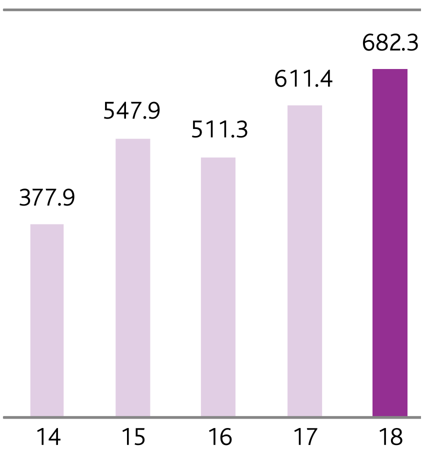
Dividend per Ordinary share 2018

5.20p

2017 **6.00p**

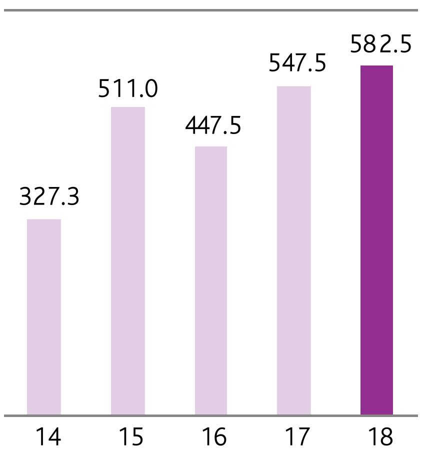
Net Asset Value per share

At 31 March – pence



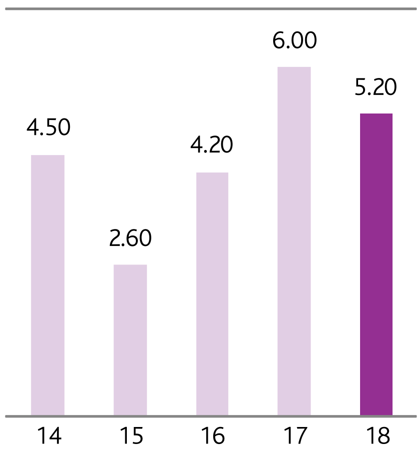
Share price

At 31 March – pence



Dividend per share

For year to 31 March – pence



Aberdeen Japan Investment Trust PLC was re-launched with a sole focus on Japan in late 2013. Since its change of mandate, the Company has outperformed its benchmark by 2.13% per annum.

Strategic Report

The Company is an investment trust and aims to achieve long-term capital growth principally through investment in listed Japanese companies which are believed by the Manager to have above average prospects for growth.

The Manager's investment approach is that superior investment returns are attainable by investing in companies with good fundamentals over the long term and above average growth prospects. Most companies are expected to be held for extended periods of time giving a relatively low level of transactions in the portfolio.

With over 36 million people, Toyko is the world's most populous metropolis and is described as one of the three command centres for world economy.

Chairman's Statement

Neil Gaskell
Chairman

Highlights

Since the change in the mandate, your Company has delivered a strong Net Asset Value total return of 88.3%, outperforming the benchmark by 16.6%.

Overview

For most of the year, the Japanese stock market rose steadily amid a synchronised global economic recovery that lifted markets across the world, notably without any major market gyrations. The Japanese Topix benchmark climbed to its highest level in two decades, underpinned by a stable and expanding domestic economy that has had its longest growth run in almost 30 years. Sentiment was buoyed by Prime Minister Shinzo Abe's victory at the snap elections, which gave him a continued mandate to pursue his expansionary policies and economic reform.

In early 2018 worries emerged over the US Federal Reserve's pace of interest-rate normalisation in the wake of rising wages, a possible trade war between the US and China, and a possible technology-sector sell-off following Facebook's massive data leak. Japanese stocks, along with other global markets, succumbed to a significant sell-off in February from which they have not so far fully recovered. Nevertheless, the Japanese stockmarket has performed strongly over the last five years and since the inception of your Company's Japan-only investment mandate in October 2013 has delivered an impressive total return, in sterling, of 88.3%.

Over the year to 31 March 2018, your Company's net asset value returned a respectable 12.6% compared to the benchmark return of 8.2% in sterling terms. This outperformance was due to a gain of 3.5% from the currency hedge as sterling strengthened. When excluding the hedge contribution the total return was 0.1% short of the benchmark which is in line with the market, but significantly short of the strong gains in the peer group. This outcome partly reflects our Manager's highly selective style which applies a bottom-up, stock-picking approach, with an emphasis on long term performance. The market, as a whole, has been buoyed by optimistic buying, boosting quality and non-quality stocks alike. Notwithstanding this, since the change in the mandate in late 2013 to Japan-only, your Company's performance including the currency hedge has been encouraging, delivering a total return of 88.3% and outperforming the benchmark by 16.6%.

The Ordinary share price's total return for the year was 7.5% as the discount to NAV per Ordinary share widened from 10.5% as at 31 March 2017, to 14.6% at the year end.

A detailed analysis of your Company's performance can be found in the Manager's Report on page 7.

Hedging

The Board has reviewed the continued suitability of the currency hedge policy which was introduced almost five years ago as part of the new investment mandate approved by shareholders in October 2013. The hedge, in isolation, has continued to do its job of smoothing currency gains and losses in sterling terms. An initial two years of gains was followed by two years of losses which included weakened sterling after the Brexit referendum, followed by a recovery during the last year. Since inception to the end of April 2018 the hedge's currency gains and losses have been roughly neutral but the cost of operating the hedge over the period has been about £1.0m. After careful consideration with the Manager, the Board has concluded that the net benefit to shareholders of operating the hedge has not been significant enough to support its continuing operation. It therefore proposes to discontinue the policy of hedging the Company's net Yen exposure into Sterling subject to approval by shareholders of the relevant amendment of the investment policy. Accordingly, an ordinary resolution to approve the change to the investment policy will be proposed at the AGM. The proposed changes to the investment policy are set out in full on page 62.

Gearing

The Company continued to make use of its ability to gear during the financial year. The loan facility with ING was renegotiated in January 2018 and replaced with a Yen 1.3 billion two year fixed term and a Yen 1.0 billion one year floating rate facility. The Board continues to monitor the level of gearing and considers a gearing level of around 10% to be appropriate, although as highlighted previously, with market fluctuations, this may range between 5% and 15%. Gearing as at 31 March 2018 was 10.5% .

Dividend

Dividend income from Japanese companies fell in sterling terms as the pound strengthened during the year. The Company's revenue return per Ordinary share for the financial year was therefore slightly lower at 6.59p (2017 – 7.25p).

The Board aims to pay a dividend not less than the amount required to maintain investment trust status. Based on this policy the Board is recommending a final dividend of 5.2p per Ordinary share in respect of the year ended 31 March 2018 (2017 – 6.0p). If approved, the dividend will be paid on 13 July 2018 to shareholders on the register as at the close of business on 15 June 2018. The ex-dividend date is 14 June 2018.

Discounts and Share Buybacks

During the period, discount volatility continued to feature within the investment trust sector, including the Company's peer group. The Board monitors closely the discount level of the Company's shares in relation to the NAV and has in place a mechanism to buy back shares at certain levels.

During the financial year, 349,320 shares were bought back into treasury at a cost of £2.1 million. Since the period end, a further 55,000 shares have been bought back into treasury at a cost of £325,000. Overall, the discount averaged 9.4% over the last 90 days of the Company's financial year and there is no requirement under the articles for the Company to put forward a continuation vote to shareholders. The discount at the end of March 2018 was 14.6% compared to 10.5% at the previous year end and an average of 11.4% for the year.

Manager

The Board has continued to monitor closely the impact on the Manager of the merged parent company Standard Life Aberdeen plc, to ensure that satisfactory arrangements are in place for the effective management and successful performance of the Company's investments. The investment processes supporting the parent's two equity capabilities were combined shortly after the end of March 2018. This has not produced significant change in the organisation or the investment team in the Company's Investment Manager, Aberdeen Investment Management Kabushiki Kaisha, and the Board is satisfied that the established investment policies and principles will continue unchanged in respect of the Company's portfolio.

Management Agreement

The Board is pleased to report that it has negotiated a reduction in the management fee with the Manager. With effect from 1 April 2018, the fee will be calculated at 0.75% of net assets compared to the previous rate of 0.95% of net assets up to £50m and 0.75% of assets above £50m. This is part of the Board's focus on the ongoing costs of the Company which have reduced from 1.47% in 2013 to 1.18% in 2018. As a result of the reduced management fee, the Ongoing Charges Ratio in 2019 will be about 1.07%. However, the European PRIIPs regulations requires ongoing costs to include interest and other transaction costs in the Key Information Document from 2018 onwards. On this basis, the forecast for 2019 of about 1.26% is a reduction from 1.37% as at 1 January 2018 and compares well with our peer group.

Environmental, Social & Corporate Governance ('ESG')

The Company is a 'tier 1' signatory of the UK Stewardship Code which aims to enhance the quality of engagement by investors with investee companies in order to improve their socially responsible performance and the long term investment return to shareholders. The Board works closely with the Investment Manager to ensure the appropriate active engagement with the companies in which the Company invests. During the year the Manager has substantially increased the integration of engagement of ESG issues in the investment process, reporting the results regularly to the Board, and has disinvested from two companies as a result of unacceptable governance.

Outlook

After a strong 2017 and the calm that global markets have featured for some time, markets corrected and volatility returned in early 2018. It is likely that more normal volatility can be expected for the rest of the year ahead as global synchronisation of economies and markets weakens.

In Japan, the Yen's strength remains a perennial concern for the export sector, while Prime Minister Abe's support has weakened in recent months which may dent his ability to push through less-palatable policies. One positive outcome of the recent market correction is that it brought company fundamentals back into focus, instead of the relatively indiscriminate buying experienced in 2017 when investment flows into Japan were particularly strong. The companies in the portfolio have considerable financial resources which should provide a buffer if the macro-economy worsens faster than expected. These companies know that potentially game-changing events like the trade issues between China and the US also present opportunities. Given their flexibility and nimbleness, these holdings should be able to take advantage of shifting market dynamics through product innovation and basic research and development.

The Manager's consistent engagement with our investee companies over the long term has helped contain key risks, while improving the returns to the Company and its shareholders, through the unlocking of value of these mainly cash-rich, debt-free and conservatively-run businesses. Although the pace of corporate governance reform has been slow, progress has been positive and the changing mind-set is likely to remain long after Prime Minister Abe. While the overall picture may appear rather uncertain in the short to medium term, your Company is well positioned to meet these challenges.

Board

I have had the privilege of serving as Chairman of the Board of the Company since 2008 and in accordance with the Board's succession plan will step down as Chairman after the AGM in July. I shall leave the Board during the course of the year once a replacement Director is recruited. My successor as Chairman will be Karen Brade who has been a Director since 2013 and has a wealth of experience both in international finance and investment trusts which will serve the Company well. The Company has evolved significantly over the past 10 years and I am confident that under Karen's leadership it will continue its successful development in the future.

Neil Gaskell
Chairman

29 May 2018

Manager's Review

Overview

Japanese equities posted solid gains in the year under review despite several bouts of volatility, as investors were heartened by the synchronised global upturn. At the sectoral level, most industrials stocks reported better-than-expected earnings, thanks to the rising demand for factory automation, while consumer names benefited from the robust inbound tourist traffic. However, developments in the US were less straightforward. While the sweeping tax cuts could prove favourable, concerns over the Federal Reserve's steeper rate hike and rising risks of a global trade war unnerved markets and increased the prospects of a stronger yen.

At home, the economic upswing stretched to its longest since 1989, resulting in a modest uptick in wage growth. The Bank of Japan's governor Haruhiko Kuroda was re-appointed for another five-year term, marking the continuation of his accommodative policy. However, the inflation target of 2% remained elusive in spite of rising energy prices. On the political front, Prime Minister Shinzo Abe's popularity suffered another blow after fresh revelations came to light about the possible involvement of the Prime Minister's Office in a discounted sale of public land.

Portfolio review

The Company's net asset value per share rose by 12.6%, compared to the benchmark's index total return of 8.2%. The equity holdings returned 8.1%, excluding the sterling hedge effect of 3.5%.

Nabtesco and Keyence continued to steal the limelight in the portfolio. With their technological expertise, they have solidified their market-leading positions and posted earnings that beat expectations, driven by the sustained rise in demand for factory automation. Nabtesco's reduction gears are a key component in industrial robots, while Keyence develops sensors, image-processing systems and other related devices for remote-control equipment. We like both companies for their cash-generative businesses, backed by healthy balance sheets.

Another pillar of the portfolio's returns was the healthcare sector. Notably, we were encouraged by Asahi Intecc and Sysmex, which consistently delivered excellent results. Asahi Intecc is a maker of guidewires and other catheter treatment products. Building on its past performance, this year's profits improved significantly, from new product launches and in-house distribution and marketing functions in Japan and Europe. Markets in China and EMEA have also registered double-digit growth. Recently, the company has switched to direct sales in the US, where its flagship products were previously sold by a distributor. We believe that this development, together the extensive application of Asahi Intecc's guidewires to peripheral vascular and cardiovascular areas, will allow the company to sustain its earnings momentum.

For Sysmex, its hematology products are considered the best in class because of their precision and processing speed. This has allowed the company to steadily expanded its market share in this segment. Overall, Sysmex is an integrated manufacturer of medical devices and accessories used to perform tests on blood, urine and other tissues. With an ingrained R&D culture, it has various projects in the pipeline, promising attractive long-term growth opportunities. The company is poised to benefit from China's increased spending in healthcare, enabling more hospitals to invest in high-quality equipment.

The rising wealth of China's burgeoning middle class and their desire for premium products also bode well for the portfolio's consumer names, including Shiseido and Pigeon. We initiated Shiseido in the first half of the review period. The cosmetics maker has successfully implemented cost-savings measures, put in place an incentive-based pay structure and improved its earnings through a focused marketing strategy that emphasises prestige product lines. Meanwhile, China has become Pigeon's largest overseas business, accounting for a third of its total sales. Its fourth-quarter results met expectations, driven by robust performance in the mainland's baby-care segment, where Pigeon's baby bottles are perceived to be of better quality than their local rivals.

On the other hand, undermining the portfolio's returns was Suruga Bank, which was being probed by the Financial Services Agency for allegedly making loans based on falsified data provided by real estate companies that make borrowers seem creditworthy. We are reviewing the degree to which the lender was involved in this incident, whether its staff were party to the scheme or victims of the deception. The position in Suraga was significantly reduced post the year end.

Another company that hampered the portfolio's performance was Japan Tobacco, which remained under pressure, as competing novel nicotine products continued to take market share from its domestic cigarette sales. In response, the company launched its own vapouriser PLOOMTECH, but the national rollout was delayed due to hiccups in production. A heated version of the smokeless tobacco product could be launched early next year in a bid to win back lost market share. Meanwhile, its overseas expansion stayed on track. Most recently, it acquired Russia's fourth-largest cigarette maker Donskoy Tabak, whose budget brand should complement its current higher-value offering.

Staying true to our bottom-up approach, we take seriously our engagement with the companies in which we invest. On that front, we supported Nippon Paint's shareholders' vote for an improved board structure, with more independent directors, as proposed by substantial shareholder Wuthelam Holdings. The board refreshment came in the wake of Nippon's botched attempt to expand into more mature markets, a strategy that we had disagreed with, given better opportunities elsewhere in emerging Asia. Meanwhile, we were heartened by Japan Exchange Group's decision to sell its stake in Singapore Exchange over the next three years. We have consistently urged Japanese corporates, including the local bourse, to unwind their cross shareholdings in other listed companies, in line with Japan's Corporate Governance Code.

In other key portfolio activity, we initiated Komatsu, the world's second-largest construction and mining equipment maker next to Caterpillar. Its global reach allows it to build a loyal client base, an after-sales service which uses remote monitoring systems to prevent any erosion of its market share and superior products that are able to meet stricter emissions standards. We believe that Komatsu's progressive management has set clear targets for financial and shareholder returns. More growth opportunities will unfold, as the heavy-equipment replacement cycle is still in its early stages, after a protracted four-year decline. We also introduced Yamaha Corp. While we were sceptical of corporate restructuring in the past, our view has evolved, and we were encouraged by Yamaha's efforts to streamline its businesses to become leaner. The company has narrowed its focus to just musical instruments, where it has a solid global market share, and audio equipment, given its competitive edge in sound-synthesis technology. We expect Yamaha to be in a good position to benefit from healthy market growth in developed and emerging markets, even as it continues to restructure its production facilities. Additionally, the company has been gradually unwinding its cross shareholdings and returning the proceeds to shareholders.

Outlook

We expect to see more volatility, as macroeconomic conditions normalise and global growth moderates. The developing trade war between the US and its trading partners, as well as rising geopolitical tensions in the region and elsewhere could put more upward pressure on the yen, a safe-haven asset, further dampening the prospects of Japan's export sector.

That said, the investment case for Japan remains compelling, as companies are backed by a healthy domestic economy and improving corporate fundamentals. Monetary policy will stay accommodative as the Bank of Japan strives to attain its inflation target. The still-tight labour market and rising material costs could squeeze margins, but they could also prompt companies to be leaner and focus on their most profitable businesses, a positive trend we have seen across many of the portfolio's holdings. Despite conservative earnings forecasts to reflect the challenges ahead, their balance sheets and cash flows are robust, and dividend payouts have been sustainable. We have also seen encouraging signs in corporate governance reform, as companies slowly increase the levels of independence and diversity of their boards. We remain committed to our investment approach, which entails rigorous interaction and engagement with companies. This allows us to identify those with solid long-term prospects and progressive management that will shield them against market volatility and safeguard the interests of all shareholders.

Aberdeen Investment Management Kabushiki Kaisha
Investment Manager

29 May 2018

Overview of Strategy

Business Model

This report provides shareholders with details of the Company's business model and strategy as well as the principal risks and challenges it faces.

The Company is an investment trust which seeks to deliver a competitive return to its shareholders through the investment of its funds in accordance with the investment policy as approved by shareholders.

The Board appoints and oversees an investment manager, decides the appropriate financial policies to manage the assets and liabilities of the Company, ensures compliance with legal and regulatory requirements and reports objectively to shareholders on performance.

The Directors do not envisage any change in this model in the foreseeable future.

Investment Objective

To achieve long-term capital growth principally through investment in listed Japanese companies which are believed by the Investment Manager to have above average prospects for growth.

The Board's strategy is represented by its investment policy, financial policies, and risk management policies.

Investment Policy

The Company primarily invests in the shares of companies which are listed in Japan. The portfolio is constructed through the identification of individual companies of any market capitalisation size and in any business sector, which offer long-term growth potential.

The portfolio is selected from the 3,500 listed stocks in Japan and is actively managed to contain between 30 and 70 stocks which, in the Manager's opinion, represent the best basis for producing higher returns than those of the market as a whole in the long term. There will therefore inevitably be periods in which the Company's portfolio both outperforms and also underperforms the market as represented by the Company's benchmark.

The Board does not impose any restrictions on these shorter term performance variations from the benchmark, nor any limits on the concentration of stock or sector weightings within the portfolio, except that no individual shareholding shall exceed 10% of the Company's portfolio at the time of purchase, although market movements may subsequently increase this percentage.

The full text of the Company's investment policy is provided on page 62.

Investment Approach

The Investment Manager's investment philosophy is that markets are not always efficient. The Investment Manager's approach is therefore that superior investment returns are attainable by investing in companies with good fundamentals and above average growth prospects that in the Investment Manager's opinion drive share prices over the long-term. The Investment Manager follows a bottom-up investment process based on a disciplined evaluation of companies through active engagement, at least twice a year, with management on performance including environmental, social and governance issues by its fund managers who are based in Japan. The Manager estimates a company's worth in two stages, quality, defined by reference to management, business focus, the balance sheet and corporate governance, and then price calculated by reference to key financial ratios, the market, the peer group and business prospects. The selection of the portfolio of shares is the major source of the good performance of the portfolio and no stock is bought without the fund managers having first met management.

