



ASX/Media Release

13 September 2017

## **GENERAL MEETING - ADDRESS TO SECURITYHOLDERS**

Please find attached the Chairman's Address to Securityholders.

**ENDS**

### **Investor & Media Enquiries:**

Eric Lucas  
Senior Advisor  
Phone: +61 2 8987 3900 (Australia)  
+81 3 3238 1671 (Japan)

John Pettigrew  
Chief Financial Officer  
Phone: +61 2 8987 3902

### **About Astro Japan Property Group (AJA)**

Astro Japan Property Group is a listed property group which invests in the Japan real estate market. It currently holds interests in a portfolio comprising 29 retail, office, residential and hotel properties. Asset management services in Japan are generally undertaken by Spring Investment Co., Ltd.

AJA is a stapled entity comprising Astro Japan Property Trust (ARSN 112 799 854) and Astro Japan Property Group Limited (ABN 25 135 381 663). For further information please visit our website: [www.astrojapanproperty.com](http://www.astrojapanproperty.com).

---

#### **Astro Japan Property Group**

Astro Japan Property Group Limited ABN 25 135 381 663  
Astro Japan Property Management Limited ABN 94 111 874 563 AFSL 283142  
as responsible entity of the Astro Japan Property Trust ARSN 112 799 854

Suite 4, Level 10, 56 Pitt Street, Sydney NSW 2000, Australia  
T +61 2 8987 3900 F +61 2 8987 3999  
W [www.astrojapanproperty.com](http://www.astrojapanproperty.com)

# **Astro Japan Property Group (Astro Group)**

## **General Meeting, 13 September 2017**

### **Chairman's Address**

Good morning and welcome to the Astro Japan Property Group's General Meeting.

I am pleased today to put to Securityholders resolutions to approve a Proposal for Blackstone to acquire all of Astro Group's interests in its Japanese assets (**Proposal**).

Full details of the Proposal have been set out in the Explanatory Memorandum which accompanied the Notice of Meeting and I do not intend to repeat all of that detail.

However, before I proceed to the formal resolutions, I will briefly outline the key elements of the Proposal before you.

Under the Proposal, Blackstone has offered to acquire, for a net consideration of ¥37.908 billion, the interests held by Astro Group in the TK agreements through which Astro Group invests in underlying Japanese property assets. The Proposal implies a premium of 2.38% to the book value as at 30 June 2017 and a net consideration per Security of between \$7.11 and \$7.38, depending on the exchange rate between the Japanese Yen and the Australian dollar at the time of settlement. We have entered into a no-cost hedge to limit the impact of currency movements to within that range. The consideration offered implies an attractive premium to prior trading levels as set out in the Explanatory Memorandum.

After the completion of the sale to Blackstone, the sale proceeds received from Blackstone will then be distributed to Securityholders and Astro Group will be delisted.

The Proposal requires the completion of various conditions precedent which include consents from lenders and other third parties. Good progress is being made on these arrangements and, at this time, we anticipate completion and payment in early to mid-October. If there are significant delays beyond this, we will update Securityholders by way of ASX announcement.

As part of the Proposal, Securityholders will also be entitled to earnings on the TK Interests from 1 July 2017 to the date of completion and a share of profits from the sale of its investment in our Japanese Asset manager, Spring Investment Co., Ltd. These earnings will be distributed (less retentions for liabilities and wind up expenses) in one or more tranches as we proceed to wind up Astro Group.

In short, once all conditions precedent have been satisfied, the Proposal will result in the sale of substantially all of Astro Group's assets, the delisting of Astro Group's Securities and the winding up of the Astro Group.

A primary reason for the Board recommending this Proposal is that Astro Group has consistently traded at a significant discount to NTA which has caused concern to

investors. As part of value maximisation initiatives for Securityholders, the Board and Spring have regularly assessed future strategies, including discussions with parties interested in acquiring the portfolio.

In late 2016, we received a proposal to buy the portfolio but we did not consider that the terms offered would deliver acceptable value for Securityholders. Since then, the Board has received a number of further approaches, including the Proposal before you, which we determined delivers the most compelling and certain value proposition to you, the Securityholders.

