



ASX/Media Release

23 September 2014

2014 ANNUAL REPORT AND ANNUAL REVIEW BOOKLET

Astro Japan Property Group (ASX: AJA) advises that the attached Annual Report for the year ended 30 June 2014 and the Annual Review Booklet 2014 are being despatched to securityholders today.

These documents are also available on the home page of AJA's website at www.astrojapanproperty.com.

ENDS

Rohan Purdy
Company Secretary
Phone: +61 2 8987 3903 (Australia)

About Astro Japan Property Group (AJA)

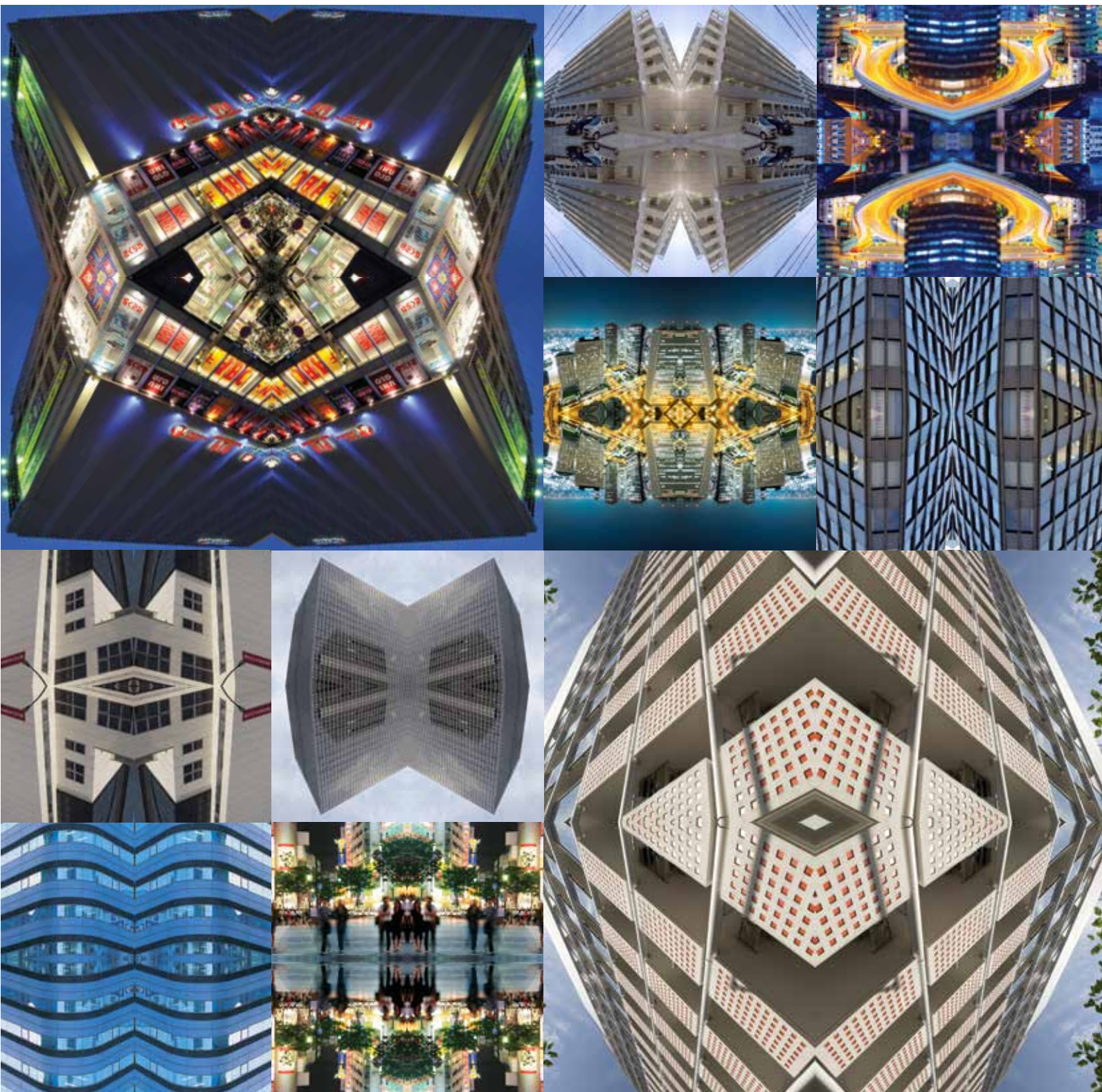
Astro Japan Property Group is a listed property group which invests in the Japan real estate market. It currently holds interests in a portfolio comprising 31 retail, office and residential properties. Asset management services in Japan are generally undertaken by Spring Investment Co., Ltd.

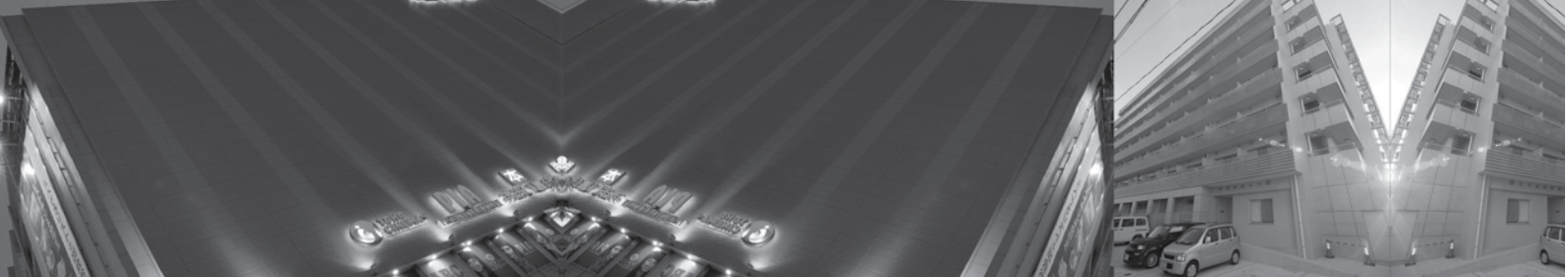
AJA is a stapled entity comprising Astro Japan Property Trust (ARSN 112 799 854) and Astro Japan Property Group Limited (ABN 25 135 381 663). For further information please visit our website: www.astrojapanproperty.com.

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





About Astro Japan Property Group

The Astro Japan Property Group (“Astro Group” or “the Group”) is a listed property fund and has a strategy of investing solely in the real estate market of Japan.

The Astro Group comprises the Astro Japan Property Trust (“AJT”) and Astro Japan Property Group Limited (“AJCo”), with the units in AJT being stapled to the shares in AJCo on a ‘one for one’ basis. The stapled securities are quoted on the ASX under the code ‘AJA’. The Responsible Entity of AJT is Astro Japan Property Management Limited.

AJT was initially established on 31 January 2005, became a registered scheme under the Corporations Act 2001 (Cth) on 17 February 2005, and listed on the ASX on 4 April 2005. The subsequent formation of the Astro Group occurred on 12 November 2009, at which time the units in AJT were stapled to the shares in AJCo. At 1 September 2014, the Astro Group had 2,166 securityholders and a market capitalisation of A\$288 million.

At the time of its listing in 2005, AJT raised \$280 million and acquired interests in a diversified portfolio of 12 office and retail properties located in the central and greater Tokyo area for ¥47 billion (approximately A\$600 million). At 30 June 2014, the Astro Group held interests in a portfolio comprising 32 office, retail and residential properties with a book value of ¥83.9 billion (approximately A\$880.6 million).

Asset management services in Japan are generally undertaken by the Japan asset manager, Spring Investment Co., Ltd., in which the Astro Group has an economic interest.

- 1 Astro Japan Property Group Financial Report (Consolidated)
- 54 Corporate Governance Statement 2014
- 63 Astro Japan Property Group Limited Financial Report (Listed Company Only)
- 97 Additional Securityholder Information
- 99 Corporate Directory

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

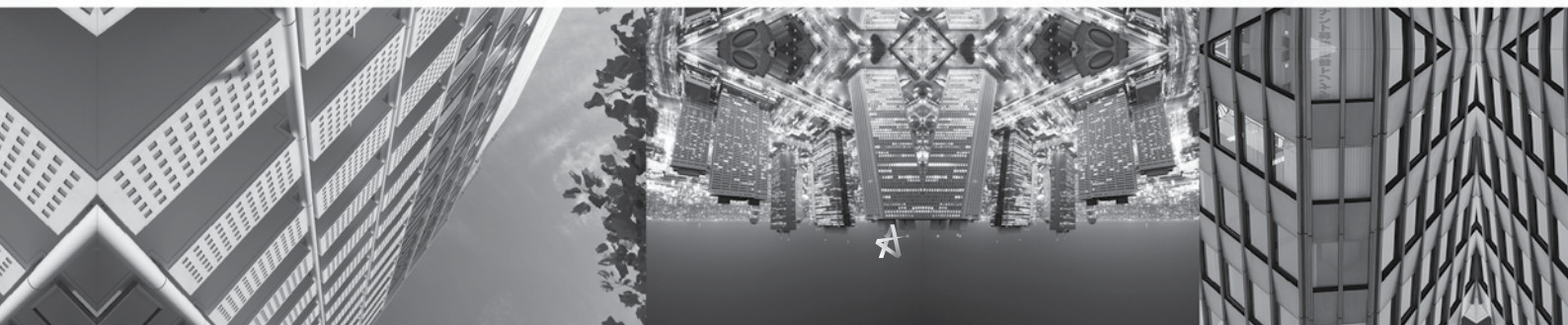




Astro Japan Property Group Financial Report (Consolidated)

Annual Financial Report 2014

2	Directors' Report	29	14. Intangible assets
13	Auditor's Independence Declaration	29	15. Payables
14	Consolidated Statement of Comprehensive Income	29	16. Provisions
15	Consolidated Statement of Financial Position	30	17. Deferred lease incentive
16	Consolidated Statement of Cash Flows	30	18. Distributions/dividends paid and payable
17	Consolidated Statement of Changes in Equity	30	19. Current tax liabilities
18	Notes to the Consolidated Financial Statements	30	20. Contributed equity
18	1. Statement of significant accounting policies	31	21. Retained profits/(losses)
25	2. Financing income	31	22. Financial risk management
25	3. Distribution income	36	23. Contingencies
25	4. Other operating expenses	36	24. Segment reporting
26	5. Income tax expense	40	25. Notes to the consolidated statements of cash flows
26	6. Auditor's remuneration	40	26. Director and executive disclosures
27	7. Earnings/(losses) per stapled security	43	27. Related parties
27	8. Cash and cash equivalents	45	28. Commitments
27	9. Trade and other receivables	45	29. Parent entity financial information
27	10. Other assets	46	30. Events occurring after the reporting period
27	11. Financial assets carried at fair value through profit or loss (FVTPL)	47	31. Impact of the change in accounting policy
28	12. Deferred taxes	51	Directors' Declaration
28	13. Property, plant and equipment	52	Independent Auditor's Report



Directors' Report for the year ended 30 June 2014

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	Year ended 30/06/2013
	\$'000	\$'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.

Directors' Report for the year ended 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 Nitori 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).

Directors' Report for the year ended 30 June 2014

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	Rubitor 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.

Directors' Report for the year ended 30 June 2014

- 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.

Directors' Report for the year ended 30 June 2014

- 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.

Directors' Report for the year ended 30 June 2014

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

Auditor's Independence Declaration



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

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

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.

Consolidated Statement of Financial Position as at 30 June 2014

	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.

Consolidated Statement of Cash Flows for the year ended 30 June 2014

	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.

	Note	Equity attributable to securityholders of AJT			Equity attributable to other stapled securityholders		
		Contributed equity \$'000	Accumulated losses \$'000	Total \$'000	Contributed equity \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2012		611,554	(369,793)	241,761	27,333	(8,867)	18,466
Loss for the period		-	(12,857)	(12,857)	-	(43)	(12,900)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive expense for the period		-	(12,857)	(12,857)	-	(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
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
Balance at 1 July 2013		634,440	(393,754)	240,686	28,581	(8,910)	19,671
Profit for the period		-	153,074	153,074	-	1,746	1,746
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		-	153,074	153,074	-	1,746	1,746
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

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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

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.

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).

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

	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
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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
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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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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.

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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*:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(b) 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

(c) 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

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

- 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

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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

Notes to the Consolidated Financial Statements for the year ended 30 June 2014

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

Director's Declaration

- 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



Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX: 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

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 14 to 51. 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

Independent Auditor's Report

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 8 to 11 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*.

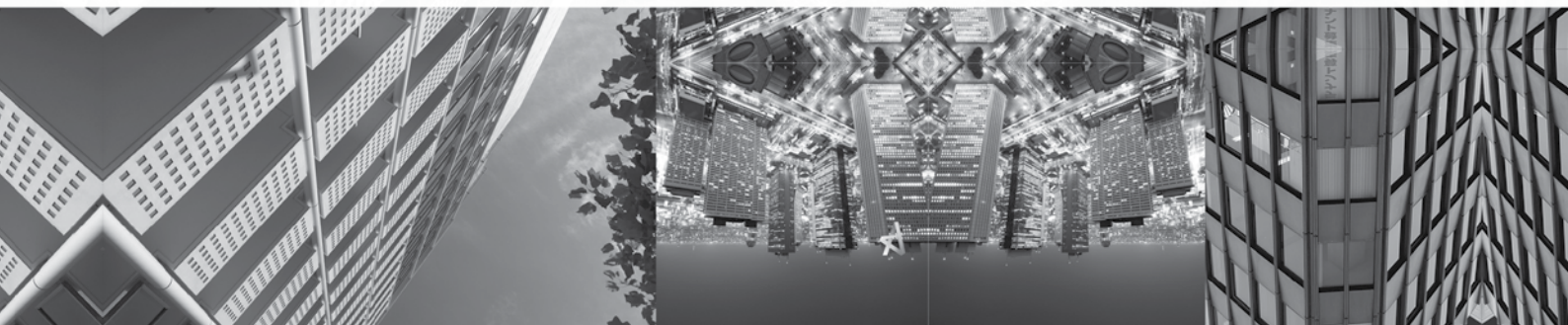
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AG Collinson
Partner
Chartered Accountants
Sydney, 27 August 2014

55	ASX Principle 1: Lay Solid Foundations for Management and Oversight
55	1.1 Functions of the Board and the senior executives
55	1.2 Process for evaluating the performance of senior executives
55	ASX Principle 2: Structure the Board to Add Value
55	2.1 Majority of independent Directors
56	2.2 Chairperson and independence
56	2.3 Roles of the Chairman and the senior executive
56	2.4 Nomination Committee
56	2.5 Process for evaluating the performance of the Board, its Committees and individual Directors
57	ASX Principle 3: Promote Ethical and Responsible Decision Making
57	3.1 Code of Conduct
57	3.2 Diversity Policy
58	3.3 Measurable objectives for achieving gender diversity
58	3.4 Proportion of women employees in the Astro Group
58	ASX Principle 4: Safeguard Integrity in Financial Reporting
58	4.1 Audit, Risk & Compliance Committee
58	4.2 Structure of the Audit, Risk & Compliance Committee
58	4.3 Charter of the Audit, Risk & Compliance Committee
59	ASX Principle 5: Make Timely and Balanced Disclosure
59	5.1 Continuous Disclosure Policy
59	ASX Principle 6: Respect the Rights of Securityholders
59	6.1 Communications with securityholders
60	ASX Principle 7: Recognise and Manage Risk
60	7.1 Risk management compliance framework
60	7.2 Risk management and internal control system
61	7.3 Chief Financial Officer assurance
61	ASX Principle 8: Remunerate Fairly and Responsibly
61	8.1 Remuneration Committee
61	8.2 Structure of the Remuneration Committee
61	8.3 Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives
62	Summary of Compliance with Corporate Governance Principles and Recommendations



Astro Japan Property Group ('Astro Group') is required under the ASX Listing Rules to prepare an annual Corporate Governance Statement ('Statement') and include the Statement in its Annual Report.

This Statement outlines the Astro Group's corporate governance policies and practices, and the extent of its compliance with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition)* for the reporting period 1 July 2013 to 30 June 2014. This Statement is effective as at 30 June 2014, and was approved by the Board on 26 August 2014. A table summarising the Astro Group's compliance with the Corporate Governance Principles and Recommendations is set out at the end of this Statement.

The Astro Group's website (www.astrojapanproperty.com) contains further information in the Corporate Governance section on its governance practices, including copies and summaries of charters, codes and policies referred to in this Statement.

The Astro Group comprises the Astro Japan Property Trust (ARSN 112 799 854) ('AJT') and Astro Japan Property Group Limited (ABN 25 135 381 663) ('AJCo'). Astro Japan Property Management Limited (ABN 94 111 874 563) ('Responsible Entity') is the Responsible Entity of AJT. The units in AJT are stapled to the shares in AJCo on a 'one for one' basis, and are traded on the ASX as stapled securities under the code 'AJA'.

In this Statement, the Board of the Responsible Entity (as responsible entity of AJT) and the Board of AJCo are jointly referred to as the "Board". Due to the nature of the stapled structure of the Astro Group, the Board of AJT and the Board of AJCo have the same composition, have adopted the same corporate governance policies, have adopted a common Board Charter, and have delegated certain responsibilities to a joint Audit, Risk & Compliance Committee and a joint Remuneration Committee.

ASX PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Functions of the Board and the senior executives

The Board has adopted a formal *Board Charter* which details the functions and responsibilities of the Board, and distinguishes such functions and responsibilities from those which have been delegated to the senior executive (which is the Chief Financial Officer).

The Board Charter sets out the specific powers and responsibilities that are delegated to the senior executive, which are subject to the specific powers and authorities delegated to the Chairman and the Board Committees and certain specific powers which are retained by the Board.

The Board has delegated a number of its responsibilities to the Audit, Risk & Compliance Committee as outlined in section 4 and the Remuneration Committee as outlined in section 8.

A copy of the Board Charter is in the Corporate Governance section at www.astrojapanproperty.com.

1.2 Process for evaluating the performance of the senior executives

The Board has delegated the process for evaluating the performance of the senior executives to the Remuneration Committee. The Remuneration Committee assesses the performance of each executive in the context of the annual remuneration review. 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. This assessment is made in conjunction with advice from the Astro Group's Senior Advisor, Mr Eric Lucas.

A performance evaluation of the executives was conducted on 28 May 2014 in accordance with the above process. You should refer to section 8 of this Statement and the Remuneration Report in the 2014 Financial Report of the Astro Group for further information regarding the role of the Remuneration Committee and the 2014 performance evaluation.

ASX PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

2.1 Majority of independent Directors

Throughout the financial year the Board comprised a majority of independent Directors. During the period the Board comprised three independent non-executive Directors and an executive Director as set out in the below table. The Board has determined the independent status of each Director using the criteria set out in ASX Recommendation 2.1, and none of the independent Directors had any of the relationships outlined in ASX Recommendation 2.1 that effect 'independent status'.

Name	Position held	Independent Y/N	Date appointed to Responsible Entity Board	Date appointed to AJCo Board	Length of tenure as at 01/09/14 ¹
Allan McDonald	Non-Executive Chairman	Y	19/02/05	20/03/09	9.5 years
Doug Clemson	Non-Executive Director	Y	31/12/11	31/12/11	2.8 years
Kate McCann	Non-Executive Director	Y	31/12/11	31/12/11	2.8 years
John Pettigrew	Executive Director, Chief Financial Officer	N	19/02/05	20/03/09	9.5 years

1. Length of tenure calculated from date of appointment to the Responsible Entity Board

The Board considers that collectively the Directors have the range of skills, experience and expertise necessary to appropriately govern the Astro Group. Biographies of Directors and details regarding term in office and attendance at Board and/or Committee meetings are set out in the Directors' Report in the 2014 Financial Report of the Astro Group.