Stock selection is key in constructing a diversified portfolio of companies with macroeconomic, political factors and benchmark weightings being secondary.

Given the long-term fundamental investment philosophy, the Manager expects to hold most companies in which the Company invests for extended periods of time and this accounts for the relatively low level of activity within the portfolio.

Financial Policies

The Board's main financial policies cover the management of shareholder capital, risk management of the Company's asset and liabilities, including currency risk, the use of gearing and the reporting to shareholders of the Company's performance and financial position.

Management of Shareholder Capital

The Board's policy for the management of shareholder capital is primarily to ensure its long term growth. This growth will reflect both the Manager's investment performance and from time to time the issue of shares when sufficient demand exists to do this without diluting the value of existing shareholder capital. The Board aims normally to pay a dividend each year and not less than the minimum required to maintain investment trust status. The Board will authorise the buyback of shares in order to avoid excessive variability in the discount and if, despite this, the average discount exceeds 10% during the 90 day period preceding its financial year end, the Board will offer shareholders the opportunity to wind up the Company at the next AGM.

Overview of Strategy continued

Risk Management
The policy for risk management is primarily focused on the investment risk in the portfolio using the Manager's risk management systems and risk parameters, overseen by the Board.

Derivatives
The Company may use derivatives from time to time for the purpose of mitigating risk in its investments, including protection against currency movements. The performance of the Company is subject to fluctuations in the Yen/£ exchange rate. The Company's exposure to Yen fluctuations is partially offset by the natural hedge provided by any borrowing in Yen as well as by investments in Japanese companies which have significant sources of income from exports of goods or from non-Japanese operations.

The Board has previously determined that approximately 50% of the Company's Yen net assets should be hedged against fluctuations in the Yen/£ exchange rate through the use of rolling forward contracts. The Board monitors the hedging policy and its effects on the Company's performance on a regular basis. The Board has concluded, following consultation with the Manager, that the net benefit of the Company's Sterling hedge is not sufficient to continue its operation and has therefore proposed to discontinue it, subject to shareholder approval at the AGM.

The wider corporate risks, including those arising from the increasingly regulated and competitive market place, are managed directly by the Board. The principal risks are more fully described under the paragraph 'Principal Risks and Uncertainties'.

Use of Gearing
Gearing is the amount of borrowing used to increase the Company's portfolio of investments in order to enhance returns when and to the extent it is considered appropriate to do so or to finance share buybacks when necessary. The level of borrowing is subject to a maximum of 25% of net assets but will normally be set at a stable and lower level than the maximum. The Board has currently established a gearing level of around 10% of net assets although, with stock market fluctuations, this may range between 5 and15%.

Principal Risks and Uncertainties
The Company's risks are regularly monitored at Audit Committee meetings and the Board believes that the Company is resilient to most short term operational risks which are effectively mitigated by the internal controls of the Manager and Depositary. Identification and mitigation of other longer term and strategic risks which might threaten its business model, future performance or solvency are robustly assessed by the Audit Committee and managed by the Board. The principal risks and uncertainties faced by the Company are described in the table below, together with the mitigating actions.

Description	Mitigating Action
Investment strategy risk The Company and its investment objective may become unattractive to investors. The value of Japanese equities may be affected by factors not associated with the UK, including the general health of the Japanese economy and political events in and around Japan, which can affect investor demand.	The Board monitors longer term trends in investor demand and, if appropriate, can propose changes to the investment objective to the shareholders.
Investment risk Investment risk arises from the Company's exposure to variations of share prices within its portfolio in response to individual company and to wider Japanese or international factors. Investment in a focussed portfolio of shares can lead to greater short term changes in the portfolio's value than in a larger portfolio of stocks and these variations will be amplified by the use of gearing.	The Board regularly monitors the investment performance of the portfolio and the performance of the Manager in operating the investment policy against the long term objectives of the Company and, where appropriate, has in place mitigation measures such as the currency hedging policy.

Reputation The attractiveness of the Company to investors is based on the good reputation of the Manager as well as of investment trusts generally. Were investments trusts to fall out of favour as a route for investors or Aberdeen's reputation as Manager of the Company to weaken, it is likely that investor demand would decline.	The Board monitors shareholder sentiment regularly and would be able to take remedial action were its reputation to be threatened.
Regulatory compliance risk The Company operates under a set of UK, European and international laws and regulations.	The Board is active in ensuring that it fully complies with all applicable laws and regulation and is assisted by the Manager and other advisers in doing this. The Board believes that, while the consequences of non-compliance can be severe, the control arrangements it has put in place reduce the likelihood of this happening.
Performance risk Inappropriate investment decisions or the effect of the hedge, which reduces currency gains when Yen strengthens, may result in the Company's underperformance against the benchmark index and Peer Group and a widening of the Company's discount.	The Board regularly reviews performance data and attribution analysis and other relevant factors and, were an underperformance likely to be sustained, would be able to take remedial measures. The Board considers that, over the longer term, the gains and losses of the hedge should be balanced and in the shorter term the additional stability of the Company's performance provided by the hedge is of value to the shareholders. The Board is also able to change the amount which is hedged should it consider this to be appropriate.
Share price and discount risk The principal risks described above each can affect the movement of the Company's share price and in some cases have the potential to increase the discount in the market value of the Company compared with the NAV.	The Board actively monitors the discount and believes that the combined effect of good investment performance, the risk mitigation arrangements described above and its ability to authorise buyback of shares when necessary, will both reduce discount and limit its variability.

Key Performance Indicators (KPIs)

The key performance indicators (KPIs) which the Board uses to monitor the Company's performance are established industry measures, and are as follows:

KPI	Achievement of KPI
• NAV (total return) relative to the Company's benchmark index	No
• Share price (total return) vs Peer Group	No
• Discount or premium of the share price to NAV vs Peer Group on an annual average.	No
• Ongoing Charges Ratio	Yes

An analysis of the KPIs is provided below. Performance is compared against the Company's benchmark index and its Peer Group. In view of the Manager's style of investing, there can be, in the short-term, considerable divergence from both comparators. The Board uses a three year rolling performance for the following KPIs:- total NAV return against the benchmark index and share price total return compared with the Peer Group. The KPI for the discount comparison to its Peer Group is over one year. The Company's Ongoing Charges Ratio is compared with the Peer Group, taking into account its size, to ensure that total running costs remain competitive.

Over the three year period to 31 March 2018, the Company's NAV and share price return underperformed its KPI. This was largely attributable to the loss on the Currency Hedge caused by the sharp depreciation of sterling following the Brexit Referendum. Excluding the impact of the Hedge, the Company's NAV return over three years was approximately 36.2% compared to the benchmark's return of 41.4%. The discount KPI also underperformed. The Trust's OCR reduced over the year to 31 March 2018 to 1.18% and is competitive within its Peer Group relative to its size of total assets.

Overview of Strategy continued

Promoting the Company

The Board recognises the importance of promoting the Company to prospective investors both for improving liquidity and enhancing the value and rating of the Company's shares. The Board believes an effective element of achieving this is through participation in the promotional programme run by the Aberdeen Group on behalf of a number of investment trusts under its management.

The purpose of the programme is both to enable the Company to communicate the long-term attractions of the Company effectively with existing shareholders and to gain new shareholders with the aim of improving liquidity and enhancing the value and rating of the Company's shares. The Company also supports the Aberdeen Group's investor relations programme of regional roadshows, promotional and public relations campaigns.

In addition, the Company's website contains a daily update on the latest portfolio performance and a monthly summary of investment performance together with information about the Japanese market, details of the principal risks of investing in the Company and any other significant developments within the Company.

Investors should be aware that, with effect from 1 January 2018, the PRIIPS Regulation requires the Manager to prepare a key information document ("KID") in respect of the Company. This KID must be made available to retail investors prior to them making any investment decision and a link to it is available from the Company's website. The information and the procedures for calculating the risks, costs and potential returns contained in the KID are prescribed by the law. Investors should note that the figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

Board Diversity

The Board recognises the importance of having a diverse group of Directors with the right mix of competencies to allow the Board to fulfil its obligations. At 31 March 2018 there were three male Directors and one female Director, all of whom bring different experience and skills and contribute distinctively to the Board's performance. The Board's statement on diversity is set out on page 26.

Employee, Environmental, Social & Human Rights Issues

The Company has no employees as it has delegated operational management to the Manager. There are therefore no disclosures to be made in respect of employees. The Company's socially responsible investment policy is outlined on page 28.

Modern Slavery Act

Due to the nature of the Company's business, being a company that does not offer goods and services to customers, the Board considers that it is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

Viability Statement

The Company's business model is designed to deliver long term capital growth to its shareholders through investment in large and liquid stocks in the global equity markets. Its plans are therefore based on having no fixed or limited life provided the global equity markets continue to operate normally.

The Board has assessed the Company's prospects over a three year period in accordance with the 2016 UK Corporate Governance Code. In making this assessment, the Board has considered the principal risks and related mitigating actions for the Company as set out above on pages 10 to 11 and matters such as significant economic or stock market volatility, a substantial reduction in the liquidity of the portfolio, or changes in investor sentiment which could have an impact on the Company's prospects in the future.

The Board considers that, given that the Company is invested in readily realisable listed securities, and has a relatively low level of fixed expenses and of debt, it will be able to meet the its liabilities when they fall due for the foreseeable future but that a three year period reflects appropriately the inherent and increasing uncertainties involved in any longer period.

Accordingly, taking into account the Company's current position and its prospects, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of three years from the date of this Report.

The Strategic Report was approved by the Board of Directors and signed on its behalf for Aberdeen Japan Investment Trust PLC by:

Neil Gaskell
Chairman

29 May 2018

Results and Performance

Financial Highlights

	31 March 2018	31 March 2017	% change
Total assets	£111,863,000	£104,369,000	+7.2
Total equity shareholders' funds (net assets)	£100,472,000	£92,168,000	+9.0
Market capitalisation	£85,775,000	£82,533,000	+3.9
Share price (mid market)	582.50p	547.50p	+6.4
Net asset value per share	682.31p	611.41p	+11.6
Discount to net asset value	14.6%	10.5%	
Net gearing[A]	10.5%	12.1%	
Operating costs			
Ongoing charges ratio[B]	1.18%	1.24%	
Earnings			
Total return per share	75.83p	102.69p	
Revenue return per share	6.59p	7.25p	
Proposed final dividend per share	5.20p	6.00p	
Revenue reserves (prior to payment of proposed final dividend)	£2,604,000	£2,520,000	

Definitions are disclosed on pages 63 and 64.

[A] Calculated in accordance with AIC guidance "Gearing Disclosures post RDR".

[B] Considered to be an Alternative Performance Measure. Ongoing charges ratio calculated in accordance with guidance issued by the AIC as the total of the investment management fee and administrative expenses divided by the average cum income net asset value throughout the year.

Key Performance Indicators

	1 year return	3 year return	5 year return	Return since 8 October 2013 (change of mandate)
Net asset value[A]	+12.6%	+27.3%	+72.7%	+88.3%
Index	+8.2%	+41.4%	+67.7%	+71.7%
Share price[A]	+7.5%	+16.8%	+59.5%	+76.4%
Peer Group share price	+17.9%	+50.8%	+132.5%	+104.7%
Average discount – Company	–11.3%	–10.0%	–9.3%	–9.4%
Average discount – Peer Group	–3.3%	–4.8%	–5.5%	–5.4%

Source: Standard Life Aberdeen, Lipper & Morningstar.

[A] Considered to be an Alternative Performance Measure. Total return represents capital return plus dividends reinvested. For one year return calculation see note 20 on page 55.

Dividend calculations are based on reinvestment at the ex-dividend date. NAV returns are based on cum-income NAV with debt at fair value.

Based on share price and NAV per Morningstar (ie as available in the market, not including unreleased R&A NAVs).

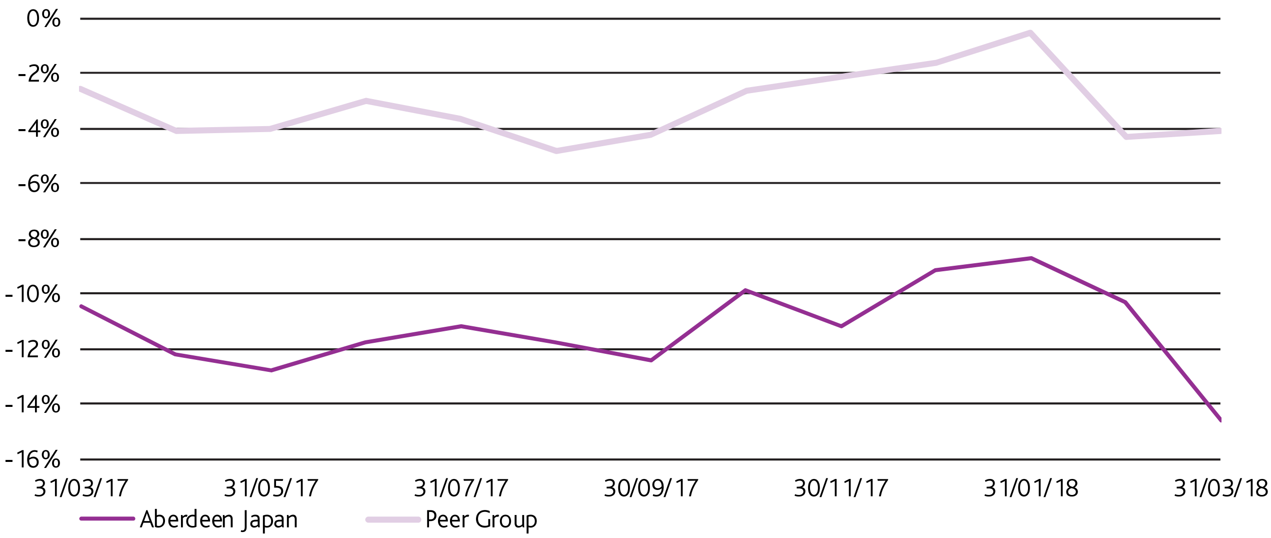
Peer Group is the Japan sector of Morningstar.

Index represents the MSCI AC Asia Pacific (including Japan) Index (in Sterling terms) up to 7 October 2013 and the TOPIX (in Sterling terms) from 8 October 2013.

Results and Performance continued

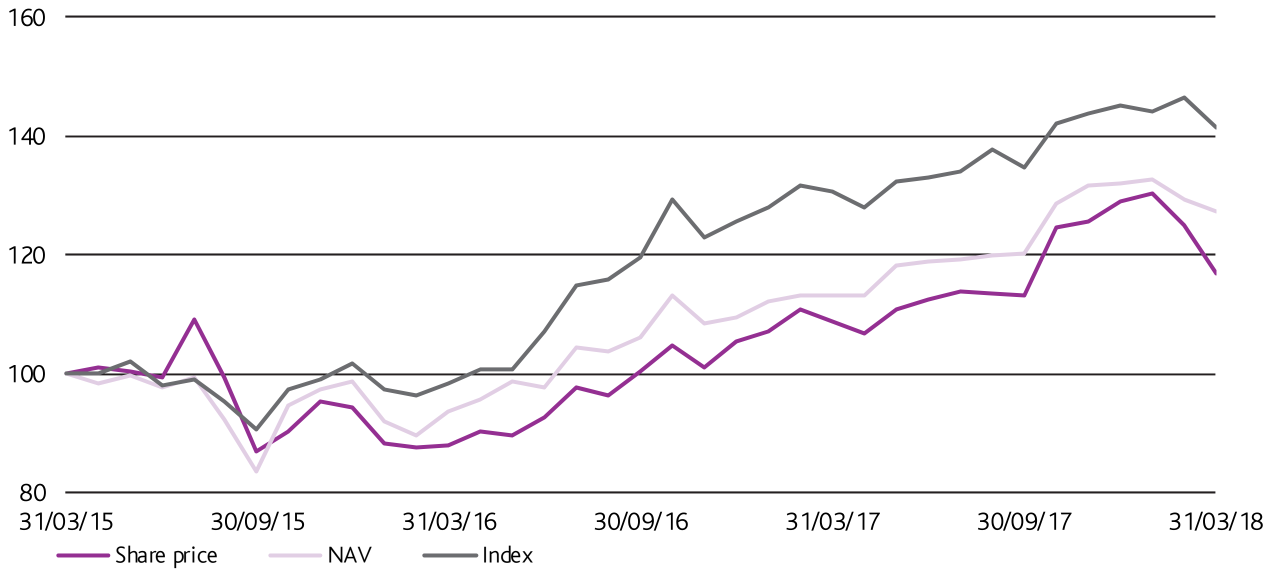
Discount (%) v Peer Group Average

Year to 31 March 2018



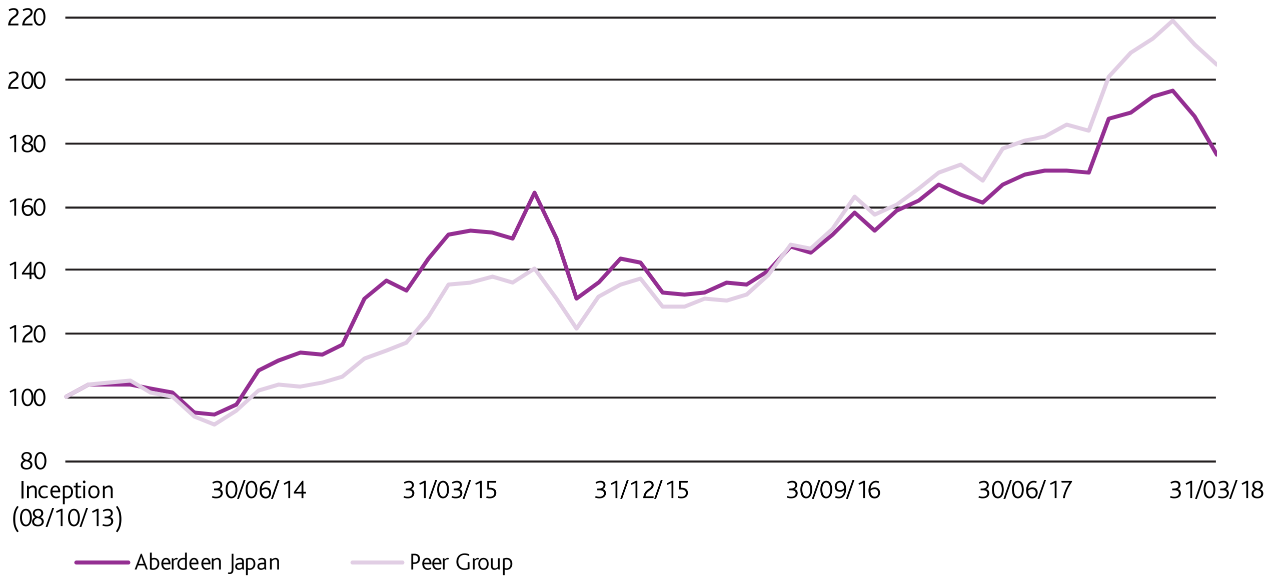
Total Return of NAV and Share Price vs Index (in Sterling terms)

Three Years to 31 March 2018 (rebased to 100 at 31 March 2015)



Share Price Total Return v Peer Group

8 October 2013 (Change of Mandate) to 31 March 2018 (rebased to 100 at 8 October 2013)



Ten Year Financial Record

Year to 31 March	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total revenue (£'000)	1,242	1,061	1,525	1,788	1,604	1,710	1,222	1,681	2,015	1,879
Per share (p)										
Net revenue return	3.50	2.25	4.65	6.03	5.13	6.00	3.70	5.67	7.25	6.59
Total return	(56.07)	125.36	32.46	12.05	58.98	(30.91)	174.47	(36.18)	102.69	75.83
Dividend	2.40	1.50	3.25	4.75	4.75	4.50	2.60	4.20	6.00	5.20
Net asset value	192.67	316.34	347.30	359.38	413.61	377.94	547.91	511.29	611.41	682.31
Shareholders' funds (£'000)	30,311	49,009	53,805	52,439	60,352	55,148	79,949	79,723	92,168	100,472

Dividends

	Rate	Ex-dividend date	Record date	Payment date
Proposed final dividend 2018	5.20p	14 June 2018	15 June 2018	13 July 2018
Final dividend 2017	6.00p	15 June 2017	16 June 2017	14 July 2017

Portfolio

The Company invests in a portfolio of about 40 companies in Japan selected by the Investment Manager, from the 3,500 listed stocks on the Tokyo Stock Exchange.

