



ASX/Media Release

27 August 2014

AJA FULL YEAR RESULTS TO 30 JUNE 2014

Please find attached the following documents relating to Astro Japan Property Group's Full Year Results to 30 June 2014:

1. ASX Appendix 4E
2. Annual Financial Report for the year ended 30 June 2014

ENDS

Investor & Media Enquiries:

Eric Lucas
Senior Advisor
Phone: +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 31 retail, office and residential 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.

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 1 Level 14, 50 Pitt Street, Sydney NSW 2000, Australia
T +61 2 8987 3900 F +61 2 8987 3999
W www.astrojapanproperty.com

Appendix 4E Preliminary Final Report

Astro Japan Property Group

[The financial information in this Appendix 4E represents the consolidated financial information of the Astro Japan Property Group comprising Astro Japan Property Trust and its controlled entities, and Astro Japan Property Group Limited and its controlled entity.]

1. Details of the reporting period

Current Period: 1 July 2013 - 30 June 2014

Previous Corresponding Period: 1 July 2012 - 30 June 2013

2. Results for announcement to the market

				\$A'000	
2.1	Revenue from ordinary activities ¹	up	733.4%	To	13,335
2.2	Net profit for the period attributable to stapled securityholders	percentage movement not applicable ²			154,820
2.3	Underlying profit ³	down	6.2%	To	27,013
2.4	Distributions ⁴	Amount per security		Franked amount per security	
	<i>Current Period:</i>				
	Final distribution	10.00¢		N/A	
	Interim distribution	10.00¢		N/A	
	<i>Previous Corresponding Period:</i>				
	Final distribution	10.00¢		N/A	
	Interim distribution	7.50¢		N/A	
2.5	Record date for determining entitlements to the distribution	30 June 2014			
2.6	Provide a brief explanation of any of the figures reported above necessary to enable the figures to be understood:				
	Refer to associated ASX results announcement.				

¹ Revenues from ordinary activities comprise financing income, distribution income and other income.

² Percentage movement cannot be calculated as the result in the previous corresponding period was a net loss.

³ Net profit for the year after tax before fair value adjustments to the unlisted investments in Spring and JPTGK, foreign currency translation impact on the fair value of the TKs, TK operator share of TK distributions, fair value adjustments to investment property, gain on disposal of investment properties, debt forgiveness, net foreign exchange gain and deferred tax on fair value adjustments to investment property and unlisted investments.

⁴ There is no foreign conduit income attributed to these distributions

3. Analysis of financial performance

The Group's statutory profit after tax for the year ended 30 June 2014 was \$154.8 million. The following table summarises key reconciling items between the Group's statutory result and underlying profit⁵.

3.1 Reconciliation between Group's statutory result and operating profit:	30 June 2014 \$A'000	30 June 2013 \$A'000
Net profit/(loss) after tax for the year⁶	154,820	(12,900)
Fair value adjustment to the unlisted investments in Spring and JPTGK	(678)	(1,420)
Foreign currency translation impact on the fair value of the TKs	15,834	25,245
TK operator share of TK distributions	90	37
Fair value adjustments to investment property	(12,164)	19,072
(Gain)/loss on disposal of investment properties	(5,324)	1,524
Debt forgiveness	(131,386)	-
Gain on derivatives	-	(3,294)
Net foreign exchange (gain)/loss	(293)	3,042
Deferred tax on fair value adjustments to investment property and unlisted investments	6,114	(4,516)
Expenses associated with the JPT refinance	-	4,202
Expenses associated with the JPTD & JPTA transaction	-	2,146
Value of interest waived in the JPTD & JPTA transaction ⁷	-	(4,351)
Underlying profit after tax	27,013	28,787

4. Statement of Comprehensive Income with notes

Refer to the Consolidated Statement of Comprehensive Income in the attached financial statements.

5. Statement of Financial Position with notes

Refer to the Consolidated Statement of Financial Position in the attached financial statements.

6. Statement of Cash Flows with notes

Refer to the Consolidated Statement of Cash Flows in the attached financial statements.

7. Statement of Changes in Equity showing movements

Refer to the Consolidated Statement of Changes in Equity in the attached financial statements.

⁵ Underlying profit is used to provide a better understanding of the Astro Group's financial performance and comparison of performance between the different financial periods. It is a non-IFRS measure which adjusts the balances that are unrelated to the underlying performance of the business to reflect the Directors' assessment of the Astro Group's underlying business activities having regard to the guidance from ASIC's RG 230 Disclosing Non-IFRS information. These principles include providing a clear reconciliation between statutory profit/(loss) and underlying profit in the Directors' Report, including both positive and negative adjustments and maintaining consistency between reporting periods. The adjustments are non-cash fair value movements within the financial assets at fair value through profit and loss (representing investments in the TKs), and each item reconciles to the segment reporting disclosure in Note 24. The adjustments between statutory profit/(loss) after income tax and underlying profit have not been audited in accordance with Australian Auditing Standards.

⁶ All items below are included in the underlying TKs' fair value determination as set out in Note 24 Segment reporting.

⁷ Subsequent to the maturity of the loans to JPTD on 31 May 2012 and JPTA on 31 August 2012, the common lender treated all payments on the loans as reduction of the principal, resulting in waived interest of \$4,351,000. The waived amount has not been recognised in the Note 24 Segment reporting income statement and has been calculated based on the interest rate of 2.5785% plus 3 Month JPY LIBOR p.a. (the rate prescribed in the standstill agreement) applied to the loan principals as reduced through progressive settlements up to 30 June 2013.

8. Details of distributions

Refer to the attached financial statements Note 18 Distributions paid or payable and the Directors' report.

9. Net tangible asset backing per security

	30 June 2014	30 June 2013
* Net tangible asset backing per security	\$5.94	\$3.83

* Under the listing rules NTA Backing must be determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (i.e. all liabilities, preference shares, outside equity interests etc).

10. Control gained or lost over entities during the period

N/A

11. Details of associates and joint venture entities

N/A

12. Other significant information

Refer to the attached Directors' report.

13. Accounting standards used by foreign entities

Refer to the attached financial statements Note 1 Statement of significant accounting policies.

14. Details of distribution reinvestment plan

The Distribution Reinvestment Plan will not be activated for the distribution for the six months ending 30 June 2014.

15. Commentary on results

15.1 Earnings per security		
Refer to the attached financial statements Note 7 Earnings per stapled security.		
15.2 Returns to shareholders:	30 June 2014 \$A'000	30 June 2013 \$A'000
Distributions	13,442	11,104

15.3 Significant features of operating performance and trends in operating performance:	30 June 2014 \$A'000	30 June 2013 \$A'000
Revenue		
Financing income	149	229
Distributions received	13,005	1,371
	13,154	1,600
Other income		
Net gains on financial assets held at FVTPL	146,629	-
Net foreign exchange gain	293	-
Other income	181	-
Total other income	147,103	-
Total revenue and other income	160,257	1,600
Expenses		
Net losses on financial assets held at FVTPL	-	5,585
Net foreign exchange loss	-	3,042
Other operating expenses	2,655	4,822
Total expenses	2,655	13,449
Net profit/(loss) before tax	157,602	(11,849)
Refer to associated ASX results announcement for commentary on the results for the year ended 30 June 2014		
15.4 Segment results:		
Refer attached financial statements Note 24 Segment Reporting.		
15.5 Trends in performance:		
N/A		
15.6 Other factors:		
N/A		

16. Audit / review of accounts upon which this report is based

This report is based on accounts which have been audited, refer to the attached financial statements.

17. Qualification of audit / review

N/A

Astro Japan Property Group

Annual Financial Report
30 June 2014

The Astro Japan Property Group (Astro Group) comprises Astro Japan Property Trust (ARSN 112 799 854) (AJT) and its controlled entities, and Astro Japan Property Group Limited (ABN 25 135 381 663) (AJCo) and its controlled entity. Astro Japan Property Management Limited (ABN 94 111 874 563) is the Responsible Entity of AJT.

Through our website, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Astro Group. All press releases, financial reports and other information are available on our website: www.astrojapanproperty.com

CONTENTS

Directors' Report	1
Auditor's Independence Declaration	12
Consolidated Statement of Comprehensive Income	13
Consolidated Statement of Financial Position	14
Consolidated Statement of Cash Flows	15
Consolidated Statement of Changes in Equity	16
Notes to the Consolidated Financial Statements	17
1 Statement of significant accounting policies	17
2 Financing income	24
3 Distribution income	24
4 Other operating expenses	24
5 Income tax expense	25
6 Auditor's remuneration	25
7 Earnings/(losses) per stapled security	26
8 Cash and cash equivalents	26
9 Trade and other receivables	26
10 Other assets	26
11 Financial assets carried at fair value through profit or loss (FVTPL)	26
12 Deferred taxes	27
13 Property, plant and equipment	27
14 Intangible assets	28
15 Payables	28
16 Provisions	28
17 Deferred lease incentive	29
18 Distributions/dividends paid and payable	29
19 Current tax liabilities	29
20 Contributed equity	29
21 Retained profits/(losses)	30
22 Financial risk management	30
23 Contingencies	35
24 Segment reporting	35
25 Notes to the consolidated statement of cash flows	39
26 Director and executive disclosures	39
27 Related parties	42
28 Commitments	44
29 Parent entity financial information	44
30 Events occurring after the reporting period	45
31 Impact of the change in accounting policy	46
Directors' Declaration	50
Independent Auditor's Report	51

The Directors of Astro Japan Property Management Limited (ABN 94 111 874 563) ("Responsible Entity"), as the Responsible Entity of Astro Japan Property Trust (ARSN 112 799 854) ("AJT"), present their report together with the consolidated financial statements of the Astro Japan Property Group, for the year ended 30 June 2014. The Astro Japan Property Group ("Astro Group") comprises Astro Japan Property Trust (ARSN 112 799 854) and its controlled entities, and Astro Japan Property Group Limited (ABN 25 135 381 663) ("AJCo") and its controlled entity.

For the purposes of this Directors' Report:

- references to 'TK Operator' means each or any of the seven Japanese special purpose companies through which the Astro Group invests in Japan, namely JPT Co. Ltd. (JPT), JPT Corporate Co. Ltd. (JPTC), JPT Scarlett Co. Ltd. (JPTS), JPT Newton Co. Ltd. (JPTN), JPT Omega Co. Ltd. (JPTO), JPT Direct Co. Ltd. (JPTD), and JPT August Co. Ltd. (JPTA); and
- references to 'TK' means the contractual relationship between a TK Operator and AJT, which is documented in a 'TK Agreement'.

The Astro Japan Property Group

The stapled securities of the Astro Group are quoted on the Australian Securities Exchange under the code AJA and each stapled security comprises one unit in AJT and one share in AJCo. AJT and AJCo are separate legal entities under the *Corporations Act 2001* (Cth) and are therefore required to comply with the reporting and disclosure requirements under the *Corporations Act 2001* (Cth), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The registered office and principal place of business of the Responsible Entity, AJT and AJCo is Suite 1, Level 14, 50 Pitt Street, Sydney NSW 2000.

Principal activities

The principal activities of the Astro Group, which remain unchanged from 30 June 2013, were investments in interests in investment properties, holding a 25% economic interest in Spring Investment Co. Ltd ("Japan Asset Manager"), the manager of the Astro Group's property interests, and conducting management services as Responsible Entity of AJT through ownership of Astro Japan Property Management Limited.

Financial and operating review

The following provides a summary of the Astro Group's performance for the year ended 30 June 2014.

Financial results

The Astro Group made a profit after income tax of \$154,820,000 for the year ended 30 June 2014 (30 June 2013: loss of \$12,900,000).

Underlying profit is used to provide a better understanding of the Astro Group's financial performance and comparison of performance between the different financial periods. It is a non-IFRS measure which adjusts the balances that are unrelated to the underlying performance of the business to reflect the Directors' assessment of the Astro Group's underlying business activities having regard to the guidance from ASIC's RG 230 Disclosing Non-IFRS information. These principles include providing a clear reconciliation between statutory profit/(loss) and underlying profit in the Directors' Report, including both positive and negative adjustments and maintaining consistency between reporting periods. The adjustments are non-cash fair value movements within the financial assets at fair value through profit and loss (representing investments in the TKs), and each item reconciles to the segment reporting disclosure in Note 24. The adjustments between statutory profit/(loss) after income tax and underlying profit are set out below (this reconciliation has not been audited in accordance with Australian Auditing Standards):

	Year ended 30/06/2014 \$'000	Year ended 30/06/2013 \$'000
Profit/(loss) after tax for the year¹	154,820	(12,900)
Fair value adjustment to the unlisted investments in Spring and JPTGK	(678)	(1,420)
Foreign currency translation impact on the fair value of the TKs	15,834	25,245
TK operator share of TK distributions	90	37
Fair value adjustments to investment properties	(12,164)	19,072
(Gain)/loss on disposal of investment properties	(5,324)	1,524
Debt forgiveness	(131,386)	-
Gain on derivatives	-	(3,294)
Net foreign exchange (gain)/loss	(293)	3,042
Deferred tax on fair value adjustments to investment properties and unlisted investments	6,114	(4,516)
Expenses associated with the JPT refinance	-	4,202
Expenses associated with the JPTD & JPTA transaction	-	2,146
Value of interest waived in the JPTD & JPTA transaction ²	-	(4,351)
Underlying profit after tax	27,013	28,787

¹All items below are included in the underlying TKs' fair value determination as set out in Note 24 Segment reporting.

²Subsequent to the maturity of the loans to JPTD on 31 May 2012 and JPTA on 31 August 2012, the common lender treated all payments on the loans as reduction of the principal, resulting in waived interest of \$4,351,000. The waived amount has not been recognised in the Note 24 Segment reporting income statement and has been calculated based on the interest rate of 2.5785% plus 3 Month JPY LIBOR p.a. (the rate prescribed in the standstill agreement) applied to the loan principals as reduced through progressive settlements up to 30 June 2013.

Underlying profit after tax has decreased by 6.2% compared to the prior year. The decrease in net property income of 14.3% (see 'Financial results - portfolio performance and highlights' below), increased asset management fees and a weakening of the average A\$/¥ exchange rate from \$1=¥89.90 during the year to 30 June 2013 to \$1=¥92.79 during the year to 30 June 2014, have been partially offset by savings in borrowing costs.

Asset management fees are 25.6% higher than in the prior financial year, while asset management base fees are reduced compared to the prior year reflecting the property disposals during the current and prior year. The current year fee includes an asset management performance fee of \$2,531,000. The performance fee reflects the 16.9% outperformance of the Astro Group (on a total return basis) against the benchmark index (S&P/ASX 200 Property Accumulation Index) for the year, after adjusting for underperformance in the two prior years.

After adjusting for expenses associated with the JPT refinance and interest waived in the JPTD & JPTA transaction, borrowing costs are 42.2% lower than in the prior financial year as a result of lower weighted average cost of debt and reduced debt levels through amortisation payments, debt repayments following property disposals and debt forgiveness resulting from the completion of the JPTD & JPTA debt maturities transaction (see 'Capital management' below).

The adoption of AASB 10 *Consolidated Financial Statements* on 1 July 2013 affected the Astro Group's principles of consolidation. Refer to note 1(b) of the financial statements for further details of the change in accounting policy and the associated impact.

Financial results - portfolio performance and highlights

The Astro Group had interests in 33 investment properties at 30 June 2014 (30 June 2013: 37 investment properties).

Net property income (after property expenses) from interests in investment properties is set out below:

	Year ended 30/06/2014 \$'000	Year ended 30/06/2013 \$'000
Retail	29,581	34,432
Office	16,683	20,111
Residential	5,619	5,986
Total net property income from interests in investment properties	51,883	60,529

Net property income has decreased by 14.3% compared to the prior year. This results from the sale of four properties during the current financial year along with the sale of four properties during the prior financial year, and a weakening of the average A\$/¥ exchange rate from \$1=¥89.90 during the year to 30 June 2013 to \$1=¥92.79 during the year to 30 June 2014. On a Yen basis, and excluding the disposed of properties, net property income decreased by 1.2%.

On 26 September 2013, Sapporo Toys 'R' Us, a retail asset owned by JPTS, was sold for ¥1.3 billion (\$14,114,000 at \$1=¥92.11). The sale price represents a 39.8% premium to the ¥930 million book value of the asset as at 30 June 2013. The asset represented slightly over 1% of the Astro Group's portfolio by book value at 30 June 2013. After disposal costs the sale resulted in a net gain of \$3,664,000.

On 18 December 2013, Prime Stay Tsukiji, a residential asset owned by JPTS, was sold for ¥750 million (\$8,071,000 at \$1=¥92.92). The sale price represents an almost 14% premium to the ¥659 million book value of the asset as at 30 June 2013. The asset represented just under 0.8% of Astro Group's portfolio by book value at 30 June 2013. After disposal costs the sale resulted in a net gain of \$751,000.