As a condition of the Proposal, the existing arrangements with Spring need to be terminated and there are a number of arrangements and payments that have been agreed with Spring Group to facilitate the termination. Spring will continue its involvement with the portfolio through co-investment and asset management arrangements with Blackstone which have been fully disclosed in the Explanatory Memorandum.

Whilst these agreements are primarily with Blackstone and not under the control of Astro Group, the Board has been very mindful of the benefits flowing to Spring Group and indirectly to Mr Eric Lucas as a result of the Proposal, while having regard to the overall benefits of the Proposal for Securityholders. The details of the arrangements have been fully disclosed in the Explanatory Memorandum and have been considered by the Independent Expert as part of its opinion which is that the Proposal is fair and reasonable.

As discussed in the Explanatory Memorandum, the Board considers the arrangements with Spring Group are necessary in order to facilitate the Proposal being put to Securityholders, given the need for Spring Group's cooperation in giving effect to the Proposal.

In making their recommendation to approve the Proposal, the Directors considered other alternatives for Astro Group, including;

- continuing Astro Group in its current form;
- termination of the TK Agreements and consequent sale over time of the underlying properties that are subject to the TK Agreements;
- re-establishing the portfolio as a newly listed REIT in Japan; and
- seeking alternative proposals to acquire the assets, TK Interests or the Securities.

These alternative scenarios face significant practical hurdles and likely value leakages as described in the Explanatory Memorandum. The Board believes the immediate liquidity offered to Securityholders under the Blackstone Proposal is attractive when considered against these alternatives.

If the resolutions are passed today, the conditions are satisfied and the Proposal is completed, Astro Group will be wound up. As you know, Astro Group is made up of a

trust and a company which trade together as a stapled group. It is intended to wind up both the trust and the company, but there are different legal requirements to make this happen.

The wind up of Astro Japan Property Trust (**Trust**) is anticipated to occur by late November or early December, 2017. Surplus assets from the Trust will be distributed at that time, estimated to be 11-12 cents per security. Under the Corporations Act, the wind up of Astro Japan Property Group Limited (**AJCo**) will require further shareholder resolutions to approve a voluntary winding up. We anticipate this meeting will be held in December 2017. These resolutions will appoint a liquidator, with wind up proceeds from AJCo to be distributed in the following months after conclusion of the liquidator's wind up process, and this final distribution is likely to be approximately 3-5 cents per security.

As part of this process, the responsible entity of the Trust, Astro Japan Property Management Limited, will also be wound up. The total distributions from the Trust and AJCo are currently expected to be in the region of 14-17 cents per security, but this may vary according to the timing of settlement, the level of final liabilities, wind up costs and the relevant currency exchange rate at the time, as these components are not hedged.

### **Unanimous Recommendation**

The Directors unanimously recommend that you vote **IN FAVOUR** of the Proposal, in the absence of a superior proposal.

Each Astro Group Director who holds or controls Astro Group Securities intends to vote in favour of the Resolutions in relation to the Astro Group Securities which they hold or control in the absence of a superior proposal.

Securityholders are being presented with the opportunity to monetise the value of their Securities at a significant premium to the trading price of Securities prior to the announcement of the Proposal on 1 August 2017. The Directors believe the Proposal is attractive when considered against the alternatives currently available to Astro Group.

### **Meeting Process**

The Proposal requires the approval of Securityholders at today's meeting. ASX has approved our request for a trading halt from market open today, pending the results of the meeting.

To proceed with the implementation of the Proposal, Securityholders must pass resolutions of the Trust and resolutions of AJCo. Spring Group and its associates (including Mr Lucas) will not be entitled to vote on the Proposal. If the Resolutions are passed, Astro Group intends to seek immediate suspension of its Securities. Following implementation of the Proposal, Astro Group will seek immediate removal from the official list of ASX.

It is anticipated that a period of approximately 14 business days will elapse between today and the proposed settlement date. It is possible that further time may be required to obtain lender and other third party consents. In this circumstance, implementation of the Proposal and return of the sale proceeds will be delayed. As advised in the Explanatory Memorandum, trading of Securities will cease from the time of approval of the Proposal.

With this background, we will now proceed to the formal business of the meeting.