The Manager is a fundamentals, active and disciplined investment firm. Through first-hand research it seeks to identify high quality companies, evidenced by good management, strong balance sheets and robust business models. It believes there is no substitute for company visits, meeting and engagement with corporate management. It meets its portfolio companies at least twice a year and its policy is to vote at all AGMs and EGMs.

Ten Largest Investments

As at 31 March 2018

Company	Sector	Valuation 2018 £'000	Total assets %	Valuation 2017 £'000
Shin-Etsu Chemical Company Despite the challenging environment, the Japanese maker of specialised chemicals remains a leader in its industry, due to its technological edge and a greater focus on profits than most Japanese rivals.	Chemicals	5,825	5.2	5,952
Keyence Corporation The leading maker of sensors has a cash generative business and is backed by a strong balance sheet and technological expertise.	Electronic & Electrical Equipment	5,306	4.7	5,182
Fanuc Corporation A leading manufacturer of factory automation systems, equipment and robots that has an excellent track record of being able to maintain margins with robust cash flow and a strong net cash position.	Industrial Engineering	4,515	4.0	4,176
Sysmex Corporation The medical-equipment maker has a leading position in niche markets, particularly its dominance in the field of haematology. It also has a solid balance sheet and resilient business.	Health Care Equipment & Services	4,127	3.7	3,434
Amada Holdings Company A manufacturer of sheet metal fabrication machines. The company has a leading position especially among Japanese small to mid-size enterprises thanks to its core technology and effective sales strategy leveraging its internal financing operations.	Industrial Engineering	3,980	3.6	4,196
Shiseido Company One of Japan's biggest cosmetics groups with a strong portfolio that is increasingly weighted to lucrative prestige brands, supported by good management and decent governance.	Chemicals	3,877	3.5	–
Pigeon Corporation Among Japan's leading baby and childcare product manufacturers, the company also operates in child and elder-care services. It generates more than a third of its revenues in overseas markets, with the biggest exposure in China.	Personal Goods	3,861	3.4	3,134
Yahoo Japan Corporation It operates the country's biggest domestic portal and is well placed in the growing online advertising market, given its strong branding and dominant market position.	Software & Computer Services	3,661	3.3	3,251
Seven & I Holdings Company A Japanese retail conglomerate with interests in a wide range of domestic businesses including convenience stores, discount stores, supermarkets, department stores and food services, which gives its earnings a defensive edge.	General Retailers	3,637	3.3	4,413
Makita Corporation The medical-equipment maker has a leading position in niche markets, particularly its dominance in the field of haematology. It also has a solid balance sheet and resilient business.	Household Goods & Home Construction	3,496	3.1	2,320
Top ten investments		**42,285**	**37.8**	

Other Investments

As at 31 March 2018

Company	Sector	Valuation 2018 £'000	Total assets %	Valuation 2017 £'000
Nabtesco Corporation	Industrial Engineering	3,490	3.1	4,404
KDDI Corporation	Mobile Telecommunications	3,183	2.9	4,131
Daikin Industries	Industrial Engineering	3,145	2.8	2,969
Japan Exchange Group Inc.	Financial Services	2,906	2.6	1,775
Denso Corporation	Automobiles & Parts	2,884	2.6	1,405
Japan Tobacco Inc.	Tobacco	2,814	2.5	5,140
Nippon Paint Holdings Company	Chemicals	2,763	2.5	2,591
Chugai Pharmaceutical Company	Pharmaceuticals & Biotechnology	2,699	2.4	2,837
Stanley Electric Company	Automobiles & Parts	2,683	2.4	–
Ashai Intecc Company	Health Care Equipment & Services	2,621	2.3	1,295
Top twenty investments		**71,473**	**63.9**	
Daito Trust Construction Company	Real Estate Investment & Services	2,401	2.2	2,634
Honda Motor Company	Automobiles & Parts	2,191	2.0	2,625
Renesas Electronics Corporation	Technology Hardware & Equipment	2,056	1.8	–
San-A Company	Food & Drug Retailers	2,051	1.8	2,083
Aeon Financial Service Company	Financial Services	2,047	1.8	1,791
Nitori Holdings	General Retailers	1,890	1.7	–
Suruga Bank	Banks	1,888	1.7	2,556
AIN Holdings Inc.	Food & Drug Retailers	1,860	1.7	–
SCSK Corporation	Software & Computer Services	1,829	1.6	1,743
Kansai Paint Company	Chemicals	1,817	1.6	1,627
Top thirty investments		**91,503**	**81.8**	
Mani Inc.	Health Care Equipment & Services	1,713	1.5	–
Calbee Inc.	Food Producers	1,710	1.5	2,315
Komatsu	Industrial Engineering	1,698	1.5	–
Daibiru Corporation	Real Estate Investment & Services	1,667	1.5	1,893
Shionogi & Company	Pharmaceuticals & Biotechnology	1,548	1.4	1,134
Mandom Corporation	Personal Goods	1,548	1.4	2,064
USS Company	General Retailers	1,498	1.3	1,511
Toyota Motor Corporation	Automobiles & Parts	1,371	1.2	3,252
Yamaha Corporation	Leisure Goods	1,298	1.2	–
Concordia Financial Group	Banks	1,218	1.1	1,280
Top forty investments		**106,772**	**95.4**	
Resorttrust Inc.	Travel & Leisure	1,063	1.0	1,703
Start Today Company	General Retailers	1,028	0.9	–
Sanken Electric	Technology Hardware & Equipment	996	0.9	–
Pilot Corporation	Household Goods & Home Construction	555	0.5	–
Total investments		**110,414**	**98.7**	
Net current assets[A]		**1,449**	**1.3**	
Total assets		**111,863**	**100.0**	

[A] Excludes bank loans of £11,391,000.

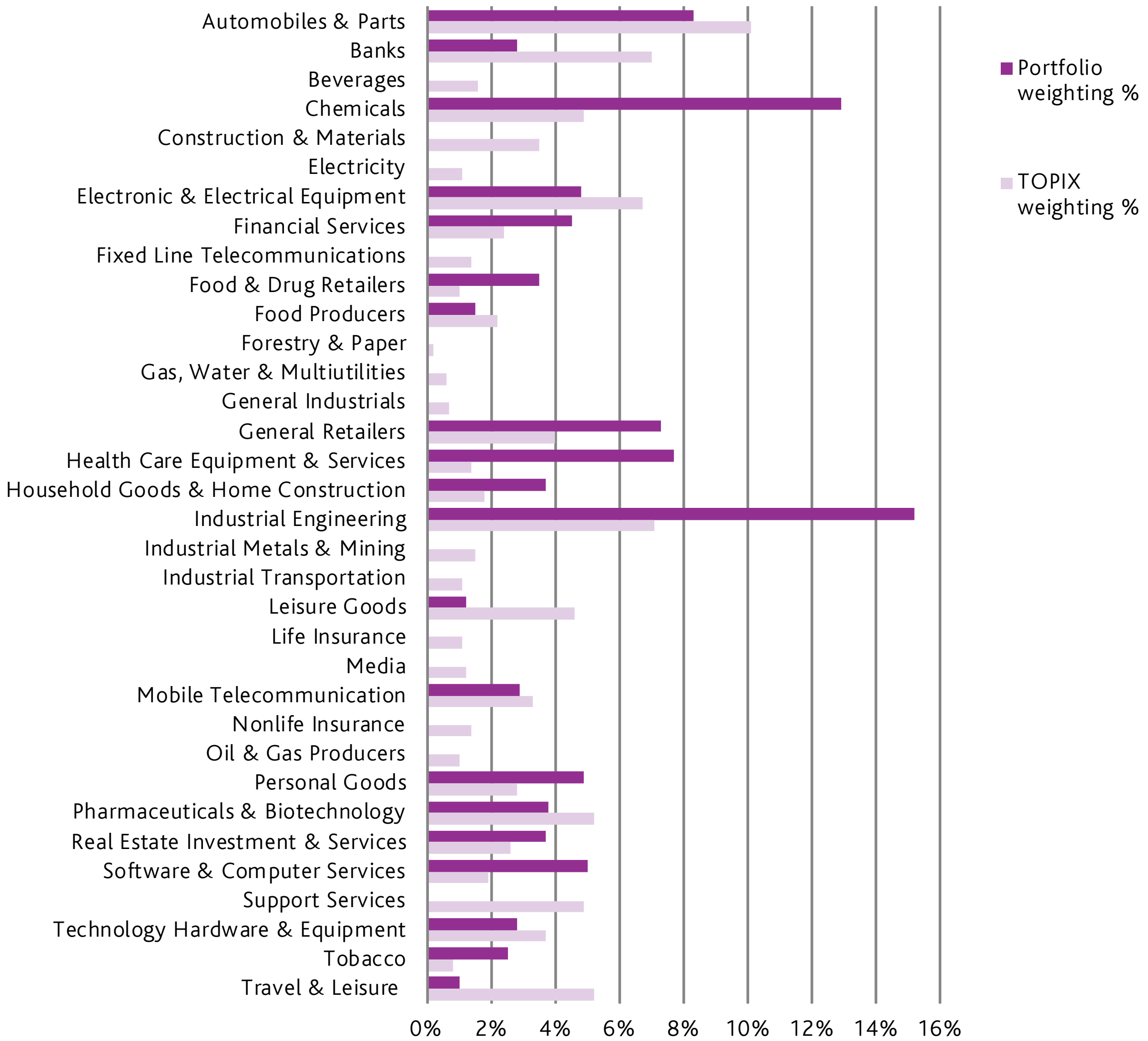
Unless otherwise stated, foreign stock is held and all investments are equity holdings.

In the 2017 valuation column "-" denotes stock not held at last year end.

Sector Analysis and Currency Graph

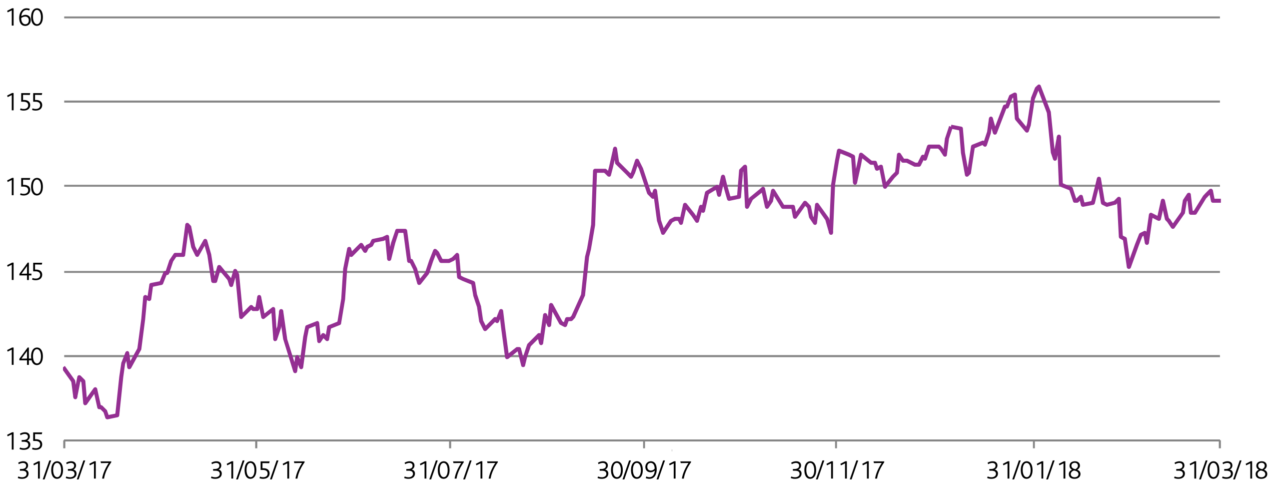
As at 31 March 2018

Sector Breakdown



Yen/Sterling Currency Movement

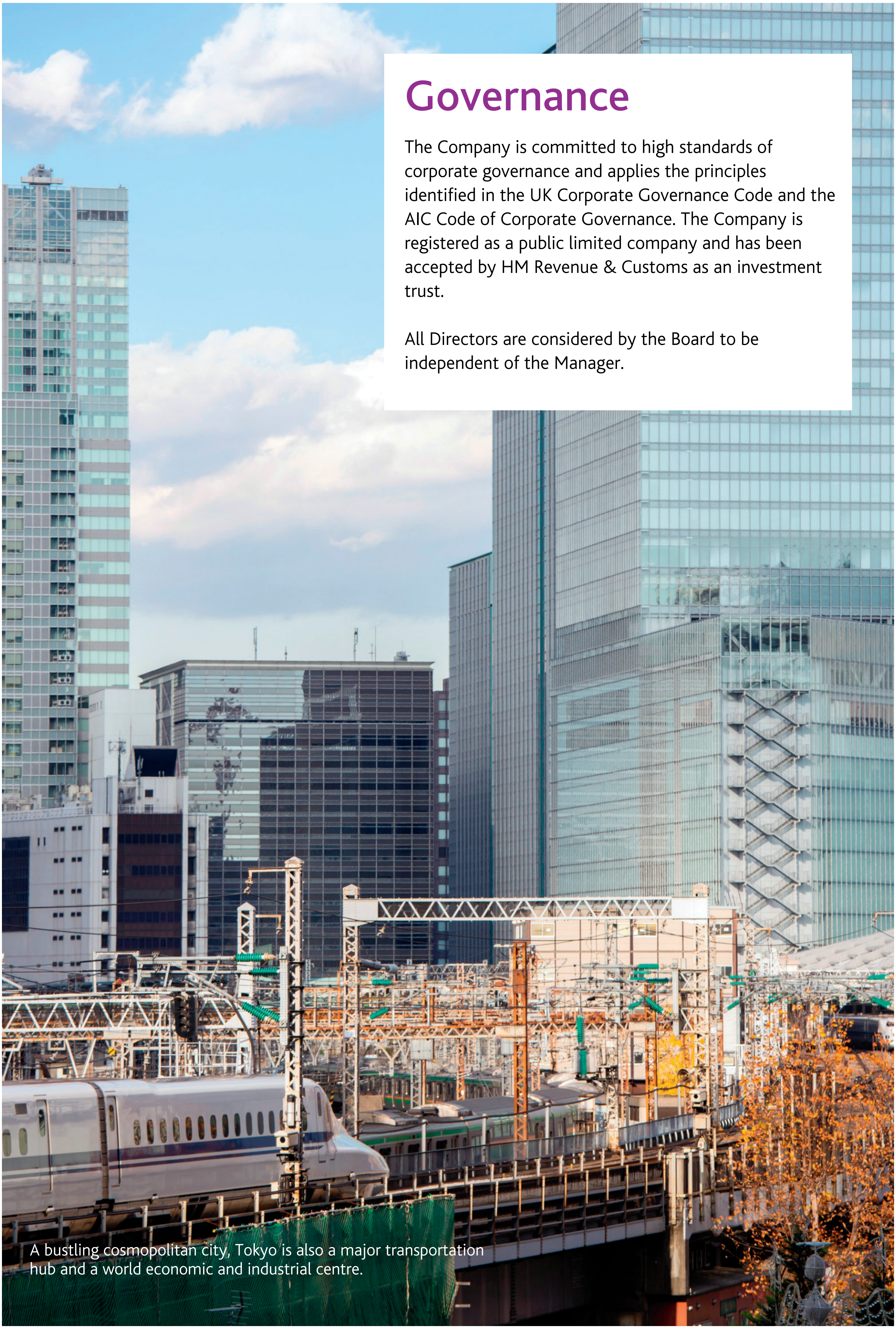
Year to 31 March 2018



Governance

The Company is committed to high standards of corporate governance and applies the principles identified in the UK Corporate Governance Code and the AIC Code of Corporate Governance. The Company is registered as a public limited company and has been accepted by HM Revenue & Customs as an investment trust.

All Directors are considered by the Board to be independent of the Manager.



A bustling cosmopolitan city, Tokyo is also a major transportation hub and a world economic and industrial centre.

Your Board of Directors

Neil Gaskell

Independent Chairman

Length of service: 14 years; appointed a Director on 31 March 2004

Experience: An international career with the Royal Dutch Shell Group in senior management positions, several relating to Japan, including four years as Deputy Chief Executive and Representative Director of Showa Shell KK in Japan. After retirement as Shell's Group Treasurer, he has served on a number of listed company boards including currently as Chairman of Martin Currie Global Portfolio Trust plc. He is also a chartered accountant.

Kevin Pakenham

Senior Independent Director and Audit Committee Chairman

Length of service: 10 years; appointed a Director on 1 August 2007

Experience: A long career in banking and asset management and has held senior management positions in the global asset management industry over many years. He co-founded and is currently a director of Pakenham Partners, which provides corporate finance advice to the asset management industry. He is a former managing director of Jefferies International and CEO of John Govett & Co, including under its ownership by Allied Irish Bank and managing director of F&C Management.

Karen Brade

Independent Director

Length of service: 5 years; appointed a Director on 1 May 2013

Experience: Over 25 years of investment experience in a range of sectors and markets. She began her career at Citibank, working on various multi-national project finance transactions. Between 1994 and 2004 she was an investment principal at CDC Group plc (the UK Government's Development Finance Institution) where she directed equity and debt investing, portfolio management, fund raising and investor development including India, South Asia, Africa and China. Since 2005 she has been an adviser to hedge funds, family offices and private equity houses and is currently the Audit Committee Chairman of Augmentum Fintech plc and Crown Place VCT and a non-executive director of Keystone Investment Trust.

Sir David Warren

Independent Director

Length of service: 2 years; appointed on 1 December 2015

Experience: A career in the British Diplomatic Service of over 35 years concentrating on East Asia following his initial Japanese language training, including three postings to Tokyo, and culminating in four and a half years as British Ambassador to Japan from 2008 to 2012. He is now Chair of the Japan Society and an Associate Fellow of the Asia-Pacific Programme of the Royal Institute of International Affairs.

Directors' Report

Status

The Company is registered as a public limited company in England & Wales under No. 3582911 and is an investment company as defined by Section 833 of the Companies Act 2006. It is a member of the Association of Investment Companies.

The Company has been accepted by HM Revenue & Customs as an investment trust subject to it continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 April 2012. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 March 2018 so as to enable it to comply with the ongoing requirements for investment trust status.

The Company has conducted its affairs so as to satisfy the requirements as a qualifying security for Individual Savings Accounts. The Directors intend that the Company will continue to conduct its affairs in this manner.

Share Capital and Rights attaching to the Company's Ordinary shares

At 31 March 2018 the Company had 14,725,277 Ordinary shares of 10p ("Ordinary shares") in issue (2017 – 15,074,597) of which 1,096,295 Ordinary shares were held in treasury (2017 – 746,975).

During the year to 31 March 2018 the Company purchased 349,320 Ordinary shares (2.3% of the issued share capital) at a discount to its NAV for treasury for a consideration of £2.1 million. Since the year end a further 55,000 Ordinary shares have been purchased in the market for treasury.

Each Ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every share held. The Ordinary shares carry a right to receive dividends which are declared from time to time by an ordinary resolution of the Company (up to the amount recommended by the Board). On a winding-up, after meeting the liabilities of the Company, the surplus assets would be paid to Ordinary shareholders in proportion to their shareholdings.

There are no restrictions on the transfer of Ordinary shares in the Company other than certain restrictions which may from time to time be imposed by law (for example, insider trading law) and there are no special rights attached to any of the shares. The Company is not aware of any agreements between shareholders which may result in restriction on the transfer of Ordinary shares or the voting rights.

The rules concerning amendments to the articles of association and powers to issue or buy back the Company's Ordinary shares are contained in the articles of association of the Company and the Companies Act 2006.