On 20 January 2014, Akabane, an office property owned by JPTS, was sold for ¥750 million (\$8,142,000 at \$1=¥92.11) an almost 10% premium to the ¥684 million Astro Group book value of the asset as at 31 December 2013. The asset represented just under 0.8% of Astro Group's portfolio by book value at 31 December 2013. After disposal costs the sale resulted in a net gain of \$621,000.

On 31 January 2014, Yotsuya, an office property owned by JPT, was sold for ¥550 million (\$5,971,000 at \$1=¥92.11) an almost 7% premium to the ¥515 million Astro Group book value of the asset as at 31 December 2013. The asset represented just under 0.6% of Astro Group's portfolio by book value at 31 December 2013. After disposal costs the sale resulted in a net gain of \$289,000.

Subsequent to the period end on 8 July 2014, Daikanyama, an office property owned by JPTS, was sold for ¥655 million (\$6,894,000 at \$1=¥95). The sale price represents a 1.2% premium to the ¥647 million Astro Group book value of the asset as at 30 June 2014. On 8 August 2014, Yoshikawa, a retail asset owned by JPTD, was sold for ¥550 million (\$5,789,000 at \$1=¥95). The sale price is slightly more than double the ¥275 million Astro Group book value of the asset as at 30 June 2014. In total these assets represented approximately 1.1% of AJA's portfolio by book value at 30 June 2014.

Net assets and fair value of investment properties

The net assets of the Astro Group have increased from \$260,357,000 at 30 June 2013 to \$401,735,000 at 30 June 2014. The increase in net assets results from an increase in the fair value of the Astro Group's interest in the TKs through which it holds its interests in the properties in Japan. The fair value of the TKs (which are classified as financial assets held at fair value through profit and loss) increased by \$142,581,000 during the current financial year. This increase results mainly from the debt forgiven upon completion of the JPTD & JPTA debt maturity transaction and settlement of the dispute relating to interest rate swap arrangements held by JPTD and JPTA (see 'Capital management' below), the total of the debt forgiveness is \$131,386,000.

The fair value of the TKs was impacted by a weakening of the Yen from A\$1=¥91.45 at 30 June 2013 to A\$1=¥95.24 at 30 June 2014.

In accordance with the Astro Group's valuation of TKs accounting policy, the Astro Group assessed the fair value of investment properties during the year which resulted in a revaluation upward of \$12,164,000 to \$880,607,000 (Year ended 30 June 2013: revaluation downward of \$19,072,000 to \$931,108,000). The investment properties are incorporated in the financial assets carried at fair value through profit and loss. The overall decrease in investment property from \$931,108,000 to \$880,607,000 has been driven by the disposal of four properties Sapporo Toys 'R' Us, Prime Stay Tsukiji, Akabane, and Yotsuya, along with the weakening of the Yen.

Interest bearing debt decreased by \$173,787,000 during the current financial year, resulting from debt forgiveness as described above, debt repayments following the four property disposals, ongoing debt amortisation payments and the weakening of the Yen. Gearing of the underlying portfolio at 30 June 2014 is 57.0% (30 June 2013: 72.7%).

Capital management

On 31 July 2013, the Astro Group completed refinancing of the ¥2.36 billion (\$26,516,000, at A\$1=¥89) loan to JPTD and JPTA with a new, five year, senior loan of ¥2.474 billion (\$27,798,000).

The new lender was a major Japanese bank, unrelated to the previous lender. The additional funding raised from the new financing was used mainly to collateralise unfunded tenant security deposits. The new loan replaced the 12 month extended loan from the previous lender, which was due to mature on 31 October 2013.

The refinancing was conducted as part of and in accordance with the overall JPTD and JPTA loan restructuring, standstill and repayment arrangements agreed in 2012. It was carried out well in advance of maturity resulting in a discounted payoff of the loan principal of 7.5% for early repayment, reducing the loan from ¥2.36 billion (\$26,516,000) to ¥2.183 billion (\$24,528,000). In addition, the lender agreed that a ¥125 million (\$1,404,000) exit fee would not be payable.

This transaction completed the JPTD & JPTA matter and resulted in the forgiveness of ¥11.43 billion of debt which increases the net tangible asset position compared to 30 June 2013.

The new loan was provided to JPTO in which the Astro Group is the investor. The new loan has a base rate of 3 month JPY TIBOR and an interest margin of 0.60%, with debt amortisation payment obligations of ¥72 million per annum.

On 19 February 2014, the Astro Group completed an equity injection of ¥252 million (\$2,739,000 at \$1=¥92), funded from asset sales proceeds, into JPTO, which together with an additional loan of ¥400 million (\$4,348,000) from the existing lender, repaid the construction assistance fund (CAF) for the Matsudo Nitoh property. This transaction resulted in a forecast increase in cash flow of approximately \$800,000 per annum, after additional interest expense, through the elimination of ongoing CAF repayments by rent offset and reduction in amortisation of the loan as agreed with the lender.

On 20 March 2014, a dispute relating to interest rate swap arrangements between JPTD and JPTA, and the swap counterparty, a European investment bank was settled. The dispute arose from structuring of the discounted settlement of senior secured loans to JPTD and JPTA completed in July, 2013 and the counterparty's position as a subordinated creditor. The counterparty claimed that JPTD and JPTA were liable for the full amount, as set out in the segment balance sheet of the Astro Group's half year consolidated financial statements, of \$7,703,000 in respect of terminated derivative financial instruments, together with accumulated interest amounting to \$2,970,000, in total \$10,673,000.

The terms of the settlement involved the payment to the counterparty of ¥480,000,000 (A\$5,198,000 at \$1=¥92.34) in full and final settlement of the counterparty's claims. The payment was made from existing Astro Group cash reserves. The payment of the agreed settlement amount and consequent elimination of the liability to payment of the full amount of the claim resulted in an increase in net tangible assets of nearly 9 cents per security, or about 1.5% of the Astro Group's stated net tangible assets at 31 December 2013.

Business strategies, likely developments and prospects

As an investor in Japanese property, the Astro Group relies heavily on the Japanese Asset Manager, headed by Mr. Eric Lucas. The Australian directors work closely with Mr Lucas to manage the expectations of Astro Group's investors within the framework of the Japanese economy and, in particular, the Japanese real estate market.

The primary advantage of having an interest in properties through TK investments in Japan is the attractive cost of debt, which was 1.87% for the Astro Group as at 30 June 2014. However, there are several negative factors which need to be managed, in particular the historic lack of net rental growth and the policy of Japanese banks, post global financial crisis, to require amortisation of their loans, something not experienced by Australian REITs.

These factors appear to be improving, as indicated in the July 2013 Statement of Monetary Policy by the Bank of Japan with the comment "The Bank will continue with quantitative and qualitative monetary easing, aiming to achieve the price stability target (inflation) of 2 percent. Such conduct of monetary policy will support the positive movements in economic activity and financial markets, contribute to a rise in inflation expectations, and lead Japan's economy to overcome the deflation that has lasted for nearly 15 years".

Apart from corporate costs in Australia, all other revenues and costs are incurred in Japan and assets and liabilities are held in Japan, so that the Astro Group is exposed to currency risk with respect to movements in the AUD/JPY exchange rate. In the period prior to 2013, the Astro Group had both capital and distribution hedges in place to mitigate currency risk, but the Board has formed the view that because of both the lack of parties prepared to take counterparty risk at an acceptable cost and changed market perceptions about long-term capital hedging, it is no longer in the interests of securityholders to maintain a currency hedging program.

On 31 July 2013, the Astro Group announced the final stage of settlement of loans outstanding in JPTD and JPTA. This now stabilises the loan structure of the Astro Group with a weighted average term to debt maturity of 2.3 years as at 30 June 2014.

The Astro Group will continue to seek opportunities to sell smaller non-strategic assets and continue to restructure its property portfolio to minimise tenancy risks and capitalise on improved market conditions for property in Japan. A particular focus will be on releasing capital from debt structures where high interest/amortisation depresses returns and make that capital available for more efficient leveraged investment, debt reduction, distribution increase and/or security buy-backs.

Distributions

Distributions declared and/or paid during the year ended 30 June 2014 were:

Distribution	Year ended 30/06/2014	Year ended 30/06/2013
Final distribution		
▪ Distribution cents per Stapled Security	10.00¢	10.00¢
▪ Payment date	29/08/2014	30/08/2013
Half year distribution		
▪ Distribution cents per Stapled Security	10.00¢	7.50¢
▪ Payment date	28/02/2014	28/02/2013

Distributions per Stapled Security for the year ended 30 June 2014 were 20.00 cents (Year ended 30 June 2013: 17.50 cents).

The Astro Group Distribution Reinvestment Plan (DRP) which was implemented on 6 May 2011 was not activated for the distribution for the six months ended 30 June 2014.

Significant changes in the state of affairs

In the opinion of the Directors, other than the items already noted in the Directors' Report, there were no changes in the state of affairs of the Astro Group that occurred during the financial year under review.

Environmental regulation

To the best of their knowledge and belief after making due enquiry, the Directors have determined that the Astro Group has complied with all significant environmental regulations applicable to its operations in the jurisdictions it operates.

Matters subsequent to the end of the financial year

The Directors are not aware of any matter or circumstance occurring since 30 June 2014 not otherwise dealt with in the financial report that has significantly or may significantly affect the operations of the Astro Group, the results of those operations, or the state of affairs of the Astro Group in subsequent financial years.

Interests of the Responsible Entity

At 30 June 2014, the Responsible Entity did not hold any securities in the Astro Group (30 June 2013: nil).

Responsible Entity and Japan Asset Manager's fees

Set out below are the fees paid or payable to the Japan Asset Manager during the year:

	Year ended 30/06/2014	Year ended 30/06/2013
	\$'000	\$'000
Asset management base fee – Japan Asset Manager	4,919	5,932
Asset management performance fee – Japan Asset Manager	2,531	-
Transaction fees – Japan Asset Manager	256	2,101
TK distributions – TK Operator	90	37
Total fees paid or payable	7,796	8,070
The following amounts are owed to the Japan Asset Manager at balance date relating to Asset Management and Transaction Fees	3,689	2,603

No payments to the Responsible Entity are shown as the Responsible Entity is part of the Astro Group.

Stapled securities on issue

There were 67,211,752 stapled securities on issue as at 30 June 2014 (30 June 2013: 67,211,752). Each stapled security comprises one unit in AJT and one share in AJCo.

Astro Group assets

At 30 June 2014 the Astro Group held assets with a total value of \$410,100,000 (30 June 2013: \$269,473,000). The basis for valuation of the assets is disclosed in Note 1 Statement of Significant Accounting Policies to the Consolidated Financial Statements.

Directors

The Directors of the Responsible Entity and AJCo (Directors) at any time during or since the period end are:

Name, independence status and special responsibilities	Qualifications and experience
Allan McDonald Independent Non-Executive Chairman Member of the Remuneration Committee Member of the Audit, Risk & Compliance Committee	Allan was appointed as a Director of the Responsible Entity on 19 February 2005 and as a Director of AJCo on 20 March 2009. Allan has extensive experience in the investment and commercial banking fields and is presently associated with a number of companies as a consultant and company director. Allan holds a Bachelor of Economics Degree from the University of Sydney and is a Fellow of the Australian Society of Certified Practising Accountants, a Fellow of the Governance Institute of Australia, a Fellow of the Australian Institute of Management and a Fellow of the Australian Institute of Company Directors.
Doug Clemson Independent Non-Executive Director Chairman of the Audit, Risk & Compliance Committee Member of the Remuneration Committee	Doug was appointed as a Director of the Responsible Entity and as a Director of AJCo on 31 December 2011. Doug has extensive financial and commercial experience, having been the former Finance Director and CFO of Asea Brown Boveri (ABB) where he was responsible for the corporate and project finance needs of the ABB group in Australia and New Zealand. Prior to joining ABB, he held senior line management and finance executive positions with manufacturing groups, Australian Consolidated Industries Ltd and Smiths Industries Limited. Doug has over 25 years experience as a Director on various listed company and unlisted company boards, and he has been the chairman of the audit, risk and compliance committee of ASX listed companies (most recently Infigen Energy Group) since 2002.
Kate McCann Independent Non-Executive Director Chairman of the Remuneration Committee Member of the Audit, Risk & Compliance Committee	Kate was appointed as a Director of the Responsible Entity and as a Director of AJCo on 31 December 2011. Kate has extensive financial and commercial experience, with 15 years at McKinsey & Company, including her role as Principal from 1999-2002. Kate has been a non-executive director of private, global and not-for-profit organisations. She is currently a non-executive Director of General Re Australia Ltd and General Re Life Australia Ltd, and is the Chairman of the Remuneration Committee and a member of the Audit Committee of each of those companies.
John Pettigrew Executive Director, Chief Financial Officer	John was appointed as a Director of the Responsible Entity on 19 February 2005 and as a Director of AJCo on 20 March 2009. John became an Executive Director on 1 January 2011 upon his appointment as Chief Financial Officer. John has extensive financial and commercial experience with a number of major corporations and 36 years involvement in the property industry. John is a Fellow of the Australian Society of Certified Practising Accountants, a Fellow of the Governance Institute of Australia, a Fellow of the Chartered Institute of Secretaries, a Fellow of the Australian Institute of Management and a Fellow of the Australian Institute of Company Directors. John was Chief Financial Officer and Company Secretary of the Stockland Group from 1977 and Finance Director from 1982 until March 2004. He has had a significant role in structuring and managing listed property trusts since 1980.

Directorships of other listed entities held by Directors during the three years preceding 30 June 2014 are listed below:

Director	Listed Entity	Date appointed	Date ceased
Allan McDonald	Multiplex SITES Trust ¹	22 October 2003	Continuing
	Multiplex European Property Fund ²	1 January 2010	Continuing
	Brookfield Prime Property Fund ²	1 January 2010	Continuing
	Billabong International Limited	4 July 2000	24 October 2012
	Brookfield Australian Opportunities Fund ²	1 January 2010	29 October 2012 (Delisted)
	Brookfield Office Properties Inc. (dual listed on NYSE and TSE)	4 May 2011	3 June 2014
Doug Clemson	Infigen Energy Limited	9 September 2005	11 November 2011
Kate McCann	-	-	-
John Pettigrew	Rubicon Group Limited	2 March 2007	Continuing

1. Director of the responsible entity, Brookfield Funds Management Limited.
2. Director of the responsible entity, Brookfield Capital Management Limited.

Directors' Meetings

The number of Directors' meetings (including meetings of the Committees of Directors) held during the 12 month period ended 30 June 2014, and the number of meetings attended by each Director, are as follows:

Director	Responsible Entity Board		AJCo Board		Audit, Risk & Compliance Committee		Remuneration Committee	
	H	A	H	A	H	A	H	A
Allan McDonald	16	16	16	16	4	4	2	2
Doug Clemson	16	16	16	16	4	4	2	2
Kate McCann	16	16	16	16	4	4	2	2
John Pettigrew	16	16	16	16	-	-	-	-

H – Indicates the number of meetings held while the relevant Director was a member of the Board/Committee

A – Indicates the number of those meetings attended by that Director

Directors' relevant interests

The names of the Directors in office and the relevant interests of each Director in stapled securities of the Astro Group as at the date of this report are shown below:

Director	Number of Stapled Securities
Allan McDonald	40,000
Doug Clemson	3,000
Kate McCann	-
John Pettigrew	-

Secretaries

The Company Secretaries of the Responsible Entity and AJCo at any time during or since the 12 month period ended 30 June 2014 are:

Rohan Purdy General Counsel & Company Secretary	Rohan was appointed as Company Secretary of the Responsible Entity on 16 April 2009 and as Company Secretary of AJCo on 20 March 2009. Rohan has extensive experience as a corporate lawyer and company secretary. Rohan has held positions as a senior lawyer at Babcock & Brown and the Australian Securities Exchange (ASX). Prior to this, Rohan specialised in commercial and corporations law, practising as a senior lawyer with a number of leading law firms in Australia. Rohan holds a Master of Laws from the University of Sydney and a Bachelor of Laws degree and Bachelor of Commerce degree from the Australian National University.
John Pettigrew Executive Director, Chief Financial Officer & Company Secretary (alternate)	John was appointed as Company Secretary (alternate) of the Responsible Entity and as Company Secretary (alternate) of AJCo on 1 January 2011.

Indemnities and Insurance Premiums

Except as set out below, no indemnity was given or insurance premium paid during or since the end of the Financial Year for a person who is or has been an officer or auditor of the Astro Group.

- Indemnities

Responsible Entity

The Responsible Entity indemnifies each person who is or has been a Director or Secretary of the Responsible Entity or of a wholly owned subsidiary of the Responsible Entity against any liability incurred by the person in the discharge of their duties as an officer of the Responsible Entity or such other entity (as the case may be), except:

- where the liability arises out of conduct involving a lack of good faith;
- where the liability is owed to the Responsible Entity or a related body corporate; and
- to the extent that the Responsible Entity is precluded by law from indemnifying the officer.

