



ASX/Media Release

24 August 2016

AJA FULL YEAR RESULTS TO 30 JUNE 2016

Please find attached the following documents relating to Astro Japan Property Group's Full Year Results to 30 June 2016:

1. ASX Appendix 4E
2. Annual Financial Report for the year ended 30 June 2016

ENDS

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About Astro Japan Property Group (AJA)

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

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

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

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Appendix 4E Preliminary Final Report

Astro Japan Property Group

[The financial information in this Appendix 4E represents the consolidated financial information of the Astro Japan Property Group comprising Astro Japan Property Trust (ARSN 112 799 854), Astro Japan Property Group Limited (ABN 25 135 381 663) and its controlled entity.]

1. Details of the reporting period

Current Period: 1 July 2015 - 30 June 2016

Previous Corresponding Period: 1 July 2014 - 30 June 2015

2. Results for announcement to the market

				\$A'000	
2.1	Revenue from ordinary activities ¹	down	54.7%	to	18,075
2.2	Net profit for the period attributable to stapled securityholders	up	203.3%	to	132,134
2.3	Underlying profit ²	up	17.4%	to	31,460
2.4	Distributions ³	Amount per security		Franked amount per security	
	<i>Current Period:</i>				
	Final distribution	18.00¢		N/A	
	Interim distribution	18.00¢		N/A	
	<i>Previous Corresponding Period:</i>				
	Final distribution	16.00¢		N/A	
	Interim distribution	12.50¢		N/A	
2.5	Record date for determining entitlements to the distribution	30 June 2016			
2.6	Provide a brief explanation of any of the figures reported above necessary to enable the figures to be understood:				
	Refer to associated ASX results announcement.				

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

² Net profit for the year after tax before fair value adjustments to unlisted investments, foreign currency translation impact on the fair value of the TKs, TK operator share of TK distributions, fair value adjustments to investment property, fair value adjustments to interest bearing debt, loss/(gain) on disposal of investment properties, expenses associated with TK refinancing, net foreign exchange gain, impairment of goodwill and deferred tax on fair value adjustments.

³ There is no foreign conduit income attributed to these distributions.

3. Analysis of financial performance

The Group's statutory profit after tax for the year ended 30 June 2016 was \$132.1 million. The following table summarises key reconciling items between the Group's statutory result and underlying profit⁴.

3.1 Reconciliation between Group's statutory result and operating profit:	30 June 2016 \$A'000	30 June 2015 \$A'000
Net profit after tax for the year⁵	132,134	43,562
Fair value adjustment to unlisted investments	862	(787)
Foreign currency translation impact on the fair value of the TKs	(82,291)	(3,842)
TK operator share of TK distributions	65	73
Fair value adjustments to investment property	(19,187)	(21,876)
Fair value adjustments to interest bearing debt	3,815	3,232
Loss/(gain) on disposal of investment properties	193	(4,566)
Expenses associated with TK refinancings	779	4,971
Net foreign exchange gain	(8,510)	(1,152)
Impairment of goodwill	-	400
Deferred tax on fair value adjustment	3,600	6,780
Underlying profit after tax	31,460	26,795

4. Statement of Profit or Loss and Other Comprehensive Income with notes

Refer to the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the attached financial statements.

5. Statement of Financial Position with notes

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

6. Statement of Cash Flows with notes

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

7. Statement of Changes in Equity showing movements

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

8. Details of distributions

Refer to the attached financial statements Note 12 Distributions paid or payable and the Directors' report.

⁴ 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 and underlying profit in the Directors' Report, including both positive and negative adjustments and maintaining consistency between reporting periods. The adjustments include non-cash fair value movements within the financial assets at fair value through profit and loss (representing investments in the TKs), and are detailed in the segment reporting disclosure in Note 18. The adjustments between statutory profit after income tax and underlying profit have not been audited in accordance with Australian Auditing Standards.

⁵ All items below are included in the underlying TKs' fair value determination as set out in Note 18 Segment reporting.

9. Net tangible asset backing per security

	30 June 2016	30 June 2015
* Net tangible asset backing per security	\$8.26	\$6.44

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

10. Control gained or lost over entities during the period

N/A

11. Details of associates and joint venture entities

N/A

12. Other significant information

Refer to the attached Directors' report.

13. Accounting standards used by foreign entities

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

14. Details of distribution reinvestment plan

The Distribution Reinvestment Plan was not activated for the distribution for the six months ending 30 June 2016.

15. Commentary on results

15.1 Earnings per security		
Refer to the attached financial statements Note 7 Earnings per stapled security.		
15.2 Returns to shareholders:	30 June 2016 \$A'000	30 June 2015 \$A'000
Distributions	21,835	18,041

15.3 Significant features of operating performance and trends in operating performance:	30 June 2016 \$A'000	30 June 2015 \$A'000
Revenue		
Financing income	93	141
Distributions received	17,822	39,723
	17,915	39,864
Other income		
Net gains on financial assets held at FVTPL	109,796	7,445
Net foreign exchange gain	8,510	1,152
Other income	160	-
Total other income	118,466	8,597
Total revenue and other income	136,381	48,461
Expenses		
Impairment of goodwill	-	400
Other operating expenses	2,816	2,538
Total expenses	2,816	2,938
Profit before tax	133,565	45,523
Refer to associated ASX results announcement for commentary on the results for the year ended 30 June 2016		
15.4 Segment results:		
Refer attached financial statements Note 18 Segment Reporting.		
15.5 Trends in performance:		
N/A		
15.6 Other factors:		
N/A		

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

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

17. Qualification of audit / review

N/A

Astro Japan Property Group

Annual Financial Report
30 June 2016

The Astro Japan Property Group (Astro Group) comprises Astro Japan Property Trust (ARSN 112 799 854) (AJT), 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

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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 2016. The Astro Japan Property Group ("Astro Group") comprises Astro Japan Property Trust, 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 eight 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), JPT August Co. Ltd. (JPTA), and Arabesque S Godo Kaisya (JPTGK); 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) so are therefore required to separately 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 4, Level 10, 56 Pitt Street, Sydney NSW 2000.

Principal activities

The principal activity of AJT is investment in interests in investment properties. The principal activities of AJCo are ownership of Astro Japan Property Management Limited, the Responsible Entity of AJT and ownership of a 25% economic interest in Spring Investment Co., Ltd, ("Spring" or "Japan Asset Manager"), which is the manager of AJT's Japanese property interests.

Financial and operating review

The following provides a summary of the Astro Group's performance for the year ended 30 June 2016.

Financial results

The Astro Group made a profit after income tax of \$132,134,000 for the year ended 30 June 2016 (30 June 2015: \$43,562,000).