Results and Dividend

The Company's results and performance for the year are detailed on pages 13 to 15.

The Directors recommend that a final dividend of 5.2p (2017 – 6.0p) is paid on 13 July 2018 to shareholders on the register on 15 June 2018. The ex-dividend date is 14 June 2018. A resolution in respect of the final dividend will be proposed at the forthcoming Annual General Meeting.

Directors

Details of the current Directors are provided on page 21.

All Directors will stand for re-election at the AGM. The reasons for the Board's recommendations for their re-elections are set out in the Statement of Corporate Governance.

Directors' Insurances and Indemnities

Directors' & Officers' liability insurance cover has been maintained throughout the year at the expense of the Company.

Each Director of the Company is entitled to be indemnified out of the assets of the Company to the extent permitted by law against all costs, charges, losses, expenses and liabilities incurred by them in the actual or purported execution and/or discharge of their duties and/or the exercise or purported exercise of their powers and/or otherwise in relation to or in connection with their duties, powers or office. These rights are included in the Articles of Association of the Company and the Company has granted indemnities to each Director on this basis.

Corporate Governance

The Statement of Corporate Governance, which forms part of the Directors' Report, is contained on pages 25 to 28.

Manager and Company Secretary

The Company has appointed Aberdeen Fund Managers Limited ("AFML" or "Manager"), a wholly owned subsidiary of Aberdeen Asset Management PLC, as its alternative investment fund manager ("AIFM"). AFML has been appointed to provide investment management, risk management, administration and company secretarial services as well as promotional activities. The Company's portfolio is managed by Aberdeen Investment Management Kabushiki Kaisha ("AIMKK" or "Investment Manager") by way of a group delegation agreement between AFML and AIMKK. Company secretarial, accounting and administrative services are provided by Aberdeen Asset Management PLC ("Aberdeen"). The management agreement may be terminated by either the Company or the Manager on the expiry of six months' written notice. Aberdeen supplies the Board with monthly reports on the Company's activities. For the year to 31 March 2018, the management fee was payable at a rate of 0.95% per annum of the value of the Company's assets up to £50 million decreasing to 0.75% on assets above £50 million, and is payable monthly in arrears. No performance fee is payable. The basis for the fee calculation is net assets. The management fees paid during the year ended 31 March 2018 are shown in Notes 4 to the Financial Statements.

The Board and Manager have agreed a change in the management fee structure for accounting periods commencing 1 April 2018 whereby the fee will be payable at a rate of 0.75% per annum of the value of the Company's net assets.

The total Ongoing Charges Ratio (OCR) for the period was 1.18% of net assets, a reduction from 1.24% in the previous year. The Board expects that the OCR will reduce further in 2018 as a result of the revised management fee and is committed to seeking further reductions in OCR whenever possible.

The Board has undertaken a detailed review of the performance of the Manager and the terms of the management agreement and is of the opinion that the continuing appointment of the Manager, on the terms agreed, is in the best interests of shareholders as a whole. The key factors taken into account in reaching this decision were the commitment, investment skills and experience of the Manager's personnel and the long term record of their performance in managing equities in Japan.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions or other emissions producing sources to report from its operations.

Going Concern

The Company's assets consist of equity shares in companies listed on recognised stock exchanges and in most circumstances are realisable within a short timescale.

The Company does not have a fixed life. However, under the articles of association, if, in the 90 days preceding the Company's financial year-end (31 March), the Ordinary shares have been trading, on average, at a discount in excess of 10% to the underlying NAV over the same period, notice will be given of an ordinary resolution to be proposed at the following AGM to approve the continuation of the Company. In the 90 days to 31 March 2018, the Ordinary shares traded at an average discount of 9.4% to the underlying NAV. Accordingly, no resolution on the continuation of the Company will be put to the Company's shareholders at the Annual General Meeting.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. This takes account of the liquidity of the Company's investments, and that the earliest date that the Company may be subject to a continuation vote is at the Annual General Meeting of the Company to be held in 2019. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Substantial Interests

At 31 March 2018 and at the date of this Report, the following were registered, or had notified the Company, as being interested in 3% or more of the Company's Ordinary share capital:

Shareholder	Number of shares held	% held
1607 Capital Partners	2,161,696	14.7
Aberdeen Asset Management – retail plans	1,297,358	8.8
Wells Capital Management	909,986	6.2
Wesleyan Assurance	749,950	5.1
Brewin Dolphin	649,218	4.4
Hargreaves Lansdown	569,499	3.9
Rathbones	551,360	3.7

Subsequent to the year end the Company was notified of the following change:

- 1607 Capital Partners was interested in 2,216,696 Ordinary shares (representing 15.1% of the issued shares).

As at the date of this Report, no other changes to the above interests had been notified to the Company.

Auditor

The Directors who held office at the date of this Report each confirm that, so far as he or she is aware, there is no relevant audit information of which the Company's auditor is unaware; and he or she has taken all the steps that he or she might reasonably be expected to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

A resolution will be proposed at the AGM to re-appoint KPMG LLP, and to authorise the Directors to fix their remuneration.

Annual General Meeting

The Annual General Meeting will be held on 10 July 2018. The notice of the Annual General Meeting and related notes may be found on pages 68 to 71. Resolutions relating to the following items will be proposed at the forthcoming Annual General Meeting:–

Directors' Report continued

Amendment to Investment Policy
Resolution 9, which is an ordinary resolution, proposes amendment to the Company's investment policy. Further details of the proposed changes are contained in the Chairman's Statement on page 4 and in the Notice of the AGM on page 68.

Authority to Allot Shares
Resolution 10, which is an ordinary resolution, seeks to renew the authority to allot the unissued share capital up to an aggregate nominal amount of £146,703 (equivalent to 10% of the Company's existing issued share capital at the date of this Report).

Limited Disapplication of Pre-emption Provisions
Resolution 11, which is a special resolution, seeks to renew the Directors' authority to allot Ordinary shares and sell shares held in treasury (see below), without first being required to offer those shares to shareholders, at a price above the undiluted NAV per share at the allotment. The authorisation is limited to:-

a) the issue of shares otherwise than as described in (b) up to an aggregate nominal value of £146,703 (equivalent to 10% of the Ordinary shares in issue at the date of this Report); and
b) the allotment of shares in connection with an offer to all holders of Ordinary shares in proportion to their holdings in the Company.

This authority will last until the conclusion of the Annual General Meeting held in 2019 or, if earlier, 30 September 2019 (unless previously varied, revoked or extended).

The Company may hold such shares "in treasury" and then sell them at a later date for cash rather than simply cancelling them. Such sales are required to be on a pre-emptive, pro rata, basis to existing shareholders, unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued Ordinary share capital on a non pre-emptive basis, Resolution 11 will also give the Directors power to sell Ordinary shares held in treasury on a non pre-emptive basis, subject always in both cases to the limitations noted above. Pursuant to this power, Ordinary shares would only be issued for cash and treasury shares would only be sold for cash at a price not less than the NAV per share. (Treasury shares are explained in more detail under the heading "Share Repurchases" below).

Share Repurchases
Resolution 12, which is a special resolution, will be proposed to authorise the Company to make market purchases of its own Ordinary shares. The Company may do either of the following in respect of its own Ordinary shares which it buys back and does not immediately cancel but, instead, holds "in treasury":-

a) sell such shares (or any of them) for cash (or its equivalent); or
b) ultimately cancel the shares (or any of them).

The Directors intend to continue to take advantage of this flexibility. No dividends will be paid on treasury shares, and no voting rights attach to them. The maximum aggregate number of Ordinary shares which may be purchased pursuant to the authority is 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of the resolution (approximately 2.19 million Ordinary shares at the date of this report). The minimum price which may be paid for an Ordinary share shall be 10p (exclusive of expenses). The maximum price (exclusive of expenses) which may be paid for the shares is the higher of:

a) 5% above the average of the market value of the Ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase; and
b) the higher of the price of the last independent trade and the highest current independent bid on the main market for the Ordinary shares.

This authority, if conferred, will only be exercised if to do so would result in an increase in NAV per Ordinary share for the remaining shareholders, and if it is in the best interests of shareholders generally. This authority will last until the conclusion of the Annual General Meeting of the Company to be held in 2019 or, if earlier, 30 September 2019 (unless previously revoked, varied or renewed).

Your Board considers the above resolutions to be in the best interests of the Company and its members as a whole and most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, your Board unanimously recommends that shareholders should vote in favour of the resolutions to be proposed at the Annual General Meeting.

By Order of the Board and signed on its behalf

Aberdeen Asset Management PLC
Secretary
Bow Bells House
1 Bread Street
London, EC4M 9HH

29 May 2018

Statement of Corporate Governance

Introduction

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance, and this statement describes how the Company applies the principles identified in the UK Corporate Governance Code (the "UK Code") published in 2016, which is available on the Financial Reporting Council's website: www.frc.org.uk. The Association of Investment Companies has also published a Code of Corporate Governance for Investment Trusts© ("AIC Code"), which is available on the AIC's website: www.theaic.co.uk. The AIC Code forms a comprehensive guide to best practice in certain areas of governance where the specific characteristics of investment trusts suggests alternative approaches to those set out in the UK Code that may be preferable. There is a certain amount of overlap with the UK Code, although the focus of attention is on the points of difference.

Application of the Principles of the Codes

This statement describes how the principles identified in the UK Code and the AIC Code have been applied by the Company throughout the year, except where disclosed below.

The Listing Rules of the UK Listing Authority require the Board to report on compliance with the UK Code provisions throughout the year. The Company has complied in full throughout the year with the AIC Code. In instances where the UK Code and AIC Code differ, an explanation is given in this Statement of Corporate Governance.

The exception to compliance with the UK Code, which is explained more fully under the heading of "The Board", is that the Chairman chairs the Remuneration Committee (UK Code Principle D.2.1). The Board is of the opinion that the Company has complied fully with the recommendations of the AIC Code and the relevant provisions of the UK Code.

The Board

The Board consists of a Chairman and three non-executive Directors, all of whom are considered under the Codes to be independent of the Manager, Aberdeen Fund Managers Limited, and free of any relationship which could materially interfere with the exercise of their independent judgement on issues of strategy, performance, resources and standards of conduct.

The Board considers that, at the date of his appointment as Chairman on 24 September 2008, Neil Gaskell was independent and that he remains so. The UK Code states that, following appointment, the test of independence is not appropriate in relation to the Chairman. However, the AIC Code states that the test of independence continues to be appropriate and, consequently, the Board will follow the AIC Code.

The number of routine Board and Committee meetings attended by each Director during the year compared to the total number of meetings that each Director was eligible to attend is provided in the table below. The Board meets formally at least five times a year, and more frequently where business needs require. In addition, the Board maintains regular contact with the Manager.

The primary focus at regular Board meetings is a review of investment performance and associated matters including gearing and hedging policies, asset allocation, promotion and investor relations, peer group information and industry issues. To enable the Board to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers, including the Investment Manager's review, performance reports and discussion documents regarding specific matters. Directors have made further enquiries where necessary.

Meetings held and attendance	Board	Audit Committee	Remuneration Committee	Nomination Committee	Management Engagement Committee
Neil Gaskell	5/5	2/2	2/2	2/2	2/2
Karen Brade	5/5	2/2	2/2	2/2	2/2
Kevin Pakenham	5/5	2/2	2/2	2/2	2/2
Sir David Warren	5/5	2/2	2/2	2/2	2/2

Statement of Corporate Governance continued

The Board sets the Company's values and objectives and ensures that its obligations to its shareholders are met. It has formally adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. This includes:

- maintenance of clear investment objectives and risk management policies;
- monitoring of the business activities of the Company ranging from analysis of investment performance through to annual budgeting and quarterly forecasting and variance analysis;
- setting the range of gearing and hedging within which the Manager may operate;
- major changes relating to the Company's structure, including share buy-backs and share issuance;
- Board appointments and removals and the related terms;
- authorisation of Directors' conflicts or possible conflicts of interest;
- terms of reference and membership of Board Committees;
- appointment and removal of the Manager and the terms and conditions of the management and administration agreements relating thereto; and
- Regulatory, accounting and legal requirements such as the approval of the half yearly and annual financial statements and approval and recommendation of any dividends respectively, any circulars, listing particulars and other releases concerning matters decided by the Board.

The Board regularly monitors the interests of each Director and a register of Directors' interests, including potential conflicts of interest, is maintained by the Company. Directors who have potential conflicts of interest will not take part in any discussions which relate to that particular conflict.

The Board adopts a zero tolerance approach to bribery and corruption and has implemented appropriate procedures designed to prevent bribery.

In relation to the corporate offence of failing to prevent tax evasion, it is the Company's policy to conduct all business in an honest and ethical manner. The Company takes a zero-tolerance approach to facilitation of tax evasion whether under UK law or under the law of any foreign country and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships.

There is no age limit for Directors in the articles of association. The Board's policy on tenure is that Directors need not serve on the Board for a limited period of time only. The Board does not consider that the length of service of a Director is as important as the contribution he or she has to make, and therefore the relevance of individual length of service will be determined on a case by case basis, but taking into account the maximum service periods recommended in the UK Code.

The Board has implemented the provisions of the UK Code whereby all Directors of the Company will stand for re-election on an annual basis.

There is an agreed procedure for Directors to take independent professional advice, if necessary, at the Company's expense. The Directors have access to the advice and services of the corporate Company Secretary through its appointed representatives who are responsible to the Board:

- for ensuring that Board procedures are complied with;
- under the direction of the Chairman, for ensuring good information flows with the Board and its Committees, as well as facilitating induction and assisting with professional development as required; and
- for advising, through the Chairman, on all corporate governance matters.

Board Committees

The terms of reference, which are reviewed annually, for each of the four Board Committees, may be found on the Company's website (www.aberdeenjapan.co.uk) under 'Corporate Governance' within the 'Trust Profile' section.

Management Engagement Committee

The Management Engagement Committee is chaired by Neil Gaskell and comprises all Directors of the Company. The Committee annually reviews matters concerning the management agreement (the "Agreement") between the Company and the Manager. Details of the Agreement are shown on pages 22 to 23 of this Report.

Remuneration Committee

The Remuneration Committee is chaired by Neil Gaskell and comprises all Directors of the Company. Remuneration has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report.

Nomination Committee

The Nomination Committee is chaired by Neil Gaskell and comprises all Directors of the Company. The Committee's duties include annual appraisals, succession planning, new appointments and training. New appointments are made on merit, taking into account the benefits of diversity, including gender. The Board's overriding priority is to appoint the most appropriate candidate and has not set any measurable targets in relation to the diversity of the Board. The

Committee reviews the composition, experience and commitment of the Directors.

New Directors are given appropriate induction from the Manager covering the Manager's operations, legal responsibilities and industry matters. Directors are provided with appropriate training on changes in regulatory requirements, relevant industry issues and developments and are able to participate in training courses run by the AIC and other financial services providers.

The Committee has undertaken an annual performance evaluation, using questionnaires and discussion, to ensure that the Directors have all devoted sufficient time and contributed adequately to the work of the Board and Committees and to consider each Director's independence and other commitments. The outcome of this evaluation was satisfactory in each case and each Director is committed to serve the Company effectively. The Committee reviewed its succession plan, including the Chairman's intention not to stand for re-election at the 2019 AGM, and agreed that a new recruit would be sought during 2018. The Committee considers that the Board's current significant diversity of skills, experience and culture serve the Company well and should be a consideration in selecting a new Director.

The Committee recommended, with the relevant Directors recusing themselves, the nomination for re-election, at the forthcoming Annual General Meeting, of Neil Gaskell, Karen Brade, Kevin Pakenham and Sir David Warren. Neil Gaskell has an excellent working knowledge of Japan over many years of doing business there and has made a significant contribution to the work of the Board, especially in his role as Chairman. Kevin Pakenham has considerable experience of the investment management industry, long business experience in Asia and his role as Chairman of the Audit Committee is greatly valued. Karen Brade has over 20 years' investment experience in a range of sectors and markets, including equity and debt investing, portfolio management, fund raising and investor development in Asia. Sir David Warren has over 40 years' experience and knowledge of Japan from his diplomatic career.

Communication with Shareholders

The Company places a great deal of importance on communication with its shareholders. The Manager has an annual programme of meetings with institutional shareholders and reports back to the Board on these meetings.

When shares in Aberdeen Japan Investment Trust are held in the name of nominee companies and notification has been received in advance, nominee companies will be provided with copies of shareholder communications for distribution to their customers. Nominee investors may attend and speak at general meetings.

Participants in the Manager's Share Plan and ISA, whose shares are held in the nominee names of the plan administrator, are given the opportunity to vote by means of a Letter of Direction enclosed with the Annual Report. The Letter of Direction is forwarded to the administrator of the Share Plan and ISA, who will complete a proxy on behalf of the participants and forward it to the Company's registrars for inclusion in the voting figures.

As recommended best practice under the UK Code, the Annual Report is normally posted to shareholders at least twenty business days before the AGM. The Notice of Meeting sets out the business of the meeting and the resolutions are explained more fully in the Directors' Report. Separate resolutions are proposed for each substantive issue. The Board is conscious that the AGM is an event at which all shareholders are encouraged to attend and participate. The Investment Manager makes a presentation to the meeting outlining the key investment issues that affect the Company. All shareholders have the opportunity to put questions at the AGM. Proxy voting figures for each resolution are announced to the meeting after voting on a show of hands and details are available on the Company's website.

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (either the Company Secretary or the Manager) in situations where direct communication is required.

Shareholders have direct access to the Company via the Customer Services Department operated by the Manager. The Company also responds to letters from shareholders. Contact details may be found on page 72.

A website from which the Company's reports and other publications can be downloaded is maintained at www.aberdeenjapan.co.uk.

UK Stewardship Code and Proxy Voting as an Institutional Shareholder

Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the Manager which has sub-delegated that authority to the Investment Manager.

The Company has been assessed by the FRC as a Tier 1 signatory to the Stewardship Code and the full text of the Company's response to the Stewardship Code may be found on its website.

Statement of Corporate Governance continued

Socially Responsible Investment Policy

The Directors, through the Manager, encourage companies in which investments are made to adhere to best practice in the area of Corporate Governance and Socially Responsible Investing. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in both areas.

The Manager's ultimate objective, however, is to deliver superior investment returns for their clients. Accordingly, whilst the Manager will seek to favour companies which pursue best practice in these areas, this must not be to the detriment of the return on the investment portfolio.

Report of the Audit Committee

Composition

The Audit Committee ("Committee") is chaired by Kevin Pakenham and comprises all Directors of the Company. The Committee is satisfied that it has the necessary recent and relevant financial experience and competence relevant to the investment trust sector to fulfil its responsibilities. The main responsibilities of the Committee include:

- to monitor the integrity of the the annual and half yearly financial statements, including the accounting policies applied therein and to ensure compliance with financial and regulatory reporting requirements;
- to assess whether the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- to review and report to the Board on the significant issues and judgements made in connection with the financial reporting including the statement on the Company's viability;
- to review the internal control and risk management systems on which the Company is reliant and meet the needs of the Company and provide appropriate mitigation to the risks of the Company's operations.
- to consider annually the need for the Company to have its own internal audit function;
- as the Company has no employees, to consider the Manager's arrangements whereby staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters ('whistleblowing');
- to consider the re-appointment, remuneration and terms of engagement of the external auditor and to review annually the external auditor's independence, objectivity, effectiveness, resources and qualification; and
- to develop and implement policy on the engagement of the external auditor to supply non-audit services. All non-audit services must by approved in advance by the Committee.

Activities During the Year

The Committee meets at least twice per year when it reviews the annual and half yearly financial reports in detail. Reports from the Aberdeen Group's internal audit, risk and compliance departments are also considered by the Committee which cover internal control systems, risk and the conduct of the business in the context of its regulatory environment.