The Responsible Entity also indemnifies each person who is or has been a Director or Secretary of the Responsible Entity or a wholly owned subsidiary of the Responsible Entity for legal costs incurred by the person in obtaining advice for, or conducting or defending an action, or appearing or preparing to appear in that action. This indemnity is also subject to the above exceptions.

The Responsible Entity's Constitution also provides that, to the extent permitted by law, the Responsible Entity indemnifies each person who is or has been a Director or Secretary of the Responsible Entity or of a wholly owned subsidiary of the Responsible Entity against any liability for costs and expenses incurred by that person in defending any proceedings in which judgement is given in that person's favour, or in which the person is acquitted or in connection with an application in relation to any proceedings in which the court grants relief to the person under the law.

AJCo

AJCo indemnifies each person who is or has been a Director or Secretary against any liability incurred by the person in the discharge of their duties as an officer of AJCo, except:

- where the liability arises out of conduct involving a lack of good faith;
- where the liability is owed to AJCo or a related body corporate; and
- to the extent that AJCo is precluded by law from indemnifying the officer.

AJCo also indemnifies each person who is or has been a Director or Secretary for legal costs incurred by the person in obtaining advice for, or conducting or defending an action, or appearing or preparing to appear in that action. This indemnity is also subject to the above exceptions.

AJCo's Constitution also provides that AJCo indemnifies each person who is or has been a Director or Secretary on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by the person as an officer of AJCo or of a related body corporate.

No liability has arisen under these indemnities as at the date of this report.

- Insurance premiums

As part of its insurance arrangements, the Astro Group pays insurance premiums in respect of a Directors and Officers Liability insurance contract covering Directors and Officers of the Astro Group and Mr Eric Lucas as Senior Advisor to the Astro Group. Under the terms of the Directors and Officers insurance contract, the Astro Group is prohibited from disclosing the nature of the liabilities indemnified and the amount of the insurance premium paid.

Remuneration Report

Under the *Corporations Act 2001* (Cth) only disclosing entities that are listed companies are required to prepare a Remuneration Report. Accordingly, this report is only required to address remuneration disclosures applicable to AJCo, as AJT is not a listed company. Notwithstanding, this report addresses the remuneration disclosures of the Astro Group, not just AJCo.

This report outlines the remuneration philosophy and framework currently applicable to the Astro Group, in particular how this relates to the Astro Group's senior executives and Directors.

This report relates to the year ended 30 June 2014.

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001* (Cth).

Remuneration Policy & Approach

The Astro Group aims to attract, retain and motivate highly skilled people to operate the Astro Group in the best interests of its securityholders.

The Astro Group has a formally constituted Remuneration Committee which is currently comprised of the Astro Group's three Independent Non-Executive Directors. Its members during the financial year were Ms Kate McCann (Chair), Mr Allan McDonald, and Mr Doug Clemson. The Remuneration Committee meets annually for the purposes of reviewing and making recommendations to the Astro Group Board on the level of remuneration of the senior executives and the Directors.

The Remuneration Committee endeavours to ensure that the remuneration outcomes strike an appropriate balance between the interests of the Astro Group securityholders, and rewarding, retaining and motivating the Astro Group's executives and the Directors.

Key Management Personnel

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The KMP of the Astro Group for the year ended 30 June 2014 were:

Executive	
Mr J Pettigrew	Executive Director, Chief Financial Officer
Non-Executive Directors	
Mr Allan McDonald	Independent Chairman and Non-Executive Director
Mr Doug Clemson	Independent Non-Executive Director
Ms Kate McCann	Independent Non-Executive Director

The Senior Advisor to the Astro Group, Mr Eric Lucas, is a contractor to the Astro Group and is paid a monthly fee of ¥100,000. Separately, the Japan Asset Manager employs Mr Lucas as its Chief Executive Officer and employs other executives who conduct the asset management activities in Japan. The Japan Asset Manager is not a member of the Astro Group, and as such the remuneration relating to those individuals is not borne by the Astro Group or its securityholders. Mr Lucas and the other executives of the Japan Asset Manager are not considered KMP of the Astro Group.

Executive remuneration

The executive pay and reward framework has two components:

- Base pay and benefits, including superannuation; and
- Short term incentives.

To determine the total annual remuneration for the executives, the Remuneration Committee conducts an assessment of each executive based on the individual's performance and achievements during the financial year and taking into account the overall performance and achievements of the Astro Group and prevailing remuneration rates of executives in similar positions. This assessment is made in conjunction with advice from the Astro Group's Senior Advisor, Mr Eric Lucas, and is the basis for determining the total annual remuneration for that financial year.

Although the performance of the Astro Group is taken into consideration in the assessment of each executive, the remuneration policy of the Astro Group is more focused on achievement of the Astro Group's internal financial and operational objectives. The Astro Group regards achievement of these objectives as the appropriate criteria for determining remuneration rather than simply measuring relative performance against a market index or an external comparator group.

The following table sets out summary information about the Astro Group's earnings and movements in securityholder wealth for the five years to 30 June 2014:

	2014	2013	2012	2011	2010
Net profit attributable to securityholders of the Astro Group (\$'000)	154,820	(12,900)	(44,233)	(22,004)	(111,922)
Earnings per security of the Astro Group (cents) ¹	230.35	(20.73)	(75.68)	(41.52)	(22.02)
Distributions per security of the Astro Group (cents) ¹	20.00	17.50	15.00	42.50 ²	7.00
Security price (\$) as at 30 June ¹	4.08	3.00	2.88	2.83	0.32

¹Unadjusted per security figures for 2010 and earlier years

²Distributions per security for the year ended 30 June 2011 have been adjusted to reflect the 10 to 1 consolidation of stapled securities completed on 19 January 2011

- Base pay

Base pay is determined by reference to appropriate benchmark information, taking into account an individual's responsibilities, performance, qualifications and experience. There are no guaranteed base pay increases in any executive's contracts.

- **Short term incentive**

Any short term incentive (STI) entitlement is entirely at the discretion of the Remuneration Committee and any discretionary STI is determined based on the results of the Remuneration Committee's assessment of each executive having regard to the overall performance of the Astro Group during the financial year. Any STI entitlement is paid in cash. The maximum STI bonus in any year is 30% of base salary. An executive is not entitled to receive an STI bonus if they cease employment with the Astro Group prior to the payment date or provide or receive notice of termination of employment on or prior to the payment date.

Remuneration of the Executive KMP

Table 1: Remuneration of the Executive KMP for the period ended 30 June 2014

Executive	Year	Salary \$	STI cash bonus ¹ \$	Non- monetary benefits \$	Super- annuation \$	Total \$
Mr J Pettigrew	2014	259,560	-	-	17,775	277,335
	2013	252,000	40,000	-	16,470	308,470
Total remuneration	2014	259,560	-	-	17,775	277,335
	2013	252,000	40,000	-	16,470	308,470

¹ STI relates to the 12 month period ended 30 June 2013 and was granted on 13 June 2013 and paid on 20 June 2013.

Table 2: Remuneration components as a proportion of total remuneration on an annualised basis

Executive	Fixed remuneration ¹ %	STI cash bonus %	Total
Mr J Pettigrew	100.00	0.00	100.00

¹ Fixed remuneration consists of salary, non-monetary benefits and superannuation and for the purposes of this table is based on a 12 month period to 30 June 2014.

Employment Contract for the Executive KMP

The base salary for the executive as at 30 June 2014, in accordance with his employment contract is shown below:

Executive	Base remuneration per employment contract
Mr J Pettigrew	\$ 259,560

The employment contract for Mr Pettigrew contains the following conditions:

Length of Contract	▪ Open-ended
Frequency of base remuneration review	▪ Annual
Benefits	▪ Entitled to participate in Astro Group benefit plans that are made available
Incentive remuneration	▪ Eligible for an award of short term incentive remuneration (if any) as described above
Termination of employment	▪ For Mr Pettigrew, employment can be terminated by either party providing three months' written notice and the Astro Group may elect to pay Mr Pettigrew three months' salary in lieu of notice

Remuneration of the Non-Executive Director KMP

The following persons were Non-Executive Directors of each of the Responsible Entity and AJCo during the financial year:

Mr Allan McDonald	Independent Chairman and Non-Executive Director
Mr Doug Clemson	Independent Non-Executive Director
Ms Kate McCann	Independent Non-Executive Director

The Astro Group Boards determine the remuneration structure for Non-Executive Directors based on recommendations from the Remuneration Committee. The Non-Executive Directors' individual fees are annually reviewed by the Remuneration Committee taking into consideration the level of fees paid to non-executive directors by companies of a similar size and stature. Fees paid to Non-Executive Directors must fall within the aggregate fee pool approved by securityholders. The current aggregate maximum amount which may be paid to all Non-Executive Directors is \$600,000 per annum, and the aggregate fees currently payable to the Non-Executive Directors per annum is \$329,500 (excluding superannuation). Based on the Remuneration Committee's annual review of Non-Executive Director fees conducted on 28 May 2014, there will be no change to the fees for the 12 month period commencing 1 July 2014.

The Non-Executive Directors receive a cash fee for service. They do not receive any performance based remuneration or any retirement benefits other than statutory superannuation.

Fees paid to the Non-Executive Directors are in respect of their services provided to the Responsible Entity and AJCo.

Fees payable to Non-Executive Directors are set out below:

Board/Committee	Role	Fee per annum
Board	Independent Chair	\$136,500
	Director	\$96,500

Table 3: Remuneration of Non-Executive Directors for the period ended 30 June 2014

Directors	Year	Short term - salary and fees \$	Superannuation \$	Total \$
Mr Allan McDonald	2014	136,500	12,626	149,126
	2013	136,500	12,285	148,785
Mr Doug Clemson	2014	96,500	8,926	105,426
	2013	96,500	8,685	105,185
Ms Kate McCann	2014	96,500	8,926	105,426
	2013	96,500	8,685	105,185
Total remuneration	2014	329,500	30,478	359,978
	2013	329,500	29,655	359,155

In addition to the above fees, all Non-Executive Directors receive reimbursement for reasonable travel, accommodation and other expenses incurred while undertaking Astro Group business.

Proceedings on behalf of AJCo

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Cth) for leave to bring proceedings on behalf of AJCo, or to intervene in any proceedings to which AJCo is a party, for the purpose of taking responsibility on behalf of AJCo for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of AJCo with leave of the Court under section 237 of the *Corporations Act 2001* (Cth).

Auditor's independence declaration

The auditor's independence declaration is included on the page following this Directors' Report.

Non audit services

The Astro Group may decide to employ the auditor, Deloitte Touche Tohmatsu, on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Astro Group are important.

The Directors have considered the position and, in accordance with advice received from the audit committee, are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth). The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* (Cth) for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for non-audit services provided by the auditor, Deloitte Touche Tohmatsu, of the Astro Group, its related practices and non-related audit firms:

	Year ended 30/06/2014	Year ended 30/06/2013
	\$	\$
Taxation advisory services	66,002	50,950
Taxation compliance services	45,478	39,444
Transaction Services	-	38,933
Total non audit fees	111,480	129,327

Rounding

The Astro Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and the Directors' report have been rounded to the nearest thousand dollars unless otherwise stated.

Basis of preparation

The financial report for the Astro Group as at 30 June 2014 has been prepared on a going concern basis as the Directors, after reviewing AJT's going concern status, have concluded that AJT has reasonable grounds to expect to be able to pay its debts as and when they become due and payable.

Dated 27 August 2014.

Signed in accordance with a resolution of the Directors pursuant to s.298(2) of the *Corporations Act 2001* (Cth).



F A McDonald
Director

Astro Japan Property Management Limited in its capacity as Responsible Entity of the Astro Japan Property Trust

The Board of Directors of
Astro Japan Property Management Limited
(in its capacity as Responsible Entity of
Astro Japan Property Trust)
Suite 1, Level 14
50 Pitt Street
Sydney NSW 2000

27 August 2014

Dear Directors

Astro Japan Property Trust

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Astro Japan Property Management Limited in its capacity as Responsible Entity of Astro Japan Property Trust.

As lead audit partner for the audit of the financial statements of Astro Japan Property Trust for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



AG Collinson
Partner
Chartered Accountants

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2014

	Note	30 Jun 14 \$'000	30 Jun 13 \$'000
Revenue			
Financing income	2	149	229
Distribution income	3	13,005	1,371
		13,154	1,600
Other income			
Net gains on financial assets held at fair value through profit and loss	22(e)	146,629	-
Net foreign exchange gain		293	-
Other income		181	-
		147,103	-
Total revenue and other income		160,257	1,600
Expenses			
Net losses on financial assets held at fair value through profit and loss	22(e)	-	(5,585)
Net foreign exchange loss		-	(3,042)
Other operating expenses	4	(2,655)	(4,822)
Total expenses		(2,655)	(13,449)
Profit/(loss) before tax		157,602	(11,849)
Income tax expense	5	(2,782)	(1,051)
Profit/(loss) for the year		154,820	(12,900)
Profit/(loss) is attributable to:			
Securityholders of AJT		153,074	(12,857)
Securityholders of other entities stapled to AJT (non-controlling interests)		1,746	(43)
Profit/(loss) for the year		154,820	(12,900)
Other comprehensive income		-	-
Total comprehensive income/(expense) for the year		154,820	(12,900)
Total comprehensive income attributable to:			
Securityholders of AJT		153,074	(12,857)
Securityholders of other entities stapled to AJT (non-controlling interests)		1,746	(43)
		154,820	(12,900)
Basic and diluted earnings/(losses) per ordinary Security available to securityholders of AJT	7	227.75¢	(20.66)¢

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

	Note	30 Jun 14 \$'000	30 Jun 13 \$'000	1 Jul 12 \$'000
Current assets				
Cash and cash equivalents	8	7,672	12,515	26,182
Trade and other receivables	9	8,436	5,488	11,710
Other assets	10	407	451	511
Total current assets		16,515	18,454	38,403
Non-current assets				
Financial assets carried at fair value through profit and loss	11	390,526	247,945	223,836
Deferred tax asset	12(a)	28	29	30
Property, plant and equipment	13	31	35	52
Intangible assets	14	3,000	3,010	3,022
Total non-current assets		393,585	251,019	226,940
Total assets		410,100	269,473	265,343
Current liabilities				
Payables	15	301	1,817	435
Provisions	16	53	47	37
Deferred lease incentive	17	5	11	6
Distribution payable	18	6,721	6,721	2,922
Current tax liabilities	19	870	500	1,686
Total current liabilities		7,950	9,096	5,086
Non-current liabilities				
Deferred lease incentive	17	-	5	16
Deferred tax liabilities	12(b)	415	15	14
Total non-current liabilities		415	20	30
Total liabilities		8,365	9,116	5,116
Net assets		401,735	260,357	260,227
Equity				
Equity attributable to securityholders of AJT				
Contributed equity	20	634,440	634,440	611,554
Accumulated losses	21	(254,122)	(393,754)	(369,793)
Total equity of securityholders		380,318	240,686	241,761
Equity attributable to other stapled securityholders				
Contributed equity	20	28,581	28,581	27,333
Accumulated losses	21	(7,164)	(8,910)	(8,867)
Total equity of other stapled securityholders		21,417	19,671	18,466
Total equity		401,735	260,357	260,227

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

	Note	30 Jun 14 \$'000	30 Jun 13 \$'000
Cash flows from operating activities			
Realised foreign exchange gains/(losses)		577	(3,401)
Other operating expenses paid		(3,929)	(3,341)
Financing income		149	229
Japanese withholding and Australian income tax paid		(2,009)	(2,236)
Net cash outflows from operating activities	25	(5,212)	(8,749)
Cash flows from investing activities			
Investment in financial assets held at FVTPL		(10,177)	(44,409)
Distributions received		24,280	22,309
Purchase of plant, property and equipment		(8)	(5)
Net cash inflows/(outflows) from investing activities		14,095	(22,105)
Cash flows from financing activities			
Proceeds from issue of stapled securities		-	25,424
Stapled security issue transaction costs		-	(1,290)
Distributions paid		(13,442)	(7,306)
Net cash (outflows)/inflows from financing activities		(13,442)	16,828
Net decrease in cash and cash equivalents		(4,559)	(14,026)
Cash and cash equivalents at the beginning of the period		12,515	26,182
Effect on exchange rate fluctuations on cash held		(284)	359
Cash and cash equivalents at the end of the period	8	7,672	12,515

The Consolidated Statements of Cash Flows are to be read in conjunction with the Notes of the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2014

	Note	Equity attributable to securityholders of AJT			Equity attributable to other stapled securityholders			Total equity \$'000
		Contributed equity \$'000	Accumulated losses \$'000	Total \$'000	Contributed equity \$'000	Accumulated losses \$'000	Total \$'000	
Balance at 1 July 2012		611,554	(369,793)	241,761	27,333	(8,867)	18,466	260,227
Loss for the period		-	(12,857)	(12,857)	-	(43)	(43)	(12,900)
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive expense for the period		-	(12,857)	(12,857)	-	(43)	(43)	(12,900)
Transactions with Securityholders in their capacity as Securityholders:								
Issue of stapled securities, net of transaction costs	20	22,886	-	22,886	1,248	-	1,248	24,134
Distributions paid or provided for	18	-	(11,104)	(11,104)	-	-	-	(11,104)
Balance at 30 June 2013		634,440	(393,754)	240,686	28,581	(8,910)	19,671	260,357
Balance at 1 July 2013		634,440	(393,754)	240,686	28,581	(8,910)	19,671	260,357
Profit for the period		-	153,074	153,074	-	1,746	1,746	154,820
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the period		-	153,074	153,074	-	1,746	1,746	154,820
Transactions with Securityholders in their capacity as Securityholders:								
Distributions paid or provided for	18	-	(13,442)	(13,442)	-	-	-	(13,442)
Balance at 30 June 2014		634,440	(254,122)	380,318	28,581	(7,164)	21,417	401,735

The Consolidated Statements of Changes in Equity is to read in conjunction with the Notes to the Financial Statements.