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 and underlying profit in the Directors' Report, including both positive and negative adjustments and maintaining consistency between reporting periods. The adjustments include non-cash fair value movements within the financial assets at fair value through profit and loss (representing investments in the TKs), and are detailed in the segment reporting disclosure in Note 18. The adjustments between statutory profit after income tax and underlying profit are set out below (this reconciliation has not been audited in accordance with Australian Auditing Standards):

	Year ended 30/06/2016 \$'000	Year ended 30/06/2015 \$'000
Profit after tax for the year¹	132,134	43,562
Fair value adjustment to unlisted investments	862	(787)
Foreign currency translation impact on the fair value of the TKs	(82,291)	(3,842)
TK operator share of TK distributions	65	73
Fair value adjustments to investment properties	(19,187)	(21,876)
Fair value adjustments to interest bearing debt	3,815	3,232
Loss/(gain) on disposal of investment properties	193	(4,566)
Expenses associated with TK refinancings	779	4,971
Net foreign exchange gain	(8,510)	(1,152)
Impairment of goodwill	-	400
Deferred tax on fair value adjustments	3,600	6,780
Underlying profit after tax	31,460	26,795

¹All items below are included in the underlying TKs' fair value determination as set out in Note 18 Segment reporting.

Underlying profit after tax has increased by 17.4% compared to the prior year. The increase in underlying profit after tax results from a strengthening of the average A\$/¥ exchange rate from \$1=¥95.55 during the year to 30 June 2015 to \$1=¥84.98 during the year to 30 June 2016 reflected in an increase in net property income of 16.7% (see 'Financial results - portfolio performance and highlights' below), and savings in borrowing costs, partially offset by higher asset management fees.

After adjusting for expenses associated with TK refinancings, borrowing costs are 10.2% lower than in the prior financial year as a result of property disposals and a lower weighted average cost of debt for the full year achieved through refinancing of the entire TK debt book during the prior financial year, partially offset by the borrowing costs of JPTGK (\$408,000 after adjusting for expenses associated with refinancing) which has been included as a reportable segment from 1 July 2015.

Asset management fees are 70.7% higher than in the prior financial year. Asset management base fees have increased 13.5% compared to the prior year reflecting the strengthening of the average A\$/¥ exchange rate and inclusion of the JPTGK asset management base fee from 1 July 2015, offset by the property disposals during the current and prior year. The asset management performance fee of \$5,141,000 is higher than the prior year fee of \$1,500,000, the performance fee reflects the 22.3% (2015: 9.7%) outperformance of the Astro Group (on a total return basis) against the benchmark index (S&P/ASX 200 Property Accumulation Index) for the year.

Financial results - portfolio performance and highlights

The Astro Group had interests in 27 investment properties at 30 June 2016 (30 June 2015: 31 investment properties).

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

	Year ended 30/06/2016	Year ended 30/06/2015
	\$'000	\$'000
Retail	30,652	25,161
Office	16,773	15,372
Residential	6,333	5,518
Total net property income from interests in investment properties	53,758	46,051

Net property income has increased by 16.7% compared to the prior year. 4.7% of the increase relates to the contribution to net property income of JPTGK, which has been included as a reportable segment from 1 July 2015, the remainder of the increase reflects the strengthening of the average A\$/¥ exchange rate and reduced energy costs, offset by the sale of four properties during the current year along with the sale of three properties during the prior financial year. On a Yen basis, excluding the disposed of properties and JPTGK, net property income increased by 4.9%.

On 4 August 2015, the Astro Group further increased its economic interest in Arabesque S Godo Kaisya (JPTGK), an entity which owns the Musashino Towers property, from approximately 53% to 64% with an additional equity investment of approximately ¥281 million (\$3,067,000 at \$1=¥91.65). The property comprises the lower floor retail and commercial sections of two high-rise residential towers – Skygate Tower and Skycross Tower - located close to Mitaka station, in western Tokyo. From 1 July 2015 JPTGK has been included as a separate segment for segment reporting purposes, please refer to Note 18 Segment reporting.

On 19 February 2016, Sun Ace Tokugawa, an office property owned by JPTS, was sold for ¥1.37 billion (\$17,076,000 at \$1=¥80.23). The sales price represented a 4.58% premium to the ¥1.31 billion Astro Group book value of the asset as at 31 December 2015. After making repayment of approximately ¥742 million (\$9,248,000) of debt principal, and sale related costs, net proceeds available to the Astro Group are approximately ¥474 million (\$5,908,000). After disposal costs the sale resulted in a net gain of \$36,000.

On 29 February 2016, Yamashitacho, an office property owned by JPTN, was sold for ¥2.1 billion (\$26,026,000 at \$1=¥80.69). The sale price was the same as the most recent ¥2.1 billion Astro Group book value of the asset as at 31 December 2015. After making repayment of approximately ¥1.24 billion (\$15,367,000) of debt principal, and sale-related costs, net proceeds available to the Astro Group are approximately ¥778 million (\$9,642,000). After disposal costs the sale resulted in a net loss of \$896,000.

On 29 March 2016, Sapporo Co-op, a retail property owned by JPTS, was sold for ¥1.1 billion (\$12,870,000 at \$1=¥85.47). The sale price is an 8.9% premium to the most recent ¥1.01 billion Astro Group book value of the asset as at 31 December 2015. After making repayment of ¥709 million (\$8,295,000) of debt principal, and sale-related costs, net proceeds available to the Astro Group are approximately ¥206 million (\$2,410,000). After disposal costs the sale resulted in a net gain of \$590,000.

On 12 May 2016, FT Nihombashi, an office property owned by JPTS, was sold for ¥541.2 million (\$6,760,000 at \$1=¥80.06). The sales price represented a 7.8% premium to the ¥502 million Astro Group book value of the asset as at 31 December 2015. After making repayment of approximately ¥410 million (\$5,121,000) of debt principal, and sale related costs, net proceeds available to the Astro Group are approximately ¥80 million (\$999,000). After disposal costs the sale resulted in a net gain of \$75,000.

Subsequent to the end of the financial year, on 22 August 2016, the Astro Group announced that it had acquired interests in two Japanese hotels for a combined purchase price of ¥1.47 billion (\$19,091,000 at \$1=¥77). The Astro Group's interest in the hotels is held through a new special purpose, property owning Japanese company, KTS&S Co Ltd (JPKT). The assets have been acquired without debt, using part of the Astro Group's free cash. As part of the acquisitions, the Astro Group's Asset Manager has negotiated new 20 year non-cancellable leases for the hotels with an experienced Japanese hotel operator, Kuretakeso.

Net assets and fair value of investment properties

The net assets of the Astro Group have increased from \$393,041,000 at 30 June 2015 to \$503,340,000 at 30 June 2016. The increase in net assets results predominantly from a strengthening of the Yen spot rate from A\$1=¥93.99 at 30 June 2015 to A\$1=¥76.67 at 30 June 2016 and upward revaluations of the property portfolio.