The Board Charter provides that a Director is entitled to seek independent professional advice (including, but not limited to, legal, accounting and financial advice) at the Astro Group's expense on any matter connected with the discharge of his or her responsibilities. A Director must obtain the approval of the Chairman prior to seeking the advice.

2.2 Chairperson and independence

As noted in section 2.1, the Chairman of the Board, Mr Allan McDonald, is an independent non-executive Director.

2.3 Roles of the Chairman and the senior executive

The roles of the Chairman and the senior executive are not exercised by the same individual in the Astro Group. The fact that the Chairman is an independent non-executive Director ensures that there is a clear division of responsibility between the Chairman and the executive functions of the Astro Group. The *Board Charter* provides that the roles of the Chairman and the senior executive must not be exercised by the same person. The independent roles and responsibilities of the Chairman and the senior executive are described in the *Board Charter*.

The senior executive function of the Astro Group is currently fulfilled by Mr John Pettigrew, executive Director and Chief Financial Officer.

2.4 Nomination Committee

Given the small size of the Board, the Board has not established a Nomination Committee. This is inconsistent with ASX Recommendation 2.4, although the recommendation itself recognises that a Nomination Committee does not provide the same efficiencies for smaller boards.

The Board itself takes responsibility for matters that would normally be delegated to a Nomination Committee and has processes in place to consider issues that would otherwise be considered by a Nomination Committee. As part of its annual corporate governance and self evaluation assessment as discussed in section 2.5, the Board considers issues such as whether the Board is the appropriate size and composition, whether it is performing its functions effectively and whether the Board comprises Directors with the appropriate range of skills and expertise.

The Board will determine the selection of any candidates for election as Director taking into consideration the size and composition of the Board and the range of skills and expertise on the Board. The Board will also assess any proposed re-appointment of a Director to the Board. The Board Charter provides that *'the Board should be of a size and composition that is conducive to effective decision making, with the benefit of a variety of perspectives and skills and in the interests of the Astro Group'*. The Board will ensure that securityholders are provided with the necessary information to enable them to make a fully informed decision regarding the appointment or re-appointment of a Director.

The Board believes that its current size, composition (including diversity) and skills matrix is appropriate and conducive to effective decision making in the interests of the Astro Group. Biographies of Directors are set out in the Directors' Report in the 2014 Financial Report of the Astro Group.

2.5 Process for evaluating the performance of the Board, its Committees and individual Directors

Given the small size of the Board and the fact that it has not established a Nomination Committee, the Board itself is responsible for reviewing and monitoring its performance and the performance of its committees and the individual Directors.

The Board Charter requires the Board, at least once a year, to review and evaluate the performance of the Board, its committees and each individual Director against relevant charters, corporate governance policies and agreed goals and objectives. During each review and evaluation, the Board considers how to improve its performance and sets the goals and objectives for itself and its committees for the following year.

During the financial year:

- the Board conducted a self evaluation of its performance against its Charter, goals and objectives and also reviewed its corporate governance practices. The results of the evaluation were positive and identified that the Board had fulfilled its obligations under its Charter and that no material changes were required to the Charter or its corporate governance practices;
- the Audit, Risk & Compliance Committee conducted a self evaluation of its performance against its Charter, goals and objectives. The report of the evaluation, which was reviewed by the Board, identified that the Committee had fulfilled its obligations under its Charter and met its objectives and that no material changes were required to the Charter; and
- the Remuneration Committee conducted a self evaluation of its performance against its Charter, goals and objectives. The report of the evaluation, which was reviewed by the Board, identified that the Committee had fulfilled its obligations under its Charter and met its objectives and that no material changes were required to the Charter.

ASX PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

3.1 Code of Conduct

The Board is committed to delivering strong returns and securityholder value whilst also promoting securityholder and general market confidence in the Astro Group and to fostering an ethical and transparent culture within the Astro Group.

The Directors and the Astro Group management team are subject to a *Code of Conduct* which is designed to ensure that:

- high standards of corporate and individual behaviour are observed by all Directors and employees in the context of their employment and in relation to all of the Astro Group's activities;
- employees are aware of their responsibilities to the Astro Group under their contract of employment and always act in an ethical and professional manner and in the best interests of the Astro Group's securityholders; and
- all persons dealing with the Astro Group, whether it be employees, securityholders, suppliers, clients or competitors, can be guided by the stated values and practices of the Astro Group.

The Code of Conduct requires Directors and employees to report any actual or potential breach of the law, the Code or other policies. The Astro Group will ensure that employees are not disadvantaged in any way for reporting violations of the Code or other unlawful or unethical conduct and that matters are dealt with promptly and fairly.

In accordance with the Code of Conduct, the Astro Group aims to provide a work environment in which all employees can excel regardless of race, religion, age, disability, gender, sexual preference or marital status.

The Compliance & Risk Manager has responsibility for monitoring and ensuring ongoing compliance with the Code. A copy of the Code of Conduct is in the Corporate Governance section at www.astrojapanproperty.com.

3.2 Diversity Policy

The Astro Group is committed to workplace diversity, in particular gender diversity. The Astro Group recognises diversity in the workplace as including, but is not limited to, gender, age, ethnicity and cultural background.

The Astro Group recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention and benefits arising from the contributions of people with diverse backgrounds, experiences and perspectives.

The Board has adopted a Diversity Policy under which it seeks to achieve the following objectives to develop and maintain a diverse workplace:

- maintain a workplace culture that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity;
- maintain a workplace culture in which employees have equal access to opportunities available at work, in particular to improve employment and career opportunities for women; and
- recruit from a diverse pool of candidates for all positions, including senior management and Board.

Under the Policy and the Board Charter, the Board must establish measurable objectives for achieving gender diversity, and annually review and assess the measurable gender diversity objectives and the progress towards achieving those objectives.

In accordance with the Policy, it is the responsibility of the Directors to foster a culture at the Board level that embraces diversity in the composition of the Board, with a focus on the participation of woman, and it is the responsibility of the Chief Financial Officer (or equivalent) to implement the principles of the Diversity Policy across the Astro Group workplace and to foster a culture that embraces diversity within the workplace.

A copy of the Diversity Policy is in the Corporate Governance section at www.astrojapanproperty.com.

3.3 Measurable objectives for achieving gender diversity

In accordance with the Diversity Policy, the Board has established the following measurable gender diversity objective:

The measurable gender diversity objective is that for each available position within the Astro Group, 50% of the candidates considered for the position be female and 50% male.

The Board believes that, given the small size of the Astro Group work force (7 employees as at 30 June 2014), the objective is appropriate for the purposes of seeking to achieve a diverse workforce by ensuring that a broad and diverse pool of candidates are considered for each position.

There were no available positions in the Astro Group during the financial year.

The Board believes that the continued application of the objective will assist in seeking to achieve a diverse workforce from a gender perspective.

3.4 Proportion of women employees in the Astro Group

In accordance with the Diversity Policy and the Board Charter, the Board is responsible for conducting an annual review of the relative proportion of women and men in the workforce at all levels of the Astro Group.

The below table sets out details of the relative proportion of employees by gender in the Astro Group workforce as at 30 June 2014.

Gender	Proportion of employees at Board level by gender	Proportion of employees in senior executive positions by gender	Proportion of employees across the whole Astro Group by gender
Women	1 out of 4 positions – 25%	0 out of 2 positions – 0%	2 out of 7 positions – 28.5%
Men	3 out of 4 positions – 75%	2 out of 2 positions – 100%	5 out of 7 positions – 71.5%

ASX PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 Audit, Risk & Compliance Committee

The Board has established an Audit, Risk & Compliance Committee. The role of the Committee is to:

- assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control relating to all matters affecting the Astro Group's financial performance and the audit process relating to the Astro Group;
- implement and supervise the Astro Group's risk management framework;
- assist the Board to discharge its responsibilities under the AJT Compliance Plan adopted by the Responsible Entity; and
- monitor compliance with laws and regulations applicable to the Astro Group.

4.2 Structure of the Audit, Risk & Compliance Committee

The structure of the Audit, Risk and Compliance Committee was consistent with Recommendation 4.2 during the financial year as the Committee comprised only independent non-executive Directors, had an independent non-executive Chairman who was not the Chairman of the Board and had three members. During the period, the Committee comprised Mr Doug Clemson (independent non-executive Committee Chairman), Mr Allan McDonald and Ms Kate McCann.

The Board considers that during the financial year the Committee was of a sufficient size and independence to discharge its mandate effectively in accordance with its Charter.

All members of the Committee during the financial year possessed the requisite financial expertise. Biographies of Committee members are set out in the Directors' Report in the 2014 Financial Report of the Astro Group.

4.3 Charter of the Audit, Risk & Compliance Committee

The Audit, Risk & Compliance Committee has adopted a formal Charter. A copy of the ARCC Charter is in the Corporate Governance section at www.astrojapanproperty.com.

The Charter sets out the Committee's role and responsibilities, composition, structure and membership requirements and procedural requirements of meetings. The Charter specifically sets out the responsibilities of the Committee with respect to financial statements, internal control, external financial audit (including procedures regarding appointment/removal and terms of engagement with the external auditor), risk management, compliance and reporting.

The Committee meets as required but generally not less than four times a year. The Committee reports to the Board following each meeting and makes recommendations to the Board. The Committee met four times during the financial year, and details of member attendance are set out in the Directors' Report in the 2014 Financial Report of the Astro Group.

The Committee reports annually to the Board on its performance against its Charter, goals and objectives, including details of any proposed goals and objectives for the coming year, and any recommended changes or improvements to its Charter.

ASX PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Continuous Disclosure Policy

The Astro Group is committed to complying with its continuous disclosure obligations pursuant to the ASX Listing Rules. The Astro Group's Continuous Disclosure Policy is designed to ensure that all securityholders have equal and timely access to material information concerning the Astro Group. The Astro Group has, at all times during the financial year, been in compliance with its continuous disclosure obligations under the ASX Listing Rules.

The Policy is designed to ensure that materially price sensitive information arising from any part of the Astro Group is immediately notified to the ASX in a complete, balanced and timely manner, unless it falls within the scope of the limited exemptions contained in Listing Rule 3.1A. The Company Secretary is appointed as the person responsible for communications with the ASX.

The Company Secretary, in conjunction with the Chief Financial Officer and the Chairman, will oversee the implementation and operation of the Policy. A copy of the Continuous Disclosure Policy is in the Corporate Governance section at www.astrojapanproperty.com.

ASX PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITYHOLDERS

6.1 Communications with securityholders

The Astro Group's policy on communications is contained within its Continuous Disclosure Policy. The Astro Group is committed to communicating with its securityholders in an effective and timely manner to provide them with ready access to information relating to the Astro Group.

The communications policy consists of the following elements:

- the maintenance of a website at www.astrojapanproperty.com. The Astro Group encourages securityholders to utilise its website as their primary tool to access securityholder information and disclosures. The website provides access to the following information:
 - detailed information regarding the Board, executive management and the business and activities of the Astro Group;
 - all ASX announcements and media releases since listing on the ASX in 2005, which are posted on the website promptly following release;
 - copies of full-year and half-year financial reports;
 - copies of charters and relevant corporate governance policies;
 - copies of the Astro Group's Annual Reports;
 - copies of disclosure documents relating to the Astro Group's capital raisings; and
 - the details of the Astro Group's Security Registry, Link Market Services, including a link to its website which includes a facility for securityholders to amend their particulars;
- communication with the media, analysts and the market generally in relation to the Astro Group activities will normally be undertaken by the Chairman, Mr Lucas as Senior Advisor to the Astro Group and the Chief Financial Officer;
- no media release of a material nature will be issued unless it has first been disclosed to the ASX; and
- the Astro Group recognises the importance of the relationship between the Astro Group, securityholders and analysts. From time to time the Astro Group conducts analyst and securityholder briefings and in these situations the following protocols apply:
 - no price sensitive information will be disclosed at these briefings unless it has been previously, or is simultaneously, released to the market;
 - in order to preserve transparency and confidence in the Astro Group's disclosure practices all information given to analysts at a briefing, such as presentation slides, will also be provided to the Company Secretary for immediate release to the ASX and posted on the Astro Group's website; and
 - all dealings with analysts will be carefully monitored by those employees participating in such dealings to ensure that material non-public information is not inadvertently disclosed and if it is, to immediately disclose that information to the ASX.

In addition, the Annual Report and the Annual Review Booklet facilitate the provision to securityholders on a yearly basis of detailed information in respect of the major achievements, financial results and strategic direction of the Astro Group. Astro Group securityholders are encouraged to receive these documents online for environmental reasons and to reduce cost. A printed copy of the documents is only sent to those securityholders who elect to receive it. A majority of securityholders have elected to receive the documents electronically.

The Astro Group also provides a group briefing on the full year results and half year results via a conference call and webcast facility following the release of the results to the ASX. Advanced notification and invitation to the results presentation is provided to all securityholders and other stakeholders who have subscribed to the Astro Group investor relations email database through the Group's website. The audio file of each results presentation is also maintained on the website for a period of time for future access by securityholders and other stakeholders.

The Astro Group also encourages securityholders to attend general meetings and to use these meetings as an opportunity to ask questions. The Astro Group encourages securityholders to elect to receive electronic distribution of meeting documentation and places the full text of notices of meeting and explanatory memorandum on its website.

ASX PRINCIPLE 7: RECOGNISE AND MANAGE RISK

7.1 Risk management compliance framework

Management of risk is an important focus of the Astro Group in all its business activities. The Astro Group is committed to ensuring that its system of risk oversight, management and internal control complies with the ASX Principle 7.

The Astro Group has adopted a Risk Management Policy which is intended to:

- communicate the roles and accountabilities of participants in the risk management system; and
- provide a framework for identifying, assessing, monitoring and managing risk.

The Policy sets out the Astro Group's risk management system that has been established to identify risks that could have a material impact on the Astro Group business (material business risks). The Policy is consistent with guidance on risk management in AS/NZS ISO 31000:2009 (Risk management – principles and guidelines). In addition to the Policy, a Risk Register is maintained that sets out a list of potential sources of material business risks that could impact the Astro Group which is used by management to identify and manage risks to the Astro Group business.

The Board is ultimately responsible for overseeing and managing the material risks of the Astro Group. The Audit, Risk & Compliance Committee assists the Board in this role. In accordance with its Charter, the role of the Committee includes consideration of the overall risk management framework of the Astro Group and the review of its effectiveness in meeting sound corporate governance principles, reviewing and managing the system for identifying, managing and monitoring the key risks of the Astro Group and obtaining reports from management on the status of any key risk exposures or incidents. In undertaking these responsibilities, the Committee principally relies on the resources and expertise of management to implement and report upon the risk management systems and procedures, which enables the Committee to keep the Board informed of all material business risks.

7.2 Risk management and internal control system

The Compliance & Risk Manager and the Chief Financial Officer play a key role in designing and implementing the Astro Group's risk management and internal control system. The system is reviewed and approved by the Audit, Risk & Compliance Committee and ultimately adopted by the Board upon recommendation by the Committee. The system is documented in the Risk Management Policy and also includes the Risk Register as outlined above.

As part of the risk management system, the Compliance & Risk Manager and the Chief Financial Officer provide a quarterly report to the Committee that identifies material business risks and the actions being taken to manage those risks. The implementation of action plans to address material business risks are monitored via meetings with key management and reports from the Japan Asset Manager. As part of the quarterly report, confirmation is provided to the Committee as to the effectiveness of the Astro Group's management of any material business risks under the risk management and internal control system. The Committee reports any significant risk issues to the Board.

The Astro Group's compliance function also has an important role in risk management. The role of the compliance function is to ensure that the Astro Group complies with regulatory and legal requirements across its business. In accordance with the Corporations Act, the Responsible Entity has established a Compliance Plan which sets out procedures adopted by the Responsible Entity in operating AJT to ensure compliance with the Corporations Act, the Constitution of AJT and the Responsible Entity's licence obligations. This is the primary tool by which the Responsible Entity manages the legal and regulatory risks associated with AJT. An audit of the manner in which the Responsible Entity has discharged its obligations under the Compliance Plan is undertaken by an independent third party auditor on an annual basis, with interim reviews on a half yearly basis.

The Audit Risk & Compliance Committee conducted an annual review of the risk management framework and was satisfied that the framework continued to be sound, and did not recommend to the Board any material changes to the framework.

Due to the size of the Australian operations of the Astro Group, there was no internal audit function during the financial year. Consequently, the Audit, Risk & Compliance Committee places greater reliance on the external auditors with respect to these matters.

7.3 Chief Financial Officer assurance

The Chief Financial Officer has stated to the Board in writing that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system was operating effectively in all material respects in relation to financial reporting risks during the 12 month period to 30 June 2014.

ASX PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Remuneration Committee

The Board has established a Remuneration Committee. The Remuneration Committee meets annually for the purposes of reviewing and making recommendations to the Board on the level of remuneration of the 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 executives and the Directors.

The Remuneration Committee has adopted a formal Charter which sets out, amongst other things, the role and responsibilities of the Committee. The Charter provides that the Committee's function is to support and advise the Board in fulfilling its responsibilities to securityholders, employees and other stakeholders by endeavouring to ensure that:

- the Directors and executives are remunerated fairly and appropriately;
- the remuneration policies and outcomes strike an appropriate balance between the interests of the Astro Group's securityholders and rewarding and motivating the Astro Group's executives and employees in order to secure the long term benefits of their energy and loyalty; and
- the human resources policies and practices are consistent with and complementary to the strategic direction and objectives of the Astro Group as determined by the Board.

The Committee conducts an annual remuneration review of each executive and the non-executive Directors and provides a report to the Board which includes its recommendation. Further details on the role of the Committee and the 2014 remuneration review are set out in the Remuneration Report in the 2014 Financial Report of the Astro Group.

A copy of the Remuneration Committee Charter is in the Corporate Governance section at www.astrojapanproperty.com.

8.2 Structure of the Remuneration Committee

The structure of the Remuneration Committee was consistent with Recommendation 8.2 during the financial year as the Committee comprised only independent non-executive Directors, had an independent non-executive Chairman who was not the Chairman of the Board and had three members. During that period, the Committee comprised Ms Kate McCann (independent non-executive Committee Chairman), Mr Allan McDonald and Mr Doug Clemson.

The Committee meets as required but generally two times a year. The Committee reports to the Board following each meeting and makes recommendations to the Board. The Committee met twice during the financial year, and details of member attendance are set out in the Directors' Report in the 2014 Financial Report of the Astro Group.

8.3 Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives

The Board determines the remuneration structure of non-executive Directors, executive Directors and executives based on the recommendation of the Remuneration Committee.

The non-executive Directors are paid an annual fee for their services on the Board and all committees of the Board. The non-executive Directors do not receive any performance based remuneration or any retirement benefits other than statutory superannuation and do not receive options or bonus payments. The non-executive Directors' 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 remuneration of the executive Director and the other executives consists of two components: base pay and benefits, including superannuation; and short term incentives. Base pay is determined by reference to appropriate benchmark information, taking into account an individual's responsibilities, performance, qualifications and experience. Any short term incentive entitlement is entirely at the discretion of the Committee and is determined based on the results of the Committee's assessment of each executive having regard to the activities and transactions of the Astro Group during the financial year. The remuneration is annually reviewed by the Remuneration Committee.

The remuneration of Directors and executives does not include any equity based remuneration schemes.

Current fees and emoluments are fully disclosed in the Remuneration Report in the 2014 Financial Report of the Astro Group.