1. Statement of significant accounting policies

On 12 November 2009, the units in AJT were stapled to the shares of AJCo (stapled securities) forming the Astro Japan Property Group ("Astro Group"). It is not possible to trade or deal separately in either the shares or units which comprise the stapled securities.

The entities forming the Astro Group are domiciled in Australia.

AJT has been deemed the parent entity of the Astro Group although it is not the legal owner of AJCo. AJT has been deemed the parent entity of the Astro Group on the basis that it was in existence prior to AJCo and has greater net assets than AJCo.

The consolidated financial report of the Astro Group for the year ended 30 June 2014 comprises AJT and its controlled entities, and AJCo and its controlled entity (together referred to as the "Astro Group"). AJT and AJCo are separate legal entities under the *Corporations Act 2001* (Cth) and are therefore required to comply with the reporting and disclosure requirements under the *Corporations Act 2001* (Cth), Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Interpretations.

The financial report was authorised for issue by the Directors on 27 August 2014. The Responsible Entity has the power to amend and reissue this financial report.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of AJT and its controlled entities, and AJCo and its controlled entity.

For the purposes of these Notes:

- references to 'TK Operator' means each or any of the seven Japanese special purpose companies through which the Astro Group invests in Japan, namely JPT Co. Ltd. (JPT), JPT Corporate Co. Ltd. (JPTC), JPT Scarlett Co. Ltd. (JPTS), JPT Newton Co. Ltd. (JPTN), JPT Omega Co. Ltd. (JPTO), JPT Direct Co. Ltd. (JPTD), and JPT August Co. Ltd. (JPTA); and
- references to 'TK' means the contractual relationship (not a legal entity) between a TK Operator and AJT, which is documented in a 'TK Agreement'.

(a) Basis of preparation

The consolidated financial report for the Astro Group as at 30 June 2014 has been prepared on a going concern basis as the Directors of the Responsible Entity, after reviewing AJT's going concern status, have concluded that AJT has reasonable grounds to expect to be able to pay its debts as and when they become due and payable. The Astro Group is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Financial report

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial report is presented in Australian dollars.

The financial report is prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Astro Group's accounting policies. Areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are set out in Note 1(aa).

The Astro Group is of a kind referred to in ASIC Class Order 98/100 (as amended) and in accordance with that Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(b) Adoption of new and amended accounting standards

The Astro Group has adopted all new and amended accounting standards which became effective for annual reporting periods beginning on or after 1 July 2013. These standards are:

AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 127 *Separate Financial Statements*, AASB 128 *Investments in Associates and Joint Ventures*, AASB 2011-7 *Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards*, AASB 13 *Fair Value Measurement*, AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)*, AASB 119 *Employee Benefits* (2011), AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119* (2011), AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle* and AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*.

AASB 10 *Consolidated Financial Statements* ("AASB 10") affected the Astro Group's principles of consolidation (see below). While other new and amended accounting standards that apply for the first time to the year ended 30 June 2014 introduced new disclosure requirements, they did not affect the Astro Group's accounting policies or any of the amounts recognised in the financial statements.

Change in accounting policy

AASB 10 establishes a revised control model that applies to all entities. It replaces the consolidation requirements in AASB 127 *Consolidated and Separate Financial Statements* ("AASB 127") and *UIG Interpretation 112 Consolidation – Special Purpose Entities* ("UIG 112"). Previously, under AASB 127, the Astro Group had consolidated the TKs under the provisions outlined in UIG 112, including specifically that Astro had significant exposure to the risks and rewards of the TKs. Under AASB 10, the Astro Group controls an entity when the Astro Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Astro Group has reassessed its consolidation conclusions in light of the new control principles in AASB 10 and concluded that it does not control the TKs through which it holds its interests in the properties in Japan, as it has neither voting participation nor equivalent contractual rights to direct significant decisions at the TK level, and therefore the TKs have been deconsolidated and will be recognised as financial assets carried at fair value through profit and loss. Under the TK Agreements, the Astro Group is entitled to the net assets of the TKs and 99% of the TKs' net profit.

The Astro Group has applied AASB 13 *Fair Value Measurement* ("AASB 13") for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard to comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Astro Group has not made any new disclosures required by AASB 13 for the 2013 comparative period, while the application of AASB 13 has not had any material impact on the amounts recognised in the consolidated financial statements it does impact the type of information disclosed in the notes to the financial statements, refer to note 22(e).

Following a reassessment of AASB 128 *Investments in Associates and Joint Ventures*, as a result of the change in definition of power brought about by AASB 10, the Astro Group's economic interest in the TKs Arabesque S Godo Kaisha (JPT GK) and Spring Investments Co. Ltd. (Spring) are now recognised as financial assets held at fair value through profit and loss. These economic interests had previously been accounted for as investments in associates accounted for using the equity method, however the reassessment of AASB 128 deemed that the Astro Group does not exert significant influence over the entities.

Impact of change in accounting policy

Refer to note 31 for a summary of the impact of the change in accounting policy.

(c) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Astro Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Astro Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Astro Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Stapling arrangement

On the formation of the Astro Group on 12 November 2009, the acquisition method of accounting was applied to account for the "deemed acquisition" of AJCo by AJT. AJT recognised goodwill as the difference between (i) the sum of the consideration transferred and any non-controlling interest and (ii) the acquisition value of the identifiable net assets acquired. Since the Astro Group measures its non-controlling interest in AJCo at the proportionate share of AJCo's identifiable net assets, no goodwill arose. Goodwill arose on the acquisition of the Responsible Entity by AJCo.

The consolidated financial information of the Astro Group incorporates the assets and liabilities of AJT and AJCo from the date of the formation of the Astro Group. The results of AJCo have been included in the consolidated statements of comprehensive income of the Astro Group from the date of the formation of the Astro Group. The effects of all transactions between AJCo and other entities within the Astro Group are eliminated in full. The results and equity of AJCo are disclosed separately as a non-controlling interest in the consolidated statements of comprehensive income and consolidated statements of financial position respectively.

(d) Basis of consolidation

The Astro Group consolidated financial statements comprises the assets and liabilities of all controlled entities and the results of all controlled entities for the financial year. Control is achieved when the Astro Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Astro Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Astro Group are eliminated in full on consolidation.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

(f) Foreign currency

i) Functional and presentation currency

Items included in the financial statements of each of the consolidated entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Astro Group's functional and presentation currency.

ii) Transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation of monetary items are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined. Refer to Note 22(a)(ii) for details of the Astro Group's foreign exchange hedging policy.

(g) Financial assets held at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any capital distribution or interest earned on the financial asset. Fair value is determined in the manner described in note 22(e)(ii).

(h) Property, plant & equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Astro Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost over estimated useful lives as follows:

Computer equipment	4 years
Office equipment	1 – 10 years
Fixtures and fittings	1 – 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(i) Intangible assets

i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Astro Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

ii) IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over 4 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the group has an intention and ability to use the asset.

(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, and cash on deposit. Bank overdrafts that are repayable on demand and form an integral part of the Astro Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statements of cash flows.

(l) Contributed equity

Stapled securities are classified as equity.

Incremental costs directly attributable to the issue of new stapled securities or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new stapled securities or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example, as the result of a security buy-back, those instruments are deducted from equity and the associated securities are cancelled. No gain or loss is recognised in profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(m) Revenue

Revenues are recognised at fair value of the consideration received net of the amount of recoverable goods and services tax (GST). Refer to Note 1(r) for further information.

The Astro Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Astro Group's activities as described below. The Astro Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

i) Distribution income

Distribution income is recognised in profit or loss on the date the entity's right to receive payment is established.

ii) Financing income

Interest income is recognised in profit or loss on a time proportionate basis, using the effective interest rate method.

All other revenue is recognised on an accruals basis.

(n) Expenses

Expenses are brought to account on an accrual basis.

(o) Tax

i) Australian income tax - AJT

Under current Australian income tax legislation, AJT is not liable to income tax provided Securityholders are presently entitled to all of the AJT's taxable income at 30 June each year and any taxable gain derived from the sale of an asset is fully distributed to Securityholders. Tax allowances for building, plant and equipment depreciation are distributed to Securityholders in the form of tax deferred components of distributions.

ii) Australian income tax - AJCo and other taxable entities

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

iii) Tax consolidation - Australia

AJCo and its wholly-owned Australian controlled entity have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

iv) Japanese withholding tax

Effective as of 1 April 2002, all foreign corporations and non-resident individuals that do not have permanent establishments in Japan are subject to 20.42% withholding tax on the distribution of profits under TK contracts. The 20.42% withholding tax is the final Japanese tax on such distributed TK profits and such profits are not subject to any other Japanese taxes (assuming that such investor is not a resident of/does not have permanent establishment in Japan).

The amount of profit that is allocated to TK investors under a TK agreement is immediately deductible from the TK operator's taxable income regardless of whether a distribution to any TK investor is actually made at that time. The 20.42% withholding tax described above however, is only imposed on an actual distribution of profit to investors.

On a six monthly basis, once interest bearing debt service, required lender reserve payments and retentions for future tenant deposit liabilities have been made, the TK Operator will make cash distributions to the Astro Group. For the most part these distributions can be expected to be of income for Japanese tax purposes, and thus subject to withholding tax at a rate of 20.42%, however, the cash available for distribution from the TK may exceed taxable profit for Japanese tax purposes and may therefore be made in part free from Japanese withholding tax as either a return of capital or (if capital has already been fully returned) as a loan from the TK to the Astro Group.

v) Deferred tax

Deferred tax assets and liabilities are recognised for timing differences at the tax rates expected to apply when assets are recovered or liabilities are settled based on the rate which are enacted or substantially enacted for each jurisdiction. The relevant tax rate is applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. The relevant rate currently enacted in Australia is 30% (2012: 30%).

Deferred tax assets are recognised for deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences. Deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the deferred tax provisions in the period in which the determination is made.

(p) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Astro Group as lessee are classified as operating leases (see Note 28). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(q) Distributions

Distributions are paid within three months of each half year end. The half year ends are 30 June and 31 December. Distributions are accrued for when they are declared and no longer at the discretion of the entity.

(r) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these latter circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the tax authorities is included as a current asset or liability in the consolidated statements of financial position.

Cash flows are included in the consolidated statements of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the tax authorities are classified as operating cash flows.

(s) Trade and other payables

Trade and other payables are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Astro Group and are stated at cost. Trade accounts payable are normally settled within 60 days.

(t) Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, most closely matching the expected future payments. The unwinding of the discount is treated as part of the expense related to the particular provision. The increase in the provision due to the passage of time is recognised as interest expense.

(u) Employee benefits

i) Salaries, sick leave and annual leave

Liabilities for salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months after the end of the reporting period are provided for in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(v) Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Astro Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Provision for impairment is booked when there is objective evidence that the Astro Group will not be able to collect all amounts due according to the original terms of the receivables. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount based on the present value of estimated future cash flows.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(w) Earnings per stapled security

Basic earnings per stapled security is determined by dividing net profit attributable to the Securityholders of the Astro Group by the weighted average number of stapled securities on issue during the reporting period.

Diluted earnings per stapled security is determined by dividing net profit attributable to the Securityholders of the Astro Group by the weighted average number of ordinary stapled securities and dilutive potential ordinary stapled securities on issue during the financial year.

(x) Deferred lease incentive

The Astro Group, as lessee, recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

(y) Parent entity financial information

The financial information for the parent entity, AJT, disclosed in note 29 has been prepared on the same basis as the consolidated financial statements.

(z) New accounting standards and UIG interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The Astro Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities (effective from 1 January 2014)

This standard amends a number of accounting standards, including AASB 10, to provide an entity an exemption from presenting consolidated financial statements, if it satisfies the definition of an investment entity. The standard is not applicable until 1 January 2014 but is available for early adoption. The Astro Group has assessed the impact of this standard, and concluded that there will be no material impact upon adoption of this standard as there is no defined investment horizon.

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from 1 January 2017)

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect the Astro Group's accounting for its financial assets. The standard is not applicable until 1 January 2017 but is available for early adoption. The Astro Group is yet to assess its full impact.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132) (Applicable on or after 1 January 2014)

Addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 *Financial Instruments: Presentation*. Clarifies the meaning of 'currently has a legally enforceable right of setoff' and 'simultaneous realisation and settlement'.

Other than as noted above, the adoption of the various Australian Accounting Standards and Interpretations in issue but not yet effective will not impact the Astro Group's accounting policies. However, the pronouncements will result in changes to information currently disclosed in the financial statements. The Astro Group does not intend to adopt any of these pronouncements before their effective dates.

(aa) Use of significant estimates and assumptions

The Astro Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Critical accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i) Cash flow forecasting relating to going concern

The Astro Group has forecast future cash flows for the period of twelve months from the date of authorisation of this financial report in order to support the Astro Group's going concern status. This forecast required the use of assumptions and estimates. Future distributions from the TKs were based on forecasts provided by the Japan Asset Manager. An estimate has been made as to the JPY/A\$ exchange rate prevailing at the date which the distributions will be paid from the TKs.

ii) Valuation of financial assets held at fair value through profit or loss (FVTPL)

The Astro Group recognises economic interests in TKs as financial assets at FVTPL as per note 1(g). The determination of fair value requires the Astro Group to apply judgement on significant estimates and assumptions. The valuation methodology has been described in note 22(e)(ii).

Critical accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Astro Group and that are believed to be reasonable under the circumstances.

	30 Jun 14 \$'000	30 Jun 13 \$'000
2. Financing income		
Interest income	149	229
	149	229
3. Distribution income		
Distribution income from TKs	13,005	1,371
	13,005	1,371

4. Other operating expenses

Other operating expenses includes the following:

Audit fees (Refer Note 6)	276	253
Regulatory and registrar costs	141	129
Employee expenses & Directors fees	1,206	1,308
Superannuation contributions	84	87
Insurance	350	366
Expenses associated with the JPTA & JPTD transaction ¹	-	2,146
Professional fees	220	117
Miscellaneous expenses	104	115
Investor and public relations	50	53
Rent & premises expenses	206	202
Travel & accommodation	1	31
Bank charges	17	15
	2,655	4,822

¹Included within 'Expenses associated with the JPTA & JPTD transaction' is a transaction fee of \$1,470,000 payable to the Japan Asset Manager, refer to Note 27.

	30 Jun 14	30 Jun 13
	\$'000	\$'000

5. Income tax expense

a) Income tax expense

Current Australian tax	498	313
Current Japanese withholding tax	1,883	738
Deferred Australian tax	401	-
	2,782	1,051

b) Reconciliation of tax expense

Profit/(loss) before income tax	157,602	(11,849)
Tax expense/(benefit) at the prima facie Australian tax rate of 30%	47,281	(3,555)
Tax effect of (profit)/loss attributed to entities not subject to tax	(2,877)	2,300
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
Fair value adjustments to financial assets held at FVTPL	(43,990)	1,675
Distribution income from Spring	103	(111)
Overhead costs	(21)	5
	496	314
Adjustments for current tax of prior periods	2	(1)
Japanese withholding tax on distributions from TKs	1,883	738
Deferred Australian tax asset on audit accrual	(1)	1
Deferred Australian tax asset on lease incentive	4	2
Deferred Australian tax asset on employee entitlements	(2)	(3)
Deferred Australian tax liability on prepayments	(1)	-
Deferred Australian tax liability on fair value movement of financial asset at FVTPL	401	-
Income tax expense/(benefit)	2,782	1,051

	30 Jun 14	30 Jun 13
	\$	\$

6. Auditor's remuneration

Audit services:

Auditors of the Astro Group

Deloitte Touche Tohmatsu Australia:

- Audit and review of financial reports	261,920	239,030
- Australian financial services license audit	5,175	5,000
- Compliance plan audit	9,315	9,000
	276,410	253,030

Other services:

Auditors of the Astro Group

Deloitte Touche Tohmatsu:

- Taxation advisory services	66,002	50,950
- Taxation compliance services	45,478	39,444
- Transaction services	-	38,933
	111,480	129,327
Total	387,890	382,357

30 Jun 14 30 Jun 13

7. Earnings/(losses) per stapled security

Basic and diluted	227.75¢	(20.66¢)
Profit/(loss) attributable to Securityholders of AJT used in calculating basic and diluted earnings per security (\$'000)	153,074	(12,857)
Weighted average number of Securities used as denominator in calculating basic and diluted earnings per Security	67,211,752	62,215,905

The weighted average number of Securities used as denominator in calculating basic and diluted earnings/(losses) per Securities shown above is based on the number of Securities on issue during the period.