In accordance with the Astro Group's valuation policy, the Astro Group assessed the fair value of investment properties in the underlying TKs during the year which resulted in a revaluation upward of \$19,187,000 to \$1,081,951,000 (Year ended 30 June 2015: revaluation upward of \$21,876,000 to \$907,566,000). The investment properties are incorporated in the financial assets carried at fair value through profit and loss. The overall increase in the fair value of investment property from \$907,556,000 (including the 53% economic interest held in JPTGK at 30 June 2015) to \$1,081,951,000 has been driven primarily by the strengthening of the Yen, along with upward revaluations and the acquisition of an additional 11% economic interest in JPTGK, offset by the disposal of four properties Sun Ace Tokugawa, Yamashitacho, Sapporo Co-op and FT Nihombashi.

Gearing of the underlying portfolio (interest bearing debt at face value/investment property value, excluding the impact of excess cash) at 30 June 2016 is 59.4% (30 June 2015: 61.1%).

Capital management

Debt refinancing

On 4 December 2015, the refinancing of the existing ¥2.575 billion (\$28,668,000 at \$1=¥89.82) loan to JPTGK with a new, ten year, senior loan of ¥3.4 billion (\$37,853,000) was completed. The previous loan was scheduled to mature in May 2018. As at 30 June 2016 the Astro Group has a 64% economic interest in JPTGK, which owns the Musashino Towers property.

The new all-in interest rate is a fixed rate of 1.20%, compared to 1.27% under the previous loan. The level of annual amortisation decreases from approximately 1.85% of the old loan to 1% of the new loan, or for the Astro Group's 64% interest to approximately 0.40 cents per security (cps) compared to 0.58 cps under the previous loan. Following the refinance, a surplus of approximately ¥480 million (\$5,344,000) is available to the Astro Group after the payment of expenses and funding loan reserves.

Business strategies, likely developments and prospects

Investment in Japanese property offers the advantage of attractive net rental returns together with interest on debt at much lower levels than available in Australia. As an investor in Japanese property, the Astro Group relies heavily on the Japanese Asset Manager Spring Investment Co., Ltd. (in which the Astro Group has a 25% economic interest), majority owned by Mr. Eric Lucas, who is also Senior Advisor to the Astro Group Board. The Astro Group's investments are managed by Spring pursuant to the TK contractual arrangements to which the Astro Group is a party, and under the terms of which the Astro Group receives detailed and regular information and communicates directly with Spring. Australian Directors work closely with Mr Lucas to monitor the interests of Astro Group's investors within the framework of the Japanese economy, the Japanese taxation system and the Japanese real estate market.

The primary advantage of having an interest in properties through TK investments in Japan is the attractive net rental returns (which valuers assessed at an average of 5.1% for the Astro Group's portfolio as at 30 June, 2016), together with low cost of debt, which averaged 1.27% for the Astro Group as at 30 June 2016. Accordingly, the capital structure of the Astro Group will generally operate with higher gearing levels than Australian real estate investment trusts, whilst remaining at prudent levels.

However, there are several negative factors which need to be managed, in particular the historic lack of net rental growth and the currency risk. Apart from corporate expenses 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 significant currency risk with respect to movements in the AUD/JPY exchange rate.

In the periods 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 it is no longer in the interests of security holders to maintain a capital hedging programme. However, the Astro Group does hedge short term distribution obligations at opportune times in the market. Currency risk is also mitigated to an extent by all interest bearing debt being denominated in Yen.

Capital management is a strong focus of the Japanese Asset Manager and Directors. Debt funding is structured separately for each of the six TKs. As a result of the Japanese Government's record monetary stimulus leading to a more positive view by Japanese banks, the opportunity arose for the Japanese Asset Manager to renegotiate all of the Astro Group's debt during the 2015 financial year, locking in lower interest costs, longer loan periods and significantly reduced loan amortisation obligations. In December, 2015 the debt in JPTGK was refinanced following the Astro Group's increase to a 64% economic interest in that TK.

The Astro Group will continue to seek opportunities to sell non-strategic assets and continue to restructure its property portfolio to minimise tenancy risks and capitalise on improved market conditions for property.

One of the various capital management initiatives open to the Directors is whether a transaction involving the sale of some or all of the property portfolio into a newly established Japanese listed property trust would be viable and deliver value to securityholders beyond that available in the current ASX listed structure. Directors believe that Astro Group's strong liquidity position and both recent and long term outperformance against the ASX REIT Index, require any potential JREIT transaction to be done with an appropriate level of execution, cost and reputational risk. Directors and the Japanese Asset Manager will continue to investigate this option and keep the market informed.

Distributions

Distributions declared and/or paid during the year ended 30 June 2016 were:

Distribution	Year ended 30/06/2016	Year ended 30/06/2015
Final distribution		
▪ Distribution cents per Stapled Security	18.00¢	16.00¢
▪ Payment date	31/08/2016	31/08/2015
Half year distribution		
▪ Distribution cents per Stapled Security	18.00¢	12.50¢
▪ Payment date	29/02/2016	27/02/2015

Distributions per Stapled Security for the year ended 30 June 2016 were 36.00 cents (year ended 30 June 2015: 28.50 cents).

The Astro Group Distribution Reinvestment Plan (DRP) which was implemented on 6 May 2011 was not activated for the distribution for either the six months ended 31 December 2015 or the six months ended 30 June 2016.

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 in which it operates.

Matters subsequent to the end of the financial year

As noted above, on 22 August 2016, the Astro Group had acquired interests in two Japanese hotels for a combined purchase price of ¥1.47 billion (\$19,091,000 at \$1: ¥77). The Directors are not aware of any other matter or circumstances occurring since 30 June 2016 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 2016, the Responsible Entity did not hold any securities in the Astro Group (30 June 2015: nil).

Responsible Entity and Japan Asset Manager's fees

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

	Year ended 30/06/2016 \$'000	Year ended 30/06/2015 \$'000
Asset management base fee – Japan Asset Manager	5,121	4,512
Asset management performance fee – Japan Asset Manager	5,141	1,500
Transaction fees – Japan Asset Manager	768	799
TK distributions – TK Operator	65	73
Total fees paid or payable	11,095	6,884
The following amounts are owed to the Japan Asset Manager at balance date relating to Asset Management and Transaction Fees	6,168	2,059

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

Stapled securities on issue

There were 60,652,466 stapled securities on issue as at 30 June 2016 (30 June 2015: 60,652,466). Each stapled security comprises one unit in AJT and one share in AJCo.