SUMMARY OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

The Astro Group was in compliance with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition)* for the reporting period 1 July 2013 to 30 June 2014, other than as set out in the below table. The table also provides reference to the sections in this Statement which outline the reasons for any non-compliance.

	ASX Principle	Reference	Comply (Y/N)
Principle 2:	Structure the board to add value		
2.4	The board should establish a nomination committee. The nomination committee should be structured so that it: <ul style="list-style-type: none"> - consists of a majority of independent directors - is chaired by an independent director - has at least three members 	Section 2.4	N
2.6	Companies should provide the following information in the corporate governance statement of the annual report: <ul style="list-style-type: none"> - the names of members of the nomination committee and their attendance at meetings of the committee 	Section 2.4	N

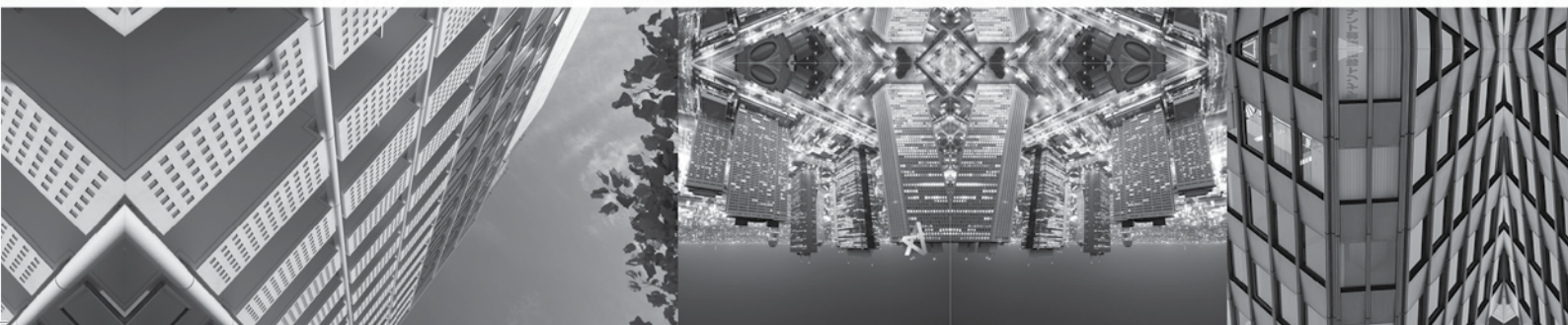
Astro Japan Property Group Limited Financial Report (Listed Company Only)

Annual Financial Report 2014

64	Directors' Report	86	18.	Notes to the consolidated statement of cash flows
71	Auditor's Independence Declaration	86	19.	Financial Risk Management
72	Consolidated Statement of Comprehensive Income	88	20.	Fair value measurement of financial instruments
73	Consolidated Statement of Financial Position	89	21.	Director and executive disclosures
74	Consolidated Statement of Cash Flows	89	22.	Related parties
75	Consolidated Statement of Changes in Equity	90	23.	Contingent asset and liabilities
76	Notes to the Financial Statements	90	24.	Lease commitments
76	1. Statement of Significant Accounting Policies	90	25.	Parent entity financial information
81	2. Revenue	91	26.	Events occurring after the end of the reporting period
81	3. Expenses	91	27.	Impact of the change in accounting policy
82	4. Income tax expense	94		Directors' Declaration
82	5. Earnings per stapled security	95		Independent Auditor's Report
83	6. Cash and cash equivalents			
83	7. Trade and other receivables			
83	8. Property, plant and equipment			
84	9. Intangible assets			
84	10. Financial assets carried at fair value through profit or loss (FVTPL)			
84	11. Trade and other payables			
85	12. Provisions			
85	13. Deferred lease incentive			
85	14. Remuneration of auditors			
85	15. Contributed equity			
86	16. Accumulated losses			
86	17. Dividends			

Important: These financial statements should be read in conjunction with the consolidated financial statements of the Astro Group for the year ended 30 June 2014, which are contained in the front section of this booklet.

The consolidated financial statements of AJCo Group comprise Astro Japan Property Group Limited (ABN 25 135 381 663) (AJCo) and its controlled entity.



The Directors of Astro Japan Property Group Limited (ABN 25 135 381 663) ("AJCo") present their report together with the consolidated financial statements of AJCo and its controlled entity ("AJCo Group" or "Group") for the year ended 30 June 2014.

The Astro Japan Property Group

The Astro Japan Property Group ("Astro Group") comprises Astro Japan Property Trust (ARSN 112 799 854) ("AJT") and its controlled entities and AJCo and its controlled entity. The shares in AJCo are stapled to the units in AJT on a 'one for one' basis and together are referred to as 'stapled securities'. AJCo and AJT 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 and Urgent Issues Group Interpretations. This report is in respect of the AJCo Group.

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

Principal activities

The principal activities of AJCo remain unchanged from 30 June 2013 and are:

- holding 100% of the issued share capital of Astro Japan Property Management Limited ("Responsible Entity"), the Responsible Entity of AJT; and
- holding a 25% economic interest in Spring Investment Co. Ltd ("Japan Asset Manager"), which is the manager of the Astro Group's Japanese property interests.

Financial and operating review

AJCo Group made a profit after income tax of \$1,745,976 for the year ended 30 June 2014 (2013: \$43,065 loss).

Likely developments and expected results of operations

In the year ended 30 June 2014, the primary source of the AJCo Group's revenue was obtained from its deemed parent AJT. As such, the future developments of the AJCo Group are reliant on the future developments of AJT.

Dividends

The Directors have not declared any dividends for the year ended 30 June 2014 (2013: nil).

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 AJCo that occurred during the period under review.

Environmental regulation

To the best of their knowledge and belief after making due enquiry, the Directors have determined that AJCo 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 further 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 AJCo Group, the results of those operations, or the state of affairs of the AJCo Group in subsequent financial years.

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.

Directors

The Directors of AJCo and the Responsible Entity (Directors) at any time during or since the 12 month period ended 30 June 2014 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 AJCo on 20 March 2009 and as a Director of the Responsible Entity on 19 February 2005. 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 Member of the Remuneration Committee	Doug was appointed as a Director of AJCo and as a Director of the Responsible Entity 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 AJCo and as a Director of the Responsible Entity 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 AJCo on 20 March 2009 and as a Director of the Responsible Entity on 19 February 2005. 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	Rubicor 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' Report for the year ended 30 June 2014

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 AJCo and the Responsible Entity 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 AJCo on 20 March 2009 and as Company Secretary of the Responsible Entity on 16 April 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 AJCo and as Company Secretary (alternate) of the Responsible Entity 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 AJCo.

- Indemnities

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, AJCo pays insurance premiums in respect of a Directors and Officers liability insurance contract covering Directors and Officers of AJCo. Under the terms of the Directors and Officers insurance contract, AJCo 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*

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 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.

Directors' Report for the year ended 30 June 2014

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 Director's Report.

Non audit services

The AJCo 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 AJCo Group are important.

Directors' Report for the year ended 30 June 2014

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 AJCo Group, its related practices and non-related audit firms:

	Year ended 30/06/2014	Year ended 30/06/2013
	\$	\$
Taxation advisory services	-	50,950
Taxation compliance services	10,106	11,005
Transaction services	-	27,810
Total non audit fees	10,106	89,765

Basis of Preparation

The financial report for AJCo as at 30 June 2014 has been prepared on a going concern basis as the Directors, after reviewing AJCo's going concern status, have concluded that AJCo 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 Group Limited

Auditor's Independence Declaration



The Board of Directors of
Astro Japan Property Group Limited
Suite 1, Level 14
50 Pitt Street
Sydney NSW 2000

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

27 August 2014

Dear Directors

Astro Japan Property Group Limited

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 Group Limited.

As lead audit partner for the audit of the financial statements of Astro Japan Property Group Limited 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 \$	30 Jun 13 \$
Revenue			
Revenue	2(a)	1,740,080	2,047,524
Financing income	2(b)	307,978	351,123
Distribution income		1,310,081	1,320,926
Net gains on financial assets held at fair value through profit and loss	20(b)	1,263,950	-
Net foreign exchange gain		25,341	-
Total revenue and other income		4,647,430	3,719,573
Expenses			
Operating expenses	3	(2,001,971)	(2,315,276)
Net losses on financial assets held at fair value through profit and loss	20(b)	-	(1,133,908)
Total expenses		(2,001,971)	(3,449,184)
Profit before income tax		2,645,459	270,389
Income tax expense	4	(899,483)	(313,454)
Profit/(loss) for the period		1,745,976	(43,065)
Other comprehensive income		-	-
Total comprehensive income for the period		1,745,976	(43,065)
Total comprehensive income for the year is attributable to:			
Members of the Company		1,745,976	(43,065)
Basic and diluted earnings per share	5	2.60¢	(0.07¢)

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

Consolidated Statement of Financial Position as at 30 June 2014

	Note	30 Jun 14 \$	30 Jun 13 \$	1 Jul 12 \$
Current assets				
Cash and cash equivalents	6	5,176,146	4,960,792	5,100,163
Trade and other receivables	7	1,019,152	826,708	586,340
Prepayments		406,151	449,939	511,456
Fees receivable - related party - AJT	22	185,263	323,672	199,666
Loan receivable - related party - AJT	22	7,735,342	6,978,583	3,218,994
Total current assets		14,522,054	13,539,694	9,616,619
Non-current assets				
Property, plant and equipment	8	30,603	34,531	51,477
Financial assets carried at fair value through the profit and loss	10	4,654,384	3,390,434	6,290,151
Intangible assets	9	3,000,000	3,010,060	3,022,140
Deferred tax asset	4(d)	28,032	29,308	29,861
Total non-current assets		7,713,019	6,464,333	9,363,629
Total assets		22,235,073	20,004,027	19,010,248
Current liabilities				
Trade and other payables	11	106,133	178,022	168,401
Provisions	12	52,691	47,089	37,494
Deferred lease incentive	13	4,761	10,840	6,065
Current tax liabilities		238,148	76,790	301,341
Total current liabilities		401,733	312,741	513,301
Non-current liabilities				
Deferred lease incentive	13	-	4,761	15,601
Deferred tax liability	4(e)	415,387	14,548	14,548
Total non-current liabilities		415,387	19,309	30,149
Total liabilities		817,120	332,050	543,450
Net assets		21,417,953	19,671,977	18,466,798
Equity				
Contributed equity	15	28,581,065	28,581,065	27,332,821
Accumulated losses	16	(7,163,112)	(8,909,088)	(8,866,023)
Total equity		21,417,953	19,671,977	18,466,798

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

Consolidated Statement of Cash Flows for the year ended 30 June 2014

	Note	30 Jun 14 \$	30 Jun 13 \$
Cash flows from operating activities			
Receipt of responsible entity fees		2,066,339	2,115,870
Payments from continuing operations		(2,201,586)	(2,399,147)
Realised foreign exchange gains		25,342	-
Interest received		120,737	149,083
Japanese withholding tax paid		(233,396)	(216,112)
Australian income taxes paid		(102,614)	(321,343)
Net cash outflow from operating activities	18	(325,178)	(671,649)
Cash flows from investing activities			
Distributions received		1,117,637	2,846,367
Purchase of property, plant and equipment	8	(7,586)	(4,785)
Net cash inflow from investing activities		1,110,051	2,841,582
Cash flows from financing activities			
Equity issued		-	1,315,012
Equity issue and consolidation transaction costs		-	(66,768)
Increase in loan to AJT		(569,519)	(3,557,548)
Net cash outflow from financing activities		(569,519)	(2,309,304)
Net (decrease)/increase in cash and cash equivalents		215,354	(139,371)
Cash and cash equivalents at the beginning of the reporting period		4,960,792	5,100,163
Cash and cash equivalents at the end of the reporting period	6	5,176,146	4,960,792

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

Consolidated Statement of Changes in Equity for the year ended 30 June 2014

	Note	Contributed Equity \$	Accumulated Losses \$	Total \$
Total equity at 1 July 2012		27,332,821	(8,866,023)	18,466,798
Loss for the period		-	(43,065)	(43,065)
Other comprehensive income		-	-	-
Total comprehensive income/(expense) for the period		-	(43,065)	(43,065)
Transactions with equity holders in their capacity as equity holders				
Issue of stapled securities, net of transaction costs	15	1,248,244	-	1,248,244
Total transactions with equity holders in their capacity as equity holders		1,248,244	-	1,248,244
Total equity at 30 June 2013	15,16	28,581,065	(8,909,088)	19,671,977
Total equity at 1 July 2013		28,581,065	(8,909,088)	19,671,977
Profit for the period		-	1,745,976	1,745,976
Other comprehensive income		-	-	-
Total comprehensive income/(expense) for the period		-	1,745,976	1,745,976
Total equity at 30 June 2014	15,16	28,581,065	(7,163,112)	21,417,953

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

1. Statement of Significant Accounting Policies

(a) Basis of preparation

Astro Japan Property Group Limited (AJCo) is domiciled in Australia. The AJCo Group comprises AJCo and its controlled entity, Astro Japan Property Management Limited.

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

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

The principal accounting policies adopted in the preparation of the financial report are set out below.

These general purpose financial statements have 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* (Cth).

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

The financial statements are presented in Australian dollars.

(b) 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 AJCo 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 AJCo 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 AJCo 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.

(c) Basis of consolidation

The AJCo 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 AJCo 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 AJCo 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 AJCo Group are eliminated in full on consolidation.

(d) Changes in accounting policy

The AJCo 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*.

Other than the change in accounting policy detailed below no other significant changes to the AJCo Group's financial performance, position or accounting principles have occurred as a result of the application of the new and amended standards, mandatory for annual reporting periods beginning on or after 1 July 2013.

Following a reassessment of AASB 128 *Investments in Associates and Joint Ventures* ("AASB 128"), as a result of the change in definition of power brought about by AASB 10 *Consolidated Financial Statements* ("AASB 10"), the AJCo Group's economic interest in Spring Investments Co., Ltd. (Spring) is now recognised as a financial asset carried at fair value through profit and loss. This economic interest had previously been accounted for as an investment in associate accounted for using the equity method, however the reassessment of AASB 128 deemed that the AJCo Group does not exert significant influence over this entity, as it does not have voting participation at the TK level, and therefore the economic interest in Spring is recognised as a financial asset carried at fair value through profit and loss.

Impact of change in accounting policy

Refer to note 27 for a summary of the impact of the change in accounting policy.

(e) Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying AJCo's accounting policies.

The AJCo 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. This includes critical estimates used in impairment testing of goodwill, refer to note 1(q)(i) and note 9(a).

i) Estimated impairment of goodwill

The AJCo Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(q)(i). The recoverable amount of goodwill has been determined based on fair value less cost to sell calculations. These calculations require the use of assumptions. Refer to note 9(a) for details of these assumptions and the potential impact of changes to the assumptions.

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

The AJCo Group recognises the economic interest in Spring as a financial asset at FVTPL as per note 1(r). 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 20(b).

(f) Foreign currency

i) Functional and presentation currency

Items included in the consolidated financial statements 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 AJCo'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 financial 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.

iii) Foreign interest

The 25% economic interest in the financial asset is translated into Australian currency at the rate of exchange current at the end of the reporting period, while its income and expenditures are translated at the average of rates ruling during the reporting period. Exchange differences arising on translation are taken to the foreign currency translation reserve.

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash at bank and a cash bank guarantee.

(h) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of amounts collected on behalf of third parties.

The AJCo 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 AJCo Group's activities as described below. The AJCo 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) Financing income

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

ii) Responsible entity fees

Arranging and base fees are recognised on a cost recovery basis.

All other revenue is recognised on an accruals basis.

(i) Tax

i) Australian income tax

The income tax expense or benefit for the year is the tax payable on the current year'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.

ii) 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.

iii) 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, Spring Investment Co, Ltd will make cash distributions to the AJCo 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 AJCo Group.

iv) Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

(j) Goods and services tax

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 statement of financial position.

Cash flows are included in the statement 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.

(k) Loan payables

Loan payables are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They are included in current liabilities, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current liabilities.

(l) 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 AJCo and are stated at cost. Trade accounts payable are normally settled within 60 days.

(m) 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.

(n) 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. Provision for impairment is booked when there is objective evidence that AJCo 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 asset carrying amount exceeds its recoverable amount based on the present value of estimated future cash flows.

(o) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares 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 share buy-back, those instruments are deducted from equity and the associated shares 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.

(p) 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 Company 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 the statement of comprehensive income 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 the end of each reporting period. 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 the statement of comprehensive income.

AJCo Group tests property, plant, and equipment annually for any impairment, the value is adjusted if appropriate at each reporting date.

(q) Intangible assets

i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the AJCo 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, refer to note 9. 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.

Notes to the Financial Statements for the year ended 30 June 2014

AJCo Group tests intangible assets annually for any impairment, the value is adjusted if appropriate at each reporting date.

(r) 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 20(b).

(s) 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.

(t) 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 AJCo Group as lessee are classified as operating leases (see Note 24 for details of leases). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(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 of the end of the reporting period are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. 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) Earnings per Share

Basic earnings per share is determined by dividing net profit attributable to the shareholders of AJCo by the weighted average number of shares on issue during the reporting period.

Diluted earnings per share is determined by dividing net profit attributable to the shareholders of AJCo by the weighted average number of ordinary shares and dilutive potential ordinary shares on issue during the financial year.

(w) Parent entity financial information

The financial information for the parent entity, AJCo, disclosed in note 25 has been prepared on the same basis as the consolidated financial statements, except as set out below.

i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of AJCo. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(x) 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 AJCo 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 AJCo 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. Initial indications are that it is unlikely to have a material impact on the AJCo Group.

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 AJCo Group's accounting policies. However, the pronouncements will result in changes to information currently disclosed in the financial statements. The AJCo Group does not intend to adopt any of these pronouncements before their effective

2. Revenue

	30 Jun 14	30 Jun 13
	\$	\$
a) Revenue from continuing operations		
Base fee – AJT	1,740,080	1,890,366
Arranging fees - AJT	-	157,158
Total revenue from continuing operations	1,740,080	2,047,524
(b) Financing income		
Financing income	307,978	351,123
Total financing income	307,978	351,123

3. Expenses

	30 Jun 14	30 Jun 13
	\$	\$
Employee expenses & Directors fees (including payroll tax)	1,205,566	1,307,651
Insurance	350,468	366,544
Depreciation and amortisation	21,574	33,811
Superannuation contributions	84,349	86,903
Regulatory and registrar costs	3,939	3,897
Lease payments	113,342	113,342
Audit fees	48,290	41,000
Professional fees	13,876	176,757
Premises expenses	49,355	55,613
IT expenses	43,223	32,965
Travel expenses	741	30,940
Other expenses	67,248	65,853
Total expenses	2,001,971	2,315,276

Notes to the Financial Statements for the year ended 30 June 2014

4. Income tax expense

	30 Jun 14 \$	30 Jun 13 \$
(a) Income tax expense		
Current tax expense	497,368	312,901
Deferred tax expense/(benefit)	402,115	553
(b) Reconciliation of tax expense		
Profit before income tax	2,645,459	270,389
Tax expense/(benefit) at the prima facie Australian tax rate of 30%	793,638	81,117
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
Distribution income from Spring	102,988	(111,797)
Fair value adjustment to financial assets	(379,185)	340,172
Overhead costs	(21,182)	5,275
	496,259	314,767
Adjustments for current tax of prior periods	1,109	(1,866)
Deferred Australian tax asset on audit accrual	(297)	1,613
Deferred Australian tax asset on lease incentive	3,253	1,819
Deferred Australian tax asset on employee entitlements	(1,680)	(2,879)
Deferred Australian tax liability on prepayments	(727)	-
Deferred Australian tax liability on FV movement of financial asset at FVTPL	401,566	-
Income tax expense	899,483	313,454

(c) Amounts recognised directly in equity

No amounts have been recognised directly in equity during the reporting period.