The earnings/(losses) per stapled security measure shown below is based upon the profit/(loss) attributable to Securityholders of the Astro Group:

Basic and diluted	230.35¢	(20.73¢)
Profit/(loss) attributable to Securityholders of the Astro Group used in calculating basic and diluted earnings per security (\$'000)	154,820	(12,900)
Weighted average number of Securities used as denominator in calculating basic and diluted earnings per Security	67,211,752	62,215,905

The weighted average number of Securities used as denominator in calculating basic and diluted earnings/(losses) per Securities shown above is based on the number of Securities on issue during the period.

30 Jun 14 30 Jun 13
\$'000 \$'000

8. Cash and cash equivalents

Cash at bank	7,672	12,515
	7,672	12,515

9. Trade and other receivables

Current

Distribution receivable	8,436	5,488
	8,436	5,488

10. Other assets

Current

Prepayments	407	451
	407	451

11. Financial assets carried at fair value through profit or loss (FVTPL)

Financial assets carried at fair value through profit and loss	390,526	247,945
	390,526	247,945

As a result of a change in accounting policy the Astro Group's economic interest in various TKs in Japan are now recognised as financial assets carried at fair value through profit and loss, refer to note 1(b). An overview of the valuation methodology relating to financial assets carried at fair value through profit and loss is included in note 22(e)(ii).

30 Jun 14 30 Jun 13
\$'000 \$'000

12. Deferred taxes

(a) Deferred tax assets

The balance comprises temporary differences attributable to:

Employee entitlements	16	14
Audit accrual	11	10
Lease incentive	1	5
	28	29

Movements:

Opening balance at beginning of year	29	30
Debited to the Consolidated Statements of Comprehensive Income	(1)	(1)
Closing balance at the end of the year	28	29
Deferred tax expected to be recovered within 12 months	28	28
Deferred tax expected to be recovered after more than 12 months	-	1

(b) Deferred tax liabilities

The balance comprises temporary differences attributable to:

Prepayments	14	15
Fair value movement of financial asset at FVTPL	401	-
	415	15

Movements:

Opening balance at beginning of year	15	15
Debited to the Consolidated Statements of Comprehensive Income	400	-
Closing balance at the end of the year	415	15
Deferred tax expected to be settled within 12 months	14	15
Deferred tax to be settled after more than 12 months	401	-

	Computer Equipment \$'000	Office Equipment \$'000	Fixtures and Fittings \$'000	Total \$'000
--	---------------------------------	-------------------------------	------------------------------------	-----------------

13. Property, plant and equipment

Year ended 30 June 2013

Opening net book amount	25	12	15	52
Additions	-	2	3	5
Disposals	-	-	-	-
Depreciation	(18)	(2)	(2)	(22)
Closing net book amount	7	12	16	35

At 30 June 2013

Cost	67	18	20	105
Accumulated Depreciation	(60)	(6)	(4)	(70)
Net book amount	7	12	16	35

Year ended 30 June 2014

Opening net book amount	7	12	16	35
Additions	8	-	-	8
Disposals	-	-	-	-
Depreciation	(8)	(2)	(2)	(12)
Closing net book amount	7	10	14	31

At 30 June 2014

Cost	75	18	20	113
Accumulated Depreciation	(68)	(8)	(6)	(82)
Net book amount	7	10	14	31

	Software \$'000	Goodwill \$'000	Total \$'000
14. Intangible assets			
Year ended 30 June 2013			
Opening balance	22	3,000	3,022
Impairment charge	-	-	-
Amortisation charge	(12)	-	(12)
Closing net book amount	10	3,000	3,010
At 30 June 2013			
Cost	48	15,000	15,048
Accumulated amortisation and impairment	(38)	(12,000)	(12,038)
Net book amount	10	3,000	3,010
Year ended 30 June 2014			
Opening balance	10	3,000	3,010
Impairment charge	-	-	-
Amortisation charge	(10)	-	(10)
Closing net book amount	-	3,000	3,000
At 30 June 2014			
Cost	48	15,000	15,048
Accumulated amortisation and impairment	(48)	(12,000)	(12,048)
Net book amount	-	3,000	3,000

a) Impairment test for goodwill

All of the goodwill is attributable to AJCo's investment in AJPML and relates to AJPML's management rights with respect to its role as responsible entity of AJT.

Management have deemed there should be no impairment to the carrying value of goodwill due to the calculated recoverable amount of the goodwill being in excess of the carrying value.

The recoverable amount of the goodwill is based on fair value less costs to sell calculated on a net present value basis. AJPML operates on a cost recovery basis and is forecast to make nil profit for the foreseeable future. To calculate the net present value of goodwill the management of the Astro Group has adopted a methodology which assumes a "market" level of base fee income to arrive at a theoretical recurring profit after tax level and then calculates the net present value based on a discount rate of 12%, this rate is based upon the ten year risk-free rate plus an equity risk premium. The theoretical "market" value of base fees (27.5bps) to calculate the value of goodwill is based upon a reasonable market rate for Responsible Entity fees as evidenced in the market. Budgeted cash flows are projected over a ten year period as management fees are assumed to be receivable for at least that time period. The valuation assumes nil growth in the gross asset value based on a long-term growth trend adjusted for future divestments and an increase in AJPML's overheads of 2.5% per annum based upon budgeted figures.

	30 Jun 14 \$'000	30 Jun 13 \$'000
--	---------------------	---------------------

15. Payables

Current

Fees payable to related parties (Refer to Note 27)	-	1,470
Accruals and accounts payable	301	347
	301	1,817

16. Provisions

Annual leave accrual	53	47
	53	47

Annual leave accrual

The entire annual leave obligation is presented as current as the Astro Group does not have an unconditional right to defer settlement. However, based on past experience, the Astro Group does not expect all employees to take the full amount of accrued leave within the next 12 months.

	30 Jun 14 \$'000	30 Jun 13 \$'000
--	---------------------	---------------------

17. Deferred lease incentive

Current	5	11
Non-current	-	5
	5	16

The Astro Group received the benefit of an initial rent-free period upon signing the lease for the office premises in Sydney. This lease incentive benefit has been deferred and is being recognised over the term of the 5 year lease. The aggregate benefit of the lease incentive is recognised as a reduction of rental expense over the term of the lease.

Movements in the deferred lease incentive during the financial period are set out below:

Carrying amount at start of year	16	22
Charged/(credited) to profit or loss:		
Additional provisions recognised	-	-
Amounts used during the period	(11)	(6)
Carrying amount at end of year	5	16

18. Distribution/dividends paid and payable

Half year distribution paid	6,721	4,383
Final distribution payable at year end	6,721	6,721
	13,442	11,104

Ordinary Securities

The final distribution for the year ended 30 June 2014 of 10.00 cents per security (\$6,721,000) (2013: 10.00 cents (\$6,721,000)) is payable on or around 29 August 2014 (2013 – 30 August 2013).

The half year distribution for the year ended 30 June 2014 of 10.00 cents per security (\$6,721,000) (2013: 7.50 cents (\$4,383,000)) was paid on 28 February 2014 (2013: 28 February 2013).

No dividends have been paid or declared for the financial year 2014 from the AJCo Group (2013: \$nil).

Franked dividends

The franked portions of any final dividends declared after 30 June 2014 may be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2015.

Franking credits available for subsequent financial years based on a tax rate of 30% (2013 - 30%)	665	520
---	-----	-----

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for franking credits that will arise from the payment of the amount of the provision for income tax.

19. Current tax liabilities

Japanese withholding tax	633	423
Australian income tax	237	77
	870	500

	30 Jun 14 No. of Units	30 Jun 13 No. of Units
--	---------------------------	---------------------------

20. Contributed equity

67,211,752 securities on issue (2013 - 67,211,752)	67,211,752	67,211,752
Movements in number of securities		
Number at beginning of financial year	67,211,752	58,445,002
Issue of stapled securities	-	8,766,750
Number at end of financial year	67,211,752	67,211,752

	AJT \$'000	Other stapled securityholders' interest \$'000	Total \$'000
Movements in contributed equity			
Balance at 1 July 2012	611,554	27,333	638,887
Issue of stapled securities, net of issue costs	22,886	1,248	24,134
Balance at 30 June 2013	634,440	28,581	663,021
Balance at 1 July 2013	634,440	28,581	663,021
Balance at 30 June 2014	634,440	28,581	663,021

The Astro Group's securities are classified as equity and issue costs are recognised as a reduction of the proceeds of issues.

The Astro Group's securities have no par value and the Astro Group does not have a limited amount of authorised capital.

In accordance with the Constitution of each of AJT and AJCo each securityholder is entitled to receive distributions as declared from time to time. In accordance with AJT's Constitution, each unit in AJT represents an undivided interest in AJT and does not extend to a right to the underlying assets of the AJT.

It is generally expected that General Meetings of securityholders of AJT and General Meetings of securityholders of AJCo will be held concurrently where proposed resolutions relate to the two entities. Voting rights of securityholders at General Meetings are outlined below.

At General Meetings of securityholders of AJT:

- on a show of hands each securityholder who is present in person and each other person who is present as a proxy, attorney or duly appointed corporate representative of a securityholder has one vote; and
- on a poll, each securityholder who is present in person has one vote for each dollar of the value of securities in AJT held by the securityholder. Also, each person present as proxy, attorney or duly appointed corporate representative of a securityholder has one vote for each dollar of value of the securities in AJT held by the securityholder that the person represents.

At General Meetings of securityholders of AJCo:

- on a show of hands each securityholder who is present in person and each other person who is present as a proxy, attorney or duly appointed corporate representative of a securityholder has one vote; and
- on a poll, each securityholder who is present in person has one vote for each security they hold. Also, each person present as a proxy, attorney or duly appointed corporate representative of a securityholder has one vote for each security held by the securityholder that the person represents.

a) Equity raising

On 18 January 2013 the Astro Group undertook a fully underwritten institutional placement of 8,766,750 new stapled securities at an issue price of \$2.90 per stapled security. A total of approximately \$25,424,000 was raised with total transaction costs of \$1,290,000.

	AJT \$'000	Other stapled securityholders' interest \$'000	Total \$'000
21. Retained profits/(losses)			
Balance at 1 July 2012	(369,793)	(8,867)	(378,660)
Net loss for the year	(12,857)	(43)	(12,900)
Distributions paid and payable to stapled securityholders	(11,104)	-	(11,104)
Balance at 30 June 2013	(393,754)	(8,910)	(402,664)
Balance at 1 July 2013	(393,754)	(8,910)	(402,664)
Net profit for the year	153,074	1,746	154,820
Distributions paid and payable to stapled securityholders	(13,442)	-	(13,442)
Balance at 30 June 2014	(254,122)	(7,164)	(261,286)

22. Financial risk management

The Astro Group's principal financial instruments comprise cash, receivables, financial assets carried at fair value through profit and loss, payables, and distributions payable.

The Astro Group's activities are exposed to a variety of financial risks: market risk (including currency risk, interest rate risk, and equity price risk), credit risk and liquidity risk.

This note presents information about the Astro Group's exposure to each of the above risks, the Astro Group's objectives, policies and processes for measuring and managing risk and the Astro Group's management of capital. Further quantitative disclosures are included through these consolidated financial statements.

The Astro Group Boards have overall responsibility for the establishment and oversight of the Astro Group's risk management framework. The Boards have established an Audit, Risk & Compliance Committee (ARCC), which is responsible for monitoring the identification and management of key risks to the business. The ARCC meets regularly and reports to the Boards on its activities.

The Board has established Treasury Guidelines outlining principles for overall risk management and policies covering specific areas, such as mitigating foreign exchange, interest rate and liquidity risks.

The Astro Group's Treasury Guidelines provides a framework for managing the financial risks of the Astro Group with a key philosophy of risk mitigation. Derivatives are exclusively used for hedging purposes, not as trading or other speculative instruments. The Astro Group uses derivative financial instruments such as foreign exchange contracts, cross currency swaps and interest rate swaps where possible to hedge certain risk exposures.

The Astro Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks, ageing analysis for credit risk and cash flow forecasting for liquidity risk.

Previously the Astro Group had a policy of hedging future JPY distributions back to AUD, however the Board views the benefits of this policy – providing medium term predictability as to the AUD level of distributions despite short-term exchange rate movements – to have been outweighed by the cost of hedging and market uncertainty as to potential hedge terminations. The Board continues to review the hedging policy to achieve a balance between these considerations and is constrained by the absence of banks or investment banks prepared to take counter-party positions.

There have been no other significant changes in the types of financial risks or the Astro Group's risk management program (including methods used to measure the risks) since the prior year.

a) Market Risk

Market risk refers to the potential for changes in the value of the Astro Group's financial instruments or revenue streams from changes in market prices. There are various types of market risks to which the Astro Group is exposed including those associated with interest rates, currency rates and equity market price.

(i) Interest rate risk

Interest rate risk refers to the potential fluctuations in the fair value or future cash flows of a financial instrument because of changes in market interest rates.

	30 June 2014		30 June 2013	
	Weighted avg interest rate %	Balance \$'000	Weighted avg interest rate %	Balance \$'000

As at reporting date, the Astro Group had the following interest bearing assets:

Assets

Cash and cash equivalents				
- Balances held in Australia	1.73%	7,672	1.55%	12,515
Total cash and cash equivalents		7,672		12,515

Interest Rate Sensitivity

At reporting date if Australian interest rates had been 50bps higher/lower and all other variables were held constant, the impact on the Astro Group would be:

	Increase by 50 bps		Decrease by 50 bps	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Net profit/(loss)				
Cash and cash equivalents	26	43	(26)	(43)
Impact on total net profit/(loss)	26	43	(26)	(43)

At reporting date if Japanese interest rates had been 20bps higher/lower and all other variables were held constant, the impact on the Astro Group would be:

	Increase by 20 bps		Decrease by 20 bps	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Net profit/(loss)				
Cash and cash equivalents	5	8	(5)	(8)
Impact on total net profit/(loss)	5	8	(5)	(8)

(ii) Currency risk

The Astro Group's principal activity is investing in interests in Japanese real estate. As a result, the Astro Group is exposed to currency risk with respect to movements in the AUD/JPY exchange rate.

Currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Astro Group's functional currency, AUD, and from net investments in foreign operations. The risk is measured using cash flow forecasting and sensitivity analysis.

Capital hedges

Under the revised Treasury guidelines hedging is to be undertaken for a maximum individual term of 10 years with no minimum proportion of the Astro Group's net investment in JPY denominated assets.

At balance date the Astro Group had no cross currency interest rate swap hedges with an Australian dollar notional principal.

Currency sensitivity

At reporting date if the AUD/JPY foreign exchange rate had been 10% higher/lower and all other variables were held constant, the impact on the Astro Group would be:

	Increase by 10%		Decrease by 10%	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Net profit/(loss)				
Cash and cash equivalents	(223)	(365)	273	446
Trade and other receivables	(767)	(499)	937	610
Financial assets carried at fair value through profit and loss	(35,502)	(22,540)	43,392	27,549
Impact on total net profit/(loss)	(36,492)	(23,404)	44,602	28,605

b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	30 Jun 14	30 Jun 13
	\$'000	\$'000
Cash and other cash equivalents	7,672	12,515
Trade and other receivables	8,436	5,488
	16,108	18,003

Where entities have a right of set-off and intend to settle on a net basis under netting arrangements, this set-off has been recognised in the consolidated financial statements on a net basis. Details of the Astro Group's contingent liabilities are disclosed in Note 23.

Trade and other receivables consist of GST, distributions and other receivables. At balance date nil% (2013: nil) of the Astro Group's receivables were due from Australian tax authorities in respect of GST.

At balance date there were no other significant concentrations of credit risk.