Significant Accounting Issues

The Committee considered the following significant accounting issues, including those communicated by the external auditor, in relation to the Company's financial statements for the year to 31 March 2018:

- the valuation, existence and ownership of investments. The valuation of investments is undertaken in accordance with the stated accounting policies. All investments are in quoted securities in active markets, are considered to be liquid and have been categorised as Level 1 within FRS 102 fair value hierarchy. The portfolio holdings and their pricing is reviewed and verified by the Manager on a regular basis and management accounts, including a full portfolio listing, are prepared for each Board meeting. The Company used the services of an independent Depositary (BNP Paribas Securities Services) during the year under review to hold the assets of the Company. The investment portfolio is reconciled regularly by the Manager and the audit includes independent confirmation of the valuation and existence of all investments. The Committee reviews internal control reports from the Manager which provides details of the controls in place regarding the recording and pricing of investments. In addition, the Depositary, which is appointed to safeguard the Company's assets, checks its records on a monthly basis.
- the accounting treatment of currency hedging (see note 16 to the financial statements).
- improper revenue recognition. Investment income is accounted for in accordance with stated accounting policies and regularly reviewed by the Committee. The audit includes substantive testing of the Company's income stream and any significant adjustments made.

Review of Auditor

The Committee has reviewed the independence and the effectiveness of the auditor, KPMG LLP ("KPMG"), as follows:

- The auditor reports on an annual basis the steps it takes to ensure its independence and objectivity and confirms that it has complied with the relevant UK independence guidelines. The level of non-audit services provided by the auditor is assessed and for the period ended 31 March 2018 there were no non-audit services provided.
- The Committee considers the experience, continuity and tenure of the audit team, including the audit director. The audit team consists of suitably experienced staff with knowledge of the investment trust sector and there is a process in place for the rotation of the audit director.
- The Committee assesses the level of audit service annually. The audit plan is reviewed well in advance and subsequent audit findings are reported comprehensively in a timely manner and are resolved satisfactorily. The auditor has a good working relationship with both the Board and the Manager.

Following a review, the Committee is satisfied that KPMG remains independent and effective and supports the re-appointment of KPMG LLP as auditor for approval at the Annual General Meeting.

Report of the Audit Committee continued

Audit Tenure

Under EU legislation listed companies are required to tender the external audit at least every ten years, and change auditor at least every twenty years. The Committee last undertook an audit tender process in 2015 when KPMG LLP was appointed as auditor with effect from 14 July 2015.

Internal Control

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. The Audit Committee confirms that as at 31 March 2018 there was a robust process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this annual report and financial statements, and is regularly reviewed by the Board and accords with the Financial Reporting Council's Guidance on Internal Controls.

Under the Management Agreement, the management of the Company's assets has been delegated to the Manager (AFML) within overall guidelines. Risks are identified and documented through a risk management framework by each function within the Manager's activities. The internal control systems operated by the Manager are monitored and supported by internal audit and compliance function which undertakes periodic examination of business processes, including compliance with the terms of the management agreement, and ensures that recommendations to improve controls are implemented.

The Committee has reviewed the effectiveness of the Manager's system of internal control, in particular the process for identifying and evaluating the significant risks affecting the Company, including financial, operational, regulatory and compliance, and the policies by which these risks are managed.

In addition, the Committee has adopted its own risk matrix which identifies the key risks for the Company and covers strategy, investment management, operations, regulatory and financial obligations and third party service providers. A monitoring system is undertaken whereby the controls to mitigate these risks, and the impact of the residual risks, are assessed on a regular basis. Details of the principal risks faced by the Company during the financial year are provided in the Overview of Strategy.

The key components designed to provide effective internal control are outlined below:

- the Manager prepares management reports, covering investment activities and financial matters which allow the Board to assess the Company's activities and review its performance;
- the Board and Investment Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate;
- the Manager's risk management, internal audit and compliance departments continually review the Manager's operations and reports to the Committee on a six monthly basis. A representative from the Manager's internal audit team meets with the Committee annually; and
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers.

During the year the Committee reviewed detailed reports from the Manager's risk management, internal audit and compliance functions. Areas covered included the arrangements for IT security, the control of transactions between shareholders and the Company, the adequacy of key investment staff succession plans and the effectiveness of the Manager's risk and internal audit functions for the purposes of the Company. The Committee also reviewed a report from the Depositary covering their functions in relation to safeguarding the Company's assets.

The Committee has monitored developments within the Standard Life Aberdeen plc Group to ensure that the effective management of the Company, including its performance, continues. The Committee has considered the need for an internal audit function but, because of the compliance and internal control systems in place at the Manager, has decided to place reliance on the Manager's systems and internal audit procedures.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against mis-statement and loss.

No significant failings or weaknesses in the Company's process for identifying, evaluating and managing the significant risks faced by the Company were identified during the year under review

Directors' Remuneration Report

The Board has prepared this Remuneration Report in accordance with the regulations governing the disclosure and approval of Directors' remuneration. This Remuneration Report comprises three parts:

(i) A Remuneration Policy, set out below, which was last approved by shareholders at the Annual General Meeting held in 2017. This policy is subject to a vote at least every three years. Any change to this policy during this interval would also require shareholder approval.
(ii) An annual Implementation Report, which provides information on how the Remuneration policy has been applied during the year and will be subject to an advisory vote.
(iii) An Annual Statement.

The law requires the Company's auditor to audit certain of the disclosures provided in the Remuneration Report. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the report on pages 35 to 38.

The fact that the Remuneration Policy will now be subject to a binding vote does not imply any change on the part of the Company. The principles remain the same as for previous years. There have been no changes to the Directors' Remuneration Policy during the period of this Report nor are there any proposals for the foreseeable future, except for the level of Directors' fees as set out in the Implementation Report below.

Remuneration Policy for Directors

The Remuneration Policy takes into consideration the principles of the UK Corporate Governance Code and the AIC's recommendations regarding the application of those principles to investment companies. Directors' remuneration is determined by the Remuneration Committee which comprises all Directors of the Company.

Directors' Fees

The Directors are non-executive and their fees are set within the limits of the Company's articles of association, which limit the aggregate fees payable to £200,000 per annum. The limit may only be increased by a shareholder resolution. The Directors' fees for the year to 31 March 2018 totalled £88,000.

Subject to this overall limit, the Board's policy is that the remuneration of non-executive Directors should reflect the nature of their duties, responsibilities and the value of their time spent and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective. No shareholder views were sought in setting the remuneration policy although any comments received from shareholders would be considered on an on-going basis.

Fee rates are established after reviewing external sources as to current market levels.

	From 1 April 2018 £	From 1 April 2017 £
Chairman	28,000	27,500
Chairman of Audit Committee	22,000	21,500
Director	20,000	19,500

Appointment of Directors

- The Company only intends to appoint non-executive Directors under the terms of Letters of Appointment.
- Directors must retire and be subject to election at the first AGM after their appointment, and at least every three years thereafter.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment.
- No incentive or introductory fees will be paid to encourage a Directorship.
- The Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- The Company indemnifies its Directors for costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.
- The Directors are entitled to be re-imbursed for out-of-pocket expenses incurred in connection with performing their duties including travel expenses.

Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance related fee.
- No Director has a service contract.
- No Director was interested in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed without notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or any assets of the Company.

Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

The above Remuneration Policy was approved at the AGM on 10 July 2017 and is effective for three years.

Directors' Remuneration Report continued

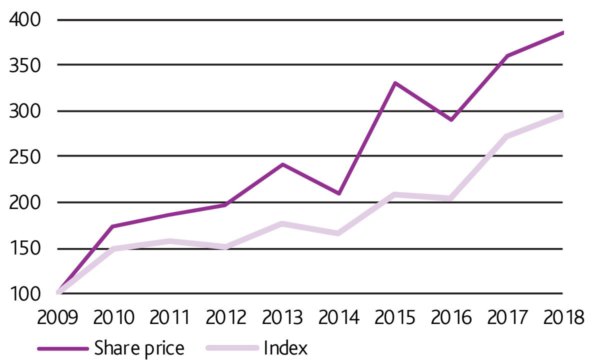
Implementation Report

Directors' Fees Increase

During the financial year the Board carried out a review of the level of Directors' fees and increased the amounts payable to £28,000 for the Chairman, £22,000 for the Audit Committee Chairman and £20,000 for each Director, effective from 1 April 2018. There are no further fees to disclose as the Company has no employees, Chief Executive or Executive Directors.

Company Performance

During the year the Board carried out a review of investment performance. The graph below shows the share price and NAV total return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total return from a composite index, in Sterling terms, consisting of the MSCI All Countries Asia Pacific Index (including Japan) up to 7 October 2013 and the TOPIX Index thereafter, for the nine year period ended 31 March 2018 (rebased to 100 at 31 March 2009). This index was chosen for comparison purposes, as it is the reference index used for investment performance measurement purposes.



Statement of Voting at General Meeting

At the Company's last AGM, held on 10 July 2017, shareholders approved the Directors' Remuneration Report in respect of the year ended 31 March 2017 and the Directors Remuneration Policy:

Resolution	For	Against	Withheld
Approve Directors' Remuneration Policy	5.8m (99.7%)	19,470 (0.3%)	14,954
Receive and Adopt Directors' Remuneration Report	5.8m (99.7%)	16,833 (0.3%)	11,885

Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to shareholders. The total fees paid to Directors are shown below.

Audited Information

Fees Payable

The Directors who served in the year received the fees in the table below which exclude employers' NI payable. This represents the entire remuneration paid to the Directors.

Director	2018 £	2017 £	2016 £
Neil Gaskell	27,500	27,000	26,000
Karen Brade	19,500	19,000	18,500
Sir Andrew Burns[1]	-	5,005	18,500
Kevin Pakenham	21,500	21,000	20,500
Sir David Warren	19,500	19,000	6,167
Total	**88,000**	**91,005**	**89,667**

[1] Retired on 5 July 2016

Fees are pro-rated where a change takes place during a financial year. No fees were paid to third parties.

Directors' Interests in the Company

Directors are not required to have a shareholding in the Company. The Directors (including their connected persons) at 31 March 2018 and 31 March 2017 had no interest in the share capital of the Company other than those interests, all of which are beneficial interests, shown in the table below.

	31 March 2018 Ord 10p	31 March 2017 Ord 10p
Neil Gaskell	35,078	17,500
Karen Brade	1,510	1,510
Kevin Pakenham	11,175	11,135
Sir David Warren	nil	nil

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on Remuneration Policy and Remuneration Implementation summarises, as applicable, for the year ended 31 March 2018:

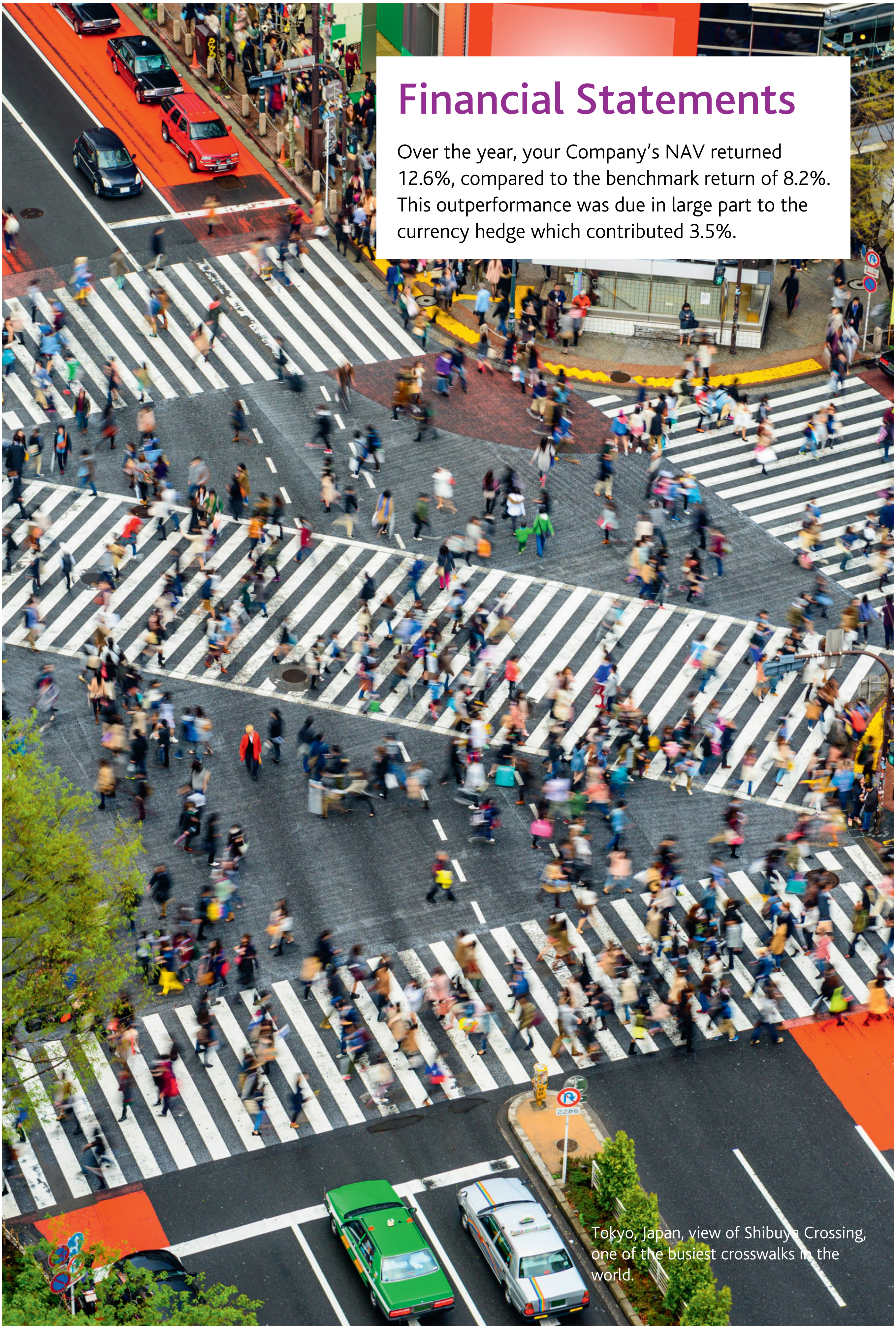
- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and in which decisions have been taken.

The Directors' Remuneration Report was approved by the Board of Directors and signed on its behalf by:

Neil Gaskell
Chairman
29 May 2018

Financial Statements

Over the year, your Company's NAV returned 12.6%, compared to the benchmark return of 8.2%. This outperformance was due in large part to the currency hedge which contributed 3.5%.



Tokyo, Japan, view of Shibuya Crossing, one of the busiest crosswalks in the world.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company taken as a whole; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

For and on behalf of Aberdeen Japan Investment Trust PLC

Neil Gaskell
Chairman

29 May 2018

Independent Auditor's Report to the Members of Aberdeen Japan Investment Trust PLC

1 Our opinion is unmodified

We have audited the financial statements of the Aberdeen Japan Investment Trust PLC ("the Company") for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 31 March 2018 and of its return for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the shareholders on 14 July 2015. The period of total uninterrupted engagement is for the 3 financial years ended 31 March 2018. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2017), in arriving at our audit opinion above, together with our key audit procedures to address the matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

Carrying amount of quoted investments (£110 million; 2017: £103 million) *Refer to page 29 (Audit Committee Report), page 43 (accounting policy) and page 48 (financial disclosures).*	**Low risk, high value** The Company's portfolio of quoted investments makes up 99% of the company's total assets (by value) and is considered to be the key driver of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our procedures included: • **Tests of detail:** Agreeing the valuation of 100 per cent of investments in the portfolio to externally quoted prices; and • **Enquiry of custodians:** Agreeing 100 per cent of investment holdings in the portfolio to independently received third party confirmations from investment custodians. **Our results:** We found the carrying amount of quoted investments to be acceptable (2017: acceptable).

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £1,120,000 (2017: £1,047,000), determined with reference to a benchmark of total assets, of which it represents 1% (2017: 1%).

We agreed to report to the Audit Committee any uncorrected identified misstatements exceeding £56,000 (2017: £52,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Independent Auditor's Report to the Members of Aberdeen Japan Investment Trust PLC continued

Our audit of the company was undertaken to the materiality level specified above and was performed at KPMG LLP in Glasgow.

4 We have nothing to report on going concern

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in note 2a to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- if the related statement under the Listing Rules set out on page 23 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5 We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement (page 12) that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and

understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 34, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience, and through discussion with the directors (as required by auditing standards). We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) as well as the company's qualification as an Investment Trust under UK tax legislation, any breach of which could lead to the company losing various deductions and exemptions from UK corporation tax. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

As with any audit, there remained a higher risk of non-detection of non-compliance with relevant laws and regulations, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Independent Auditor's Report to the Members of Aberdeen Japan Investment Trust PLC continued

8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS

29 May 2018

Statement of Comprehensive Income

		Year ended 31 March 2018			Year ended 31 March 2017		
		Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Gains on investments	10	–	6,829	6,829	–	22,557	22,557
Income	3	1,879	–	1,879	2,015	–	2,015
Exchange gains/(losses)	14	–	4,104	4,104	–	(7,205)	(7,205)
Investment management fee	4	(339)	(508)	(847)	(308)	(461)	(769)
Administrative expenses	5	(326)	(15)	(341)	(337)	(11)	(348)
Net return before finance costs and taxation		1,214	10,410	11,624	1,370	14,880	16,250
Finance costs	6	(42)	(63)	(105)	(44)	(65)	(109)
Net return before taxation		1,172	10,347	11,519	1,326	14,815	16,141
Taxation	7	(188)	–	(188)	(201)	–	(201)
Net return after taxation		**984**	**10,347**	**11,331**	**1,125**	**14,815**	**15,940**
Return per Ordinary share (pence)	9	**6.59**	**69.24**	**75.83**	**7.25**	**95.44**	**102.69**

The total column of this statement represents the profit and loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations.

The accompanying notes are an integral part of the financial statements.

Statement of Financial Position

	Notes	As at 31 March 2018 £'000	As at 31 March 2017 £'000
Fixed assets			
Investments designated at fair value through profit or loss	10	110,414	102,793
Current assets			
Debtors	11	743	865
Cash at bank and in hand		881	1,007
		1,624	1,872
Creditors: amounts falling due within one year			
Foreign currency bank loans	12	(2,681)	(12,201)
Other creditors	12	(175)	(296)
		(2,856)	(12,497)
Net current liabilities		(1,232)	(10,625)
Total assets less current liabilities		109,182	92,168
Creditors: amounts falling due in more than one year			
Foreign currency bank loans	12	(8,710)	–
Net assets		**100,472**	**92,168**
Share capital and reserves			
Called-up share capital	13	1,582	1,582
Share premium		6,656	6,656
Capital redemption reserve		2,273	2,273
Capital reserve	14	87,357	79,137
Revenue reserve		2,604	2,520
Equity shareholders' funds		**100,472**	**92,168**
Net asset value per Ordinary share (pence)	15	**682.31**	**611.41**

The financial statements were approved and authorised for issue by the Board of Directors on 29 May 2018 and were signed on its behalf by:

Neil Gaskell
Chairman

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Equity

For the year ended 31 March 2018

	Notes	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 March 2017		1,582	6,656	2,273	79,137	2,520	92,168
Return after taxation		–	–	–	10,347	984	11,331
Dividend paid	8	–	–	–	–	(900)	(900)
Purchase of Ordinary shares to be held in treasury	13	–	–	–	(2,127)	–	(2,127)
Balance at 31 March 2018		**1,582**	**6,656**	**2,273**	**87,357**	**2,604**	**100,472**

For the year ended 31 March 2017

		Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 March 2016		1,582	6,656	2,273	67,162	2,050	79,723
Return after taxation		–	–	–	14,815	1,125	15,940
Dividend paid	8	–	–	–	–	(655)	(655)
Purchase of Ordinary shares to be held in treasury	13	–	–	–	(2,840)	–	(2,840)
Balance at 31 March 2017		**1,582**	**6,656**	**2,273**	**79,137**	**2,520**	**92,168**

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Net return before finance costs and taxation	11,624	16,250
Adjustment for:		
Gains on investments	(6,829)	(22,557)
Increase/(decrease) in other creditors	12	(3)
Expenses taken to capital reserve	15	11
Foreign exchange (gains)/losses	(690)	1,411
Overseas withholding tax	(188)	(201)
Increase in accrued dividend income	(4)	(130)
Decrease/(increase) in other debtors	8	(4)
Net cash inflow/(outflow) from operating activities	3,948	(5,223)
Investing activities		
Purchases of investments	(29,919)	(14,151)
Sales of investments	28,994	23,036
Expenses allocated to capital	(15)	(11)
Net cash (outflow)/inflow from investing activities	(940)	8,874
Financing activities		
Bank and loan interest paid	(105)	(109)
Equity dividend paid	(900)	(655)
Purchase of own shares to treasury	(2,127)	(2,840)
Net cash outflow from financing activities	(3,132)	(3,604)
(Decrease)/increase in cash	**(124)**	**47**
Analysis of changes in cash during the year		
Opening balance	1,007	897
Effects of exchange rate fluctuations on cash held	(2)	63
(Decrease)/increase in cash as above	(124)	47
Closing balance	**881**	**1,007**

Notes to the Financial Statements For the year ended 31 March 2018

1. Principal activity

The Company is a closed-end investment company, registered in England and Wales No 3582911, with its Ordinary shares being listed on the London Stock Exchange.