	30 Jun 14 \$	30 Jun 13 \$
(d) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Employee entitlements	15,807	14,127
Audit accrual	10,797	10,500
Lease incentive	1,428	4,681
	28,032	29,308
<i>Movements:</i>		
Opening balance at beginning of year	29,308	29,861
(Debited)/credited to the Consolidated Statement of Comprehensive Income	(1,276)	(553)
Closing balance at the end of the year	28,032	29,308
Deferred tax expected to be recovered within 12 months	28,032	27,880
Deferred tax expected to be recovered after more than 12 months	-	1,428

	30 Jun 14 \$	30 Jun 13 \$
(e) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Prepayments	13,821	14,548
Fair value movement of financial asset at FVTPL	401,566	-
	415,387	14,548
<i>Movements:</i>		
Opening balance at beginning of year	14,548	14,548
Debited to the Consolidated Statements of Comprehensive Income	400,839	-
Closing balance at the end of the year	415,387	14,548
Deferred tax expected to be settled within 12 months	13,821	14,548
Deferred tax to be settled after more than 12 months	401,566	-

5. Earnings per stapled security

	30 Jun 14 \$	30 Jun 13 \$
Basic and diluted	2.60¢	(0.07¢)
Profit attributable to members used in calculating basic and diluted earnings per security	1,745,976	(43,065)
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 security shown above is based on the number of securities on issue during the period.

6. Cash and cash equivalents

	30 Jun 14 \$	30 Jun 13 \$
Cash at bank	5,030,146	4,814,792
Restricted cash	146,000	146,000
Total cash and cash equivalents	5,176,146	4,960,792

Cash at bank and restricted cash are bearing floating interest rates, with a weighted average effective interest rate of 2.54% (2013: 2.29%). Related to the restricted cash balance is a bank guarantee with NAB provided to Hyde Park Management Ltd of \$126,000, of which \$477 was undrawn as at 30 June 2014.

7. Trade and other receivables

	30 Jun 14 \$	30 Jun 13 \$
Distribution receivable	1,019,152	826,708
Trade and other receivables	1,019,152	826,708

8. Property, plant and equipment

	Computer Equipment \$	Office Equipment \$	Fixtures and Fittings \$	Total \$
Period ended 30 June 2013				
Opening balance	24,969	11,798	14,710	51,477
Additions	-	2,150	2,635	4,785
Disposals	-	-	-	-
Depreciation	(18,024)	(2,378)	(1,329)	(21,731)
Closing net book amount	6,945	11,570	16,016	34,531
At 30 June 2013				
Cost	66,879	18,580	19,660	105,119
Accumulated Depreciation	(59,934)	(7,010)	(3,644)	(70,588)
Net book amount	6,945	11,570	16,016	34,531
Year ended 30 June 2014				
Opening balance	6,945	11,570	16,016	34,531
Additions	7,586	-	-	7,586
Disposals	-	-	-	-
Depreciation	(7,547)	(2,440)	(1,527)	(11,514)
Closing net book amount	6,984	9,130	14,489	30,603
At 30 June 2014				
Cost	74,465	18,580	19,660	112,705
Accumulated Depreciation	(67,481)	(9,450)	(5,171)	(82,102)
Net book amount	6,984	9,130	14,489	30,603

Notes to the Financial Statements for the year ended 30 June 2014

9. Intangible assets

	Software \$	Goodwill \$	Total \$
Year ended 30 June 2013			
Opening balance	22,140	3,000,000	3,022,140
Amortisation charge	(12,080)	-	(12,080)
Closing net book amount	10,060	3,000,000	3,010,060
At 30 June 2013			
Cost	48,299	14,999,998	15,048,297
Accumulated amortisation and impairment	(38,239)	(11,999,998)	(12,038,237)
Net book amount	10,060	3,000,000	3,010,060
Year ended 30 June 2014			
Opening balance	10,060	3,000,000	3,010,060
Amortisation charge	(10,060)	-	(10,060)
Closing net book amount	-	3,000,000	3,000,000
At 30 June 2014			
Cost	48,299	14,999,998	15,048,297
Accumulated amortisation and impairment	(48,299)	(11,999,998)	(12,048,297)
Net book amount	-	3,000,000	3,000,000

(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 determined 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 AJCo 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.

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

	30 Jun 14 \$	30 Jun 13 \$
Financial assets carried at fair value through profit and loss	4,654,384	3,390,434

As a result of a change in accounting policy the AJCo Group's economic interest in Spring is now recognised as a financial asset carried at fair value through profit and loss, refer to note 1(d). An overview of the valuation methodology relating to financial assets carried at fair value through profit and loss is included in note 20.

11. Trade and other payables

	30 Jun 14 \$	30 Jun 13 \$
Trade payables	47,468	105,636
Audit fee accrual	22,300	22,000
GST payable	36,365	50,386
	106,133	178,022

12. Provisions

	30 Jun 14	30 Jun 13
	\$	\$
Annual leave accrual	52,691	47,089

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

13. Deferred lease incentive

	30 Jun 14	30 Jun 13
	\$	\$
Current	4,761	10,840
Non-current	-	4,761
Deferred lease incentive	4,761	15,601

The AJCo Group received the benefit of an initial rent-free period upon signing the lease for the office premises. 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:

	Deferred lease incentive accrual 30 Jun 14	Deferred lease incentive accrual 30 Jun 13
	\$	\$
Carrying amount at start of period	15,601	21,665
Amounts used during the period	(10,840)	(6,064)
Carrying amount at end of period	4,761	15,601

14. Remuneration of auditors

	30 Jun 14	30 Jun 13
	\$	\$

Audit services:

Auditors of AJCo Group

Deloitte Touche Tohmatsu Australia:

- Audit of financial reports	33,800	27,000
- Australian financial services license audit	5,175	5,000
- Compliance plan audit	9,315	9,000
	48,290	41,000

Other services:

Auditors of AJCo Group

Deloitte Touche Tohmatsu:

- Taxation advisory services	-	50,950
- Taxation compliance services	10,106	11,005
- Transaction services	-	27,810
	10,106	89,765

15. Contributed equity

	30 Jun 14	30 Jun 13
	\$	\$

Securities on issue

Movements in number of securities

	Number	Number
Number at beginning of financial period	67,211,752	58,445,002
Issue of securities	-	8,766,750
Number at end of financial period	67,211,752	67,211,752

Movements in contributed equity

	\$	\$
Balance at beginning of financial period	28,581,065	27,332,821
Issue of securities, net of issue costs	-	1,248,244
Balance at end of financial period	28,581,065	28,581,065

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, AJPML does not have a limited amount of authorised capital and issued shares do not have a par value.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of AJCo in proportion to the number of shares held.

Notes to the Financial Statements for the year ended 30 June 2014

16. Accumulated losses

	30 Jun 14	30 Jun 13
	\$	\$
Opening balance	(8,909,088)	(8,866,023)
Net profit attributable to members of AJCo	1,745,976	(43,065)
Balance at the end of the period	(7,163,112)	(8,909,088)

17. Dividends

(a) Ordinary securities

No dividends have been paid or declared for the financial year ended 30 June 2014 (2013: \$nil)

(b) 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.

	30 Jun 14	30 Jun 13
	\$	\$
Franking credits available for subsequent financial years based on a tax rate of 30% (2013 - 30%)	664,856	519,810

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.

18. Notes to the consolidated statement of cash flows

	30 Jun 14	30 Jun 13
	\$	\$
Reconciliation of the net profit after tax to net cash flows from operating activities		
Profit/(loss) for the year	1,745,976	(43,065)

Adjustments for non cash items and items classified as investing or financing activities

Depreciation and amortisation expense	21,574	33,811
Interest on AJT loan	(187,240)	(202,039)
Fair value adjustments to financial assets held at FVTPL	(1,263,950)	1,133,908
Distribution income	(1,310,081)	(1,320,926)
Net cash used in operating activities before changes in assets & liabilities	(993,721)	(398,311)

Change in operating assets and liabilities during the financial period:

Decrease/(increase) in fee receivable	138,409	(124,006)
Decrease in prepayments	43,788	61,517
Decrease in deferred tax assets	1,276	553
Increase/(decrease) in current tax liabilities	161,358	(224,554)
Increase in deferred tax liability	400,839	-
(Decrease)/increase in trade and other payables, provisions and deferred lease incentives	(77,127)	13,152
Net cash flows used in operating activities	(325,178)	(671,649)

19. Financial Risk Management

The AJCo Group's activities are exposed to a variety of financial risks, including: market risk (interest rate risk, equity price risk and currency risk), credit risk, and liquidity risk. The AJCo Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the AJCo Group.

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

The AJCo Board has overall responsibility for the establishment and oversight of the AJCo risk management framework. The Board has established an Audit Risk & Compliance Committee which is responsible for monitoring the identification and management of key risks to the business. The ARCC meets regularly and reports to the Board on its activities.

(a) Market Risks

Market risk refers to the potential for changes in the market value of the AJCo Group's investment positions or revenue streams. There are various types of market risks including exposures associated with interest rates, equity market prices, currency rates and the general market values of asset classes in which the AJCo Group invests or which it manages.

(i) Interest rate risk

The AJCo Group receives interest on its cash at bank at a weighted average effective interest rate of 2.54% at period end. All receivables and payables are on interest free terms.

(ii) Currency risk

The AJCo Group has a 25% economic interest in the Japan Asset Manager which is denominated in JPY. As a result, the AJCo 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 AJCo Group's functional currency, AUD, and from net investments in foreign operations. The risk is measured using cash flow forecasting and sensitivity analysis.

The AJCo Group does not mitigate the effect of currency exposure on the Consolidated Statement of Financial Position.

(iii) Sensitivity analysis

The sensitivity analysis below summarises the sensitivity of the AJCo Group's financial assets and financial liabilities to interest rate risk based on reasonably possible changes in interest rates.

	Increase by 50 bps		Decrease by 50 bps	
	2014	2013	2014	2013
	\$	\$	\$	\$
Net profit/(loss)				
Cash and cash equivalents	25,881	24,804	(25,881)	(24,804)
Total net profit/(loss)	25,881	24,804	(25,881)	(24,804)

(b) Credit Risks

Credit risk refers to the loss that AJCo would incur if a debtor or other counterparty fails to perform under its contractual obligations.

AJCo's maximum exposures to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position.

AJCo seeks to limit its exposure to credit risks as follows:

- Conducting appropriate due diligence on counterparties before entering into arrangements with them.
- Obtaining where appropriate, collateral with a value in excess of the counterparties' obligation to AJCo – providing a "margin of safety" against loss.

At the end of the reporting period no collateral is held as security for any financial assets of AJCo.

AJCo has no significant concentrations of credit risk, other than the loan to AJT of \$7,735,342, refer to note 22(c). The credit quality of all financial assets are consistently monitored in order to identify any potential adverse changes in the credit quality. Cash is held with an institution with a Standard & Poor's AA long-term credit rating. Receivables are unrated.

(c) Liquidity Risks

AJCo manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

The table below analyses AJCo's financial liabilities into relevant maturity groupings at the end of the reporting period based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 6 months	Between 6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 June 2014					
Payables	(106,133)	-	-	-	-
Current tax payable	(238,148)	-	-	-	-
Net Maturity	(344,281)	-	-	-	-
At 30 June 2013					
Payables	(178,022)	-	-	-	-
Current tax payable	(76,790)	-	-	-	-
Net Maturity	(254,812)	-	-	-	-



(d) Capital risk management

The AJCo 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 AJCo Group consists of equity as listed in Note 15. The analysis of capital is provided in these Notes.

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

20. Fair value measurement of financial instruments

The AJCo 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

(a) Fair Value Hierarchy

The AJCo 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*:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(b) 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

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following tables present the AJCo Group's financial assets and liabilities measured and recognised at fair value at 30 June 2014 and 30 June 2013:

30 June 2014 - \$				
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets carried at fair value through profit and loss				
Unlisted investments	-	-	4,654,384	4,654,384
Total assets	-	-	4,654,384	4,654,384

30 Jun 2013 - \$				
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets carried at fair value through profit and loss				
Unlisted investments	-	-	3,390,434	3,390,434
Total assets	-	-	3,390,434	3,390,434

The Astro Group holds no Level 1 or Level 2 derivatives.

(b) 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	Total
	\$	\$
Level 3 fair value movement		
Balance at 1 July 2012	6,290,151	6,290,151
Capital return from Spring	(1,765,809)	(1,765,809)
Net fair value gain through profit and loss	(1,133,908)	(1,133,908)
Balance at 30 June 2013	3,390,434	3,390,434
Balance at 1 July 2013	3,390,434	3,390,434
Net fair value gain through profit and loss	1,263,950	1,263,950
Balance at 30 June 2014	4,654,384	4,654,384

¹The fair value of the unlisted investment is calculated on a net present value basis, forecast cash flows over ten years are discounted at a rate of 12%, this rate is based upon the ten year risk-free rate plus an equity premium. The fair value of the unlisted investment is determined in Japanese Yen and translated to Australian Dollar at the relevant period end foreign exchange rate.

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 AJCo Group's profit for the period ending 30 June 2014:

Description	Change in unobservable input	30 Jun 14 \$
Fair value of Level 3 Unlisted investments		4,654,384
	Increase of 1% in Discount rate	(144,681)
	Decrease of 1% in Discount rate	153,667
	Increase of 10% in AUD/JPY foreign exchange rate	(423,144)
	Decrease of 10% in AUD/JPY foreign exchange rate	517,176

21. Director and executive disclosures

(a) Key Management Personnel

i) Directors

The names of each person holding the position of Director of the Responsible Entity and also AJCo during the financial year were Mr F A McDonald, Mr J Pettigrew, Mr D Clemson, and Ms K McCann.

ii) Other Key Management Personnel

The Senior Advisor to the Astro Group, Mr 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 the other executives who conduct the asset management activities in Japan. The Japan Asset Manager is not a subsidiary 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

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 K McCann (Chair), Mr A McDonald and Mr D 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. Remuneration of Key Management Personnel is set out below:

	30 Jun 14 \$	30 Jun 13 \$
Short-term employee benefits	589,060	621,500
Post-employment benefits	48,253	46,125

(c) Securityholdings

The number of Astro Group securities held by each Director of AJCo 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	-	-	-

(d) Directors loans and other transactions

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

22. Related parties

(a) Key Management Personnel

Disclosures relating to Key Management Personnel are set out in Note 21. Further information can also be found in the Remuneration Report included in the Directors' Report.

Notes to the Financial Statements for the year ended 30 June 2014

(b) Directors

Disclosures relating to directors are set out in Note 21. Further information can also be found in the Remuneration Report included in the Directors' Report.

(c) Transactions with related parties

The table below provides the total amount of receipts/(payments) between the AJCo Group and related parties for the relevant financial

	30 Jun 14	30 Jun 13
	\$	\$
Base fees received/receivable for Responsible Entity services	1,740,080	1,890,366
Fees received for arranging services	-	157,158

Spring Investment Co, Ltd

Distribution paid and payable from Spring	1,310,081	1,320,926
Return of capital	-	1,765,809

	30 Jun 14	30 Jun 13
	\$	\$

Outstanding balances

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

Receivable

Base fees receivable for Responsible Entity services from Astro Japan Property Trust	185,263	323,672
Loan receivable from Astro Japan Property Trust	7,735,342	6,978,583

23. Contingent asset and liabilities

The AJCo Group has no contingent assets or liabilities or category of contingent assets or liabilities which are material.

24. Lease commitments

The AJCo 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:

	30 Jun 14	30 Jun 13
	\$	\$
No later than 1 year	33,097	124,183
Later than 1 year and no later than 5 years	-	33,097
Total lease commitments	33,097	157,280

25. Parent entity financial information

(a) Summary financial information

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

	30 Jun 14	30 Jun 13
	\$	\$
Statement of financial position		
Current Assets	8,807,947	7,823,557
Total Assets	22,173,305	19,924,875
Current Liabilities	353,787	252,900
Total Liabilities	755,354	252,900
Shareholder's equity		
Issued capital	28,581,063	28,581,063
Retained Earnings	(7,163,112)	(8,909,088)
	21,417,951	19,671,975
Profit or loss for the period	1,745,976	(43,605)
Total comprehensive income	1,745,976	(43,605)

(b) Guarantees entered into by the parent entity

The parent entity has not given any guarantees as at 30 June 2014 (30 June 2013: nil).

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2014.

26. Events occurring after the end of the reporting period

The Directors are not aware of any further 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 AJCo Group, the results of those operations, or the state of affairs of the AJCo Group in subsequent financial years.