Astro Group assets

At 30 June 2016 the Astro Group held assets with a total value of \$515,818,000 (30 June 2015: \$403,924,000). The basis of recognition 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 Audit, Risk & Compliance Committee Member of the Remuneration 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 as a CFO and senior executive of Australian and international companies in the construction, manufacturing and finance fields. He 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. He is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand and a Fellow of the Australian Institute of Company Directors.
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 and 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 2016 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
	Brookfield Office Properties Inc. (dual listed on NYSE and TSE)	4 May 2011	3 June 2014
Doug Clemson	-	-	-
Kate McCann	-	-	-
John Pettigrew	Rubicon Group Limited	2 March 2007	22 June 2015

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 Committees of the Board) held during the 12 month period ended 30 June 2016, 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	13	13	13	13	5	5	2	2
Doug Clemson	13	13	13	13	5	5	2	2
Kate McCann	13	13	13	13	5	5	2	2
John Pettigrew	13	13	13	13	-	-	-	-

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	Balance at start of year	Change during the year	Balance at end of year
Allan McDonald	40,000	-	40,000
Doug Clemson	3,000	-	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 2016 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 previously held positions as a senior lawyer at Babcock & Brown and the Australian Securities Exchange (ASX). Rohan is a Fellow of the Governance Institute of Australia and a Member of the Australian Institute of Company Directors. Rohan holds a Master of Laws from the University of Sydney and a Bachelor of Laws degree and Bachelor of Commerce degree from the Australian National University.
John Pettigrew Executive Director, Chief Financial Officer & Company Secretary (alternate)	John was appointed as Company Secretary (alternate) of the Responsible Entity and as Company Secretary (alternate) of AJCo on 1 January 2011.

Indemnities and Insurance Premiums

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

- Indemnities

Responsible Entity

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

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

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

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

AJCo

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

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

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

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

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

- Insurance premiums

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

Remuneration Report

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

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

This report relates to the year ended 30 June 2016.

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 2016 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

Senior Advisor

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 Executive Chairman 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.

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 2016:

	2016	2015	2014	2013	2012
Net profit attributable to securityholders of the Astro Group (\$'000)	132,134	43,562	154,820	(12,900)	(44,233)
Earnings per security of the Astro Group (cents)	217.85	65.69	230.35	(20.73)	(75.68)
Underlying profit after tax per security of the Astro Group (cents)	51.87	40.41	40.19	46.53	57.45
Distributions per security of the Astro Group (cents)	36.00	28.50	20.00	17.50	15.00
Security price (\$) as at 30 June	6.87	4.96	4.08	3.00	2.88

- 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 2016

Executive	Year	Salary \$	STI \$	Non- monetary benefits \$	Super- annuation \$	Total \$
Mr J Pettigrew	2016	273,777	-	-	19,307	293,084
	2015	267,100	-	-	18,783	285,883
Total remuneration	2016	273,777	-	-	19,307	293,084
	2015	267,100	-	-	18,783	285,883

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

Executive	Fixed remuneration ¹ %	STI %	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 the year ended 30 June 2016.

Employment Contract for the Executive KMP

The base salary for the executive as at 30 June 2016, in accordance with his employment contract is shown below:

Executive	Base remuneration per employment contract
Mr J Pettigrew	\$ 273,777

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 18 May 2016, there will be no change to the fees for the 12 month period commencing 1 July 2016.

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 2016

Directors	Year	Short term - salary and fees \$	Superannuation \$	Total \$
Mr Allan McDonald	2016	136,500	12,967	149,467
	2015	136,500	12,968	149,468
Mr Doug Clemson	2016	96,500	9,167	105,667
	2015	96,500	9,168	105,668
Ms Kate McCann	2016	96,500	9,167	105,667
	2015	96,500	9,168	105,668
Total remuneration	2016	329,500	31,301	360,801
	2015	329,500	31,304	360,804

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 engage the auditor, BDO East Coast Partnership, 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.

During the year no non-audit services were provided by the auditor of the Astro Group, BDO East Coast Partnership, and its related practices.

Rounding

The amounts contained in this report and in the financial statements have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Astro Group under ASIC Corporations (Rounding in Financial Directors' Reports) Instrument 2016/191. The Astro Group is an entity to which the Legislative Instrument applies.

Dated 24 August 2016.

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

DECLARATION OF INDEPENDENCE BY IAN HOOPER TO THE DIRECTORS OF ASTRO JAPAN PROPERTY MANAGEMENT LIMITED AS RESPONSIBLE ENTITY OF ASTRO JAPAN PROPERTY TRUST

As lead auditor of Astro Japan Property Trust for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Astro Japan Property Trust and the entities it controlled during the year, including Astro Japan Property Group Limited and its controlled entities.



Ian Hooper
Partner

BDO East Coast Partnership

Sydney, 24 August 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2016

	Note	30 Jun 16 \$'000	30 Jun 15 \$'000
Revenue			
Financing revenue	2	93	141
Distribution revenue	3	17,822	39,723
		17,915	39,864
Other income			
Net gains on financial assets held at fair value through profit and loss	16(e)	109,796	7,445
Net foreign exchange gain		8,510	1,152
Other income		160	-
		118,466	8,597
Total revenue and other income		136,381	48,461
Expenses			
Impairment of goodwill	11	-	(400)
Other operating expenses	4	(2,816)	(2,538)
Total expenses		(2,816)	(2,938)
Profit before tax		133,565	45,523
Income tax expense	5	(1,431)	(1,961)
Profit for the year		132,134	43,562
Profit is attributable to:			
Securityholders of AJT		131,221	42,893
Securityholders of other entities stapled to AJT (non-controlling interests)		913	669
Profit for the year		132,134	43,562
Other comprehensive income		-	-
Total comprehensive income for the year		132,134	43,562
Total comprehensive income attributable to:			
Securityholders of AJT		131,221	42,893
Securityholders of other entities stapled to AJT (non-controlling interests)		913	669
		132,134	43,562
Basic and diluted earnings per ordinary Security available to securityholders of AJT	7	216.35¢	64.68¢

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

	Note	30 Jun 16 \$'000	30 Jun 15 \$'000
Current assets			
Cash and cash equivalents	16	49,511	3,199
Other receivables	8	34,341	40,735
Other assets		279	326
Total current assets		84,131	44,260
Non-current assets			
Financial assets carried at fair value through profit and loss	9	429,003	357,004
Deferred tax asset	10(a)	43	35
Property, plant and equipment		41	25
Intangible assets	11	2,600	2,600
Total non-current assets		431,687	359,664
Total assets		515,818	403,924
Current liabilities			
Payables		483	306
Employee benefits		73	74
Distribution payable	12	10,918	9,705
Current tax liabilities	13	858	412
Total current liabilities		12,332	10,497
Non-current liabilities			
Employee benefits		29	-
Deferred tax liabilities	10(b)	117	386
Total non-current liabilities		146	386
Total liabilities		12,478	10,883
Net assets		503,340	393,041
Equity			
Equity attributable to securityholders of AJT			
Contributed equity	14	601,854	601,854
Accumulated losses	15	(119,884)	(229,270)
Total equity of securityholders		481,970	372,584
Equity attributable to other stapled securityholders			
Contributed equity	14	26,952	26,952
Accumulated losses	15	(5,582)	(6,495)
Total equity of other stapled securityholders		21,370	20,457
Total equity		503,340	393,041