No allowance has been recognised for the GST and distribution receivable from the taxation authorities and related parties respectively. Based on historical experience, there is no evidence of default from these counterparties which would indicate that an allowance was necessary.

Impairment losses

The ageing of trade and other receivables at reporting date is detailed below:

	30 Jun 14 \$'000	30 Jun 13 \$'000
Not past due	8,436	5,488
Past due 0-30 days	-	-
Past due 31- 60 days	-	-
Past due 61+ days	-	-
Total	8,436	5,488

c) Liquidity risk

The Astro Group manages liquidity risk by maintaining sufficient cash including working capital and other reserves.

The following are the undiscounted contractual cash flows of derivatives and non derivative financial liabilities shown at their nominal amount.

2014 - \$'000						
	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Contractual cash flows	Carrying amount
Non derivative financial liabilities						
Payables	(301)	-	-	-	(301)	(301)
Distribution payable	(6,721)	-	-	-	(6,721)	(6,721)
Current tax liabilities	(870)	-	-	-	(870)	(870)
	(7,892)	-	-	-	(7,892)	(7,892)

2013 - \$'000						
	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Contractual cash flows	Carrying amount
Non derivative financial liabilities						
Payables	(1,817)	-	-	-	(1,817)	(1,817)
Distribution payable	(6,721)	-	-	-	(6,721)	(6,721)
Current tax liabilities	(500)	-	-	-	(500)	(500)
	(9,038)	-	-	-	(9,038)	(9,038)

d) Capital risk management

The Astro Group maintains its capital structure with the objective to safeguard its ability to continue as a going concern, to increase the returns for Securityholders and to maintain an optimal capital structure. The capital structure of the Astro Group consists of equity as listed in Note 20.

To achieve the optimal capital structure, the Board may use the following strategies: amend the distribution policy of the Astro Group; issue new securities through a private or public placement; activate the Distribution Reinvestment Plan (DRP); issue securities under a Security Purchase Plan (SPP); conduct an on-market buyback of securities; acquire debt; or dispose of investment properties.

Australian Financial Services License

The Responsible Entity is licensed as an Australian Financial Services Licensee.

Under licence condition 5, the Responsible Entity must:

- (a) be able to pay its debts as and when they become due and payable; and
- (b) show in its most recent statement of financial position lodged with ASIC that its total (adjusted) assets exceed total (adjusted) liabilities; and
- (c) have no reason to suspect that its total (adjusted) assets would not exceed total (adjusted) liabilities on a current statement of financial position; and
- (d) meet the cash needs requirement by complying with Option 1

Under licence condition 6, the Responsible Entity must maintain net tangible assets (NTA) of not less than \$5,000,000.

Under licence condition 9, the Responsible Entity must maintain at least \$50,000 in surplus liquid funds.

The Responsible Entity has satisfied all capital requirements of the licence, during the period.

The Responsible Entity had at all times a cash flow projection of at least 12 months showing its ability to meet debts as and when they fall due.

In order to comply with the NTA requirement and to maintain or adjust the capital structure, the Responsible Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

e) Fair values of financial instruments

The Astro Group recognises the following financial assets and liabilities at fair value on a recurring basis:

- Financial assets and liabilities carried at fair value through profit and loss

(i) Fair Value Hierarchy

The Astro Group has adopted the classification of fair value measurements into the following hierarchy as required by AASB 13 *Fair Value Measurement* and AASB 7 *Financial Instruments: Disclosures*:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

As set out in Note 1(b), the Astro Group's interests in the TKs are recognised as financial assets at fair value through profit and loss, and represents the Astro Group's interest in the net assets of the TKs. The Astro Group has determined that the classes of financial assets are the underlying TKs. The information below aggregates the TKs into a single balance, as the fair value movements are materially consistent across the TKs. The following tables present the Astro Group's financial assets and liabilities measured and recognised at fair value at 30 June 2014 and 30 June 2013:

30 Jun 2014 - \$'000				
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets carried at fair value through profit and loss				
Unlisted investments	-	-	390,526	390,526
Total assets	-	-	390,526	390,526

30 Jun 2013 - \$'000				
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets carried at fair value through profit and loss				
Unlisted investments	-	-	247,945	247,945
Total assets	-	-	247,945	247,945

The Astro Group holds no Level 1 or Level 2 financial assets or liabilities.

(ii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in Level 3 instruments for the periods ending 30 June 2014 and 30 June 2013 for recurring fair value measurements:

	Unlisted investments ¹ \$'000	Total \$'000
Level 3 fair value movement		
Balance at 1 July 2012	223,836	223,836
Investments in TKs	44,409	44,409
Capital returns from TKs	(14,715)	(14,715)
Net fair value gain through profit and loss	(5,585)	(5,585)
Balance at 30 June 2013	247,945	247,945
Balance at 1 July 2013	247,945	247,945
Investments in TKs	10,177	10,177
Capital returns from TKs	(14,225)	(14,225)
Net fair value gain through profit and loss	146,629	146,629
Balance at 30 June 2014	390,526	390,526

¹The fair value of the unlisted investments with investment properties has been determined by reference to the fair value of the underlying assets and liabilities of the TKs. There is no premium or discount allocated to the TK itself. The main driver of fair value is investment property where the fair value is determined by a discounted cash flow model. The key unobservable inputs of the model have been identified as discount rate and terminal yield. The fair value of the unlisted investment with no underlying investment properties is based on a discounted cash flow analysis. The fair value of the unlisted investments is determined in Japanese Yen and translated to Australian Dollar at the relevant period end foreign exchange rate. The sensitivity on changes to these key unobservable inputs is presented below. Other material drivers of the fair value of the unlisted investments include debt, tax and working capital balances. The carrying value of debt is determined to be close to its fair value, as the TKs are financed at market rates. Additionally, there had been no significant movement in the Japanese interest rate. The carrying value of tax and working capital balances are a close approximate to fair value, given the nature of those balances.

The economic interests in TKs JPTD and JPTA were carried at a negative fair value in prior reporting periods (from 30 June 2009) despite the recourse to the Astro Group being limited to its investment in those TKs. The negative fair value reflected the net liability position of those TKs. It was considered appropriate to carry these economic interests at a negative fair value given that a standstill agreement had been entered into with the lender, therefore the intention was not to walk away from these investments, but to refinance as many of the investment properties held by those TKs as feasible as part of the Astro Group portfolio as a whole.

Sensitivity on changes in fair value of Level 3 financial instruments

The table below summarises the impact of an increase/decrease in significant unobservable inputs on the Astro Group's profit for the period ending 30 June 2014:

Description	Change in unobservable input	30 Jun 14 \$'000
Fair value of Level 3 Unlisted investments		390,526
	Increase of 0.1% in Discount rate	(5,990)
	Decrease of 0.1% in Discount rate	5,598
	Increase of 0.1% in Terminal yield	(8,350)
	Decrease of 0.1% in Terminal yield	8,454
	Increase of 10% in AUD/JPY foreign exchange rate	(35,502)
	Decrease of 10% in AUD/JPY foreign exchange rate	43,392

23. Contingencies

Contingent Assets

In the opinion of the Directors of the Responsible Entity there were no contingent assets at end of the reporting period (30 June 2013: nil).

Contingent Liabilities

In the opinion of the Directors of the Responsible Entity there were no contingent liabilities at end of the reporting period, other than those disclosed in the Parent Entity Financial Information at note 29(c).

24. Segment reporting

Management has determined the operating segments based on the reports reviewed by the 'chief operating decision maker' that are used to make strategic decisions. The chief operating decision maker has been determined to be the Board of the Responsible Entity. The chief operating decision maker considers the business from a business unit perspective and has identified seven reportable segments. The individual TK's are considered more appropriate segments than retail, office and residential as each of the TK's (which constitute the majority of the Astro Group results) are monitored on an TK-by-TK basis, (each TK contains investment properties that are secured against specific borrowings) and the residual business unit includes the operations of AJT, AJCo, and the Responsible Entity, as well as consolidation adjustments. JPTD & JPTA have been presented as one segment from 1 July 2012 onward due to the commonality of debt terms in those two TKs. These operating segments are consistent with the classes of unlisted investments as discussed in Note 22(e)(ii).

The chief operating decision maker assesses the performance of each operating segment based on an adjusted operating cash flow basis. This measure excludes non-operating and non-cash items such as unrealised fair value adjustments on investment properties and unrealised derivative & foreign exchange gains/losses, but includes items such as capital expenditure on investment properties and realised hedge income. Gearing is considered within each of the business units due to the non-recourse nature of debt contained within each TK. This approach is considered more appropriate than the method used to reconcile operating profit to statutory loss set out in the Directors' Report.

The information presented in this segment reporting includes disclosures around the Astro Group's interests in unconsolidated structured entities, being the TKs.

The segment information provided to the chief operating decision maker for the reportable segments for the year ended 30 June 2014, and reconciliation to Profit Before Tax, are as follows:

30 June 2014	JPT TK \$'000	JPTS TK \$'000	JPTC TK \$'000	JPTN TK \$'000	JPTO TK \$'000	JPTD & JPTA TK \$'000	Australia and Consolidation adjustments \$'000	Total \$'000
Income statement:								
Revenue								
Property rental income	18,271	16,452	19,314	11,123	3,304	4,939	-	73,403
Debt forgiveness	-	-	-	-	-	131,386	-	131,386
Financing income	4	3	3	1	1	1	149	162
Distribution income	-	-	-	-	-	-	2,057	2,057
Gain/(loss) on disposal of investment property	289	5,035	-	-	-	(1,643)	1,643	5,324
Fair value adjustments to investment properties	9,665	(3,665)	10,480	(3,439)	955	(189)	(1,643)	12,164
Net foreign exchange gain	-	-	-	-	-	-	293	293
Other income	5	3	1	14	6	-	181	210
Total revenue	28,234	17,828	29,798	7,699	4,266	134,494	2,680	224,999
Expenses								
Property expenses	(3,885)	(4,503)	(5,762)	(3,648)	(373)	(3,349)	-	(21,520)
Asset management fees	(2,005)	(1,708)	(2,318)	(801)	(327)	(291)	-	(7,450)
Financing costs	(1,901)	(6,418)	(2,506)	(1,394)	(484)	(261)	(11)	(12,975)
Other operating expenses	(191)	(377)	(805)	(144)	(105)	(228)	(2,644)	(4,494)
Total expenses	(7,982)	(13,006)	(11,391)	(5,987)	(1,289)	(4,129)	(2,655)	(46,439)
Segment profit/(loss) before tax	20,252	4,822	18,407	1,712	2,977	130,365	25	178,560
Income tax benefit/(expense)	(2,702)	(1,611)	(2,822)	80	(457)	1,800	(2,782)	(8,494)
Segment profit/(loss) after tax	17,550	3,211	15,585	1,792	2,520	132,165	(2,757)	170,066
Reconciliation to Astro Group PAT:								
Fair value adjustment to the unlisted investments in Spring and JPTGK								678
Foreign currency translation impact on the fair value of the TKs								(15,834)
TK operator share of TK distributions								(90)
Profit for the period								154,820
Adjusted operating cashflow:								
Net operating cash flows from investment properties	14,184	11,894	13,547	6,743	3,280	1,239	-	50,887
Capital expenditure on investment properties	(1,162)	(522)	(931)	(320)	(687)	(39)	-	(3,661)
Asset management fees paid	(1,255)	(1,197)	(1,562)	(479)	(186)	(248)	-	(4,927)
Interest payment	(1,471)	(5,529)	(2,033)	(1,293)	(541)	(4)	-	(10,871)
Accounting and administration	(190)	(365)	(811)	(99)	(162)	(237)	(3,929)	(5,793)
Realised foreign exchange gains	-	-	-	-	-	-	577	577
Adjusted operating cashflow	10,106	4,281	8,210	4,552	1,704	711	(3,352)	26,212
Reconciliation to segment PBT:								
Adjusted operating cashflow	10,106	4,281	8,210	4,552	1,704	711	(3,352)	26,212
Fair value adjustment to investment properties	9,665	(3,665)	10,480	(3,439)	955	(189)	(1,643)	12,164
Unrealised forex loss	-	-	-	-	-	-	(283)	(283)
Movements in accruals and prepayments	(523)	(308)	(726)	334	(96)	61	1,476	218
Amortisation of borrowing costs	(447)	(1,043)	(488)	(55)	(273)	-	-	(2,306)
Depreciation	-	-	-	-	-	-	(22)	(22)
Financing income	-	-	-	-	-	-	149	149
Debt forgiveness	-	-	-	-	-	131,386	-	131,386
Capital expenditure on investment properties	1,162	522	931	320	687	39	-	3,661
Gain on disposal of investment property	289	5,035	-	-	-	(1,643)	1,643	5,324
Distribution income	-	-	-	-	-	-	2,057	2,057
Segment profit/(loss) before tax	20,252	4,822	18,407	1,712	2,977	130,365	25	178,560

30 June 2013	JPT TK \$'000	JPTS TK \$'000	JPTC TK \$'000	JPTN TK \$'000	JPTD & JPTA TKs \$'000	Australia and Consolidation adjustments \$'000	Total \$'000
Income statement:							
Revenue							
Property rental income	18,837	18,785	20,094	4,483	25,303	-	87,502
Financing income	2	2	3	-	2	229	238
Distribution income	-	-	-	-	-	1,371	1,371
Gain on derivatives	-	-	-	-	3,294	-	3,294
Other income	3	141	-	27	533	-	704
Total revenue	18,842	18,928	20,097	4,510	29,132	1,600	93,109
Expenses							
Property expenses	(4,275)	(5,121)	(5,515)	(1,211)	(10,851)	-	(26,973)
Asset management fees	(1,297)	(1,295)	(1,618)	(188)	(1,534)	-	(5,932)
Financing costs	(7,532)	(7,069)	(2,749)	(848)	(4,110)	(9)	(22,317)
Loss on disposal of investment property	-	-	-	-	(28,178)	26,654	(1,524)
Fair value adjustments to investment properties	(3,747)	(11,934)	2,090	25,442	(4,269)	(26,654)	(19,072)
Net foreign exchange loss	-	-	-	-	-	(3,042)	(3,042)
Other operating expenses	(188)	(398)	(698)	(101)	(555)	(4,812)	(6,752)
Total expenses	(17,039)	(25,817)	(8,490)	23,094	(49,497)	(7,863)	(85,612)
Segment profit/(loss) before tax	1,803	(6,889)	11,607	27,604	(20,365)	(6,263)	7,497
Income tax benefit/(expense)	193	4,371	(410)	(80)	442	(1,051)	3,465
Segment profit/(loss) after tax	1,996	(2,518)	11,197	27,524	(19,923)	(7,314)	10,962
Reconciliation to Astro Group PAT:							
Fair value adjustment to the unlisted investments in Spring and JPTGK							1,420
Foreign currency translation impact on the fair value of the TKs							(25,245)
TK operator share of TK distributions							(37)
Loss for the period							(12,900)
Adjusted operating cashflow:							
Net operating cash flows from investment properties	14,681	13,064	14,580	5,335	13,554	-	61,214
Capital expenditure on investment properties	(639)	(363)	(96)	(1,406)	(615)	-	(3,119)
Asset management fees paid	(1,313)	(1,308)	(1,635)	(208)	(1,489)	-	(5,953)
Interest payment	(2,708)	(6,311)	(2,377)	(638)	(2,157)	-	(14,191)
Accounting and administration	(217)	(387)	(697)	(157)	(511)	(3,341)	(5,310)
Realised foreign exchange gains	-	-	-	-	-	(3,401)	(3,401)
Adjusted operating cash flow	9,804	4,695	9,775	2,926	8,782	(6,742)	29,240
Reconciliation to segment PBT:							
Adjusted operating cash flow	9,804	4,695	9,775	2,926	8,782	(6,742)	29,240
Fair value adjustment to investment properties	(3,747)	(11,934)	2,090	25,442	(4,269)	(26,654)	(19,072)
Unrealised gain on derivatives	-	-	-	-	3,294	-	3,294
Unrealised forex gain	-	-	-	-	-	359	359
Movements in accruals and prepayments	(36)	1,071	153	(1,861)	(514)	(1,446)	(2,633)
Amortisation of borrowing costs	(4,857)	(1,084)	(507)	(309)	(95)	-	(6,852)
Depreciation	-	-	-	-	-	(34)	(34)
Financing income	-	-	-	-	-	229	229
Capital expenditure on investment properties	639	363	96	1,406	615	-	3,119
Loss on disposal of investment property	-	-	-	-	(28,178)	26,654	(1,524)
Distribution income	-	-	-	-	-	1,371	1,371
Segment profit/(loss) before tax	1,803	(6,889)	11,607	27,604	(20,365)	(6,263)	7,497

The amounts provided to the chief operating decision maker with respect to the total assets and liabilities are consistent with that of the financial statements at a net asset level and as such no reconciliation is required.