27. Impact of the change in accounting policy

As a result of the change in accounting policy referred to in note 1(d), certain amounts previously disclosed in the AJCo 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 as 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	5,100,163	-	5,100,163
Trade and other receivables	-	586,340	586,340
Prepaid insurance	511,456	-	511,456
Fees receivable - related party - AJT	199,666	-	199,666
Loan receivable - related party - AJT	3,218,994	-	3,218,994
Total current assets	9,030,279	586,340	9,616,619
Non-current assets			
Property, plant and equipment	51,477	-	51,477
Financial assets carried at fair value through profit and loss	-	6,290,151	6,290,151
Investment in associate accounted for using the equity method	4,994,103	(4,994,103)	-
Intangible assets	3,022,140	-	3,022,140
Deferred tax asset	29,861	-	29,861
Total non-current assets	8,097,581	1,296,048	9,393,629
Total assets	17,127,860	1,882,388	19,010,248
Current liabilities			
Trade and other payables	168,401	-	168,401
Provisions	37,494	-	37,494
Deferred lease incentive	6,065	-	6,065
Current tax liabilities	301,341	-	301,341
Total current liabilities	513,301	-	513,301
Non-current liabilities			
Deferred lease incentive	15,601	-	15,601
Deferred tax liability	14,548	-	14,548
Total non-current liabilities	30,149	-	30,149
Total liabilities	543,450	-	543,450
Net assets	16,584,410	1,882,388	18,466,798
Equity			
Contributed equity	27,332,821	-	27,332,821
Reserves	(1,102,451)	1,102,451	-
Retained profits/(accumulated losses)	(9,645,960)	779,937	(8,866,023)
Total equity	16,584,410	1,882,388	18,466,798

Notes to the Financial Statements for the year ended 30 June 2014

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

	30 June 13 as previously stated \$'000	Change in accounting policy \$'000	30 June 13 as now restated \$'000
Revenue			
Revenue	2,047,524	-	2,047,524
Financing income	351,123	-	351,123
Distribution income	-	1,320,926	1,320,926
Share of net profit of associate	1,418,965	(1,418,965)	-
Total revenue and other income	3,817,612	(98,039)	3,719,573
Expenses			
Operating expenses	(2,315,275)	-	(2,315,276)
Net losses on financial assets held at FVTPL	-	(1,133,908)	(1,133,908)
Total expenses	(2,315,275)	(1,133,908)	(3,449,184)
Profit/(loss) before tax	1,502,337	(1,231,948)	270,389
Income tax expense	(313,454)	-	(313,454)
Profit/(loss) for the period	1,188,883	(1,231,948)	(43,065)
Other comprehensive income, net of income tax			
Foreign exchange translation differences	(388,668)	388,668	-
Total comprehensive income for the period	800,215	(843,280)	(43,065)
Basic and diluted earnings/(losses) per share	1.91¢	(1.84)¢	0.07¢

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

	30 June 13 as previously stated \$'000	Change in accounting policy \$'000	30 June 13 as now restated \$'000
Cash flows from operating activities			
Receipts of responsible entity fees	2,115,870	-	2,115,870
Payments to suppliers & employees	(2,399,147)	-	(2,399,147)
Interest received	149,083	-	149,083
Japanese withholding tax paid	(216,112)	-	(216,112)
Australian income tax paid	(321,343)	-	(312,343)
Net cash outflow from operating activities	(671,649)	-	(671,649)
Cash flows from investing activities			
Distributions received	-	2,846,367	2,846,367
Investment income from associate	1,080,558	(1,080,558)	-
Return of capital from associate	1,765,809	(1,765,809)	-
Purchase of plant, property and equipment	(4,785)	-	(4,785)
Net cash inflow from investing activities	2,841,582	-	2,349,999
Cash flows from financing activities			
Equity issued	1,315,012	-	1,315,012
Equity issue and consolidation transaction costs	(66,768)	-	(66,768)
Loan to AJT	(3,557,548)	-	(3,557,548)
Net cash outflow from financing activities	(2,309,304)	-	(2,309,304)
Net increase in cash and cash equivalents	(139,371)	-	(139,371)
Cash and cash equivalents at the beginning of the period	5,100,163	-	5,100,163
Cash and cash equivalents at the end of the period	4,960,792	-	4,960,792

Impact on consolidated statement of financial position as 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	4,960,792	-	4,960,792
Trade and other receivables	-	826,708	826,708
Prepaid insurance	449,939	-	449,939
Fees receivable - related party - AJT	323,672	-	323,672
Loan receivable - related party - AJT	6,978,583	-	6,978,583
Total current assets	12,712,986	826,708	13,539,694
Non-current assets			
Property, plant and equipment	34,531	-	34,531
Financial assets carried at fair value through profit and loss	-	3,390,434	3,390,434
Investment in associate accounted for using the equity method	3,178,034	(3,178,034)	-
Intangible assets	3,010,060	-	3,010,060
Deferred tax asset	29,308	-	29,308
Total non-current assets	6,251,933	212,400	6,464,333
Total assets	18,964,919	1,039,108	20,004,027
Current liabilities			
Trade and other payables	178,022	-	178,022
Provisions	47,089	-	47,089
Deferred lease incentive	10,840	-	10,840
Current tax liabilities	76,790	-	76,790
Total current liabilities	312,741	-	312,741
Non-current liabilities			
Deferred lease incentive	4,761	-	4,761
Deferred tax liabilities	14,548	-	14,548
Total non-current liabilities	19,309	-	19,309
Total liabilities	332,050	-	332,050
Net assets	18,632,869	1,039,108	19,671,977
Equity			
Contributed equity	28,581,065	-	28,581,065
Reserves	(1,491,119)	1,491,119	-
Accumulated losses	(8,457,077)	(452,011)	(8,909,088)
Total equity	18,632,869	1,039,108	19,671,977

Directors' Declaration

- 1 In the opinion of the Directors of Astro Japan Property Group Limited (AJCo):
 - 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 AJCo 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 AJCo 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 Group Limited



Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX: 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Report to the securityholders of Astro Japan Property Group Limited

Report on the Financial Report

We have audited the accompanying financial report of Astro Japan Property Group Limited (the Company), 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 comprising the Company and the entities it controlled at the year's end or from time to time during the year as set out on pages 72 to 94.

Directors' Responsibility for the Financial Report

The directors of the Company 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 Group Limited, 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 Group Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated 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 67 to 69 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 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

A handwritten signature in black ink, appearing to read 'AG Collinson', with a large circular flourish to the right.

AG Collinson
Partner
Chartered Accountants
Sydney, 27 August 2014

Additional Securityholder Information

The Astro Group is required under the ASX Listing Rules to disclose the additional information which is set out in this section. The information is current as at 1 September 2014.

Stapled securities

Each Astro Group stapled security comprises one unit in AJT and one share in AJCo which are stapled together in accordance with each entity's Constitution and cannot be traded or dealt with separately. The Astro Group stapled securities are traded on the ASX under the code 'AJA'. In accordance with the ASX's requirements for stapled securities, the ASX reserves the right (but without limiting its absolute discretion) to remove AJT or AJCo or both from the ASX Official List if any of the AJT units and the AJCo shares cease to be stapled together or any equity securities are issued by AJT or AJCo which are not stapled to equivalent securities in the other entity.

Number of stapled securities and holders

The total number of Astro Group stapled securities on issue as at 1 September 2014 was 67,211,752 and the number of holders of these stapled securities was 2,166.

Substantial securityholders

The names of substantial securityholders and details of securityholdings as set out in the substantial holder notices provided to the Astro Group in accordance with section 671B of the *Corporations Act 2001* (Cth) as at 1 September 2014 are set out below.

Securityholder	No. of Stapled Securities	Percentage (%)	Date of Substantial Holder Notice
Eric Lucas	5,944,631	8.84%	12/06/14
Renaissance Property Securities Pty Ltd	5,307,688	7.90%	27/06/14
Principal Financial Group, Inc.	5,128,154	7.63%	17/10/13
Commonwealth Bank of Australia	4,063,043	6.04%	16/07/14
Vanguard Investments Australia Ltd / The Vanguard Group Inc.	25,915,738 ¹	5.098%	24/05/10

¹Number of securities at the date of substantial holder notice are pre 10 for 1 security consolidation completed in January 2011, pre institutional placement completed in March 2011 and pre institutional placement completed in January 2013.

Voting rights

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.

On a show of hands, every person present and entitled to vote has one vote and if one proxy has been appointed, that proxy will have one vote on a show of hands. Under AJCo's Constitution, if a securityholder appoints two proxies or attorneys to vote at the same general meeting, neither proxy nor attorney may vote on a show of hands if more than one proxy or attorney attends.

On a poll:

- in the case of a resolution of AJCo, each securityholder present in person or by proxy, attorney or duly appointed corporate representative and entitled to vote, has one vote for each fully-paid security they hold; and
- in the case of a resolution of AJT, each securityholder present in person or by proxy, attorney or duly appointed corporate representative and entitled to vote, has one vote for each dollar of the value of the securities in AJT they hold.

If stapled securities are jointly held, only one of the joint holders is entitled to vote. If more than one securityholder votes in respect of jointly held stapled securities, only the vote of the securityholder whose name appears first in the register will be counted.

On-market buy-back

The Astro Group does not currently have an on-market buy-back in place.

Stapled securities that are restricted or subject to voluntary escrow

There are no Astro Group stapled securities which are restricted or subject to voluntary escrow.

Additional Securityholder Information

Category	No. of Holders	No. of Stapled Securities
1 to 1,000	1,120	448,205
1,001 to 5,000	706	1,727,178
5,001 to 10,000	161	1,231,237
10,001 to 100,000	152	4,204,878
100,001 and over	27	59,600,254
Total		67,211,752

The number of securityholders holding less than a marketable parcel was 314.

Largest 20 securityholders

The largest 20 Astro Group securityholders as at 1 September 2014 are shown below. Mr Eric Lucas' securityholding of 5,944,631 stapled securities (8.84%) is not shown below as it is held through a nominee.

	Securityholder	No. of Stapled Securities	Percentage of Issued Capital
1	JP Morgan Nominees Australia Limited	16,223,927	24.14%
2	National Nominees Limited	15,263,844	22.71%
3	Citicorp Nominees Pty Limited	9,708,499	14.44%
4	HSBC Custody Nominees (Australia) Limited	6,092,410	9.06%
5	Citicorp Nominees Pty Limited – Colonial First State Inv A/C	3,138,643	4.67%
6	RBC Investor Services Australia Nominees Pty Limited – APN A/C	2,718,721	4.05%
7	RBC Investor Services Australia Nominees Pty Limited – PISELECT	1,118,402	1.66%
8	BNP Paribas Noms Pty Ltd - DRP	1,084,106	1.61%
9	ABN AMRO Clearing Sydney Nominees Pty Ltd – Custodian A/C	755,418	1.12%
10	Stanbox Pty Limited – The Salem Family Account	420,000	0.62%
11	Bond Street Custodians Limited – Intelligent Inv Wholesale	316,849	0.47%
12	Chriswall Holdings Pty Ltd	310,000	0.46%
13	HSBC Custody Nominees (Australia) Limited – A/C 3	293,332	0.44%
14	Valamoon Pty Limited – Valamoon Pty Ltd S/F A/C	255,298	0.38%
15	BNP Paribas Noms (NZ) Ltd – DRP	248,461	0.37%
16	Carwoola Pastoral Co Pty Limited	191,000	0.28%
17	Brispot Nominees Pty Ltd – House Head Nominee No 1 A/C	185,810	0.28%
18	Marcolongo Nominees Pty Ltd – Marcolongo Family A/C	171,000	0.25%
19	Kilcare Holdings Pty Ltd – Kilcare A/C	150,000	0.22%
20	Merrill Lynch (Australia) Nominees Pty Limited	142,189	0.21%
Total		58,787,909	87.47%

Astro Japan Property Group (ASX Code: AJA)

Astro Japan Property Trust (Astro Japan Property Management Limited is the Responsible Entity) and Astro Japan Property Group Limited

Suite 1, Level 14
50 Pitt Street
Sydney NSW 2000 Australia
T: +61 2 8987 3900
F: +61 2 8987 3999

Directors of the Responsible Entity and Astro Japan Property Group Limited

Allan McDonald (Chairman)
Doug Clemson
Kate McCann
John Pettigrew

Company Secretary of the Responsible Entity and Astro Japan Property Group Limited

Rohan Purdy
John Pettigrew (alternate)

Senior Advisor to the Astro Japan Property Group

Eric Lucas

Security Registry

Link Market Services Limited
680 George Street
Sydney NSW 2000 Australia
Locked Bag A14
Sydney South, NSW 1235 Australia
T: +61 1800 881 098
Email: registrars@linkmarketservices.com.au
www.linkmarketservices.com.au

Auditors

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000 Australia
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia
T: +61 2 9322 7000

Custodian

Perpetual Corporate Trust Limited
Angel Place
123 Pitt Street
GPO Box 4172
Sydney NSW 2000 Australia
T: +61 2 9229 9000

Website

www.astrojapanproperty.com

This Report is issued by the Astro Japan Property Group (“Astro Group”), comprising Astro Japan Property Management Limited (ABN 94 111 874 563, AFSL 283142) (“Responsible Entity”) as responsible entity of the Astro Japan Property Trust (ARSN 112 799 854) (“AJT”) and Astro Japan Property Group Limited (ABN 25 135 381 663) (“AJCo”).

The information in this Report is of a general nature and does not constitute an offer of, or invitation to invest in or subscribe for, or a recommendation of, Astro Group stapled securities. This Report does not purport to be complete or comprise all information which a securityholder or potential investor may require in order to determine whether to deal in Astro Group stapled securities. It should be read in conjunction with the Astro Group’s other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

The Astro Group and its directors, officers, employees and contractors do not accept, and expressly disclaim, any liability whatsoever for any loss howsoever arising from any use of this Report or its contents. The information in this Report remains subject to change without notice.

This Report is not intended to constitute legal, tax or accounting advice or opinion. No representation or warranty, express or implied, is made as to the accuracy, completeness or thoroughness of the content of the information contained in this Report. Recipients should consult with their own investment, financial, taxation or other professional adviser as to the accuracy and application of the information contained herein and should conduct their own due diligence and other enquiries in relation to such information.

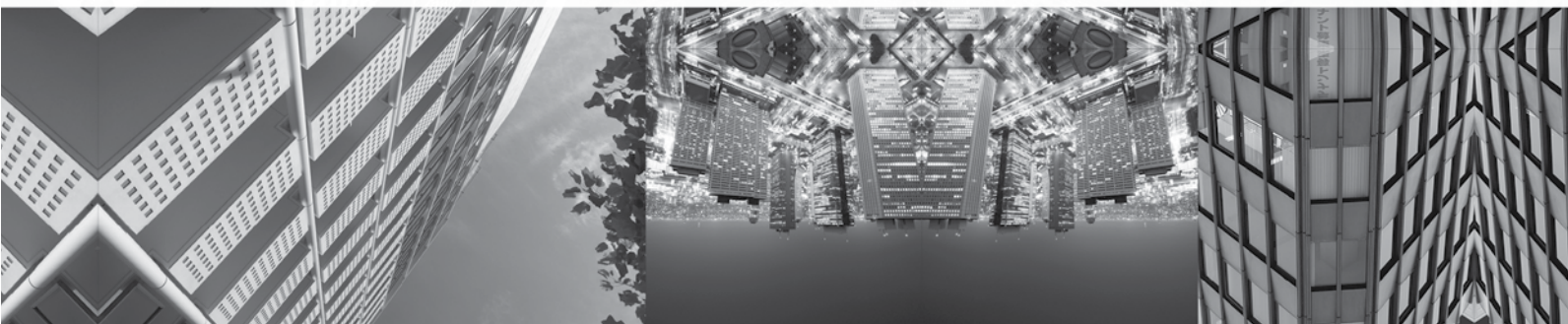
The information contained in this Report constitutes general information only. The Responsible Entity is not licensed to provide financial product advice (including personal financial product advice), and the information contained in this Report does not constitute financial product advice.

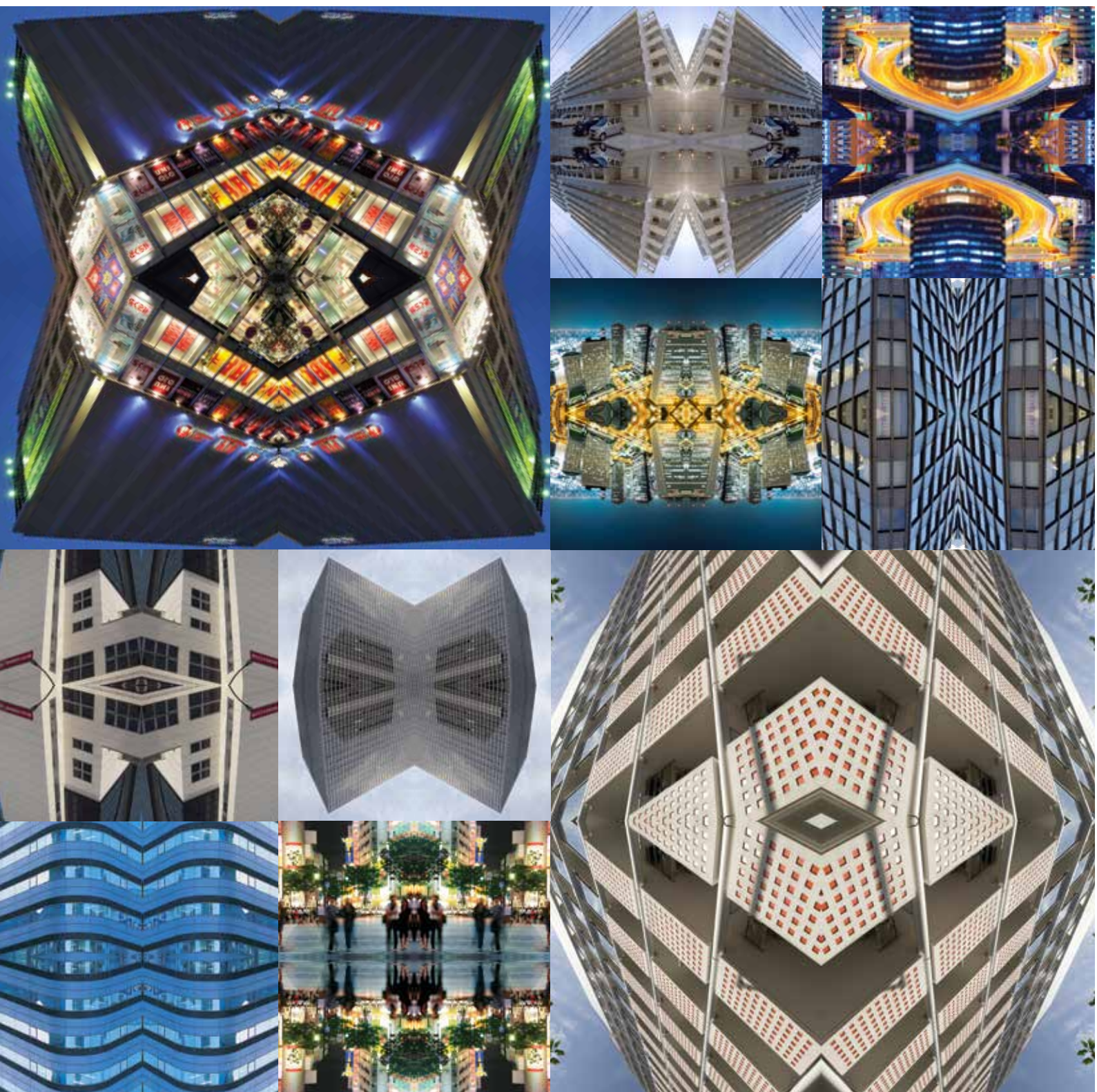
In providing this Report, the Astro Group has not considered the investment objectives, financial situation and particular needs of an investor. Before making any investment decision with respect to Astro Group stapled securities, an investor should consider its own investment objectives, financial circumstances and needs, and if necessary consult its investment, financial, taxation or other professional adviser. An investment in Astro Group stapled securities is subject to investment and other known and unknown risks, some of which are beyond the control of Astro Group. The Astro Group does not guarantee any particular rate of return or the performance of Astro Group.

This Report may include information forecasting or projecting future outcomes. Such outcomes may be affected by a wide range of influences outside of the Astro Group’s control. In respect of such forward-looking information, no representation or warranty is made by or on behalf of the Astro Group that any projection, forecast, forward-looking statement, assumption or estimate contained in this Report should or will be achieved.

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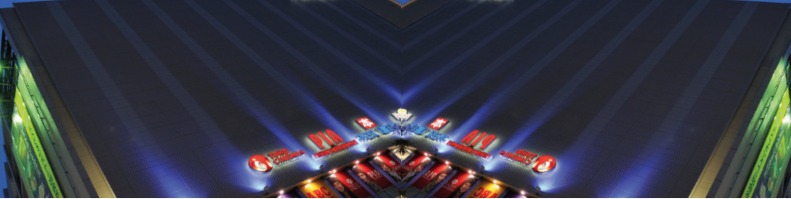
Asset management services in Japan are generally undertaken by Spring Investment Co., Limited (“Spring”). Property level information contained in this Report has been provided by Spring. The Astro Group’s property interests are held via a Japanese Tokumei Kumiai structure, which is a contractual arrangement whereby the Astro Group has no ownership interest in the properties. See the Astro Group website under About Us – Ownership Structure for more details, www.astrojapanproperty.com.





www.astrojapanproperty.com





1	About Astro Japan Property Group	.....
2	Chairman's Report	.....
4	Senior Advisor's Report	.....
8	Review of Results & Operations	.....
10	Portfolio Summary	.....
11	Japan Asset Manager	.....
12	Property Locations	.....
14	Key Properties	.....
24	Top 20 Tenant Profile	.....
26	Portfolio Overview	.....
30	Ownership Structure	.....
32	Corporate Directory	.....



About Astro Japan Property Group

The Astro Japan Property Group (“Astro Group” or “the Group”) is a listed property fund and has a strategy of investing solely in the real estate market of Japan.

The Astro Group comprises the Astro Japan Property Trust (“AJT”) and Astro Japan Property Group Limited (“AJCo”), with the units in AJT being stapled to the shares in AJCo on a ‘one for one’ basis. The stapled securities are quoted on the ASX under the code ‘AJA’. The Responsible Entity of AJT is Astro Japan Property Management Limited.