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

	Note	30 Jun 16 \$'000	30 Jun 15 \$'000
Cash flows from operating activities			
Realised foreign exchange gains		4,039	1,147
Other operating expenses paid		(2,622)	(2,431)
Financing income		93	141
Japanese withholding and Australian income tax paid		(1,263)	(2,455)
Net cash from/(used in) operating activities	19	247	(3,598)
Cash flows from investing activities			
Investment in financial assets held at fair value through profit and loss	16(e)	(3,195)	(8,819)
Distributions received		65,208	57,211
Purchase of plant, property and equipment		(23)	-
Net cash from investing activities		61,990	48,392
Cash flows from financing activities			
Payment for stapled securities bought back	14	-	(34,215)
Distributions paid		(20,622)	(15,057)
Net cash used in financing activities		(20,622)	(49,272)
Net increase/(decrease) in cash and cash equivalents		41,615	(4,478)
Cash and cash equivalents at the beginning of the year		3,199	7,672
Effect on exchange rate fluctuations on cash held		4,697	5
Cash and cash equivalents at the end of the year	16	49,511	3,199

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2016

	Note	Equity attributable to securityholders of AJT			Equity attributable to other stapled securityholders			Total equity \$'000
		Contributed equity \$'000	Accumulated losses \$'000	Total \$'000	Contributed equity \$'000	Accumulated losses \$'000	Total \$'000	
Balance at 1 July 2014		634,440	(254,122)	380,318	28,581	(7,164)	21,417	401,735
Profit for the year		-	42,893	42,893	-	669	669	43,562
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the year		-	42,893	42,893	-	669	669	43,562
Transactions with Securityholders in their capacity as Securityholders:								
Distributions paid or provided for	12	-	(18,041)	(18,041)	-	-	-	(18,041)
Stapled security buy-back, inclusive of cost	14	(32,586)	-	(32,586)	(1,629)	-	(1,629)	(34,215)
Balance at 30 June 2015		601,854	(229,270)	372,584	26,952	(6,495)	20,457	393,041
Balance at 1 July 2015		601,854	(229,270)	372,584	26,952	(6,495)	20,457	393,041
Profit for the year		-	131,221	131,221	-	913	913	132,134
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the year		-	131,221	131,221	-	913	913	132,134
Transactions with Securityholders in their capacity as Securityholders:								
Distributions paid or provided for	12	-	(21,835)	(21,835)	-	-	-	(21,835)
Balance at 30 June 2016		601,854	(119,884)	481,970	26,952	(5,582)	21,370	503,340

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

1. Statement of significant accounting policies

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

The entities forming the Astro Group are domiciled in Australia.

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

The consolidated financial report of the Astro Group for the year ended 30 June 2016 comprises AJT, 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) so are therefore required to separately 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.

The financial report was authorised for issue by the Directors on 24 August 2016. 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 AJCo and its 100% controlled entity, Astro Japan Property Management Limited (AJPML). AJPML is a 100% controlled subsidiary of AJCo with a principal place of business in Australia.

For the purposes of these Notes:

- references to 'TK Operator' means each or any of the eight 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), JPT August Co. Ltd. (JPTA), and Arabesque S Godo Kaisya (JPTGK); 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 2016 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.

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.

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 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(r).

The amounts contained in this report and in the financial statements have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Astro Group under ASIC Corporations (Rounding in Financial Directors' Reports) Instrument 2016/191. The Astro Group is an entity to which the Legislative Instrument applies.

(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 2015. The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(c) 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.

(d) 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.

(e) 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 prevailing foreign exchange rate 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 prevailing foreign exchange rate 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 prevailing foreign exchange rates at the dates the fair value was determined. Refer to note 16(a)(ii) for details of the Astro Group's foreign exchange hedging policy.

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

The Astro Group has designated this group of financial assets and liabilities at FVTPL as the financial instrument is managed and performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy. Information on the investment is provided internally on that basis to the Astro Group's KMP's.

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 16(e)(ii).

The Astro Group does not control the TKs as it has neither voting participation nor equivalent contractual rights to direct significant decisions at the TK level. The interests in the TKs are 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 recognises the economic interest in Spring as a financial asset at FVTPL. The determination of fair value requires the Group to apply judgement on significant estimates and assumptions. The valuation methodology has been described in note 16.

(g) Intangible assets

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 at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. 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.

(h) 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.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, and cash on deposit.

(j) Contributed equity

Stapled securities are classified as equity.

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

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

(k) Revenue

Revenues are recognised at fair value of the consideration received net of the amount of recoverable goods and services tax (GST).

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 revenue

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

ii) Financing revenue

Interest revenue 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.

(l) 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.

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 paid or payable 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 costs, 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 taxable 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% (2015: 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.

(m) Distribution payable

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, but unpaid at balance date.

(n) Other receivables

Distributions receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(o) 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.

(p) Parent entity financial information

The financial information for the parent entity, AJT, disclosed in note 23 has been prepared on the same basis as the consolidated financial statements.

(q) New accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods. The Astro Group's assessment of the impact of these new standards and interpretations is set out below.

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 2018)

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 2018 but is available for early adoption. The Astro Group is yet to assess its full impact.

AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)

AASB 15 outlines a single comprehensive model to use in accounting for revenue from contracts with customers. It supersedes current revenue recognition guidance including AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related Interpretations. The key principle of this Standard is that an entity will recognise revenue when it transfers promised goods or services to customers for an amount that reflects its expected consideration. The Standard introduces more prescriptive and detailed implementation guidance than was included in AASB 118, AASB 111 and the related Interpretations. The Standard is not applicable until 1 January 2018 but is available for early adoption. The Astro Group is yet to assess its full impact.

AASB 16 Leases (effective from 1 January 2019)

AASB 16 will replace AASB 117 *Leases*. It requires recognition of a right of use asset along with the associated lease liability where the Astro Group is a lessee. Interest expense will be recognised in profit or loss using the effective interest rate method, and the right of use asset will be depreciated. Lessor accounting would largely remain unchanged. The standard is not applicable until 1 January 2019 but is available for early adoption for entities that apply AASB 15 *Revenue from Contracts with Customers* at or before the date of initial application of the standard. The Astro Group is yet to assess its full impact.

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.

(r) Use of significant estimates and judgements

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 judgements 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) 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(f). 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 16(e)(ii).

iii) Functional currency

Refer to note 1(e).