2. Accounting policies

(a) Basis of accounting and going concern

The financial statements have been prepared in accordance with Financial Reporting Standard 102 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in November 2014 and updated in February 2018 with consequential amendments. They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The financial statements have been prepared on a going concern basis. The Directors believe this is appropriate for the reasons outlined in the Directors' Report on page 23.

The Company's financial statements are presented in Sterling, which is also the functional currency as it is the basis upon which shareholders operate and expenses are generally paid. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

(b) Valuation of investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the Company designates the investments 'at fair value through profit or loss'. Fair value is taken to be the investment's cost at the trade date (excluding expenses incidental to the acquisition which are written off in the Statement of Comprehensive Income, and allocated to 'capital' at the time of acquisition).

Subsequent to initial recognition, investments continue to be designated at fair value through profit or loss, which is deemed to be bid prices, where the bid price is available, or otherwise at fair value based on published price quotations.

(c) Income

Dividends, including taxes deducted at source, are included in revenue by reference to the date on which the investment is quoted ex-dividend. Special dividends are reviewed on a case-by-case basis and may be credited to capital, if circumstances dictate. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital reserves. Interest receivable on bank balances is dealt with on an accruals basis.

Where applicable the dividend income is disclosed net of irrecoverable taxes deducted at source. UK dividend income is recorded net of tax credits.

(d) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated to revenue in the Statement of Comprehensive Income except as follows:

- expenses are allocated and borne by capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect, the investment management fee is allocated 40% to revenue and 60% to realised capital reserves to reflect the Company's investment policy and prospective income and capital growth.

(e) Taxation

The tax payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expenditure that are taxable or deductible in other years and it further excludes items that are never taxable or deductible (see note 7 for a more detailed explanation). The Company has no liability for current tax.

Deferred taxation

Deferred taxation is provided on all timing differences, that have originated but not reversed at the Statement of Financial Position date, where transactions or events that result in an obligation to pay more or a right to pay less tax in future have occurred at the Statement of Financial Position date, measured on an undiscounted basis and based on tax rates expected to apply in the period that the timing differences reverse. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods. Due to the Company's status as an investment trust company, and the intention to continue to meet the conditions required to obtain approval for the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

(f) Nature and purpose of reserves

Called-up share capital

The Ordinary share capital on the Statement of Financial Position relates to the number of shares in issue and in treasury. Only when the shares are cancelled, either from treasury or directly, is a transfer made to the capital redemption reserve.

Share premium account

The balance classified as share premium includes the premium above nominal value from the proceeds on issue of any equity share capital comprising Ordinary shares of 10p.

Capital redemption reserve

The capital redemption reserve is used to record the amount equivalent to the nominal value of any of the Company's own shares purchased and cancelled in order to maintain the Company's capital.

Capital reserve

Gains or losses on disposal of investments and changes in fair values of investments are transferred to the capital reserve. The capital element of the management fee and relevant finance costs are charged to this reserve. Any associated tax relief is also credited to this reserve. The costs of share buybacks to be held in treasury are also deducted from this reserve.

Revenue reserve

This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

(g) Foreign currencies

Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction.

Foreign currency asset and liability balances are translated to Sterling at the middle rate of exchange at the year end. Differences arising from translation are treated as capital gain or loss to capital or revenue within the Statement of Comprehensive Income depending upon the nature of the gain or loss.

(h) Dividends payable

Final dividends are recognised in the financial statements in the period in which they are paid.

(i) Borrowings

All secured borrowings are initially recognised at cost, being the fair value of the consideration received, less issue costs where applicable, after initial recognition, all interest bearing borrowings are subsequently measured at amortised cost. The finance costs of such borrowings are accounted for on an accruals basis using the effective interest rate method and are charged 40% to revenue and 60% to realised capital reserves to reflect the Company's investment policy and prospective income and capital growth.

(j) Derivative financial instruments

The Company uses forward foreign exchange contracts to manage currency risk arising from investment activity.

Derivatives are measured at fair value calculated by reference to forward exchange rates for contracts with similar maturity profiles.

Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income as revenue or capital depending on their nature.

(k) Significant judgements

The Company's investments and borrowings are made in Japanese yen, however the Board considers the Company's functional currency to be Sterling. In arriving at this conclusion, the Board considered that the shares of the Company are listed on the London Stock Exchange, it is regulated in the United Kingdom, principally having its shareholder base in the United Kingdom, pays dividends and expenses in sterling and also, it seeks to ensure that the Company's Japanese Yen net exposure is appropriately Sterling-hedged through the use of rolling forward currency contracts.

	2018	2017
3. Income	**£'000**	**£'000**
Income from investments		
Overseas dividends	1,879	2,013
Other income		
Deposit interest	–	2
Total income	**1,879**	**2,015**

	2018			2017		
	Revenue	Capital	Total	Revenue	Capital	Total
4. Management fee	£'000	£'000	£'000	£'000	£'000	£'000
Management fee	339	508	847	308	461	769

For further details see note 19 Related party transactions.

Notes to the Financial Statements continued

5. Administrative expenses	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000
Promotional fees	70	–	70	60	–	60
Directors' fees	88	–	88	91	–	91
Depositary fees	16	–	16	14	–	14
Transaction costs on investment purchases	–	15	15	–	11	11
Auditor's remuneration (excluding irrecoverable VAT):						
• fees payable to the Company's auditor for the audit of the annual accounts	19	–	19	19	–	19
Other	133	–	133	153	–	153
	326	**15**	**341**	**337**	**11**	**348**

6. Finance costs	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000
Bank loans	**42**	**63**	**105**	**44**	**65**	**109**

7. Taxation	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000
(a) Analysis of charge for the year						
Irrecoverable overseas taxation	188	–	188	201	–	201
Total tax charge	**188**	**–**	**188**	**201**	**–**	**201**

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences can be explained below:

	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000
Net return before taxation	1,172	10,347	11,519	1,326	14,815	16,141
Net return multiplied by standard rate of corporation tax in the UK of 19% (2017 – 20%)	223	1,966	2,189	265	2,963	3,228
Effects of:						
Gains on investments not taxable	–	(1,272)	(1,272)	–	(4,511)	(4,511)
Currency (gains)/losses not taxable	–	(802)	(802)	–	1,441	1,441
Irrecoverable overseas withholding tax	188	–	188	201	–	201
Excess management expenses	134	108	242	138	107	245
Non-taxable overseas dividends	(357)	–	(357)	(403)	–	(403)
Total tax charge for the year	**188**	**–**	**188**	**201**	**–**	**201**

(c) Provision for deferred taxation

At 31 March 2018 the Company had surplus management expenses and loan relationship debits with a tax value of £1,863,000 (2017 – £1,936,000) in respect of which a deferred tax asset has not been recognised. This is because the Company is not expected to generate taxable income in the future in excess of deductible expenses of that future period, and accordingly, it is unlikely that the Company will generate taxable revenue in the future and therefore will be unable to utilise the existing surplus expenses.

8. Dividends

	2018 £'000	2017 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend 2017 – 6.00p (2016 – 4.20p)	**900**	**655**

In order to comply with the requirements of Sections 1158-1159 of the Corporation Tax Act 2010 the Company is required to make a dividend distribution.

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability. It is proposed that the final dividend will be paid on 13 July 2018 to shareholders on the register at the close of business on 15 June 2018.

The table below sets out the total dividends proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158 –1159 are considered. The revenue available for distribution by way of dividend for the year is £984,000 (2017 – £1,125,000). Presently, only the revenue reserve can be used for the distribution of dividends.

	2018 £'000	2017 £'000
Proposed final dividend for 2018 – 5.20p per Ordinary share (2017 – 6.00p)	763	900

9. Return per Ordinary share

	2018 p	2018 £'000	2017 p	2017 £'000
Returns per share are based on the following figures:				
Revenue return	6.59	984	7.25	1,125
Capital return	69.24	10,347	95.44	14,815
Total return	**75.83**	**11,331**	**102.69**	**15,940**
Weighted average number of Ordinary shares in issue		**14,942,878**		**15,523,200**

10. Investments designated at fair value through profit or loss	2018 £'000	2017 £'000
Opening book cost	70,899	71,876
Opening investment holding gains	31,894	17,112
Opening fair value	102,793	88,988
Movements in the year:		
Purchases at cost (excluding transaction costs)	29,786	14,284
Sales – proceeds (net of transaction costs)	(28,994)	(23,036)
Sales – gains on sales	7,830	7,774
(Decrease)/increase in investment holding gains	(1,001)	14,783
Closing fair value	**110,414**	**102,793**

	2018 £'000	2017 £'000
Closing book cost	79,521	70,899
Closing investment holding gains	30,893	31,894
	110,414	**102,793**

Gains on investments	2018 £'000	2017 £'000
Gains on sales	7,830	7,774
(Decrease)/increase in investment holding gains	(1,001)	14,783
	6,829	**22,557**

As at 31 March 2018, all investments held are in listed stocks (2017 – same).

Transaction costs

During the year expenses were incurred in acquiring or disposing of investments designated as fair value through profit or loss. Expenses incurred in acquiring investments have been expensed through capital and are included within administration expenses in the Statement of Comprehensive Income, whilst expenses incurred in disposing of investments have been expensed through capital and are included within gains/(losses) on investments in the Statement of Comprehensive Income. The total costs were as follows:

	2018 £'000	2017 £'000
Purchases	15	11
Sales	9	8
	24	**19**

The above transaction costs are calculated in line with the AIC SORP. The transaction costs in the Company's Key Information Document are calculated on a different basis and in line with the PRIIPs regulations.

11. Debtors: amounts falling due within one year	2018 £'000	2017 £'000
Forward foreign exchange contracts	–	119
Prepayments and accrued income	742	737
Other loans and receivables	1	9
	743	**865**

All financial assets are included at amortised cost or at fair value for forward foreign exchange contracts.

12. Creditors	2018 £'000	2017 £'000
(a) Foreign currency bank loans		
Falling due within one year	2,681	12,201
Falling due after more than one year	8,710	–
	11,391	**12,201**

The Company entered into a three year credit facility with ING Bank in January 2015, that matured in January 2018. In January 2018 the Company entered into a new two year credit facility with ING Bank. At the year end, JPY1,300,000,000 (2017 – JPY1,300,000,000) equivalent to £8,710,000 (2017 – £9,330,000) had been drawn down at an all–in interest rate of 0.7865% (2017 – 0.8975%) which is due to mature on 23 January 2020.

In addition, on 23 January 2018, the Company entered into a rolling one year JPY1,000,000,000 revolving credit facility with ING Bank. At the year end JPY400,000,000, equivalent to £2,681,000, had been drawn down at an all-in interest rate of 0.70%, which matured on 23 April 2018.

The terms of both loan facilities with ING Bank contain a covenant that total borrowings should not exceed 35% of the adjusted net asset value of the Company at any time and that the net asset value should not fall below £25,000,000 at any time. The Company has met these covenants throughout the period.

(b) Other creditors falling due within one year	2018 £'000	2017 £'000
Outstanding purchase settlement	–	133
Sundry creditors	175	163
	175	**296**

13. Called-up share capital	2018 Number	2018 £'000	2017 Number	2017 £'000
Allotted, called-up and fully paid				
Ordinary shares of 10p each	14,725,277	1,472	15,074,597	1,507
Held in treasury	1,096,295	110	746,975	75
	15,821,572	**1,582**	**15,821,572**	**1,582**

	Ordinary shares Number	Treasury shares Number	Total Number
Opening balance	15,074,597	746,975	15,821,572
Ordinary shares bought back for holding in treasury	(349,320)	349,320	–
Closing balance	**14,725,277**	**1,096,295**	**15,821,572**

During the year 349,320 Ordinary shares (2017 – 517,975) were bought back and held in treasury at a cost of £2,127,000 (2017 – £2,840,000). Subsequent to the year end a further 55,000 Ordinary shares were bought back to be held in treasury at a cost of £325,000.

14. Capital reserve

	2018 £'000	2017 £'000
At 1 April 2017	79,137	67,162
(Losses)/gains over cost arising on movement in investment holdings	(1,001)	14,783
Gains on realisation of investments at fair value	7,830	7,774
Currency gains/(losses)	4,104	(7,205)
Administrative expenses	(15)	(11)
Management fee	(508)	(461)
Buyback of Ordinary shares for holding in treasury	(2,127)	(2,840)
Finance costs	(63)	(65)
At 31 March 2018	**87,357**	**79,137**

The capital reserve includes investment holding gains amounting to £30,893,000 (2017 – gains of £31,894,000) as disclosed in note 10.

Net currency gains arising during the year of £4,104,000 (2017 – losses of £7,205,000) are analysed further in the table below.

	2018 £'000	2017 £'000
Gains/(losses) on forward foreign exchange contracts	3,544	(5,733)
Gains/(losses) on revaluation of bank loan	810	(1,678)
(Losses)/gains on cash deposits	(250)	206
	4,104	**(7,205)**

15. Net asset value per share

The net asset value per share and the net asset values attributable to Ordinary shareholders at the year end calculated in accordance with the Articles of Association were as follows:

	Net asset value per share		Net asset values attributable	
	2018 p	2017 p	2018 £'000	2017 £'000
Ordinary shares	682.31	611.41	100,472	92,168

The movements during the year of the assets attributable to the Ordinary shares were as follows:

	2018 £'000	2017 £'000
Net assets attributable at 1 April 2017	92,168	79,723
Capital return for the year	10,347	14,815
Revenue after taxation	984	1,125
Dividend paid	(900)	(655)
Purchase of Ordinary shares to be held in treasury	(2,127)	(2,840)
Net assets attributable at 31 March 2018	**100,472**	**92,168**

The net asset value per Ordinary share is based on net assets, and on 14,725,277 (2017 – 15,074,597) Ordinary shares, being the number of Ordinary shares in issue, after deducting 1,096,295 (2017 – 746,975) shares held in treasury, at the year end.

16. Financial instruments

Risk management

The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments comprise securities and other investments, cash balances, loans, forward exchange contracts and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income.

The Company also has the ability to enter into derivative transactions, in the form of forward exchange contracts, to ensure that foreign currency exposure is appropriately hedged.

Certain risk management functions have been delegated to Aberdeen Fund Managers Limited ("AFML" or "Manager") under the terms of the management agreement (further details of which are included under note 19). The Board regularly reviews and agrees policies for managing each type of risk, are summarised below. This approach has been applied throughout the year within the Manager's risk management framework which is described on page 57 and has not changed since the previous accounting period.

The main risks the Company faces from its financial instruments are (i) market risk (comprising interest rate risk, currency risk and price risk), (ii) liquidity risk and (iii) credit risk.

Market risk

The fair value or future cash of a financial instrument held by the Company may fluctuate because of changes in market prices. This market price risk comprises three elements – interest rate risk, price risk and currency risk.

Interest rate risk

Interest rate movements may affect:

- the level of income receivable on cash deposits; and
- interest payable on the Company's variable rate borrowings.

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

Interest rate sensitivity

Movements in interest rates would not significantly affect net assets attributable to the Company's shareholders and total profit due to there being no investments in fixed interest securities during the year and a relatively low level of bank borrowings.

Price risk

Price risks (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of quoted investments.

Management of the risk

It is the Board's investment policy for the Company's assets to be invested in a selected portfolio of securities in quoted companies as explained on page 9. The Manager has a dedicated investment management process, which ensures that the risk inherent in this investment policy is controlled. Underlying the process is the belief that risk is not that individual stock prices fluctuate in the short term, or that movement in the value of the portfolio deviates from the benchmark but that risk is investment in poorly managed expensive companies which the Manager does not understand. In-depth research and stock selection procedures are in place based on this risk control philosophy. The portfolio is reviewed on a periodic basis by the Manager's Investment Committee and by the Board.

Price sensitivity

If market prices at the Statement of Financial Position date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 March 2018 would have increased/(decreased) by £11,041,000 (2017 increased/(decreased) by £10,279,000) and equity reserves would have increased/(decreased) by the same amount.

Foreign currency risk

The Company primarily invests in the shares of companies which are listed in Japan but can include companies listed on other stock markets which earn significant revenue from trading in Japan or hold net assets predominantly in Japan. The Statement of Financial Position, therefore, can be significantly affected by movements in foreign exchange rates.

Management of the risk

The Company may, from time to time, match specific overseas investment with foreign currency borrowings. The Company's borrowings, as detailed in note 12, are also in foreign currency. In addition, the Company seeks to ensure that the Company's Yen net exposure is appropriately Sterling–hedged through the use of rolling forward currency contracts. At 31 March 2018 the Company had two foreign currency contracts, details of which are disclosed on page 53. During the year a net gain of £3,544,000 (2017 – loss of £5,733,000) was realised from the use of such contracts.

The revenue account is subject to currency fluctuation arising on dividends paid in foreign currencies. The Company does not hedge this currency risk.

Foreign currency risk exposure by currency of denomination:

	31 March 2018			31 March 2017		
	Overseas investments[A] £'000	Net monetary assets £'000	Total currency exposure £'000	Overseas investments[A] £'000	Net monetary assets £'000	Total currency exposure £'000
Japanese Yen	59,814	(9,838)	49,976	56,693	(10,708)	45,985

[A] Overseas investment is stated net of forward currency contracts with a net Sterling equivalent amount of £50,600,000 (2017 – £46,100,000)

Foreign currency sensitivity

The following table details the positive impact to a 10% decrease in Sterling against the foreign currency in which the Company has exposure (based on exposure >5% of total exposure including foreign exchange contracts). The sensitivity analysis includes foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. In the event of a 10% increase in Sterling then there would be a negative impact on the Company's returns.

	2018 Revenue £'000	2018 Equity[A] £'000	2017 Revenue £'000	2017 Equity[A] £'000
Japanese Yen	188	10,058	201	9,209

[A] Represents equity exposure to relevant currencies.

Foreign exchange contracts

The following Japanese Yen forward contracts were outstanding at the year end:

Date of contract	Settlement date	Amount JPY '000	Contracted rate	Unrealised gain at 31 March 2018 £'000
22 February 2018	25 May 2018	3,769,814	149.00	–
22 February 2018	25 May 2018	3,769,713	149.00	–
				–

The Sterling equivalent of the above contracts is £50,600,000 based on the net amount of JPY 7,539,527,000 at the contracted rates.

Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

Liquidity risk is not considered to be significant as the Company's assets mainly comprise readily realisable securities which can be sold to meet funding requirements if necessary and flexibility is achieved through the use of loan facilities, details of which may be found in note 12.

Liquidity risk exposure

At 31 March 2018, the Company had a long term bank loans of £8,710,000 (2017 – £9,330,000) which is due to mature on 23 January 2020 with interest due on the principal every six months. The Company also had a rolling facility of £2,681,000 (2017 – £2,871,000) which matured on 23 April 2018 with interest payable at maturity.