AJT was initially established on 31 January 2005, became a registered scheme under the Corporations Act 2001 (Cth) on 17 February 2005, and listed on the ASX on 4 April 2005. The subsequent formation of the Astro Group occurred on 12 November 2009, at which time the units in AJT were stapled to the shares in AJCo. At 1 September 2014, the Astro Group had 2,166 securityholders and a market capitalisation of A\$288 million.

At the time of its listing in 2005, AJT raised \$280 million and acquired interests in a diversified portfolio of 12 office and retail properties located in the central and greater Tokyo area for ¥47 billion (approximately A\$600 million). At 30 June 2014, the Astro Group held interests in a portfolio comprising 32 office, retail and residential properties with a book value of ¥83.9 billion (approximately A\$880.6 million).

Asset management services in Japan are generally undertaken by the Japan asset manager, Spring Investment Co., Ltd., in which the Astro Group has an economic interest.

Chairman's Report



Dear Securityholders,

As Chairman of Astro Japan Property Group (the Group) I am pleased to report that the Group delivered a statutory net profit after tax and underlying net profit after tax that were very satisfactory. Importantly, over the past year property values have shown a positive trend, the first since 2008. The Senior Advisor's Report and Review of Results and Operations provide a detailed outline of the key factors that have underpinned this result.

The key focus during the 2014 financial year was the stabilisation of the Group's capital structure through a combination of asset sales and debt restructuring. We have seen the completion of the transaction dealing with the loans and interest swaps to JPT Direct Co., Ltd (JPTD) and JPT August Co., Ltd (JTDA), together with a capital injection and refinancing of JPT Omega Co., Ltd (JPTO), all of which resulted in a material reduction in gearing, increase in NTA and improved cash flows. Further details regarding these transactions are given in the Senior Advisor's Report.



The Board and the Japan Asset Manager continue to seek improvement in the efficiency of capital usage, with particular focus on improving debt terms and taking into consideration not only the overall profile of the Group, but also changing investor and counterparty risk appetites. We continue to look at opportunities to sell assets where appropriate to release capital to create opportunities for security buy-backs, increase distributions and/or selective property investment.

With the improvement in the Japan economy over the past 18 months, we have seen a slight tightening in capitalisation rates which, for the first time in over six years, resulted in our asset values showing a positive trend over the full year. Leasing activity remained steady with a marginal increase in occupancy.

Distributions

A final distribution of 10 cents per security (cps) was paid on 29 August 2014, bringing total distributions for the year to 20 cps.

The Board reaffirms its ongoing emphasis on continuity of the highest prudent level of distributions for securityholders and is proud to have been able to maintain an unbroken record of half-yearly distributions since the Group was listed in 2005.

As announced on 27 August 2014, distribution guidance for the 12 months to 30 June 2015 is 20 cents per security, with further guidance to be given if appropriate as and when the outcome of current refinancing negotiations becomes clear.





Corporate Governance

The Board recognises that it is accountable to securityholders for the performance of the Astro Group and to that end, has implemented a system of corporate governance designed to further the best interests of securityholders, while also addressing the interests of other key stakeholders. The Board firmly believes that strong corporate governance can contribute to the performance of a business by creating securityholder value and fostering the confidence of the investment community.

During the year, the ASX Corporate Governance Council issued the third edition of its Corporate Governance Principles and Recommendations which take effect for the Group for the FY15. The third edition continues to apply the same non-prescriptive, flexible 'if not, why not' disclosure approach.

Based on a detailed review of the third edition, the Group is already largely in compliance with a number of the new governance requirements. The Board has addressed certain new governance requirements and has adopted changes to the governance framework and will report on these in the 2015 Corporate Governance Statement.

The 2014 Corporate Governance Statement outlines the framework by which the Group endeavours to conform with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. During the period, the Group achieved substantial compliance with the ASX Principles and Recommendations.

Outlook

Japan's economic activity has continued to improve, supported by firming domestic demand and the stimulus of Prime Minister Shinzo Abe's strategy to revive the economy by boosting the supply of money and raising government spending. Markets now expect Abe to follow through with promised structural reforms to support a sustainable recovery. However given continuing uncertainty in the global economy, Directors remain conservative in their outlook for FY2015 and beyond.

Having now emerged from the cycle of pre-GFC debt maturities, and with improving Japanese property and banking sectors, we now look to take advantage of opportunities to drive improvement in our capital performance.

I would like to thank our securityholders for their ongoing support and our management for their ongoing dedication.

ALLAN MCDONALD
CHAIRMAN

Senior Advisor's Report



Dear Fellow Securityholders,

As highlighted in the Chairman's Report, I am pleased to advise securityholders that during the year, we completed the final stage of the re-financing of all of the Astro Japan Group's pre-GFC debt and have now reduced portfolio gearing from 72.7% to 57.0%, a level well within the Group's target range. Whilst our net property income was down on last year, this is largely a result of asset sales and foreign exchange rate movements. Excluding asset sales and currency movements, net property income was down marginally, at 1.2%.

Group performance

Financial results

Astro Japan Group reported statutory net profit after tax of A\$154.8 million for the full year, compared to a loss after tax of A\$12.9 million in the prior year. The movement in the statutory result is driven by debt forgiveness of A\$131.4 million and upward revaluations of the property portfolio of A\$12.1 million, compared to a A\$19.1 million devaluation in the prior year. This is the first full

year increase in the value of the ongoing portfolio since the financial year to 30 June 2008.

Underlying profit after tax of A\$27.0 million was reported for the full year ended 30 June 2014, 6.3% lower than the prior year, in line with earnings guidance provided to the ASX on 14 July 2014. Underlying profit after tax is a measure which the Directors believe accurately and consistently reflects the underlying business performance of AJA.

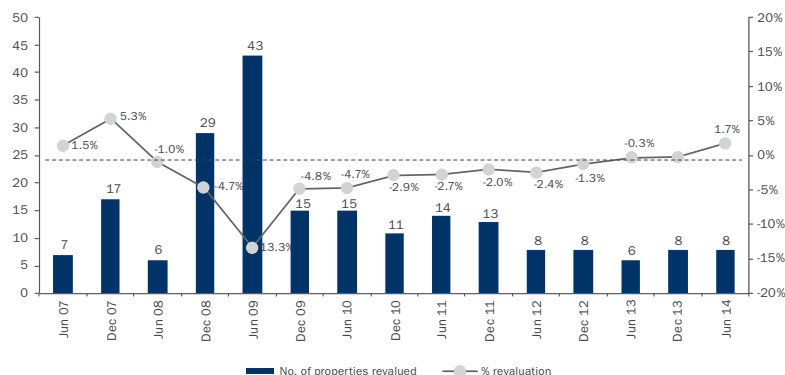
The underlying result for the full year reflects a decline in net property income to ¥4.8 billion, down 11.1% on the prior year in Yen terms (in Australian dollar terms A\$51.9 million, down 14.2%) primarily due to the sale of properties, the incurrence of A\$2.5 million asset management performance fee and an approximately 3% stronger Australian dollar to the Yen, partially offset by savings in borrowing costs. Excluding the asset management performance fee and currency movements, underlying profit after tax would have been A\$30.3 million.

The 2014 distribution of 20 cents per security was materially less than underlying after tax earnings of 40.2 cents per stapled security, the balance having been used for capital management purposes, mainly amortisation of debt amounting to 16.6 cents per stapled security.

Portfolio performance

In accordance with the Group's valuation policy, independent valuations were obtained on each of the top 10 properties by value, on properties required by lenders and on a number of other properties to ensure that in aggregate no less than 75% of the portfolio by value had been independently valued during the period. Those properties not independently valued were

Historical Trend of Portfolio Valuation



assessed by the Japan Asset Manager and, if that review indicated a material change, an independent value was sought.

For the twelve months ended 30 June 2014, the Group's portfolio value declined to ¥83.9 billion as at 30 June 2014 from ¥85.1 billion at 30 June 2013, following asset sales of ¥2.8 billion offset by an increase in fair value adjustments of ¥1.6 billion for the full year. In Australian dollar terms the value of the portfolio decreased to \$880.6 million from \$931.1 million at June 2013.

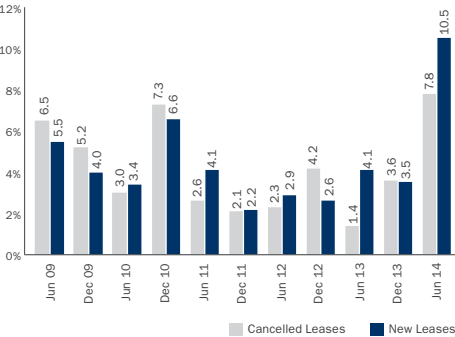
The weighted average capitalisation rate used by the independent valuers for the portfolio at 30 June 2014 has slightly tightened from 5.6% as at 30 June 2013 to 5.5% as at 30 June 2014.

As noted above, with Japanese economic and financial conditions having improved in the past 18 months, our asset values showed a positive trend over the full year for the first time in six years, with a total of 10 properties revalued upwards and all four asset sales during the year achieving prices above book value. Occupancy levels remain strong, and we have seen marginal improvement in some rents. However we, in common with other landlords, are yet to see broad-based rent level improvement. This may well occur over time if the concerted efforts to reflate the Japanese economy are successful.

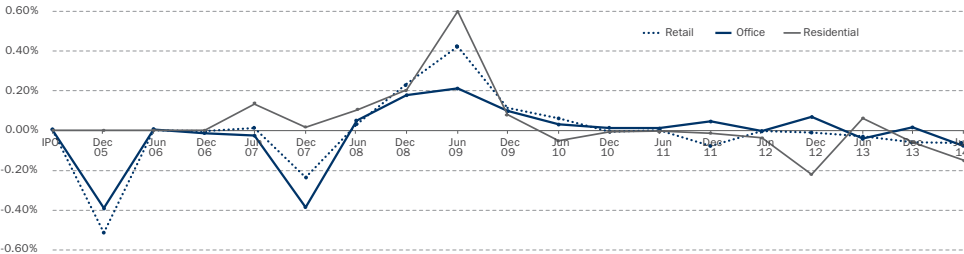
Despite the challenging operating environment, the Astro Japan Group portfolio occupancy by area increased marginally to 97.7% compared to 96.8% at 30 June 2013, reflecting a focus on keeping or finding tenants even if at the expense of rental levels in the short term.

At the end of the financial year, Astro Japan Group's portfolio had 229 leases, down from 233 as at 30 June 2013 mainly as a result of asset sales partially offset by the restructuring of a significant master-lease at Kawasaki Dice in August 2013 into direct leases with the previous sub tenants. Over 42% of revenues are derived from the top 10 tenants. The portion of total portfolio net property income derived from non-cancellable leases remains high at over 39%, mainly in our retail assets, contributing stability to the Astro Japan Group's medium term portfolio income stream.

Cancelled and New Leases (% of NRA)



Changes in Valuers' Direct Capitalisation Rates



Senior Advisor's Report

Over the year we had 34 leases cancelled and replaced by 49 new leases covering 2.7% more of the portfolio's net rentable area. All 64 leases that expired during the year, equivalent to over 18% of total portfolio income, were renewed by existing tenants, with all leases renewed at rent equal to previous rents. We were pleased to see the outcome of both the cancelled and expired leases during the period had very little impact to the total portfolio income and that, on a like for like basis, net property income declined by only 1.2% compared to 1.6% in 2013.

We continue to believe that the key to the portfolio is the diversity of the property cash flows provided by a balance between retail and office with a small residential component, a predominance of assets located within the Greater Tokyo area, and a combination of longer-term, non-cancellable leases and 'standard' leases which are cancellable usually on several months' notice.

Capital Management

We have made great strides in capital management over the past 12 months. As detailed in my report last year, on 31 July 2013, we completed the discounted settlement with the existing lender with the refinancing of the ¥2.36 billion (A\$26.5 million) loan to JPT Direct Co., Ltd. (JPTD) and JPT August Co. Ltd., (JPTA) with a new 5 year senior loan of ¥2.47 billion (A\$27.8 million). The additional funding raised was used mainly to collateralise unfunded tenant security deposits.

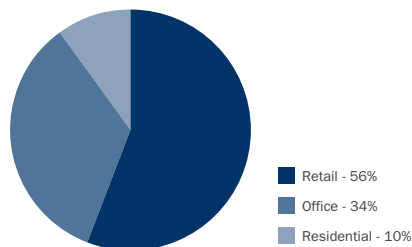
On 20 March 2014, a dispute relating to interest rate swap arrangements between JPTD, JPTA and the swap counterparty was settled. The dispute arose from structuring of the discounted settlement of senior secured loans to JPTD and JPTA completed in July 2013 and the counterparty's position as a subordinated creditor. The dispute was settled for ¥480 million (A\$5.2 million) which was paid from cash reserves, and the consequent elimination of the full amount of the swap liability resulted in an increase in net tangible assets of almost 9 cents per security.

The final amount of debt forgiven in the JPTD/A restructure, including termination of interest rate swaps was A\$131.4 million and completion of the restructure resulted in AIFRS NTA increasing to equal Economic NTA.

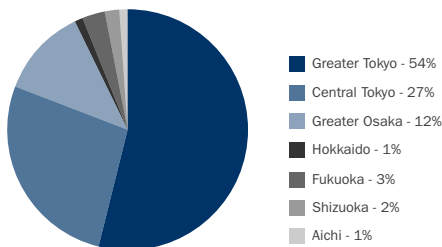
In February 2014 Astro Japan Group made an injection of ¥252 million (A\$2.7 million at A\$1=¥92) into JPT Omega Co., Ltd. (JPTO), which, together with an additional loan of ¥400 million (A\$4.3 million) from the existing lender, repaid to the tenant the construction assistance fund (CAF) for the Matsudo Nitori property. This transaction resulted in a forecast increase in cash flow for this property of approximately ¥72.2 million (A\$786,000) p.a., after additional interest expense, through:

- elimination of ongoing CAF repayments that were offset against rent of ¥60.7 million (A\$660,000) p.a.; and
- reduction in amortisation of the JPTO loan as agreed with the lender by ¥15.1 million (A\$165,000) p.a.

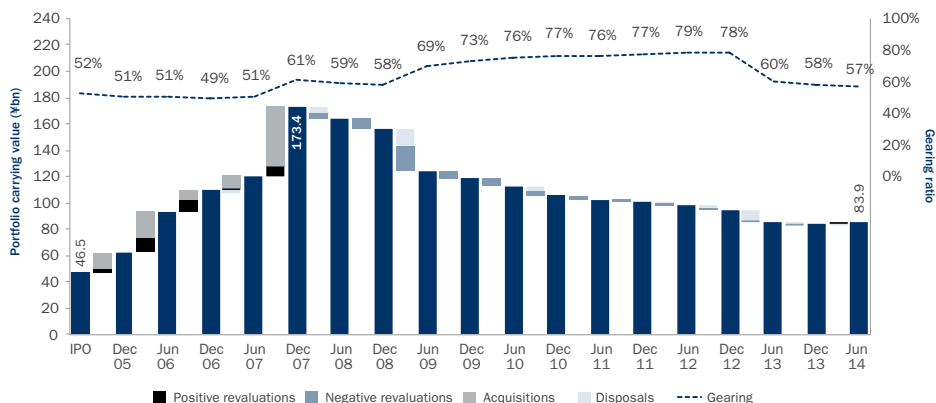
Asset Class Diversification (by value)



Geographic Diversification (by value)



Portfolio Value / Gearing Since IPO



Outlook

We enter the new financial year with our gearing now down (largely as a result of negotiated debt forgiveness) to a level well within our target range and having just seen the first full year increase in ongoing portfolio value since 2008.

As a result, NTA per security at \$5.94 is higher than it has been since the debt restructuring and recapitalisation after the GFC. Our challenge now is to optimise earnings and cash flow through improved financing terms, in particular with lower amortisation. Substantial progress has been made on a number of fronts in negotiations for refinancing the individual loans to certain special purpose companies which hold Astro Japan Group's property assets. Our aim is to achieve closings over coming months.

Whilst we cannot forecast the outcome of these efforts with certainty, as discussions are at various stages of negotiation and subject to lender final approval, it is currently expected that material improvements will be made to financing terms, in particular in relation to amortisation and, to a lesser extent, interest rates.

In addition, the Japan Asset Manager will continue seeking opportunities for asset sales, especially of smaller, non-strategic assets and otherwise, where the sales will enhance financing prospects.

We intend to use any capital released through these initiatives for more efficiently leveraged investment, capital return, increased distribution, debt reduction and/or security buy-backs.

With the economic picture having brightened in Japan, we will renew our efforts to maximise operating performance and will continue to do our best to manage your capital prudently.

Thank you once again for your ongoing support.

Eric Lucas

ERIC LUCAS
SENIOR ADVISOR

Review of Results & Operations

The following review of results and operations is based on a comparison between actual results for the year ended 30 June 2014 and the previous financial year.

	Year ended 30 Jun 2014	Year ended 30 Jun 2012	Variance
Net property income (¥)	¥4.8 bn	¥5.4 bn	-11.1%
Net property income (A\$)	\$51.9 m	\$60.5 m	-14.2%
Underlying profit after income tax	\$27.0 m	\$28.8 m	-6.3%
Underlying profit after income tax per security (A\$)	40.2 cps	46.3 cps	-13.2%
Net statutory profit/(loss) after income tax	\$154.8 m	\$(12.9) m	N/A
Weighted average stapled securities on issue	67,211,752	62,215,905	+8.0%
Distribution	20.0 cps	17.5 cps	14.3%
AIFRS NTA per security	\$5.94	\$3.83	55.1%
Economic NTA per security	\$5.94	\$5.66	4.9%

Net property income of ¥4.8 billion declined 11.1% on the prior year in Yen terms, largely due to asset sales of Ginowan in December 2012, Osaka 3 and 4 plus Sapporo Ai taken over by the lender to JPTD and JPTA in January 2013, Sapporo Toys 'R' Us in September 2013, Prime Stay Tsukiji in December 2013, Akabane and Yotsuya both in January 2014 and partly due to foreign exchange rate movements.

Statutory net profit after tax was \$154.8 million compared to a net after tax loss of \$12.9 million in the prior year. The substantial movement in the statutory result is mainly due to debt forgiveness of \$131.4 million and upward property valuations of \$12.1 million compared to \$19.1 million downward property valuations in the prior year.

Underlying profit after tax of \$27.0 million was down 6.3% on the prior year, primarily as a result of asset sales and the consequent decline in net property income, an approximately 3% strengthening of the Australian dollar to the Yen and the incurrence of a \$2.5 million asset management performance fee, which was partially off-set by savings in borrowing costs.

Distribution for the full year was 20.0 cents per security, with the balance of the underlying profit after income tax per security used for capital management purposes.

Following completion of the JPT Direct Co. Ltd. (JPTD) and JPT August Co. Ltd. (JPTA) discounted loan settlement and refinance in 31 July 2013, resulting in debt forgiveness of A\$131.4 million, AIFRS NTA and Economic NTA are now equal. As at 30 June 2014, AIFRS NTA and Economic NTA were A\$5.94 per security compared to an Economic NTA at 30 June 2013 of A\$5.66 per stapled security.