30 June 2014	JPT TK \$'000	JPTS TK \$'000	JPTC TK \$'000	JPTN TK \$'000	JPTO TK \$'000	JPTD & JPTA TKs \$'000	Australia and Consolidation adjustments \$'000	Total \$'000
Segment balance sheet:								
Segment assets								
Cash and cash equivalents	3,955	5,126	5,536	4,106	1,133	1,844	7,672	29,372
Restricted cash	12,971	4,736	8,693	9,561	4,459	793	-	41,213
Trade and other receivables	545	504	846	111	-	96	1,075	3,177
Financial assets at FVTPL	-	-	-	-	-	-	9,645	9,645
Investment properties	261,906	178,390	264,075	112,329	49,245	14,662	-	880,607
Deferred tax asset	3,521	2,207	-	-	-	1,553	28	7,309
Intangible assets	-	-	-	-	-	-	3,000	3,000
Other assets	208	(13)	200	285	70	205	437	1,392
Total segment assets	283,106	190,950	279,350	126,392	54,907	19,153	21,857	975,715
Segment liabilities								
Payables and other liabilities	(5,112)	(6,449)	(3,859)	(3,801)	(1,754)	(1,872)	7,003	(15,844)
Tenant deposits	(12,595)	(7,842)	(7,401)	(9,773)	(3,376)	(2,388)	-	(43,375)
Distribution payable	-	-	-	-	-	-	(6,721)	(6,721)
Interest bearing debt	(133,515)	(115,387)	(166,728)	(52,872)	(29,290)	-	-	(497,792)
Current tax liabilities	-	-	-	-	-	-	(870)	(870)
Deferred tax liabilities	(4,651)	(1,418)	(2,444)	-	(450)	-	(415)	(9,378)
Total segment liabilities	(155,873)	(131,096)	(180,432)	(66,446)	(34,870)	(4,260)	(1,003)	(573,980)
Net segment assets	127,233	59,854	98,918	59,946	20,037	14,893	20,854	401,735

30 June 2013	JPT TK \$'000	JPTS TK \$'000	JPTC TK \$'000	JPTN TK \$'000	JPTD & JPTA TKs \$'000	Australia and Consolidation adjustments \$'000	Total \$'000
Segment balance sheet:							
Segment assets							
Cash and cash equivalents	4,278	3,837	5,718	2,337	5,835	12,515	34,520
Restricted cash	13,511	5,025	8,381	6,782	965	-	34,664
Trade and other receivables	436	641	818	239	98	876	3,108
Financial assets at FVTPL	-	-	-	-	-	8,967	8,967
Investment properties	267,234	213,842	263,205	120,119	66,708	-	931,108
Deferred tax asset	4,695	4,307	908	-	-	29	9,939
Intangible assets	-	-	-	-	-	3,010	3,010
Other assets	231	1,577	309	219	298	485	3,119
Total segment assets	290,385	229,229	279,339	129,696	73,904	25,882	1,028,435
Segment liabilities							
Payables and other liabilities	(4,675)	(4,906)	(3,151)	(396)	(8,640)	2,732	(19,036)
Derivative financial instruments	-	-	-	-	(8,525)	-	(8,525)
Tenant deposits	(13,152)	(11,391)	(7,410)	(10,486)	(13,469)	-	(55,908)
Distribution payable	-	-	-	-	-	(6,721)	(6,721)
Interest bearing debt	(144,710)	(142,957)	(178,608)	(56,286)	(149,018)	-	(671,579)
Current tax liabilities	-	-	-	-	-	(500)	(500)
Deferred tax liabilities	(3,087)	(1,811)	(559)	(81)	(256)	(15)	(5,809)
Total segment liabilities	(165,624)	(161,065)	(189,728)	(67,249)	(179,908)	(4,504)	(768,078)
Net segment assets/(liabilities)	124,761	68,164	89,611	62,447	(106,004)	21,378	260,357

30 Jun 14 30 Jun 13
\$'000 \$'000

25. Notes to the consolidated statements of cash flows

Reconciliation of profit after income tax to net cash flows from operating activities

Profit/(Loss) for the period	154,820	(12,900)
<i>Adjustments for non cash items and items classified as investing or financing activities</i>		
Unrealised foreign exchange loss/(gain)	283	(359)
Fair value adjustments to financial assets held at FVTPL	(146,629)	5,585
Distribution income	(13,005)	(1,371)
Depreciation expense	22	34
Net cash provided by operating activities before changes in asset and liabilities	(4,509)	(9,011)
<i>Change in assets and liabilities during the financial period</i>		
Increase/(decrease) in Japanese withholding tax and Australian income tax payable	773	(1,185)
Decrease in other assets	45	62
(Decrease)/increase in payables	(1,521)	1,385
Net cash from operating activities after changes in assets and liabilities	(5,212)	(8,749)

26. Director and executive disclosures

(a) Key Management Personnel

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The KMP of the Astro Group for the year ended 30 June 2014 were:

Executive	
Mr J Pettigrew	Executive Director, Chief Financial Officer
Non-Executive Directors	
Mr F A McDonald	Independent Chairman and Non-Executive Director
Mr Doug Clemson	Independent Non-Executive Director
Ms Kate McCann	Independent Non-Executive Director

The Senior Advisor to the Astro Group, Mr Eric Lucas, is a contractor to the Astro Group and is paid a monthly fee of ¥100,000. Separately, the Japan Asset Manager employs Mr Lucas as its Chief Executive Officer and employs other executives who conduct the asset management activities in Japan. The Japan Asset Manager is not a member of the Astro Group, and as such the remuneration relating to those individuals is not borne by the Astro Group or its securityholders. Mr Lucas and the other executives of the Japan Asset Manager are not considered KMP of the Astro Group.

(b) Remuneration of Key Management Personnel

Remuneration of Key Management Personnel is set out below (further details are given in the Remuneration Report in note 26(d)):

	30 Jun 14	30 Jun 13
	\$'000	\$'000
Short-term employee benefits	589	622
Post-employment benefits	48	46

(c) Directors loans and other transactions

There were no loans or other transactions made to or from the Directors of the Responsible Entity during the year.

(d) Key management personnel compensation - Remuneration Report

Under the *Corporations Act 2001* (Cth) only disclosing entities that are listed companies are required to prepare a Remuneration Report. Accordingly, this report is only required to address remuneration disclosures applicable to AJCo, as AJT is not a listed company. Notwithstanding, this report addresses the remuneration disclosures of the Astro Group, not just AJCo.

This report outlines the remuneration philosophy and framework currently applicable to the Astro Group, in particular how this relates to the Astro Group's senior executives and Directors.

This report relates to the year ended 30 June 2014.

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001* (Cth).

Remuneration Policy & Approach

The Astro Group aims to attract, retain and motivate highly skilled people to operate the Astro Group in the best interests of its securityholders.

The Astro Group has a formally constituted Remuneration Committee which is currently comprised of the Astro Group's three Independent Non-Executive Directors. Its members during the financial year were Ms Kate McCann (Chair), Mr Allan McDonald, and Mr Doug Clemson. The Remuneration Committee meets annually for the purposes of reviewing and making recommendations to the Astro Group Board on the level of remuneration of the senior executives and the Directors.

The Remuneration Committee endeavours to ensure that the remuneration outcomes strike an appropriate balance between the interests of the Astro Group securityholders, and rewarding, retaining and motivating the Astro Group's executives and the Directors.

Key Management Personnel

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The KMP of the Astro Group for the year ended 30 June 2014 were:

Executive	
Mr J Pettigrew	Executive Director, Chief Financial Officer
Non-Executive Directors	
Mr Allan McDonald	Independent Chairman and Non-Executive Director
Mr Doug Clemson	Independent Non-Executive Director
Ms Kate McCann	Independent Non-Executive Director

The Senior Advisor to the Astro Group, Mr Eric Lucas, is a contractor to the Astro Group and is paid a monthly fee of ¥100,000. Separately, the Japan Asset Manager employs Mr Lucas as its Chief Executive Officer and employs other executives who conduct the asset management activities in Japan. The Japan Asset Manager is not a member of the Astro Group, and as such the remuneration relating to those individuals is not borne by the Astro Group or its securityholders. Mr Lucas and the other executives of the Japan Asset Manager are not considered KMP of the Astro Group.

Executive remuneration

The executive pay and reward framework has two components:

- Base pay and benefits, including superannuation; and
- Short term incentives.

To determine the total annual remuneration for the executives, the Remuneration Committee conducts an assessment of each executive based on the individual's performance and achievements during the financial year and taking into account the overall performance and achievements of the Astro Group and prevailing remuneration rates of executives in similar positions. This assessment is made in conjunction with advice from the Astro Group's Senior Advisor, Mr Eric Lucas, and is the basis for determining the total annual remuneration for that financial year.

Although the performance of the Astro Group is taken into consideration in the assessment of each executive, the remuneration policy of the Astro Group is more focused on achievement of the Astro Group's internal financial and operational objectives. The Astro Group regards achievement of these objectives as the appropriate criteria for determining remuneration rather than simply measuring relative performance against a market index or an external comparator group.

The following table sets out summary information about the Astro Group's earnings and movements in securityholder wealth for the five years to 30 June 2014:

	2014	2013	2012	2011	2010
Net profit attributable to securityholders of the Astro Group (\$'000)	154,820	(12,900)	(44,233)	(22,004)	(111,922)
Earnings per security of the Astro Group (cents) ¹	230.35	(20.73)	(75.68)	(41.52)	(22.02)
Distributions per security of the Astro Group (cents) ¹	20.00	17.50	15.00	42.50 ²	7.00
Security price (\$) as at 30 June ¹	4.08	3.00	2.88	2.83	0.32

¹Unadjusted per security figures for 2010 and earlier years

²Distributions per security for the year ended 30 June 2011 have been adjusted to reflect the 10 to 1 consolidation of stapled securities completed on 19 January 2011

- Base pay

Base pay is determined by reference to appropriate benchmark information, taking into account an individual's responsibilities, performance, qualifications and experience. There are no guaranteed base pay increases in any executive's contracts.

- **Short term incentive**

Any short term incentive (STI) entitlement is entirely at the discretion of the Remuneration Committee and any discretionary STI is determined based on the results of the Remuneration Committee's assessment of each executive having regard to the overall performance of the Astro Group during the financial year. Any STI entitlement is paid in cash. The maximum STI bonus in any year is 30% of base salary. An executive is not entitled to receive an STI bonus if they cease employment with the Astro Group prior to the payment date or provide or receive notice of termination of employment on or prior to the payment date.

Remuneration of the Executive KMP

Table 1: Remuneration of the Executive KMP for the period ended 30 June 2014

Executive	Year	Salary \$	STI cash bonus ¹ \$	Non- monetary benefits \$	Super- annuation \$	Total \$
Mr J Pettigrew	2014	259,560	-	-	17,775	277,335
	2013	252,000	40,000	-	16,470	308,470
Total remuneration	2014	259,560	-	-	17,775	277,335
	2013	252,000	40,000	-	16,470	308,470

¹ STI relates to the 12 month period ended 30 June 2013 and was granted on 13 June 2013 and paid on 20 June 2013.

Table 2: Remuneration components as a proportion of total remuneration on an annualised basis

Executive	Fixed remuneration ¹ %	STI cash bonus %	Total
Mr J Pettigrew	100.00	0.00	100.00

¹ Fixed remuneration consists of salary, non-monetary benefits and superannuation and for the purposes of this table is based on a 12 month period to 30 June 2014.

Employment Contract for the Executive KMP

The base salary for the executive as at 30 June 2014, in accordance with his employment contract is shown below:

Executive	Base remuneration per employment contract
Mr J Pettigrew	\$ 259,560

The employment contract for Mr Pettigrew contains the following conditions:

Length of Contract	▪ Open-ended
Frequency of base remuneration review	▪ Annual
Benefits	▪ Entitled to participate in Astro Group benefit plans that are made available
Incentive remuneration	▪ Eligible for an award of short term incentive remuneration (if any) as described above
Termination of employment	▪ For Mr Pettigrew, employment can be terminated by either party providing three months' written notice and the Astro Group may elect to pay Mr Pettigrew three months' salary in lieu of notice

Remuneration of the Non-Executive Director KMP

The following persons were Non-Executive Directors of each of the Responsible Entity and AJCo during the financial year:

Mr Allan McDonald	Independent Chairman and Non-Executive Director
Mr Doug Clemson	Independent Non-Executive Director
Ms Kate McCann	Independent Non-Executive Director

The Astro Group Boards determine the remuneration structure for Non-Executive Directors based on recommendations from the Remuneration Committee. The Non-Executive Directors' individual fees are annually reviewed by the Remuneration Committee taking into consideration the level of fees paid to non-executive directors by companies of a similar size and stature. Fees paid to Non-Executive Directors must fall within the aggregate fee pool approved by securityholders. The current aggregate maximum amount which may be paid to all Non-Executive Directors is \$600,000 per annum, and the aggregate fees currently payable to the Non-Executive Directors per annum is \$329,500 (excluding superannuation). Based on the Remuneration Committee's annual review of Non-Executive Director fees conducted on 28 May 2014, there will be no change to the fees for the 12 month period commencing 1 July 2014.

The Non-Executive Directors receive a cash fee for service. They do not receive any performance based remuneration or any retirement benefits other than statutory superannuation.

Fees paid to the Non-Executive Directors are in respect of their services provided to the Responsible Entity and AJCo.

Fees payable to Non-Executive Directors are set out below:

Board/Committee	Role	Fee per annum
Board	Independent Chair	\$136,500
	Director	\$96,500

Table 3: Remuneration of Non-Executive Directors for the period ended 30 June 2014

Directors	Year	Short term - salary and fees \$	Superannuation \$	Total \$
Mr Allan McDonald	2014	136,500	12,626	149,126
	2013	136,500	12,285	148,785
Mr Doug Clemson	2014	96,500	8,926	105,426
	2013	96,500	8,685	105,185
Ms Kate McCann	2014	96,500	8,926	105,426
	2013	96,500	8,685	105,185
Total remuneration	2014	329,500	30,478	359,978
	2013	329,500	29,655	359,155

In addition to the above fees, all Non-Executive Directors receive reimbursement for reasonable travel, accommodation and other expenses incurred while undertaking Astro Group business.

27. Related parties

a) Astro Japan Property Group Limited

The shares in AJCo were stapled to the units in AJT on 12 November 2009 (stapled securities), forming the Astro Japan Property Group. It is not possible to trade or deal separately in either the shares or units which comprise the stapled securities. The results and equity of AJCo are disclosed separately as attributable to other stapled securityholders in the consolidated statements of comprehensive income and consolidated statements of financial position respectively.

b) Responsible entity

The responsible entity of Astro Japan Property Trust is Astro Japan Property Management Limited. The Responsible Entity is wholly owned by AJCo and consolidated within the Astro Group. The Responsible Entity was acquired by AJCo on 7 April 2010.

c) The Japan Asset Manager

The Japan Asset Manager is responsible for the management of AJT's investment property interests. The Astro Group also has a 25% economic interest in the Japan Asset Manager.

In accordance with AJT's Constitution, the Japan Asset Manager is entitled to receive an Asset Management Fee. The Asset Management Fee is made up of:

- An Asset Base Fee paid to the Japan Asset Manager equal to 0.40% per annum of the adjusted gross asset value of the TKs.
- A Performance Fee component payable to the Japan Asset Manager which comprises a potential fee in relation to the returns of AJT (AJT Performance Fee), and a potential fee in relation to the returns of AJT's assets (Asset Management Performance Fee).
- Asset Management Performance Fee payable to the Japan Asset Manager is calculated in two tiers as follows:
 - a) Tier 1 – 5% of the amount (denominated in Japanese Yen) equivalent to the amount the internal rate of return of the Japanese Investments exceeds the Asset Benchmark (which is 10%) up to 1% out-performance; and
 - b) Tier 2 – 15% of the amount (denominated in Japanese Yen) equivalent to the amount the internal rate of return of the Japanese Investments exceeds the Asset Benchmark in excess of 1% out-performance.
- The AJT Performance Fee is only payable to the Japan Asset Manager. The Japan Asset Manager is only entitled to 40% of the performance fee which is calculated in two tiers as follows:

- a) Tier 1 – 5% of out performance of the ASX 200 Property Accumulation Index return (Benchmark) (up to 2%) multiplied by total equity of AJT; and

b) Tier 2 – 15% of out performance of the Benchmark greater than 2% multiplied by total equity of AJT.

In measuring performance against the Benchmark, comparison is made against the prior years' indices for up to three years including the current year to determine if an AJT Performance Fee is payable.