Credit risk

This is the risk of failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

Management of the risk

Investment transactions are carried out with a large number of brokers of good quality credit standing; and cash is held only with reputable banks with high quality external credit enhancements.

In addition, both stock and cash reconciliations to the Depositary's records are performed on a daily basis to ensure discrepancies are investigated on a timely basis.

None of the Company's financial assets is secured by collateral or other credit enhancements and none are past due or impaired.

Credit risk exposure

The amount of cash at bank and in hand of £881,000 (2017 – £1,007,000) and debtors of £743,000 (2017 – £865,000) in the Statement of Financial Position represent the maximum exposure to credit risk at 31 March.

Fair values of financial assets and financial liabilities

The fair value of borrowings has been calculated at £11,414,000 as at 31 March 2018 (2017 – £12,201,000) compared to an accounts value in the financial statements of £11,391,000 (2017 – £12,201,000) (note 12). The fair value of each loan is determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time and currency. The carrying value of all other assets and liabilities is an approximation of fair value.

17. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt. The Board normally seeks to limit gearing to 15% of net assets.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes the nature and planned level of gearing, which takes account of the Manager's views on the market and the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period and year end positions are presented in the Statement of Financial Position.

18. Fair value hierarchy

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following classifications:

Level 1- unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.

Level 3 – inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

All of the Company's investments are in quoted equities actively traded on a recognised stock exchange, with their fair value being determined by reference to their quoted bid prices at the reporting date (2017 – same). The total value of the investments (2018 – £110,414,000; 2017 – £102,793,000) have therefore been deemed as Level 1. Forward foreign currency contracts as detailed in note 16 have been categorised as Level 2.

19. Related party transactions

Directors' fees and interests

Fees payable during the year to the Directors and their interest in shares of the Company are disclosed within the Directors' Remuneration Report on page 32.

Transactions with the Manager

The Company has agreements with AFML to provide management, accounting, administrative and secretarial duties. The agreement for provision of management services has been delegated to Aberdeen Investment Management Kabushiki Kaisha.

The Company has an agreement with AFML for the provision of promotional activities in relation to the Company's participation in the Aberdeen Investment Trust Share Plan and ISA. The total fees paid and payable under the agreement were £70,000 (2017 – £60,000) and the accrual to AFML at the year end was £18,000 (2017 – £16,000).

The management fee is payable at a rate of 0.95% per annum of the value of the Company's net assets up to £50 million decreasing to 0.75% of the value of the Company's net assets over and above £50 million, and is payable monthly in arrears. The balance due to AFML at the year end was £71,000 (2017 – £66,000). Effective 1 April 2018, the management fee is payable at a rate of 0.75% per annum of the Company's net assets.

20. Alternative performance measures

Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes FRS 102 and the AIC SORP.

The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies. Total return is considered to be an alternative performance measure. NAV total return involves investing the same net dividend in the NAV of the Company on the date on which that dividend was earned. Share price total return involves reinvesting the net dividend in the month that the share price goes ex-dividend.

The tables below provide information relating to the NAVs and share prices of the Company on the dividend reinvestment dates during the years ended 31 March 2018 and 31 March 2017.

2018	**Dividend rate**	**NAV**	**Share price**
31 March 2017	N/A	611.41p	547.50p
15 June 2017	6.00p	642.73p	574.50p
31 March 2018	N/A	682.31p	582.50p
Total return		**+12.6%**	**+7.5%**

2017	**Dividend rate**	**NAV**	**Share price**
31 March 2016	N/A	511.29p	447.50p
9 June 2016	4.20p	533.48p	461.00p
31 March 2017	N/A	611.41p	547.50p
Total return		**+20.5%**	**+23.5%**

Ongoing charges

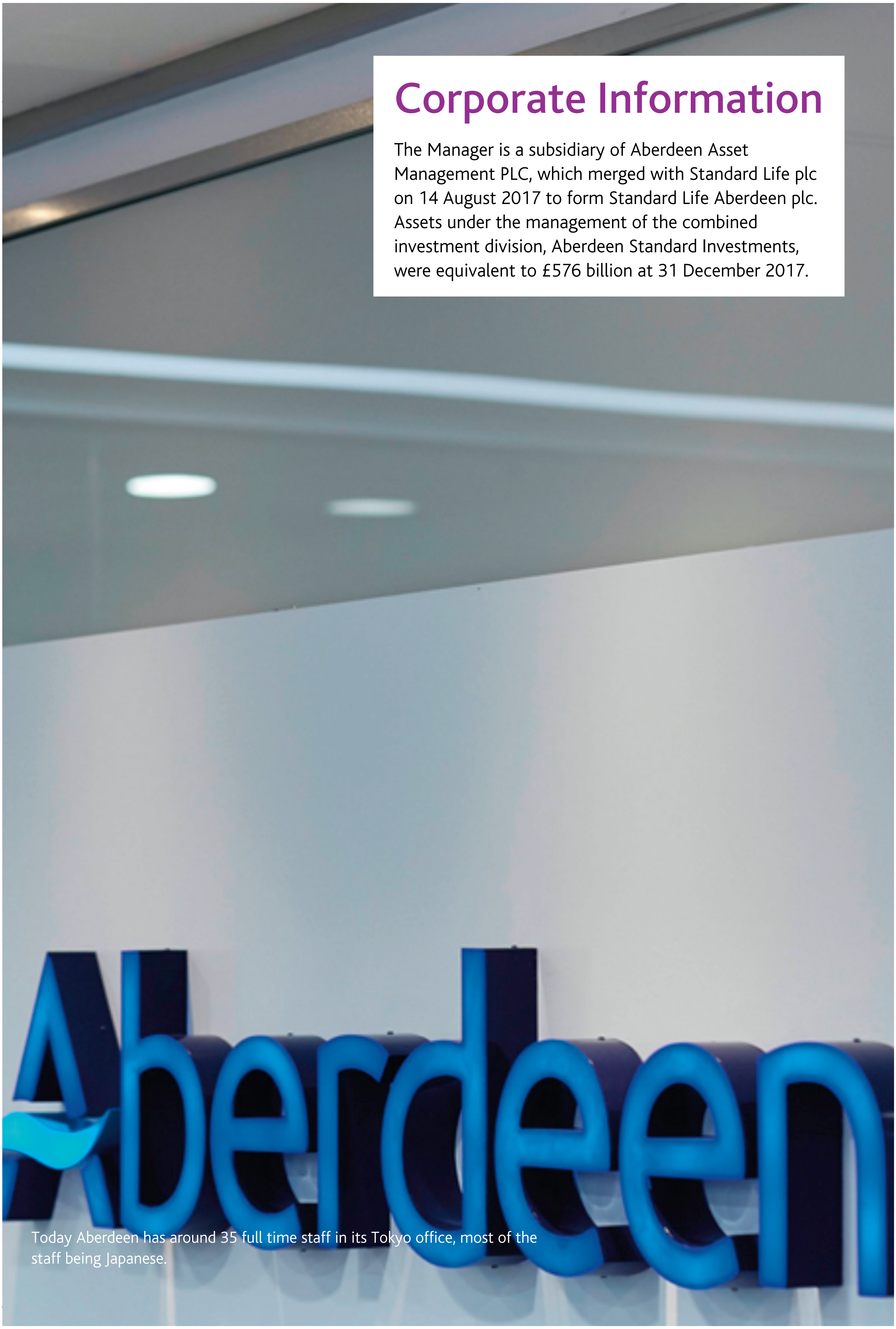
Ongoing charges is considered to be an alternative performance measure. The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses and expressed as a percentage of the average net asset values throughout the year.

	2018	**2017**
Investment management fees (£'000)	847	769
Administrative expenses (£'000)	341	348
Less: transaction costs on investment purchases	(15)	(11)
Ongoing charges (£'000)	**1,173**	**1,106**
Average net assets (£'000)	**99,497**	**88,638**
Ongoing charges ratio	**1.18%**	**1.24%**

At 31 March 2018 the Company's OCR was 1.18% as above compared to the Peer Group weighted average OCR of 0.84% (average net assets at 31 March 2018 – £406 million)(Source AIC). The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations.

Corporate Information

The Manager is a subsidiary of Aberdeen Asset Management PLC, which merged with Standard Life plc on 14 August 2017 to form Standard Life Aberdeen plc. Assets under the management of the combined investment division, Aberdeen Standard Investments, were equivalent to £576 billion at 31 December 2017.



Today Aberdeen has around 35 full time staff in its Tokyo office, most of the staff being Japanese.

Information about the Manager

Aberdeen Fund Managers Limited

Aberdeen Fund Managers Limited ("AFML"), authorised and regulated by the Financial Conduct Authority, has been appointed as the alternative investment fund manager to the Company. AFML has in turn delegated portfolio management to Aberdeen Investment Management Kabushiki Kaisha ("AIMKK"), which is based in Tokyo and is wholly-owned subsidiary of Aberdeen Asset Management PLC.

Aberdeen Asset Management PLC merged with Standard Life plc on 14 August 2017 to form Standard Life Aberdeen plc.

Assets under the management of the combined investment division, Aberdeen Standard Investments, were equivalent to £576 billion as at 31 December 2017 for a range of clients, including individuals and institutions, through mutual and segregated funds.

AIMKK is primarily responsible for the Japan equity portfolios managed within Aberdeen and is supported by the Group's Asian equities team in Singapore.

The Investment Team Senior Managers

Chern-Yeh Kwok
Head of Investment Management, Japan
BA in Journalism from the University of Missouri- Columbia and MSc in Finance from the London Business School. Joined AAM Asia in 2005 from MSCI Barra where he was an equity research analyst. Became Head of Japanese equities in January 2011 and is based in Tokyo.

Keita Kubota
Investment Manager
BA of Law from Ritsumeikan University, Kyoto. Joined AAM Asia in 2006 and is based in Tokyo.

Hugh Young
Managing Director
BA in Politics from Exeter University. Started investment career in 1980. In charge of AAM Asia's Far East funds since 1985.

Flavia Cheong
Head of Equities – Asia Pacific ex Japan
Chartered Financial Analyst, Masters in Economics from University of Auckland. Previously with Investment Company of the People's Republic of China and Development Bank of Singapore. Started investment career in 1987. Joined AAM Asia in August 1996.

Adrian Lim
Senior Investment Manager
Chartered Financial Analyst, B.Acc from Nanyang Technological University (Singapore). Joined AAM Asia in 2000. Previously he was an associate director at Arthur Andersen advising on mergers & acquisitions in South East Asia.

Information about the Manager continued

The Investment Process

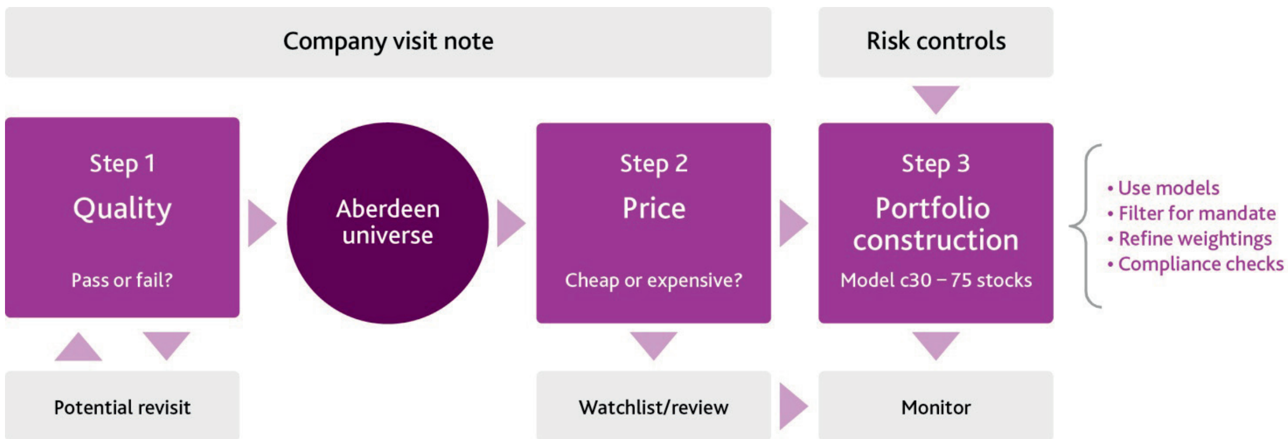
Philosophy and Style

The Investment Manager's investment philosophy is that markets are not always efficient. We (Aberdeen) believe that superior investment returns are therefore attainable by identifying good companies cheaply, defined in terms of the fundamentals that in our opinion drive share prices over the long term. We undertake substantial due diligence before initiating any investment including company visits in order to assure ourselves of the quality of the prospective investment. We are then careful not to pay too high a price when making the investment. Subsequent to that investment we then keep in close touch with the company, aiming to meet management at least twice a year. Given our long-term fundamental investment philosophy, one would not expect much change in the companies in which we invest. We do, however, take opportunities offered to us by what we see as anomalous price movements within stock markets to either top up or top slice positions, which accounts for the bulk of the activity within the portfolio during the year under review.

Risk Controls

We seek to minimise risk by our in depth research. We do not view divergence from a benchmark as risk – we view investment in poorly run expensive companies that we do not understand as risk. In fact where risk parameters are expressed in benchmark relative terms, asset – including sector – allocation constitutes a significant constraint on stock selection. Hence diversification of stocks provides our main control.

Aberdeen's performance and investment risk unit independently monitors portfolio positions, and reports monthly. As well as attributing performance it also produces statistical analysis, which is used by the Investment Manager primarily to check the portfolio is behaving as expected, not as a predictive tool.



Investor Information

Direct

Investors can buy and sell shares in Aberdeen Japan Investment Trust PLC directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Many have online facilities. Alternatively, for retail clients, shares may be bought directly through Aberdeen's Investment Plan for Children, Investment Trust Share Plan, Investment Trust ISA or ISA Transfer.

Suitable for Retail/NMPI Status

The Company's shares are designed for investors primarily in the UK (including retail investors), professional-advised private clients and institutional investors who seek income and capital growth from investment in Japanese markets and who understand and are willing to accept the risks of exposure to equities. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that securities issued by Aberdeen Japan Investment Trust PLC can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments (NMPIs) and intends to continue to do so for the foreseeable future.

The Company's securities are excluded from the Financial Conduct Authority's restrictions which apply to non-mainstream pooled investments because they are shares in an investment trust.

Aberdeen's Investment Plan for Children

Aberdeen Asset Managers Limited ("Aberdeen") runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management, including Aberdeen Japan Investment Trust PLC. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time.

Aberdeen's Investment Trust Share Plan

Aberdeen runs a Share Plan (the "Plan") through which shares in Aberdeen Japan Investment Trust PLC can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing Aberdeen in writing at any time.

Aberdeen Investment Trust ISA

Aberdeen offers a stocks and shares ISA which allows you to invest up to £20,000 in the tax year 2018/19.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

You can choose to transfer previous tax year investments to us, which can be invested in Aberdeen Japan Investment Trust PLC while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

Nominee Accounts and Voting Rights

In common with other schemes of this type, all investments in Aberdeen's Investment Trust Share Plan, Investment Plan for Children and Investment Trust ISA are held in nominee accounts and investors have full voting and other rights of share ownership.

Dividend Tax Allowance

The annual tax-free personal allowance on dividend income is £2,000 for the 2018/2019 tax year. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will provide registered shareholders with a confirmation of dividends paid by the

Investor information continued

Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

Keeping You Informed

Aberdeen Japan Investment Trust PLC's share price appears daily in the Financial Times.

For internet users, detailed data on Aberdeen Japan Investment Trust PLC, including price, performance information and a monthly factsheet, is available on the Company's website (www.aberdeenjapan.co.uk) and the TrustNet website (www.trustnet.co.uk). Alternatively you can call 0500 00 00 40 for trust information.

Registrars

If you have an administrative query which relates to a direct shareholding, please contact the Company's Registrar, as follows:

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Telephone: 0371 664 0300
(Lines are open 9.00 am–5.30 pm Mon–Fri.)

Telephone International: +44 208 639 3399
Email: enquiries@linkgroup.co.uk
Website www.signalshares.com

Customer Service

For information on Aberdeen's Investment Plan for Children, Share Plan, ISA or ISA Transfer please contact:

Aberdeen Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB
Telephone: 0808 00 00 40
Email: inv.trusts@aberdeen-asset.com

Details are also available on www.invtrusts.co.uk.

Terms and Conditions for Aberdeen managed savings products can be found under the Literature section of our website at www.invtrusts.co.uk.

Literature Request Service

Telephone: 0808 500 0040
Website: www.invtrusts.co.uk/en/investmenttrusts/literature-library

Online Dealing Providers

Investor Information

There are a number of other ways in which you can buy and hold shares in this investment trust.

Online Dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the Company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include:

AJ Bell You Invest
Alliance Trust Savings
Barclays Stockbrokers
Charles Stanley Direct
Halifax Share Dealing
Hargreave Hale
Hargreaves Lansdown
Idealing
Interactive Investor
Selftrade
Stocktrade
TD Direct
The Share Centre

Discretionary Private Client Stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit The Personal Investment Management & Financial Advice Association at www.pimfa.co.uk.

Financial Advisers

To find an adviser who recommends on investment trusts, visit www.unbiased.co.uk

Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:

Telephone:	0800 111 6768
Website:	www.fca.org.uk/firms/systems-reporting/register/search
Email:	register@fca.org.uk

PRIIPS (Packaged Retail and Insurance-based Investment Products)

Investors should be aware that the PRIIPS Regulation requires the Manager, as PRIIP manufacturer, to prepare a key information document ("KID") in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available on the Manager's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

Investor Warning: Be alert to share fraud and boiler room scams

Aberdeen has been contacted by investors informing that they have received telephone calls and emails from people who have offered to buy their investment company shares, purporting to work for Aberdeen Asset Management or for third party firms. Aberdeen has also been notified of emails claiming that certain investment companies under its management have issued claims in the courts against individuals. These may be scams which attempt to gain investors' personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from them is required to release the supposed payment for their shares.

These callers/senders do not work for Aberdeen and any third party making such offers/claims has no link with Aberdeen. Aberdeen Asset Management does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact Aberdeen's investor services centre using the details on the 'Contact Us' page.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams:
http://www.fca.org.uk/consumers/scams

The above information has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Financial Calendar

30 May 2018	Announcement of annual financial report for year ended 31 March 2018
10 July 2018	Annual General Meeting at 11.00 am
13 July 2018	Proposed final dividend payable for year ended 31 March 2018
November 2018	Announcement of half yearly financial report for the six months ending 30 September 2018

Investment Policy

(including proposed amendments)

As reported in the Chairman's Statement on page 4, the Board proposes to discontinue the policy of hedging the Company's net Yen exposure into Sterling. Subject to approval by shareholders of resolution 9 in the Notice of the AGM on page 68, the following deletions, which have been highlighted, will be made to the Investment Policy.

'The Company's holdings will be generally listed in Japan although the portfolio may also include companies traded on stock markets outside Japan whose consolidated revenue is earned predominantly from trading in, or consolidated net assets are predominantly held in, Japan. The investment portfolio of the Company may comprise investments of any market capitalisation or sector. From time to time, fixed interest holdings, or quasi-equity investments such as convertible securities and warrants, may be held although the book value of such investments will never represent in aggregate more than 25% of gross assets.

The portfolio will be constructed through the identification of individual companies which offer long-term growth potential. The portfolio will be actively managed and not seek to track the Company's reference benchmark, hence a degree of volatility against the benchmark is inevitable.

In constructing the new equity portfolio a spread of risk will be achieved by diversifying the portfolio through investment in 30 to 70 holdings. Sector concentration and thematic characteristics of the portfolio will be carefully monitored. There will be no maximum limits to deviation from the Company's reference benchmark, stock or sector weights except as imposed by banking covenants on any borrowings.