Reconciliation between statutory profit and underlying profit

The difference between net AIFRS statutory profit and underlying profit is due to a number of property and non-property related items which are detailed below:

	Year ended 30 Jun 2014 (A\$m)	Year ended 30 Jun 2013 (A\$m)
Statutory Profit/ (loss) for the year	\$154.8	\$(12.9)
Debt forgiveness	\$(131.4)	-
Fair value adjustments to unlisted investments in Spring and JPTGK	\$(0.7)	\$(1.4)
Foreign currency translation impact on the fair value of the TKs	\$15.8	\$25.3
TK operator share of TK distributions	\$0.1	-
Net fair value adjustment to investment properties	\$(12.1)	\$19.1
Net gain on derivatives	-	\$(3.3)
Net foreign currency (gain)/loss	\$(0.3)	\$3.0
(Gain)/loss on disposal of investment properties	\$(5.3)	\$1.5
Expenses associated with the JPT refinance	-	\$4.2
Expenses associated with the JPTD & JPTA transaction	-	\$2.1
Value of interest waived in the JPTD & JPTA transaction	-	\$(4.3)
Deferred tax on fair value adjustments to investment property	\$6.1	\$(4.5)
Underlying profit after tax	\$27.0	\$28.8

Reconciliation between AIFRS NTA and Economic NTA

The difference between AIFRS NTA and Economic NTA is detailed below:

	Year ended 30 Jun 2014 (A\$m)	Year ended 30 Jun 2013 (A\$m)
Net assets	\$401.7	\$260.4
Deferred tax	\$0.4	-
Intangible assets	\$(3.0)	\$(3.0)
AIFRS NTA	\$399.1	\$257.4
JPTD & JPTA debt to be forgiven upon completion of loan settlement	-	\$123.2
Economic NTA	\$399.1	\$380.6
Economic NTA per security (A\$)	\$5.94	\$5.66
AIFRS NTA per security (A\$)	\$5.94	\$3.83

Review of Results & Operations

Property Portfolio

At 30 June 2014, the total value of the Astro Group's portfolio was ¥83.9 billion (A\$880.6 million). The Astro Group held interests in 32 properties in Japan: 13 office, 15 retail and 4 residential, of which over 80% are located primarily in the Central and Greater Tokyo area.

For the twelve months ended 30 June 2014, the value of Astro Group's portfolio declined to ¥83.9 billion from ¥85.1 billion at 30 June 2013, following asset sales of ¥2.8 billion and an increase in fair value adjustments totalling ¥1.6 billion. In Australian dollar terms the value of the portfolio decreased to A\$880.6 million from A\$931.1 million at June 2013.

Portfolio performance

Portfolio occupancy by area marginally increased to 97.7% (30 June 2013: 96.8%) reflecting our continued focus on keeping or finding tenants even if at the expense of rental levels in the short term.

Capital Management

On 31 July 2013, completion of the discounted settlement with the existing lender occurred with the refinancing of the ¥2.36 billion (A\$26.5 million) loan to JPTD and JPTA with a new 5 year senior loan of ¥2.47 billion (A\$27.8 million). The additional funding raised was used mainly to collateralise unfunded tenant security deposits.

On 20 March 2014, a dispute relating to interest rate swap arrangements between JPTD, JPTA and the swap counterparty 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 dispute was settled for ¥480 million (A\$5.2 million) which was paid from cash reserves, and the consequent elimination of the full amount of the swap liability resulted in an increase in net tangible assets of almost 9 cents per security.

The final amount of debt forgiven in the JPTD/A restructure, including termination of interest swaps, was A\$131.4 million. Completion of restructure resulted in AIFRS NTA increasing to equal Economic NTA.

On 19 February 2014, AJA made a capital injection of ¥252 million (A\$2.7 million) into JPT Omega Co., Ltd. (JPTO), which, together with an additional loan of ¥400 million (A\$4.3 million) from the existing lender, repaid to the tenant the construction assistance fund (CAF) for the Matsudo Nitori property. This transaction resulted in a forecast increase in cash flow for this property of approximately ¥72.2 million (A\$786,000) p.a., after additional interest expense, through:

- elimination of ongoing CAF repayments that were offset against rent of ¥60.7 million (A\$660,000) p.a.; and
- reduction in amortisation of the JPTO loan as agreed with the lender by ¥15.1 million (A\$165,000) p.a.

Portfolio gearing (gross interest bearing debt/ gross investment property value) was 57.0% at 30 June 2014 (30 June 2013: 72.7%).

Portfolio Summary	Retail	Office	Residential	Portfolio
Number of properties	15	13	4	32
Carrying value (¥ bn)	47.2	28.2	8.5	83.9
Net Rentable Area (tsubo)	46,770	13,976	8,199	68,946
Net Rentable Area (sqm)	154,612	46,204	27,105	227,921
Portfolio by value (%)	56.3	33.6	10.1	100.0
Portfolio by area (%)	67.8	20.3	11.9	100.0
Number of leases	99	126	4	229
Occupancy by area (%)	98.8	92.6	100.0	97.7





Japan Asset Manager

Spring Investment Co., Ltd. ('Spring' or the 'Japan Asset Manager') has provided asset management services to the Japanese special purpose investment companies which hold the Astro Group's property interests in Japan since the Group's inception in 2005. The Astro Group currently holds a 25% economic interest in the Japan Asset Manager.

Spring holds all necessary licenses under the Financial Instruments and Exchange Law in Japan for the purposes of conducting the asset management services with respect to the property portfolio in which the Astro Group maintains its interest.

Spring has a team of 17 professionals and staff from many disciplines with experience across all asset classes to provide a high level of service to the Astro Group. The main service in recent years has been in asset management.

The Asset Management team is made up of seven professionals and is responsible for managing assets, sale and refinancing. One team member is dedicated to non-recourse debt financing. Spring continues to maintain positive relationships with many lenders in Japan.

The Asset Management team regularly assesses hold versus sale opportunities for properties in the portfolio. The Asset Management team also focuses on strategic issues such as ensuring properties are positioned to suit the needs of tenants, dealing with rental adjustments to achieve a balance between tenant retention and protection of income, as well as managing capital expenditures aimed at improving the value of properties and attracting/retaining tenants. The team also monitors legal compliance of properties.

Other Spring Activities

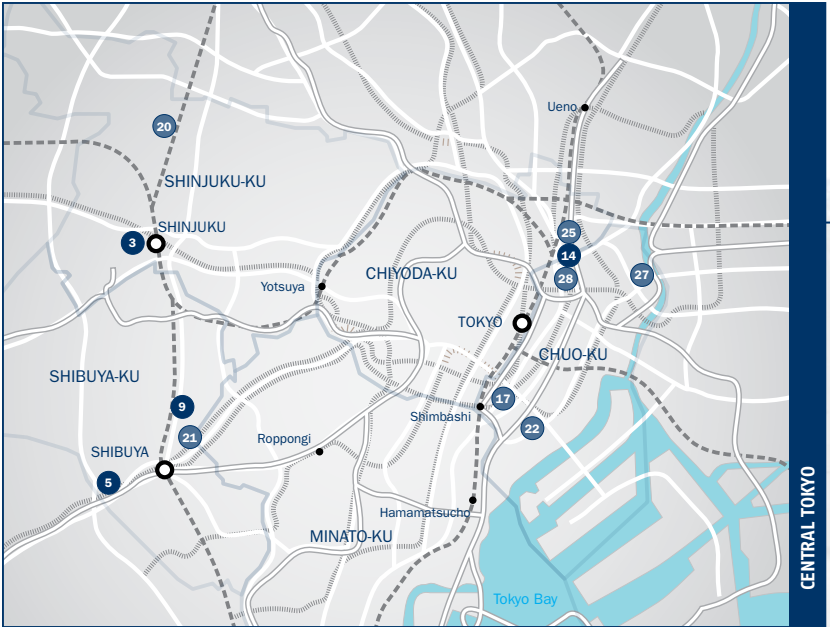
In February 2010, in joint venture (JV) with Sekisui House, Spring became a shareholder of the management company of a Tokyo Stock Exchange listed J-REIT. Sekisui House is one of Japan's leading residential developers with an AA- rating by R&I. Sekisui House holds a 75% interest in the asset management JV and Spring holds a 25% interest.

The management company, the manager of Sekisui House SI Investment Corporation, manages 99, mainly residential assets with an acquisition value of approximately ¥171 billion (A\$1.8 billion, approx.).

The essence of the asset management JV is that Sekisui House takes the lead in relation to finance and sourcing of assets, including from its own pipeline, whilst Spring's input is focused on its significant experience in asset and funds management, the latter in particular in relation to non-Japanese investors. Spring also sources assets for Sekisui House SI Residential Investment Corporation.

The Astro Group's involvement, through its economic interest in Spring, was the first time an Australian real estate company had held an interest in J-REIT management and remains the only such interest.

Property Locations



Key

CENTRAL TOKYO

- | | |
|----------------------|-----------------------|
| 3 Shinjuku Fuji | 24 Forest Kita Aoyama |
| 5 Shibuya Konami | 22 OS Tsukiji |
| 9 Harajuku Bell Pier | 25 Prime Kanda |
| 14 Kajicho Ekimae | 27 FT Nihombashi |
| 17 Ginza Dowa | 28 Sun No. 5 |
| 20 Takadanobaba | |

GREATER TOKYO

- | | |
|---------------------|----------------------|
| 1 Kawasaki Dice | 16 JN |
| 2 Konan Home Centre | 18 Yamashitacho |
| 6 Matsudo Nitori | 19 Higashi Totsuka |
| 7 Tsudanuma | 23 Asakusa |
| 11 Motomachi | 26 Daikanyama Takara |
| 15 Yoshikawa | 31 G-Clef Kamata |
| 18 Musashino Towers | 32 Nishi Kasai |

GREATER OSAKA AND OTHER AREAS IN JAPAN

- | | |
|------------------------|---------------------|
| 4 Aeon Mukomachi | 13 Round One Nara |
| 8 Susono | 24 Sun Ace Tokugawa |
| 10 Round One Amagasaki | 29 Tosabori |
| 12 Sapporo Co-op | 30 Sekijomachi |

- | | |
|------------------------|--------------|
| ● Retail Property | — Expressway |
| ● Office Property | — Main Road |
| ● Residential Property | --- JR Line |
|  | \|\|\|\|\| Subway |
| | — Shinkansen |



GREATER TOKYO



GREATER OSAKA

Key Properties

1. KAWASAKI DICE

PROPERTY TYPE

Multi-tenant (retail, cinema, restaurant, entertainment) building

SUB-MARKET

Kawasaki

ADDRESS

8, Ekimaehoncho, Kawasaki-ku
Kawasaki-shi, Kanagawa

Approximately 250 metres (a three minute walk) from Kawasaki JR station and approximately 80 metres (a one minute walk) from Keikyu-Kawasaki station of Keikyu line.

Kawasaki Dice is a large scale (11 floors above ground plus two basement levels) multi-tenant retail, cinema, restaurant and entertainment complex.

Summary

Ownership Interest ¹	48%
Purchase Date	Mar 2005 & Dec 2005
Carrying value (billion)	¥13.0
Completed	Aug 2003
PML	5.22%

Property Statistics

Land area (square metres)	4,475
Trust's share NRA (tsubo)	3,383
Trust's share NRA (square metres)	11,184
Occupancy by area	97.5%

Tenancy Profile

Tenant name	Type of lease	% of total rent
Matahari	Standard	27.3%
Aoi Shoten	Fixed non-cancellable ²	10.1%
TOHO Cinemas	Fixed non-cancellable ³	10.1%
Tokyu Hands	Standard	7.6%
ENN	Fixed non-cancellable ⁴	6.9%
Others – 23 tenants		38.0%

¹ The Trust holds a 48% interest in Kawasaki Dice, which is a condominium interest equivalent to 89.6% of the building and 87% of the land.

² 5 year lease. The lease is non-cancellable during the term (until August 2018).

³ 20 year lease. The lease is non-cancellable during the term (until August 2023).

⁴ 5 year lease. The lease is non-cancellable during the term (until August 2018).

2. KONAN HOME CENTRE

PROPERTY TYPE

Single-tenant retail home centre and speciality stores

SUB-MARKET

Ichikawa

ADDRESS

2526-6, Baraki
Ichikawa-shi, Chiba

Located close to the expressway, approximately 720 metres (a nine minute walk) from Futamata Shinmachi station on the JR Keiyo Line and 20 minutes by car from the centre of Tokyo.

The Konan Home Centre is a large scale retail complex comprising a home centre with additional speciality shops (consumer electronics, supermarket, shoe store, variety goods and a gas station). It is leased to a single tenant through to March 2025.

Summary

Ownership Interest	100%
Purchase Date	Apr-05
Carrying value (billion)	¥11.1
Completed	Mar-05
PML	8.02%

Property Statistics

Land area (square metres)	83,401
Trust's share NRA (tsubo)	14,768
Trust's share NRA (square metres)	48,819
Occupancy by area	100.0%

Tenancy Profile

Tenant name	Type of lease	% of total rent
Toyota Tsusho Corporation / Konan Shoji	Fixed non-cancellable ¹	100.0%

¹ The property is 100% leased to Konan Shoji on a 20 year lease. For the first 12 years (until March 2017) the master lessee under a non-cancellable Fixed Term Lease is Toyota Tsusho Corporation pursuant to which Toyota Tsusho subleases to Konan Shoji. From the end of the 12 year master lease term the lease is directly with Konan Shoji.

Key Properties

3. JN

PROPERTY TYPE

Multi-tenant office building

SUB-MARKET

Yokohama

ADDRESS

3-56-1, Aioicho, Naka-ku
Yokohama-shi, Kanagawa

Approximately 400 metres (a five minute walk) from Kannai station on the JR Keihin Tohoku lines.

The JN property is a 14 storey office property completed in September 2007. It faces a major road (Kannai Odori) in the central business district of Yokohama, which is approximately 30 minutes by train from central Tokyo.

Summary

Ownership Interest	100%
Purchase Date	Dec-07
Carrying value (billion)	¥7.8
Completed	Sep-07
PML	7.54%

Property Statistics

Land area (square metres)	1,687
Trust's share NRA (tsubo)	3,048
Trust's share NRA (square metres)	10,075
Occupancy by area	100.0%

Tenancy Profile

Tenant name	Type of lease	% of total rent
City of Yokohama	Standard	40.0%
Bab-Hitachi	Standard	21.7%
Suruga Bank	Standard	12.6%
Toppan Forms	Standard	8.2%
Faurecia-NHK	Standard	7.1%
Others – 2 tenants		10.4%

4. GINZA DOWA

PROPERTY TYPE

Multi-tenant office building with some retail tenants

SUB-MARKET

Chuo Ward

ADDRESS

7-2-22, Ginza
Chuo-ku, Tokyo

Approximately 240 metres (a three minute walk) from Ginza station on the Tokyo Metro Marunouchi, Ginza and Hibiya lines.

The Ginza Dowa property is a nine-storey plus basement level office building located in Ginza. It has a corner location facing Ginza Corridor Street, one of the better known Ginza streets.

Summary

Ownership Interest	100%
Purchase Date	Apr-05
Carrying value (billion)	¥7.5
Completed	Sep-74
PML	10.72%

Property Statistics

Land area (square metres)	1,162
Trust's share NRA (tsubo)	1,927
Trust's share NRA (square metres)	6,370
Occupancy by area	100.0%

Tenancy Profile

Tenant name	Type of lease	% of total rent
Kyodo PR	Standard	32.0%
Valic	Fixed cancellable	11.3%
Seven-Eleven Japan	Fixed cancellable	7.6%
Sony Corporate Services	Standard	6.1%
Taiju Research & Consulting	Standard	4.8%
Others – 23 tenants		38.2%

Key Properties

5. TOSABORI

PROPERTY TYPE

Residential building

SUB-MARKET

Osaka CBD

ADDRESS

3-3-2, Tosabori, Nishi-ku
Osaka-shi, Osaka

A 15 storey residential building, completed in September 2007 and master-leased to a single tenant. It is located in a predominately residential area known as Tosabori within central Osaka and comprises 18 studio, 159 one-bedroom, 24 two-bedroom, 11 three-bedroom and 2 four-bedroom apartments.

Summary

Ownership Interest	100%
Purchase Date	Dec-07
Carrying value (billion)	¥4.4
Completed	Sep-07
PML	8.93%

Property Statistics

Land area (square metres)	1,816
Trust's share NRA (tsubo)	3,494
Trust's share NRA (square metres)	11,549
Occupancy by area	100.0%

Tenancy Profile

Tenant name	Type of lease	% of total rent
Takuto Property	Fixed non-cancellable ¹	100.0%

¹ 7 year lease. The lease is non-cancellable during the term (until December 2014).

6. SHINJUKU FUJI



PROPERTY TYPE

Multi-tenant retail building

SUB-MARKET

Shinjuku

ADDRESS

1-16-4, Nishi Shinjuku
Shinjuku-ku, Tokyo

Approximately 270 metres (a four minute walk)
from JR Shinjuku station.

Shinjuku Fuji is located in a prime position in the Nishi (west) Shinjuku district of central Tokyo adjacent to the Shinjuku station, the busiest commuter train station in Japan. The building comprises six floors above ground and two basement levels.

Summary

Ownership Interest	100%
Purchase Date	Jan-06
Carrying value (billion)	¥4.3
Completed	Jun-64
PML	16.37%

Property Statistics

Land area (square metres)	271
Trust's share NRA (tsubo)	447
Trust's share NRA (square metres)	1,476
Occupancy by area	100.0%

Tenancy Profile

Tenant name	Type of lease	% of total rent
Gaia	Fixed cancellable	70.6%
Watami	Standard	12.9%
Saizeriya	Fixed non-cancellable ¹	11.7%
Appare	Standard	3.3%
MI Food System	Standard	1.5%

¹ 6 year lease. The lease is non-cancellable during the term (until July 2018).

Key Properties

7. AEON MUKOMACHI



PROPERTY TYPE

Single-tenant retail building

SUB-MARKET

Kyoto

ADDRESS

14 Kotsukuda, Teradocho
Muko-shi, Kyoto

Approximately 170 metres (a 3 minute walk) from Higashi Muko station on Hankyu Kyoto line and 630 metres (an 8 minute walk) from JR Mukomachi station.

Aeon Mukomachi is a single-tenant, six-level shopping centre, including machinery room on 5th and 6th floor, with car parking located in Muko, six kilometres southwest of central Kyoto.

Summary

Ownership Interest	100%
Purchase Date	Nov-05
Carrying value (billion)	¥3.2
Completed	Sep-70 Nov-81 Apr-97
PML	13.11%

Property Statistics

Land area (square metres)	11,690
Trust's share NRA (tsubo)	6,815
Trust's share NRA (square metres)	22,528
Occupancy by area	100.0%

Tenancy Profile

Tenant name	Type of lease	% of total rent
Aeon Retail	Standard	100.0%

8. SEKIJOMACHI

PROPERTY TYPE

Residential building

SUB-MARKET

Fukuoka

ADDRESS

21-16 Sekijomachi, Hakata-ku
Fukuoka-shi, Fukuoka

Sekijomachi is a seven storey building comprising 302 one-bedroom apartments designed for student accommodation. It is located in Fukuoka, the largest city in Kyushu (the southern most main island of Japan) with a population of 1.5 million (Japan's 7th largest city).

Summary

Ownership Interest	100%
Purchase Date	Sep-07
Carrying value (billion)	¥2.5
Completed	Mar-07
PML	4.74%

Property Statistics

Land area (square metres)	3,154
Trust's share NRA (tsubo)	3,253
Trust's share NRA (square metres)	10,755
Occupancy by area	100.0%

Tenancy Profile

Tenant name	Type of lease	% of total rent
Jekei Space	Standard non-cancellable ¹	100.0%

¹ 15 year lease. The lease is non-cancellable for five years (until July 2018).

Key Properties

9. SHIBUYA KONAMI

PROPERTY TYPE

Single-tenant fitness club

SUB-MARKET

Shibuya ward

ADDRESS

18-11, Shinsencho
Shibuya-ku, Tokyo

Approximately 350 metres (a five minute walk) from Shinsen Station on the Keio Inokashira line. The property is facing Yamate dori.