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 16 \$'000	30 Jun 15 \$'000
2. Financing revenue		
Interest revenue	93	141
	93	141

	30 Jun 16 \$'000	30 Jun 15 \$'000
3. Distribution revenue		
Distribution revenue from TKs	17,822	39,723
	17,822	39,723

4. Other operating expenses

Other operating expenses includes the following:

Audit fees (Refer Note 6)	167	230
Regulatory and registrar costs	166	147
Employee expenses & Directors fees	1,239	1,216
Superannuation contributions	109	92
Insurance	316	337
Professional fees	141	111
Miscellaneous expenses	89	107
Transaction fees	277	-
Investor and public relations	56	57
Rent & premises expenses	197	195
Travel & accommodation	20	10
Bank charges	39	36
	2,816	2,538

5. Income tax expense

a) Income tax expense

Current Australian tax	648	467
Current Japanese withholding tax	1,060	1,530
Deferred Australian tax	(277)	(36)
	1,431	1,961

b) Reconciliation of tax expense

Profit before income tax	133,565	45,523
Tax expense at the prima facie Australian tax rate of 30%	40,069	13,657
Tax effect of profit attributed to entities not subject to tax	(6,478)	(11,060)
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
Goodwill impairment	-	120
Fair value adjustments to financial assets held at FVTPL	(32,939)	(2,233)
Distribution income from Spring	(9)	(9)
Overhead costs	5	(8)
	648	467
Japanese withholding tax on distributions from TKs	1,060	1,530
Deferred Australian tax asset on audit accrual	(6)	1
Deferred Australian tax asset on lease incentive	-	1
Deferred Australian tax asset on rent payable	(2)	(3)
Deferred Australian tax asset on employee entitlements	-	(6)
Deferred Australian tax liability on prepayments	(2)	4
Deferred Australian tax liability on fair value movement of financial asset at FVTPL	(267)	(33)
Income tax expense	1,431	1,961

	30 Jun 16	30 Jun 15
	\$	\$

6. Auditor's remuneration

Audit services:

Auditors of the Astro Group

BDO East Coast Partnership:

- Audit and review of financial reports	155,996	-
- Australian financial services license audit	4,000	-
- Compliance plan audit	7,000	-
	166,996	-

Deloitte Touche Tohmatsu Australia:

- Audit and review of financial reports	-	214,938
- Australian financial services license audit	-	5,356
- Compliance plan audit	-	9,641
	-	229,935

Other services¹:

Auditors of the Astro Group

Deloitte Touche Tohmatsu:

- Taxation advisory services	-	14,791
- Taxation compliance services	-	37,286
	-	52,077

Total	166,996	282,012
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¹During the year ended 30 June 2016 there were no fees paid or payable for non-audit services provided by the auditor of the Astro Group, BDO East Coast Partnership, and its related practices.

	30 Jun 16	30 Jun 15
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7. Earnings per stapled security

Basic and diluted	216.35¢	64.68¢
Profit after tax attributable to Securityholders of AJT used in calculating basic and diluted earnings per security (\$'000)	131,221	42,893
Weighted average number of Securities used as denominator in calculating basic and diluted earnings per Security	60,652,466	66,312,686

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

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

Basic and diluted	217.85¢	65.69¢
Profit after tax attributable to Securityholders of the Astro Group used in calculating basic and diluted earnings per security (\$'000)	132,134	43,562
Weighted average number of Securities used as denominator in calculating basic and diluted earnings per Security	60,652,466	66,312,686

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

	30 Jun 16	30 Jun 15
	\$'000	\$'000

8. Other receivables

Current

Distribution receivable from TKs	34,341	40,735
	34,341	40,735

As at 30 June 2016, the above receivable is not past due or impaired.

	30 Jun 16 \$'000	30 Jun 15 \$'000
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9. Financial assets carried at fair value through profit or loss (FVTPL)

Financial assets carried at fair value through profit and loss	429,003	357,004
	429,003	357,004

Astro Group's economic interest in various TKs in Japan are recognised as financial assets carried at fair value through profit and loss. An overview of the valuation methodology relating to financial assets carried at fair value through profit and loss is included in note 16(e)(ii).

10. Deferred taxes

(a) Deferred tax assets

The balance comprises temporary differences attributable to:

Employee entitlements	22	22
Audit accrual	16	10
Rent payable	5	3
	43	35

Movements:

Opening balance at beginning of year	35	28
Credited to the Consolidated Statement of Profit or Loss and Other Comprehensive Income	8	7
Closing balance at the end of the year	43	35
Deferred tax expected to be recovered within 12 months	38	32
Deferred tax expected to be recovered after more than 12 months	5	3

(b) Deferred tax liabilities

The balance comprises temporary differences attributable to:

Prepayments	16	18
Fair value movement of financial asset at FVTPL	101	368
	117	386

Movements:

Opening balance at beginning of year	386	415
Credited to the Consolidated Statement of Profit or Loss and Other Comprehensive Income	(269)	(29)
Closing balance at the end of the year	117	386
Deferred tax expected to be settled within 12 months	16	18
Deferred tax to be settled after more than 12 months	101	368

	Software \$'000	Goodwill \$'000	Total \$'000
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11. Intangible assets

Year ended 30 June 2015

Opening balance	-	3,000	3,000
Impairment charge	-	(400)	(400)
Closing net book amount	-	2,600	2,600

At 30 June 2015

Cost	48	15,000	15,048
Accumulated amortisation and impairment	(48)	(12,400)	(12,448)
Net book amount	-	2,600	2,600

Year ended 30 June 2016

Opening balance	-	2,600	2,600
Impairment charge	-	-	-
Closing net book amount	-	2,600	2,600

At 30 June 2016

Cost	48	15,000	15,048
Accumulated amortisation and impairment	(48)	(12,400)	(12,448)
Net book amount	-	2,600	2,600

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 as at 30 June 2016 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, this would be included at level 3 in the fair value hierarchy shown in note 16(e)(i). 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 (27.5 basis points) 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 16	30 Jun 15
	\$'000	\$'000

12. Distribution/dividends paid and payable

Half year distribution paid	10,917	8,336
Final distribution payable at year end	10,918	9,705
	21,835	18,041

Ordinary Securities

The final distribution for the year ended 30 June 2016 of 18.0 cents per security (\$10,918,000) (2015: 16.0 cents (\$9,705,000)) is payable on or around 31 August 2016 (2015 – 31 August 2015).

The half year distribution for the year ended 30 June 2016 of 18.0 cents per security (\$10,917,000) (2015: 12.5 cents (\$8,336,000)) was paid on 29 February 2016 (2015: 27 February 2015).

No dividends have been paid or declared for the financial year 2016 from the AJCo Group (2015: \$nil).