The Asset Management Fee payable to the Japan Asset Manager is subject to a payment cap whereby the Asset Management Fee (being the aggregate of the Base Fee and the Performance Fee) paid in any one year must not exceed 0.8% of the adjusted gross asset value of the TKs (includes investment properties at cost). Any excess will be carried forward into future years and will be payable to the extent to which the Asset Management Fee payable in any subsequent year to the Japan Asset Manager is less than the 0.8% cap. Any excess which has been carried forward for at least three years is then payable and this payment of outstanding fees will not be capped. Accordingly, it is possible that the payment of the Asset Management Fee to the Japan Asset Manager within any year could exceed 0.8% of the adjusted gross asset value the TKs, particularly after periods where there has been three years of cumulative out-performance.

d) Security holdings

The number of Astro Group securities held by each Director of the Responsible Entity and other key management personnel, including their personally related parties, at the date of this report are set out below. There were no securities issued during the year as compensation.

Name	Balance at start of year	Change during the year	Balance at end of year
Allan McDonald	40,000	-	40,000
John Pettigrew	-	-	-
Doug Clemson	-	3,000	3,000
Kate McCann	-	-	-

e) Key management personnel loan and option disclosures

There were no loans or Astro Group options granted as part of key management personnel remuneration in respect to their position as key management personnel.

f) Other transactions with Astro Group

There were no other transactions with key management personnel and related entities.

	30 Jun 14 \$'000	30 Jun 13 \$'000
--	---------------------	---------------------

g) Japan Asset Manager fees and other transactions

The following transactions occurred with related parties:

Asset management fees

Asset management base fee – paid and payable to Japan Asset Manager by TKs	4,919	5,932
Asset management performance fee – paid and payable to Japan Asset Manager by TKs	2,531	-
Transaction fees paid and payable to the Japan Asset Manager	256	2,101
	7,706	8,033
TK distribution – paid and payable to TK Operator	90	37
Total fees paid or payable	7,796	8,070

	30 Jun 14 \$'000	30 Jun 13 \$'000
--	---------------------	---------------------

Other transactions occurring with related parties

Reimbursement of administration expenses – paid to the Japan Asset Manager by TKs	42	44
Distribution paid and payable from the Japan Asset Manager	(1,310)	(1,321)
Return of capital from the Japan Asset Manager	-	(1,765)

Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Asset management fees

Transaction fees – payable to Japan Asset Manager by AJT	-	1,470
Asset management base fee – payable to Japan Asset Manager by the TKs	916	1,112
Asset management performance fee – payable to Japan Asset Manager by the TKs	2,742	-
TK distribution – payable to TK Operator by the TKs	31	21
Total asset management and performance fees payable	3,689	2,603

The Astro Group has a 25% economic interest in the Japan Asset Manager. The key management of the Japan Asset Manager includes Mr Eric Lucas, senior advisor to the Astro Group.

	30 Jun 14 \$'000	30 Jun 13 \$'000
--	---------------------	---------------------

28. Commitments

Lease commitments: Astro Group as lessee

The Astro Group has non-cancellable leases in respect of the office premises and office equipment. Both leases are for a duration of 5 years and are classified as operating leases. The minimum lease payments are as follows:

Within one year	33	124
Later than one year but not later than 5 years	-	33
	33	157

In the opinion of the Directors of the Astro Group, there were no other commitments at the end of the reporting period.

29. Parent entity financial information

a) Summary financial information

The individual financial statements for AJT (the parent entity) show the following aggregate amounts:

	30 Jun 14 \$'000	30 Jun 13 \$'000
Statement of Financial Position		
Current Assets	9,913	12,215
Total Assets	395,786	256,771
Current Liabilities	15,470	16,085
Total Liabilities	15,470	16,085
<i>Unitholder' equity</i>		
Issued capital	634,440	634,440
Accumulated losses	(254,124)	(393,754)
	380,316	240,686
Profit or (loss) for the year	153,074	(7,915)

b) Guarantees entered into by the parent entity

The parent entity had not entered into any guarantees as at 30 June 2014 (30 June 2013: \$nil).

c) Contingent liabilities of the parent entity

At 30 June 2014, the total security deposit liability to tenants was \$43.4m (30 June 2013: \$55.9m). Of this amount, \$26.3m (30 June 2013: \$21.3m) is held as security and cash on trust by certain Trust Banks and lenders to the TKs to partly collateralise this liability. AJT, the parent entity of the Astro Group, has an obligation arising under each TK Agreement entered into with each TK Operator, to make additional equity contributions to refund tenant security deposits where the TK Operator has insufficient cash to meet this obligation. AJT had contingent liabilities at 30 June 2014 arising from this obligation.

Generally, the deposit repayment obligation arises upon termination or expiry of a tenancy. In normal circumstances, the deposits from incoming tenants would fund the repayment of deposits to outgoing tenants and any deficiency would be funded from cash flow. In this situation it is unlikely that AJT would be required to inject cash into a TK to fund repayment of the tenant security deposits.

AJT has a contingent liability of \$13.3m (30 June 2013: \$21.5m) which relates to unfunded tenant security deposits, net of construction cost deposits. Details of the tenant security deposit liability in each TK are set out in Segment Reporting note 24.

There are no other recourse obligations to the parent entity in relation to the TK agreements or loans.

30. Events occurring after the reporting period

Subsequent to the period end, on 8 July 2014, Daikanyama, an office property owned by JPTS, was sold for ¥655 million (\$6,894,000 at \$1=¥95). The sale price represents a 1.2% premium to the ¥647 million Astro Group book value of the asset as at 30 June 2014. On 8 August 2014, Yoshikawa, a retail asset owned by JPTD, was sold for ¥550 million (\$5,789,000 at \$1=¥95). The sale price is slightly more than double the ¥275 million Astro Group book value of the asset as at 30 June 2014. In total these assets represented approximately 1.1% of AJA's portfolio by book value at 30 June 2014.

The Directors of the Responsible Entity are not aware of any other matters or circumstance occurring since 30 June 2014 not otherwise dealt with in the financial report that has significantly or may significantly affect the operations of the Astro Group, the results of those operations, or the state of affairs of the Astro Group in subsequent financial years.

31. Impact of the change in accounting policy

As a result of the adoption of AASB 10 and associated change in accounting policy referred to in note 1(b), certain amounts previously disclosed in the Astro Group's historical financial statements have been adjusted to reflect the retrospective impact of the change in accounting policy adopted from 1 July 2013. The adjustments are summarised in the following tables:

Impact on consolidated statement of financial position at 1 July 2012

	1 Jul 12 as previously stated \$'000	Change in accounting policy \$'000	1 Jul 12 as now restated \$'000
Current assets			
Cash and cash equivalents	51,993	(25,811)	26,182
Restricted cash	34,317	(34,317)	-
Trade and other receivables	4,455	7,255	11,710
Other assets	2,909	(2,398)	511
Total current assets	93,674	(55,271)	38,403
Non-current assets			
Financial assets carried at fair value through profit and loss	-	223,836	223,836
Investment in associate accounted for using the equity method	4,994	(4,994)	-
Investment properties	1,213,795	(1,213,795)	-
Deferred tax asset	5,232	(5,202)	30
Property, plant and equipment	52	-	52
Intangible assets	3,022	-	3,022
Other assets	858	(858)	-
Total non-current assets	1,227,953	(1,001,013)	226,940
Total assets	1,321,627	(1,056,284)	265,343
Current liabilities			
Payables	17,898	(17,463)	435
Provisions	41	(4)	37
Deferred lease incentive	6	-	6
Derivative financial instruments	13,310	(13,310)	-
Tenant deposits	42,760	(42,760)	-
Distribution payable	2,922	-	2,922
Interest bearing debt	436,588	(436,588)	-
Current tax liabilities	1,686	-	1,686
Total current liabilities	515,211	(510,125)	5,086
Non-current liabilities			
Deferred lease incentive	16	-	16
Tenant deposits	33,398	(33,398)	-
Interest bearing debt	509,233	(509,233)	-
Deferred tax liabilities	5,424	(5,410)	14
Total non-current liabilities	548,071	(548,041)	30
Total liabilities	1,063,282	(1,058,166)	5,116
Net assets	258,345	1,882	260,227
Equity			
Equity attributable to securityholders of AJT			
Contributed equity	610,612	942	611,554
Reserves	106,567	(106,567)	-
Retained profits/(losses)	(475,045)	105,252	(369,793)
Total equity of securityholders	242,134	(373)	241,761
Equity attributable to stapled securityholders (non-controlling interest)			
Contributed equity	27,333	-	27,333
Reserves	(1,103)	1,103	-
Retained profits/(losses)	(9,646)	779	(8,867)
Total equity of stapled securityholders (non-controlling interest)	16,584	1,882	18,466
Equity attributable to external non-controlling interest			
Retained profits/(losses)	(373)	373	-
Total equity of external non-controlling interest	(373)	373	-
Total Equity	258,345	1,882	260,227

Impact on consolidated statement of comprehensive income for the year ended 30 June 2013

	30 Jun 13 as previously stated \$'000	Change in accounting policy \$'000	30 Jun 13 as now restated \$'000
Revenue			
Property rental income	87,502	(87,502)	-
Financing income	238	(9)	229
Distributions income	-	1,371	1,371
	87,740	(86,140)	1,600
Other income			
Share of net profit of associate	3,597	(3,597)	-
Gain on derivatives	3,294	(3,294)	-
Other income	704	(704)	-
	7,595	(7,595)	-
Total revenue and other income	95,335	(93,735)	1,600
Expenses			
Net losses on financial assets held at FVTPL	-	(5,585)	(5,585)
Property expenses	(26,973)	26,973	-
Asset management fees	(5,932)	5,932	-
Financing costs	(22,317)	22,317	-
Loss on disposal of investment property	(1,524)	1,524	-
Fair value adjustments to investment property	(19,072)	19,072	-
Net foreign exchange loss	(3,042)	-	(3,042)
Other operating expenses	(6,752)	1,930	(4,822)
Total expenses	(85,612)	72,163	(13,449)
Profit/(loss) before tax	9,723	(21,572)	(11,849)
Income tax benefit/(expense)	3,465	(4,516)	(1,051)
Profit/(loss) for the year	13,188	(26,088)	(12,900)
Other comprehensive income, net of income tax			
Foreign exchange translation differences	(25,224)	25,224	-
Total comprehensive expense for the year	(12,036)	(864)	(12,900)
Basic and diluted earnings/(losses) per ordinary Security available to securityholders of AJT	18.84¢	(39.50)¢	(20.66)¢
Basic and diluted earnings/(losses) per ordinary Security available to securityholders of the Astro Group	20.76¢	(41.49)¢	(20.73)¢

Impact on consolidated statement of cash flows for the year ended 30 June 2013

	30 Jun 13 as previously stated \$'000	Change in accounting policy \$'000	30 Jun 13 as now restated \$'000
Cash flows from operating activities			
Property rental income received	88,948	(88,948)	-
Property expenses paid	(27,734)	27,734	-
Net property income received	61,214	(61,214)	-
Realised foreign exchange (losses)/gains	(3,401)	-	(3,401)
Other non property expenses paid	(11,301)	7,960	(3,341)
Financing costs	(19,513)	19,513	-
Financing income	238	(9)	229
Japanese withholding and Australian income tax paid	(2,236)	-	(2,236)
Consumption tax received/(paid)	2,309	(2,309)	-
Net cash inflows/(outflows) from operating activities	27,310	(36,059)	(8,749)
Cash flows from investing activities			
Investment in financial assets held at FVTPL	-	(44,409)	(44,409)
Distributions received	-	22,309	22,309
Capital expenditure	(3,119)	3,119	-
Purchase of plant, property and equipment	(5)	-	(5)
Proceeds from the sale of investment properties	125,016	(125,016)	-
Investment income from associate	(3,022)	3,022	-
Investment in associate	1,081	(1,081)	-
Return of capital from associate	1,766	(1,766)	-
Repayment of tenant deposits	(11,571)	11,571	-
Net cash inflows/(outflows) from investing activities	110,146	(132,251)	(22,105)
Cash flows from financing activities			
Proceeds from issue of stapled securities	25,424	-	25,424
Stapled security issue transaction costs	(1,290)	-	(1,290)
Proceeds from borrowings	209,871	(209,871)	-
Repayment of borrowings	(377,451)	377,451	-
Distributions paid	(7,306)	-	(7,306)
Net cash (outflows)/inflows from financing activities	(150,752)	167,580	16,828
Net decrease in cash and cash equivalents	(13,296)	(730)	(14,026)
Cash and cash equivalents at the beginning of the period	86,310	(60,128)	26,182
Effect on exchange rate fluctuations on cash held	(3,830)	4,189	359
Cash and cash equivalents at the end of the period	69,184	(56,669)	12,515

Impact on consolidated statement of financial position at 30 June 2013

	30 Jun 13 as previously stated \$'000	Change in accounting policy \$'000	30 Jun 13 as now restated \$'000
Current assets			
Cash and cash equivalents	34,520	(22,005)	12,515
Restricted cash	34,664	(34,664)	-
Trade and other receivables	2,231	3,257	5,488
Other assets	2,446	(1,995)	451
Total current assets	73,861	(55,407)	18,454
Non-current assets			
Financial assets carried at fair value through profit and loss	-	247,945	247,945
Investments in associates accounted for using the equity method	8,787	(8,787)	-
Investment properties	931,108	(931,108)	-
Deferred tax asset	9,939	(9,910)	29
Property, plant and equipment	35	-	35
Intangible assets	3,010	-	3,010
Other assets	640	(640)	-
Total non-current assets	953,519	(702,500)	251,019
Total assets	1,027,380	(757,907)	269,473
Current liabilities			
Payables	18,973	(17,156)	1,817
Provisions	47	-	47
Deferred lease incentive	11	-	11
Derivative financial instruments	8,525	(8,525)	-
Tenant deposits	34,965	(34,965)	-
Distribution payable	6,721	-	6,721
Interest bearing debt	157,842	(157,842)	-
Current tax liabilities	500	-	500
Total current liabilities	227,584	(218,488)	9,096
Non-current liabilities			
Deferred lease incentive	5	-	5
Tenant deposits	20,943	(20,943)	-
Interest bearing debt	513,737	(513,737)	-
Deferred tax liabilities	5,809	(5,794)	15
Total non-current liabilities	540,494	(540,474)	20
Total liabilities	768,078	(758,962)	9,116
Net assets	259,302	1,055	260,357
Equity			
Equity attributable to securityholders of AJT			
Contributed equity	633,498	942	634,440
Reserves	81,731	(81,731)	-
Accumulated losses	(474,425)	80,671	(393,754)
Total equity of securityholders	240,804	(118)	240,686
Equity attributable to stapled securityholders (non-controlling interest)			
Contributed equity	28,581	-	28,581
Reserves	(1,491)	1,491	-
Accumulated losses	(8,457)	(453)	(8,910)
Total equity of stapled securityholders (non-controlling interest)	18,633	1,038	19,671
Equity attributable to external non-controlling interest			
Accumulated losses	(135)	135	-
Total equity of external non-controlling interest	(135)	135	-
Total equity	259,302	1,055	260,357

- 1 In the opinion of the Directors of Astro Japan Property Management Limited in its capacity as Responsible Entity of Astro Japan Property Trust (AJT):
 - a) the Financial Statements and Notes are in accordance with the *Corporations Act 2001* (Cth), including:
 - i) giving a true and fair view of the financial position of the Astro Group as at 30 June 2014 and of its performance for the year ended 30 June 2014; and
 - ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b) there are reasonable grounds to believe that AJT will be able to pay its debts as and when they become due and payable.
- 2 Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.
3. The Directors have been given the declarations by the Chief Financial Officer required by section 295A of the *Corporations Act 2001* (Cth).

Dated 27 August 2014.

This declaration is made in accordance with a resolution of the Directors pursuant to s.295(5) of the *Corporations Act 2001* (Cth).



F A McDonald
Director
Astro Japan Property Management Limited in its capacity as
Responsible Entity of Astro Japan Property Trust

Independent Auditor's Report to the stapled security holders of Astro Japan Property Trust

Report on the Financial Report

We have audited the accompanying financial report of Astro Japan Property Trust (the Trust), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity Astro Japan Property Group (the consolidated stapled entity) as set out on pages 13 to 50. The consolidated stapled entity, as described in note 1 to the financial report, comprises the Trust and the entities it controlled at the end of the year or from time to time during the year, including Astro Japan Property Group Limited and its controlled entities.

Directors' Responsibility for the Financial Report

The directors of Astro Japan Property Management Limited, as responsible entity for the Astro Japan Property Trust, are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting

policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Astro Japan Property Management Limited, as responsible entity for the Astro Japan Property Trust, would be in the same terms if given to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion, the financial report of Astro Japan Property Trust is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated stapled entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 10 of the directors' report for the year ended 30 June 2014. The directors of Astro Japan Property Group Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of the Astro Japan Property Group Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



AG Collinson

Partner

Chartered Accountants

Sydney, 27 August 2014