Shibuya Konami is a nine-storey, single tenant fitness club with two basement/parking floors. It is located within walking distance from central Shibuya, one of the busiest retail districts in Tokyo.

Summary

Ownership Interest	100%
Purchase Date	Aug-06
Carrying value (billion)	¥2.4
Completed	May-90
PML	6.88%

Property Statistics

Land area (square metres)	756
Trust's share NRA (tsubo)	1,510
Trust's share NRA (square metres)	4,993
Occupancy by area	100.0%

Tenancy Profile

Tenant name	Type of lease	% of total rent
Konami Sports & Life	Standard	100.0%

10. MATSUDO NITORI

PROPERTY TYPE

Single-tenant retail building

SUB-MARKET

Matsudo

ADDRESS

2301-1, Matsudo
Matsudo-shi, Chiba

Approximately 1.2 kilometres (a 15 minute walk) from Matsudo station on the JR Joban line. The property is facing Route 6.

Matsudo Nitori is a five-storey retail building completed in September 2004 and occupied by a single tenant. It is located in a densely populated area, Matsudo, east of Central Tokyo.

Summary

Ownership Interest	100%
Purchase Date	Oct-06
Carrying value (billion)	¥2.2
Completed	Sep-04
PML	2.97%

Property Statistics

Land area (square metres)	3,573
Trust's share NRA (tsubo)	2,706
Trust's share NRA (square metres)	8,946
Occupancy by area	100.0%

Tenancy Profile

Tenant name	Type of lease	% of total rent
Nitori Holdings	Standard non-cancellable ¹	100.0%

¹ 20 year lease. The lease is non-cancellable during the term (until September 2024).

Top 20 Tenant Profile

By Income

30 Jun 14	Tenant name	Property	Industry
1	Toyota Tsusho Corporation / Konan Shoji	Konan Home Centre	Trading / Retail
2	Aeon Retail	Aeon Mukomachi	Retail
3	Takuto Property	Tosabori	Real Estate
4	Matahari	Kawasaki Dice	Game Centre
5	City of Yokohama	JN	Government
6	Gaia	Shinjuku Fuji	Game Centre
7	Jikei Space	Sekijomachi	School
8	Maxvalu Tokai	Susono	Retail
9	Konami Sports & Life	Shibuya Konami	Fitness Club
10	Kyodo PR	Ginza Dowa	Advertising
11	Nitori Holdings	Matsudo Nitori	Retail
12	Bab Hitachi	JN	Manufacture
13	Co-op Sapporo	Sapporo Co-op	Retail
14	Round One	Round One Amagasaki	Game Centre
15	Telecom Staff	Forest Kita Aoyama	Program Production
16	NTT Advanced Technology Corporation	Higashi Totsuka	System Solution
17	Round One	Round One Nara	Game Centre
18	Bekkoame Internet	Asakusa	Telecommunication
19	Aoi Shoten	Kawasaki Dice	Retail
20	TOHO Cinemas	Kawasaki Dice	Cinemas
Total			

- 1 The property is 100% leased to Konan Shoji on a 20 year lease. For the first 12 years (until March 2017) the master lessee under a non-cancellable Fixed Term Lease is Toyota Tsusho Corporation pursuant to which Toyota Tsusho subleases to Konan Shoji. From the end of the 12 year master lease term the lease is directly with Konan Shoji.
- 2 7 year lease. The lease is non-cancellable during the term (until December 2014).
- 3 15 year lease. The lease is non-cancellable for five years (until July 2018).
- 4 10 year lease. The lease is non-cancellable during the initial three years (until April 2017).

Lease type	% of Trust's total gross Passing Rent plus CAM	Lease expiry date	Remaining term (years)
Fixed non-cancellable ¹	10.1%	March-25	10.8
Standard	5.0%	June-20	-
Fixed non-cancellable ²	4.8%	December-14	0.5
Standard	3.5%	August-23	-
Standard	3.5%	March-15	-
Fixed cancellable	3.4%	July-20	-
Standard non-cancellable ³	3.1%	March-22	7.8
Fixed non-cancellable ⁴	3.0%	April-24	9.8
Standard	2.8%	March-19	-
Standard	2.7%	January-15	-
Standard non-cancellable ⁵	2.4%	September-24	10.3
Standard	1.9%	December-15	-
Standard non-cancellable ⁶	1.8%	November-17	3.4
Standard non-cancellable ⁷	1.7%	May-18	3.9
Fixed cancellable	1.4%	June-17	-
Standard	1.4%	January-16	-
Standard non-cancellable ⁸	1.4%	April-16	1.8
Fixed non-cancellable ⁹	1.4%	February-16	1.7
Fixed non-cancellable ¹⁰	1.3%	August-18	4.2
Fixed non-cancellable ¹¹	1.3%	August-23	9.2
57.9%			

5 20 year lease. The lease is non-cancellable during the term (until September 2024).

6 15 year lease. The lease is non-cancellable during the term (until November 2017).

7 20 year lease. The lease is non-cancellable during the term (until May 2018).

8 18 year lease. The lease is non-cancellable during the term (until April 2016).

9 10 year lease. The lease is non-cancellable during the term (until February 2016).

10 5 year lease. The lease is non-cancellable during the term (until August 2018).

11 20 year lease. The lease is non-cancellable during the term (until August 2013).

Portfolio Overview

	Property	Location	Completed
Retail			
1	Kawasaki Dice	Kanagawa prefecture - Kawasaki	Aug 2003
2	Konan Home Centre	Chiba prefecture - Ichikawa	Mar 2005
3	Shinjuku Fuji	Central Tokyo - Shinjuku ward, Nishi Shinjuku	Jun 1964
4	Aeon Mukomachi	Kyoto prefecture - Muko	Nov 1983
5	Shibuya Konami	Central Tokyo - Shibuya ward, Shinsencho	May 1990
6	Matsudo Nitori	Chiba prefecture - Matsudo	Sep 2004
7	Tsudanuma	Chiba prefecture - Narashino	Feb 1976
8	Susono	Shizuoka prefecture-Susono	Jun 1994
9	Harajuku Bell Pier	Central Tokyo - Shibuya ward, Jingumae	Jan 2004
10	Round One Amagasaki	Hyogo prefecture - Amagasaki	Sep 1998
11	Motomachi	Kanagawa prefecture - Yokohama	Jun 1992
12	Sapporo Co-op	Hokkaido prefecture - Kitahiroshima	Apr 1992
13	Round One Nara	Nara prefecture - Nara	Jul 1998
14	Kajicho Ekimae	Central Tokyo - Chiyoda ward, Kajicho	Nov 2002
15	Yoshikawa ¹	Saitama prefecture -Yoshikawa	Oct 1992
*	Mushashino Towers	Tokyo - Muchasino	Mar 2010
Retail sub total/average			

¹ Property sold 8 August 2014

* Astro Japan Property Group's interest in Mushashino Towers, purchased in April 2013, is excluded from the consolidated portfolio data as it is owned by an entity in which the Group has a minority 21% interest and is not included in the carrying value, net rentable area or occupancy calculations.

Carrying value		Occupancy by area			
Jun 2014 ¥ billion	% of portfolio	Trust share of net rentable area (sqm)	Trust share of net rentable area (tsubo)	Jun 2013	Jun 2014
13.0	15.5%	11,184	3,383	98.8%	97.5%
11.1	13.2%	48,819	14,768	100.0%	100.0%
4.3	5.1%	1,476	447	100.0%	100.0%
3.2	3.9%	22,528	6,815	100.0%	100.0%
2.4	2.8%	4,993	1,510	100.0%	100.0%
2.2	2.6%	8,946	2,706	100.0%	100.0%
2.0	2.4%	1,840	557	100.0%	100.0%
1.8	2.2%	17,420	5,269	100.0%	100.0%
1.6	1.9%	783	237	87.6%	100.0%
1.3	1.6%	5,256	1,590	100.0%	100.0%
1.3	1.5%	1,538	465	69.3%	69.3%
1.1	1.3%	12,209	3,693	100.0%	100.0%
1.0	1.2%	5,157	1,560	100.0%	100.0%
0.7	0.8%	881	267	100.0%	100.0%
0.3	0.3%	11,582	3,504	91.6%	90.4%
1.0	N/A	2,047	619	100.0%	100.0%
47.2	56.3%	156,659	47,389	98.9%	98.8%

Portfolio Overview continued

	Property	Location	Completed
Office			
16	JN	Kanagawa prefecture - Yokohama	Sep 2007
17	Ginza Dowa	Central Tokyo - Chuo ward, Ginza	Sep 1974
18	Yamashitacho	Kanagawa prefecture - Yokohama	Oct 1991
19	Higashi Totsuka	Kanagawa prefecture - Yokohama	Feb 1993
20	Takadanobaba	Central Tokyo - Shinjuku ward, Takadanobaba	May 1986
21	Forest Kita Aoyama	Central Tokyo - Minato ward, Kita Aoyama	Apr 1991
22	OS Tsukiji	Central Tokyo - Chuo ward, Tsukiji	Jul 1982
23	Asakusa	Tokyo - Taito ward, Komagata	Sep 2004
24	Sun Ace Tokugawa	Aichi prefecture - Nagoya	Mar 1990
25	Prime Kanda	Central Tokyo - Chiyoda ward, Kanda Sudacho	Aug 1990
26	Daikanyama Takara ²	Tokyo - Meguro ward, Kami Meguro	Apr 1991
27	FT Nihombashi	Central Tokyo - Chuo ward, Nihombashi Hisamatsucho	Oct 1988
28	Sun No.5	Central Tokyo - Chuo ward, Nihombashi Muromachi	May 1983
Office sub total/average			
Residential			
29	Tosabori	Osaka prefecture - Osaka	Sep 2007
30	Sekijomachi	Fukuoka prefecture - Fukuoka	Mar 2007
31	G-Clef Kamata	Tokyo - Ota ward, Nishi Kamata	Jan 1992
32	Nishi Kasai	Tokyo - Edogawa ward, Nishi Kasai	Nov 1990
Residential sub total/average			
Total Properties sub total/average			

² Property sold 8 July 2014

Carrying value		Occupancy by area			
Jun 2014 ¥ billion	% of portfolio	Trust share of net rentable area (sqm)	Trust share of net rentable area (tsubo)	Jun 2013	Jun 2014
7.8	9.3%	10,075	3,048	100.0%	100.0%
7.5	9.0%	6,370	1,927	94.1%	100.0%
2.2	2.6%	5,504	1,665	83.2%	91.5%
1.6	1.9%	5,671	1,716	84.2%	90.5%
1.5	1.8%	2,566	776	57.2%	92.4%
1.4	1.7%	998	302	100.0%	100.0%
1.1	1.3%	2,142	648	100.0%	100.0%
1.2	1.4%	2,047	619	100.0%	100.0%
1.1	1.3%	6,235	1,886	59.3%	69.3%
1.1	1.3%	1,680	508	100.0%	100.0%
0.6	0.8%	933	282	100.0%	67.1%
0.6	0.7%	1,182	358	100.0%	100.0%
0.5	0.6%	801	242	100.0%	100.0%
28.2	33.6%	46,204	13,976	87.8%	92.6%
4.4	5.2%	11,549	3,494	100.0%	100.0%
2.5	3.0%	10,755	3,253	100.0%	100.0%
1.1	1.3%	3,310	1,001	100.0%	100.0%
0.5	0.6%	1,490	451	100.0%	100.0%
8.5	10.1%	27,104	8,199	100.0%	100.0%
83.9	100.0%	227,921	68,946	96.8%	97.7%

Ownership Structure

The Astro Group holds its interests in the properties in Japan via a Japanese investment structure known as a Tokumei Kumiai structure, which is outlined below.

The Tokumei Kumiai (“TK”) Structure

Under Japanese commercial law a TK is not a legal entity but a contractual relationship or a series of contractual relationships between one or more investors and a TK Operator (which is a Japanese special purpose company).

In a TK arrangement the investors provide capital to a business which is conducted by a TK Operator entirely in its own name and under its sole control in accordance with the terms of a TK Agreement. The investors have no right to make any business decisions with respect to a TK Operator or the TK business, rather, there is only a contractual relationship between a TK Operator and the investors.

The investors are entitled to a proportional share (based on their equity contribution to the TK) of the profits and losses of the TK business. Depending on the terms of the TK Agreement, liability of the investors can be limited to the amount of their initial investment or the investors can be subject to additional capital calls.

The net effect of these contractual arrangements under Japanese tax law is that the investors are taxed in Japan on their share of TK income (by the TK Operator withholding Japanese tax from TK distributions to the investors) even though the business is conducted and relevant assets are held in the name of the TK Operator. A TK Operator reports the amount of profits to which the investors are entitled as a deduction in respect of its taxable income.

The Astro Group's TK Arrangements

All of the Astro Group's interests in properties are held through TK structures. The Responsible Entity has entered into TK Agreements with JPT Co., Ltd., JPT Scarlett Co., Ltd., JPT Direct Co., Ltd., JPT Corporate Co., Ltd., JPT August Co., Ltd., JPT Newton Co., Ltd. and JPT Omega Co., Ltd. (“TK Operators”) pursuant to which, in exchange for the Astro Group's contribution

of all of the equity in the TK, the Astro Group is entitled to 100% of the investor capital account of each TK and 99% of the profits and losses of the TK business. The TK Operators are entitled to the remaining 1% of the profits and losses of the TK business. Each TK's defined business is to obtain profits from purchasing, holding and selling the properties held by the respective TK Operator in accordance with the provisions of the respective TK Agreement (each, a “TK Business”).

The Astro Group does not own any of the equity in the TK Operators and does not have any voting rights in relation to the TK Operators or the TK Businesses, rather, the Astro Group has a contractual claim against the TK Operators under the TK Agreement.

The TK Operators are Japanese limited liability companies (Tokurei Yugengaisha or Godogaisha) established specifically for the purpose of operating the respective TK Businesses. The voting stock of the TK Operators that are Tokurei Yugengaisha is held by Cayman Islands companies established specifically for that purpose as nominees for Spring Investment Co., Ltd. (the “Japan Asset Manager”), while for Godogaisha the voting stock is held by a general incorporated association (Ippan Shadan Houjin) other than in the case of JPT August, the voting stock of which is held by a Cayman Islands company as nominee for the Japan Asset Manager. The voting stock of the Cayman Islands companies is held by a Cayman Islands charitable trust except in the case of JPT August. The person performing the duties of representative partner for JPT August is an independent certified public accountant who provided a non-petition letter regarding bankruptcy. These arrangements are commonly used in Japan to assist in achieving as required by non-recourse loan lenders.

Each of the TK Operators has an Asset Management Agreement with the Japan Asset Manager. The asset management services are provided by the Japan Asset Manager to the TK Operators, to assist the TK Operators in conducting the TK Businesses.



In accordance with the Japanese Financial Instruments and Exchange Law (“FIEL”) real estate asset management companies in Japan must be registered and hold certain licenses to conduct various business activities. The Japan Asset Manager is registered as a financial instruments firm and is fully compliant with the FIEL in respect of its business activities, and the TK Operators are also in compliance with the FIEL.

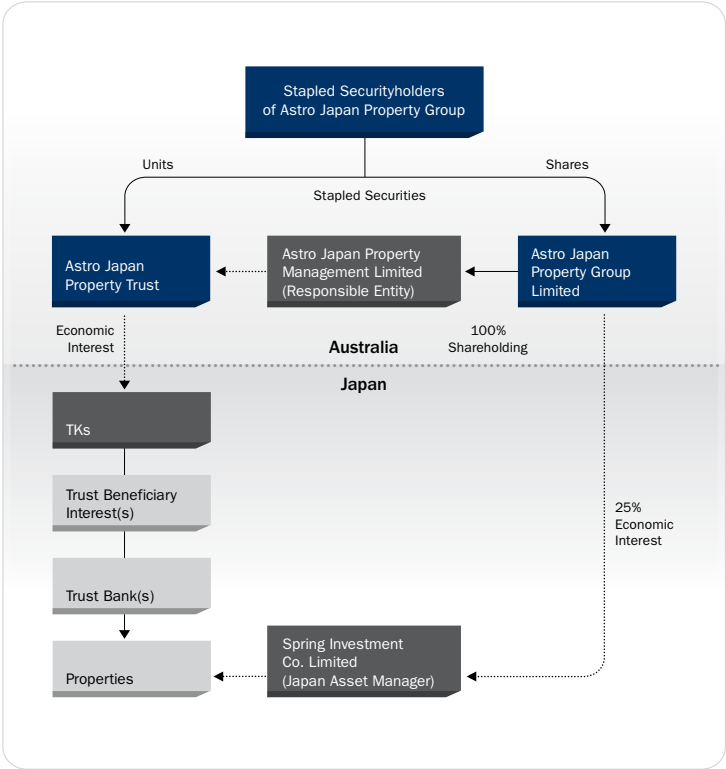
Trust Bank(s) and Trust Beneficiary Interests

The TK Operators generally hold the beneficial interest in the properties in the form of a trust beneficiary certificate issued by a trust bank licensed in Japan, which the bank holds legal title to the properties. It is common practice in

Japan for a TK Operator to hold its investment in property through a trust beneficiary interest (“TBI”). Certain transaction levies are substantially reduced or eliminated in the case of the acquisition of a TBI rather than the acquisition of real property.

In the case where the TK Operator holds a TBI rather than direct legal interest, the TK Operator effectively has the same economic rights and obligations as if it were the legal owner of the property the subject of the TBI.

The following diagram sets out the structure of the Astro Group’s interests in its Japanese investments and the management arrangements for the Astro Group and the Japanese investments.



Corporate Directory

Astro Japan Property Group (ASX Code: AJA)

Astro Japan Property Trust (Astro Japan Property Management Limited is the Responsible Entity) and Astro Japan Property Group Limited

Suite 1, Level 14
50 Pitt Street
Sydney NSW 2000 Australia
T: +61 2 8987 3900
F: +61 2 8987 3999

Directors of the Responsible Entity and Astro Japan Property Group Limited

Allan McDonald (Chairman)
Doug Clemson
Kate McCann
John Pettigrew

Company Secretary of the Responsible Entity and Astro Japan Property Group Limited

Rohan Purdy
John Pettigrew (alternate)

Senior Advisor to the Astro Japan Property Group

Eric Lucas

Security Registry

Link Market Services Limited
680 George Street
Sydney NSW 2000 Australia
Locked Bag A14
Sydney South, NSW 1235 Australia
T: +61 1800 881 098
Email: registrars@linkmarketservices.com.au
www.linkmarketservices.com.au

Auditors

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000 Australia
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia
T: +61 2 9322 7000

Custodian

Perpetual Corporate Trust Limited
Angel Place
123 Pitt Street
GPO Box 4172
Sydney NSW 2000 Australia
T: +61 2 9229 9000

Website

www.astrojapanproperty.com





Disclaimer

This Report is issued by the Astro Japan Property Group ("Astro Group"), comprising Astro Japan Property Management Limited (ABN 94 111 874 563, AFSL 283142) ("Responsible Entity") as responsible entity of the Astro Japan Property Trust (ARSN 112 799 854) ("AJT") and Astro Japan Property Group Limited (ABN 25 135 381 663) ("AJCo").

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Asset management services in Japan are generally undertaken by Spring Investment Co., Limited ("Spring"). Property level information contained in this Report has been provided by Spring. The Astro Group's property interests are held via a Japanese Tokumei Kumiai structure, which is a contractual arrangement whereby the Astro Group has no ownership interest in the properties. See the Astro Group website under About Us – Ownership Structure for more details, www.astrojapanproperty.com.