Franked dividends

The franked portions of any final dividends declared after 30 June 2016 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 2017.

Franking credits available for subsequent financial years based on a tax rate of 30% (2015 - 30%)	1,021	823
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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.

13. Current tax liabilities

Japanese withholding tax	416	167
Australian income tax	442	245
	858	412

	30 Jun 16	30 Jun 15
	No. of Units	No. of Units

14. Contributed equity

Number of securities on issue	60,652,466	60,652,466
Movements in number of securities		
Number at beginning of financial year	60,652,466	67,211,752
Stapled security buy-back	-	(6,559,286)
Number at end of financial year	60,652,466	60,652,466

	AJT \$'000	Other stapled securityholders' interest \$'000	Total \$'000
Movements in contributed equity			
Balance at 1 July 2014	634,440	28,581	663,021
Stapled security buy-back, inclusive of cost	(32,586)	(1,629)	(34,215)
Balance at 30 June 2015	601,854	26,952	628,806
Balance at 1 July 2015	601,854	26,952	628,806
Balance at 30 June 2016	601,854	26,952	628,806

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.

	AJT \$'000	Other stapled securityholders' interest \$'000	Total \$'000
15. Accumulated losses			
Balance at 1 July 2014	(254,122)	(7,164)	(261,286)
Net profit for the year	42,893	669	43,562
Distributions paid and payable to stapled securityholders	(18,041)	-	(18,041)
Balance at 30 June 2015	(229,270)	(6,495)	(235,765)
Balance at 1 July 2015	(229,270)	(6,495)	(235,765)
Net profit for the year	131,221	913	132,134
Distributions paid and payable to stapled securityholders	(21,835)	-	(21,835)
Balance at 30 June 2016	(119,884)	(5,582)	(125,466)

16. Financial risk management

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

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

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

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

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

The Astro Group's Treasury Guidelines provides a framework for managing the financial risks of the Astro Group with a key philosophy of risk mitigation.

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 2016		30 June 2015	
	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	0.12%	49,511	1.86%	3,199
Total cash and cash equivalents		49,511		3,199

¹The equivalent of \$46,726,000 (2015: \$195,000) was held in Japanese Yen.

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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Net profit/(loss)				
Cash and cash equivalents	14	15	(14)	(15)
Impact on total net profit/(loss)	14	15	(14)	(15)

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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Net profit/(loss)				
Cash and cash equivalents	84	-	(84)	-
Impact on total net profit/(loss)	84	-	(84)	-

(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 significant 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 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%	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Net profit/(loss)				
Cash and cash equivalents	(4,248)	(18)	5,192	22
Trade and other receivables	(3,122)	(3,703)	3,816	4,526
Financial assets carried at fair value through profit and loss	(39,000)	(32,455)	47,667	39,667
Impact on total net profit/(loss)	(46,370)	(36,176)	56,675	44,215

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 16	30 Jun 15
	\$'000	\$'000
Cash and other cash equivalents	49,511	3,199
Distribution receivable from TKs	34,341	40,735
	83,852	43,934

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 17.

At balance date there were no significant concentrations of credit risk, other than all cash being held with a single institution, however the institution has a Standard & Poor's AA long-term credit rating.

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

Impairment losses

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

	30 Jun 16	30 Jun 15
	\$'000	\$'000
Not past due	34,341	40,735
Past due 0-30 days	-	-
Past due 31- 60 days	-	-
Past due 61+ days	-	-
Total	34,341	40,735

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.

2016 - \$'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	(483)	-	-	-	(483)	(483)
Distribution payable	(10,918)	-	-	-	(10,918)	(10,918)
	(11,401)	-	-	-	(11,401)	(11,401)

2015 - \$'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	(306)	-	-	-	(306)	(306)
Distribution payable	(9,705)	-	-	-	(9,705)	(9,705)
	(10,011)	-	-	-	(10,011)	(10,011)

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 14.

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 0.5% of AJT's total assets.

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 year.

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).

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 2016 and 30 June 2015:

30 Jun 2016 - \$'000				
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets carried at fair value through profit and loss				
Unlisted investments	-	-	429,003	429,003
Total assets	-	-	429,003	429,003

30 Jun 2015 - \$'000				
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets carried at fair value through profit and loss				
Unlisted investments	-	-	357,004	357,004
Total assets	-	-	357,004	357,004

The Astro Group holds no Level 1 or Level 2 financial assets or liabilities. The carrying amounts of payables and other receivables are assumed to approximate their fair values due to their short-term nature.

(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 2016 and 30 June 2015 for recurring fair value measurements:

	Unlisted investments ¹ \$'000	Total \$'000
Level 3 fair value movement		
Balance at 1 July 2014	390,526	390,526
Investments in TKs	8,819	8,819
Capital returns from TKs	(49,786)	(49,786)
Net fair value gain through profit and loss	7,445	7,445
Balance at 30 June 2015	357,004	357,004
Balance at 1 July 2015	357,004	357,004
Investments in TKs	3,195	3,195
Capital returns from TKs	(40,992)	(40,992)
Net fair value gain through profit and loss	109,796	109,796
Balance at 30 June 2016	429,003	429,003

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 range of discount rates used was 4.0% to 6.3% and the range of terminal yields used was 4.4% to 7.7%. 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 fixed interest portion of debt is carried at fair value, determined by a discounted cash flow model, carrying value of floating rate debt is determined to be approximately equal to its fair value, as the TKs are financed at market rates. The carrying value of tax and working capital balances are a close approximate to fair value, given the nature of those balances.

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 periods ending 30 June 2016 and 30 June 2015:

Description	Change in unobservable input	30 Jun 16 \$'000	30 Jun 15 \$'000
Fair value of Level 3 Unlisted investments		429,003	357,004
	Increase of 0.1% in Discount rate	(7,104)	(6,168)
	Decrease of 0.1% in Discount rate	7,429	5,966
	Increase of 0.1% in Terminal yield	(12,579)	(8,511)
	Decrease of 0.1% in Terminal yield	12,500	8,907
	Increase of 10% in AUD/JPY foreign exchange rate	(39,000)	(32,455)
	Decrease of 10% in AUD/JPY foreign exchange rate	47,667	39,667

17. 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 2015: 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 23(c).