On acquisition, no holding shall exceed 10% of the Company's portfolio at the time of purchase although market movements may increase this percentage. Also, on acquisition, no more than 15% of the Company's gross assets will be invested in other UK listed investment companies, being companies holding the majority of their net assets in Japan.

The Board is responsible for determining the gearing strategy for the Company. Gearing may be used selectively to leverage the Company's portfolio in order to enhance returns where and to the extent it is considered appropriate to do so. Gearing will be subject to a maximum gearing level of 25% of net assets at the time of draw down. Any borrowing, except for short-term liquidity purposes, will be used for investment purposes or buying back shares.

The Company may use derivatives for the purpose of efficient portfolio management and hedging (i.e. for the purpose of reducing, transferring or eliminating investment risk in its investments, including protection against currency risks). ~~The Company will seek to ensure that the Company's Yen net exposure is appropriately Sterling-hedged through the use of rolling forward contracts, options or other derivative instruments. The Board, in its absolute discretion but following consultation with the Investment Manager, will determine what levels of Sterling hedge are appropriate in light of market movements and the composition of the portfolio from time to time.~~ The Company may purchase and sell derivative investments such as exchange-listed and over-the-counter put and call options on currencies, securities, fixed income, currency and interest rate indices and other financial instruments, purchase and sell financial futures contracts and options thereon and enter into various interest rate and currency transactions such as swaps, caps, floors or collars or credit transactions and credit derivative instruments. The Company may also purchase derivative instruments that combine features of these instruments. The Company's aggregate exposure to derivative instruments will not exceed 50% of its gross assets~~, excluding any instruments used for the purposes of currency hedging~~.

The Company will not acquire securities that are unlisted or unquoted at the time of investment (with the exception of securities which are about to be listed or traded on a stock exchange or are convertible into listed securities). However, the Company may continue to hold securities that cease to be listed or quoted if the Investment Manager considers this to be appropriate.

The Company may underwrite or sub-underwrite any issue or offer for sale of investments. No such commitment will be entered into if the aggregate of such investments would exceed 10% of the Company's gross assets and no such individual investment would exceed 5% of the Company's gross assets.

Any minimum and maximum percentage limits set out in the Investment Policy will only be applied at the time of the relevant acquisition, trade or borrowing.

The Company will normally be substantially fully invested in accordance with its investment policy but, during periods in which changes in economic conditions or other factors (such as political and diplomatic events, natural disasters and changes in laws) so warrant, the Company may reduce its exposure to securities and increase its position in cash and money market instruments.'

The Company will invest and manage its assets, including its exposure to derivatives, in accordance with the objective of spreading risk in accordance with the Company's investment policy.

Glossary of Terms and Definitions

Aberdeen or AAM	Aberdeen Asset Management PLC. Aberdeen Asset Management PLC ("Aberdeen" or "Aberdeen Group") merged with Standard Life plc on 14 August 2017 to form Standard Life Aberdeen plc (the "Group").
AFML, AIFM or Manager	Aberdeen Fund Managers Limited ("AFML") is a wholly owned subsidiary of Aberdeen Asset Management PLC and acts as the Alternative Investment Fund Manager ("AIFM") for the Company as required by EU Directive 2011/61/EU. AFML is authorised and regulated by the Financial Conduct Authority.
AIMKK or Investment Manager	Aberdeen Investment Management Kabushiki Kaisha ("AIMKK") is a subsidiary company of Aberdeen Asset Management PLC which has been delegated responsibility for the Company's day-to-day investment management. AIMKK is regulated by the by the Financial Services Authority in Japan.
AIC	The Association of Investment Companies.
AIFMD	The Alternative Investment Fund Managers Directive ("AIFMD") is European legislation which created a European-wide framework for regulating managers of 'alternative investment funds' (AIFs). It is designed to regulate any fund which is not a UCITs fund and which is managed and/or marketed in the EU. The Company has been designated as an AIF.
Benchmark index or Index	The benchmark index is the TOPIX (in Sterling terms). Prior to October 2013 the Company invested in companies across Asia Pacific including Japan. Performance is measured against the Composite Index which is comprised of: TOPIX (in Sterling terms) from 8 October 2013. MSCI AC Asia Pacific (including Japan) Index (in Sterling terms) to 7 October 2013.
Discount	The amount by which the market price per share of an investment trust is lower than the NAV per share. The discount is normally expressed as a percentage of the NAV per share.
Dividend Cover	Earnings per share divided by dividends per share expressed as a ratio.
Dividend Yield	The annual dividend expressed as a percentage of the share price.
Hedge or Currency Hedge	The Company's investment policy enables an appropriate level of a currency hedge to be implemented to cover fluctuations in the Yen Sterling exchange rate and the portfolio's underlying Yen net exposure in sterling terms through the use of rolling forwards, options or similar derivative instruments.
Leverage	Any method by which the AIFM increases the exposure of the Company whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means
Listing Rules	The Financial Conduct Authority's Listing Rules are a set of regulations that are applicable to all companies that are listed on the London Stock Exchange.
Net Asset Value or NAV	The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.
Net Gearing/(Cash)	Net gearing/(cash) is calculated by dividing total assets (as defined below) less cash or cash equivalents by shareholders' funds expressed as a percentage.
Ongoing Charges Ratio or OCR	Ratio of expenses as percentage of average daily shareholders' funds calculated as per the industry standard method.
Peer Group	The Peer Group is the Japan sector within the Association of Investment Companies.
Pre-Investment Disclosure Document ("PIDD")	The AIFM and the Company are required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures that are required to be made pre-investment are included within a PIDD, a copy of which can be found on the Company's website.
Premium	The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.
Price/Earnings Ratio	The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.
Prior Charges	The name given to all borrowings including debentures, loans and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.

Glossary of Terms and Definitions continued

PRIIPs	Packaged Retail and Insurance-based Investment Products Regulations which applies to a broad range of structures and products including investment trusts. The regulations require the product 'manufacturer' to prepare a key information document ("KID") in respect of the investment trust.
Total Assets	Total assets less current liabilities (before deducting prior charges as defined above).
Total Return	Total Return involves reinvesting the net dividend in the month that the share price goes xd. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the date to which that dividend was earned.
UCITS	UCITS stands for Undertakings for Collective Investments in Transferable Securities and relates to mutual funds located in the European Union.

Your Company's Share Capital History

Issued Share Capital at 31 March 2018

15,821,572	Ordinary shares of 10p (of which 1,096,295 are held in treasury)

Capital History

Year ended 31 March 2018	During the year to 31 March 2018 349,320 Ordinary shares were repurchased into treasury at a discount to the prevailing NAV.
Year ended 31 March 2017	During the year to 31 March 2017 517,975 Ordinary shares were repurchased into treasury at a discount to the prevailing NAV.
Year ended 31 March 2016	During the year to 31 March 2016 1.23 million Ordinary shares were issued at a premium to the prevailing NAV. 229,000 Ordinary shares were repurchased into treasury at a discount to the prevailing NAV.
Year ended 31 March 2015	No changes in the issued share capital.
Year ended 31 March 2014	No changes in the issued share capital. The Company changed its investment objective from an All Asia to a Japan only mandate. The name of the Company was changed to Aberdeen Japan Investment Trust PLC.
Year ended 31 March 2013	700,000 Ordinary shares held in treasury were cancelled. No shares were purchased or issued.
Year ended 31 March 2012	900,795 Ordinary shares purchased, 200,795 of which for cancellation, and 700,000 held in treasury.
Year ended 31 March 2011	No shares purchased, cancelled or issued.
Year ended 31 March 2010	240,000 Ordinary shares purchased for cancellation at prices per share in a range between 239.0p and 280.38p.
Year ended 31 March 2009	541,000 Ordinary shares purchased for cancellation at prices per share in a range between 150.0p and 176.0p.
Year ended 31 March 2008	413,400 Ordinary shares purchased for cancellation at prices per share in a range between 199.3p and 244.0p.
Year ended 31 March 2007	Change in name to Aberdeen All Asia investment Trust PLC from Gartmore Asia Pacific Trust PLC.
Year ended 31 March 2004	Change in name to Gartmore Asia Pacific Trust PLC from Govett Asian Recovery Trust PLC Tender Offer and Matching facility - 18,971,310 Ordinary shares purchased for cancellation.
Year ended 31 March 2003	544,000 Ordinary shares purchased for cancellation.
Year ended 31 March 2001	720,000 Ordinary shares purchased for cancellation.
Year ended 31 March 2000	200,000 Ordinary shares purchased for cancellation.
Year ended 31 March 1999	200,000 Ordinary shares purchased for cancellation.
August 1998	Company established as Govett Asian Recovery Trust PLC with 37,322,077 Ordinary shares of 10p subscribed.

Alternative Investment Fund Managers Directive Disclosures (Unaudited)

Pre-investment Disclosure Document (PIDD)

The AIFMD is intended to offer increased protection to investors in investment products that do not fall under the existing European Union regime for regulation of investment products known as "UCITS".

Aberdeen Fund Managers Limited ("AFML") and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ('AIFMD'). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ('PIDD') the latest version of which can be found on the Company's website www.aberdeenjapan.co.uk. There have been no material changes to the disclosures contained within the PIDD since its most recent update in July 2017.

The periodic disclosures as required under the AIFMD to investors are made below:

- Information on the investment strategy and sector investment focus and principal stock exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- The Strategic Report, note 16 to the Financial Statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected. The financial instruments as described in note 15 are managed within the risk management framework operated by AFML and further details are provided below.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by AFML.
- All authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the Company's AIFM remuneration policy is available from the Company Secretaries, Aberdeen Asset Management PLC on request (see contact details on page 72) and the remuneration disclosures in respect of the AIFM's reporting period for the year ended 30 September 2017 are available on the Company's website.

AFML's Risk management framework

AFML is responsible for ensuring that the Company is managed within the terms of its investment guidelines and the limits set out in its pre-investment disclosures to investors (details of which can be found on the Company's website) and has responsibility for monitoring and oversight of investment performance, product risk and regulatory and operational risk for the Company.

The Manager conducts its risk oversight function through the operation of the Group's risk management processes and systems which are embedded within the Group's operations. The Group's Risk Division supports management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Compliance, Business Risk, Market Risk, Risk Management and Legal. The team is headed up by the Group's Head of Risk, who reports to the Co-Chief Executive Officers of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system ("SWORD").

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the the Group's Co-CEOs, the Audit Committee of the Group's Board of Directors and the Audit Committee of the Company. The Internal Audit Department is responsible for providing an independent assessment of Aberdeen's control environment.

The Group's corporate governance structure is supported by several committees to assist the board of directors of Aberdeen, its subsidiaries and the Company to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those committees that deal with investment recommendations. The specific goals and guidelines on the functioning of those committees are described on the committees' terms of reference.

Leverage

The table below sets out the current maximum permitted limit and actual level of leverage for the Company:

	Gross method	Commitment method
Maximum level of leverage	2.50:1	2.00:1
Actual level at 31 March 2018	1.61:1	1.61:1

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement. Changes to the information contained either within this annual report or the PIDD in relation to any special arrangements in place, the maximum level of leverage which AFML may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

The information on this page has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Aberdeen Japan Investment Trust PLC will be held at Bow Bells House, 1 Bread Street, London EC4M 9HH, at 11.00 am on Tuesday, 10 July 2018 for the following purposes:

To consider and, if thought fit, pass the following Resolutions of which resolutions 1-10 will be proposed as Ordinary resolutions and resolutions 11-12 will be proposed as Special resolutions:

Ordinary business

1. To receive and adopt the Directors' Report and Financial Statements for the year ended 31 March 2018, together with the independent auditor's report thereon.
2. To receive and adopt the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) for the year ended 31 March 2018.
3. To approve a final dividend of 5.2p per share for the year ended 31 March 2018.
4. To re-elect Neil Gaskell as a Director of the Company.
5. To re-elect Karen Brade as a Director of the Company.
6. To re-elect Kevin Pakenham as a Director of the Company.
7. To re-elect Sir David Warren as a Director of the Company.
8. To re-appoint KPMG LLP as independent auditor and to authorise the Directors to agree their remuneration.

Special business

9. To amend the investment policy such that the currency hedging is discontinued and to adopt the proposed investment policy set out on page 62, a copy of which has been produced to the meeting and signed by the Chairman for the purposes of identification.
10. THAT, in substitution for any existing authority under section 551 of the Companies Act 2006 (the "Act"), but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors of the Company be generally and unconditionally authorised for the purposes of Section 551 of the Act to allot Ordinary shares of 10p each in the Company ("shares") and to grant rights ("relevant rights") to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £146,703, such authorisation to expire at the earlier of the conclusion of the next Annual General Meeting of the Company to be held in 2019 or 30 September 2019 unless previously renewed, revoked or varied by the Company in general meeting, save that the Company may at any time before the expiry of this authorisation make an offer which would or might require shares to be allotted or relevant rights to be granted after the expiry of this authorisation and the Directors of the Company may allot shares or grant relevant rights in pursuance of any such offer or agreement as if the authorisation conferred hereby had not expired.
11. THAT, subject to the passing of the resolution numbered 10 set out in the notice of this meeting ("Section 551 Resolution") and in substitution for any existing authority under sections 570 and 573 of the Companies Act 2006 (the "Act") but without prejudice to the exercise of any such authority prior to the date of this resolution, the directors of the Company be empowered pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) either pursuant to the authorisation conferred by the Section 551 Resolution or by way of a sale of treasury shares, in each case for cash as if section 561(1) of the Act did not apply to such allotment or sale, provided that this power shall be limited to:
    a) the allotment of equity securities (otherwise than pursuant to sub-paragraph (b) below) up to an aggregate nominal amount of £146,703 at a price not less than the undiluted net asset value per share at allotment, as determined by the Directors of the Company;
    b) the allotment of equity securities at a price not less than the undiluted net asset value per share at allotment, as determined by the Directors of the Company in connection with an offer to (a) all holders of such Ordinary shares of 10p each in the capital of the Company in proportion (as nearly as may be) to the respective numbers of Ordinary shares held by them and (b) to holders of other equity securities as required by the rights of those securities (but subject to such exclusions, limits or restrictions or other arrangements as the Directors of the Company may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in or under the laws of, or requirements of, any regulatory body of any stock exchange in any territory or otherwise howsoever); and

such power shall expire at the earlier of the conclusion of the next Annual General Meeting of the Company to be held in 2019 or 30 September 2019, but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of any such offer or agreement as if such expiry had not occurred.

12. THAT the Company be and is hereby generally and, subject as hereinafter appears, unconditionally authorised, in accordance with Section 701 of the Companies Act 2006 (the "Act"), to make market purchases (within the meaning of Section 693(4) of the Act) of fully paid Ordinary shares of 10p each in the capital of the Company ("Ordinary shares") and to cancel or hold in treasury such shares, provided that:–
    a) the maximum aggregate number of Ordinary shares hereby authorised to be purchased shall be an aggregate of 2.19 million Ordinary shares or, if less, the number representing 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;
    b) the minimum price which may be paid for an Ordinary share shall be 10p (exclusive of expenses);
    c) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall be the higher of:
        (i) 5% above the average of the market values of the Ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the Ordinary shares for the five business days immediately preceding the date of purchase; and
        (ii) the higher of the price of the last independent trade in Ordinary shares and the highest current independent bid for Ordinary shares on the London Stock Exchange; and
    d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at earlier of the conclusion of the Annual General Meeting of the Company to be held in 2019 or 30 September 2019, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase Ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary shares pursuant to any such contract or contracts.

By order of the Board
Aberdeen Asset Management PLC
Secretary
Bow Bells House
1 Bread Street
London
EC4M 9HH

11 June 2018

Notes:

(i) A member entitled to attend, speak and vote is entitled to appoint one or more proxies to attend, speak and vote instead of him. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share. A reply-paid form of proxy is enclosed.

(ii) Forms of proxy and the power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority, should be sent to the address noted on the form of proxy so as to arrive not less than 48 hours (excluding non-working days) before the time fixed for the meeting. The return of a completed proxy form or other instrument of proxy will not prevent you attending the meeting and voting in person if you wish to do so. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every Ordinary share of which they are a holder. As a member, you have the right to put questions at the meeting relating to the business being dealt with at the meeting.

(iii) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to have the right to attend and vote at the meeting referred to above a member must first have his or her name entered in the Company's register of members by not later than 6pm on the date two days (excluding non-working days) before the time fixed for the meeting (or in the event that the meeting be adjourned on the register of members by not later than 6pm on the date two days (excluding non-working days) before the time of the adjourned meeting). Changes to entries on that register after that time (or, in the event that the meeting is adjourned, on the register of members after 6pm on the date two days (excluding non-working days) before the time of any adjourned meeting) shall be disregarded in determining the rights of any member to attend and vote at the meeting referred to above.

(iv) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual which can be viewed at www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

(v) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) no later than 48 hours before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

(vi) CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(vii) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(viii) Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure and Transparency Rules.

(ix) A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in notes (i) and (ii) above do not apply to a Nominated Person. The rights described in those notes can only be exercised by registered members of the Company.

(x) It is possible that, pursuant to requests made by members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting: or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

(xi) No Director has a service contract with the Company. Copies of the Directors' letters of appointment are available for inspection on any day (except Saturdays, Sundays and bank holidays) from the date of this notice until the date of the meeting during usual business hours at the Company's registered office and for 15 minutes prior to, and at, the meeting.

(xii) Information regarding the Annual General Meeting, including information required by Section 311A of the Companies Act 2006, is available from the Company's website, www.aberdeenjapan.co.uk.

(xiii) Under Section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:
  a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
  b) the answer has already been given on a website in the form of an answer to a question; or
  c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

(xiv) The Register of Directors' Interests kept by the Company in accordance with Section 809 of the Companies Act 2006 will be open for inspection at the meeting.

(xv) Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this Notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or document on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

(xvi) As at 1 June 2018, the latest practicable date prior to publication of this document, the Company had 14,670,277 Ordinary shares in issue with a total of 14,670,277 voting rights.

(xvii) There are special arrangements for holders of shares through the Share Plan and Investment Trust ISA. These are explained in the 'Letter of Direction' which such holders will have received with this report.

(xviii) Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):
Tel: 0371 664 0300 (Lines are open 9.00 am–5.30 pm Mon–Fri.)
Tel International: (+ 44 208 639 3399)
Email: enquiries@linkgroup.co.uk

Contact Addresses

Directors
Neil Gaskell, Chairman
Karen Brade
Kevin Pakenham
Sir David Warren

Manager, Secretary and Registered Office
Alternative Investment Fund Manager *
Aberdeen Fund Managers Limited
Bow Bells House
1 Bread Street
London EC4M 9HH

Authorised and regulated by the Financial Conduct Authority
* appointed as required by EU Directive 2011/61/EU

Investment Manager
Aberdeen Investment Management Kabushiki Kaisha

A subsidiary of Aberdeen Asset Management PLC
Website: www.aberdeen-asset.com

Secretary and Registered Office
Aberdeen Asset Management PLC
Bow Bells House
1 Bread Street
London EC4M 9HH

Registered in England & Wales No. 3582911
Email: company.secretary@aberdeen-asset.com

Website
www.aberdeenjapan.co.uk

Bankers
ING N. V. London Branch

Depositary
BNP Paribas Securities Services, London Branch

Stockbrokers
JPMorgan Securities Limited
25 London Wall
London EC2Y 5AJ

Independent Auditor
KPMG LLP

Lawyers
Dentons UK LLP
One Fleet Place,
London EC4M 7WS

Points of Contact
Manager
Customer Services Department: 0808 00 00 40
(open Monday - Friday, 9am - 5pm)
Email: inv.trusts@aberdeen-asset.com

Registrars
Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Telephone: 0371 664 0300
(Lines are open 9.00 am–5.30 pm Mon–Fri.)

Telephone International: +44 208 639 3399
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Website www.signalshares.com

Legal Entity Identifier ("LEI")
5493007LN438OBLNLM64

Foreign Account Tax Compliance Act ("FATCA") Registration Number (GIIN)
IRS Registration Number (GIIN): QHB2WK.99999.SL.826