18. 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. These operating segments are consistent with the classes of unlisted investments as discussed in Note 16(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. 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 profit 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 2016, and reconciliation to Profit Before Tax, are as follows:

30 June 2016	JPT TK \$'000	JPTS TK \$'000	JPTC TK \$'000	JPTN TK \$'000	JPTO TK \$'000	JPTGK ¹ \$'000	Australia, Consolidation adjustments and JPTD & JPTA TKs \$'000	Total \$'000
Income statement:								
Revenue								
Property rental income	13,612	13,845	21,580	15,879	4,125	2,620	-	71,661
Financing income	3	2	3	6	1	1	93	109
Distribution income	-	-	-	-	-	-	2,090	2,090
Fair value adjustments to investment properties	15,237	4,329	7,612	(10,649)	1,213	1,445	-	19,187
Net foreign exchange gain	-	-	-	-	-	-	8,510	8,510
Other income	3	8	2	12	-	-	161	186
Total revenue	28,855	18,184	29,197	5,248	5,339	4,066	10,854	101,743
Expenses								
Property expenses	(1,733)	(4,257)	(5,733)	(5,119)	(616)	(441)	(4)	(17,903)
Asset management fees	(2,282)	(1,791)	(3,471)	(1,968)	(612)	(138)	-	(10,262)
Financing costs	(2,235)	(1,527)	(2,785)	(1,257)	(239)	(1,187)	(34)	(9,264)
Gain/(loss) on disposal of investment property	-	703	-	(896)	-	-	-	(193)
Fair value adjustment to interest bearing debt	(1,018)	(10)	(1,273)	(406)	-	(1,108)	-	(3,815)
Other operating expenses	(95)	(282)	(607)	(270)	(98)	(33)	(2,853)	(4,238)
Total expenses	(7,363)	(7,164)	(13,869)	(9,916)	(1,565)	(2,907)	(2,891)	(45,675)
Segment profit before tax	21,492	11,020	15,328	(4,668)	3,774	1,159	7,963	56,068
Income tax benefit/(expense)	(3,282)	(307)	(1,288)	1,743	(544)	(189)	(1,431)	(5,298)
Segment profit/(loss) after tax	18,210	10,713	14,040	(2,925)	3,230	970	6,532	50,770
Reconciliation to Astro Group PAT:								
Fair value adjustment to unlisted investments								(862)
Foreign currency translation impact on the fair value of the TKs								82,291
TK operator share of TK distributions								(65)
Profit for the year								132,134
Adjusted operating cashflow:								
Net operating cash flows from investment properties	12,090	9,359	15,889	10,187	3,456	2,113	-	53,094
Capital expenditure on investment properties	(456)	(949)	(546)	(2,809)	-	-	-	(4,760)
Asset management fees paid	(1,327)	(1,304)	(2,252)	(1,405)	(375)	(138)	-	(6,801)
Interest payment	(2,158)	(1,322)	(2,689)	(1,167)	(210)	(280)	-	(7,826)
Accounting and administration	(95)	(255)	(597)	(227)	(99)	(27)	(2,720)	(4,020)
Realised forex gains	-	-	-	-	-	-	4,039	4,039
Adjusted operating cashflow	8,054	5,529	9,805	4,579	2,772	1,668	1,319	33,726
Fair value adjustment to investment properties	15,237	4,329	7,612	(10,649)	1,213	1,445	-	19,187
Fair value adjustments to interest bearing debt	(1,018)	(10)	(1,273)	(406)	-	(1,108)	-	(3,815)
Unrealised forex gain	-	-	-	-	-	-	4,471	4,471
Movements in accruals and prepayments	(1,160)	(317)	(1,266)	15	(175)	60	(4)	(2,847)
Amortisation of borrowing costs	(77)	(163)	(96)	(120)	(36)	(906)	-	(1,398)
Depreciation	-	-	-	-	-	-	(6)	(6)
Financing income	-	-	-	-	-	-	93	93
Capital expenditure on investment properties	456	949	546	2,809	-	-	-	4,760
Gain/(loss) on disposal of investment property	-	703	-	(896)	-	-	-	(193)
Distribution income	-	-	-	-	-	-	2,090	2,090
Segment profit before tax	21,492	11,020	15,328	(4,668)	3,774	1,159	7,963	56,068

30 June 2015	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	16,005	13,334	18,564	10,860	3,559	1,435	-	63,757
Financing income	4	2	3	1	1	1	141	153
Distribution income	-	-	-	-	-	-	2,023	2,023
Gain/(loss) on disposal of investment property	(16)	1,793	-	-	-	2,773	16	4,566
Fair value adjustments to investment properties	8,257	3,364	13,128	(3,307)	1,595	(1,145)	(16)	21,876
Net foreign exchange gain	-	-	-	-	-	-	1,152	1,152
Other income	8	3	2	2	-	-	-	15
Total revenue	24,258	18,496	31,697	7,556	5,155	3,064	3,316	93,542
Expenses								
Property expenses	(3,499)	(3,803)	(5,598)	(3,329)	(506)	(971)	-	(17,706)
Asset management fees	(1,459)	(1,224)	(1,998)	(922)	(316)	(93)	-	(6,012)
Financing costs	(3,707)	(4,435)	(3,720)	(1,805)	(725)	-	(25)	(14,417)
Fair value adjustment to interest bearing debt	(1,216)	(225)	(1,524)	(267)	-	-	-	(3,232)
Impairment of goodwill	-	-	-	-	-	-	(400)	(400)
Other operating expenses	(207)	(282)	(583)	(155)	(97)	(158)	(2,513)	(3,995)
Total expenses	(10,088)	(9,969)	(13,423)	(6,478)	(1,644)	(1,222)	(2,938)	(45,762)
Segment profit before tax	14,170	8,527	18,274	1,078	3,511	1,842	378	47,780
Income tax benefit/(expense)	(5,593)	2,781	(2,013)	114	(581)	(1,521)	(1,961)	(8,774)
Segment profit/(loss) after tax	8,577	11,308	16,261	1,192	2,930	321	(1,583)	39,006
Reconciliation to Astro Group PAT:								
Fair value adjustment to the unlisted investments in Spring and JPTGK								787
Foreign currency translation impact on the fair value of the TKs								3,842
TK operator share of TK distributions								(73)
Profit for the year								43,562
Adjusted operating cashflow:								
Net operating cash flows from investment properties	12,350	8,921	13,108	8,567	3,614	11	-	46,571
Capital expenditure on investment properties	(1,529)	(657)	(77)	(1,052)	(2)	(6)	-	(3,323)
Asset management fees paid	(1,895)	(1,499)	(2,313)	(955)	(370)	(138)	-	(7,170)
Interest payment	(1,749)	(3,301)	(2,225)	(1,254)	(222)	(1)	-	(8,752)
Accounting and administration	(210)	(282)	(571)	(181)	(35)	(153)	(2,431)	(3,863)
Realised forex gains	-	-	-	-	-	-	1,147	1,147
Adjusted operating cashflow	6,967	3,182	7,922	5,125	2,985	(287)	(1,284)	24,610
Reconciliation to segment PBT:								
Adjusted operating cashflow	6,967	3,182	7,922	5,125	2,985	(287)	(1,284)	24,610
Fair value adjustment to investment properties	8,257	3,364	13,128	(3,307)	1,595	(1,145)	(16)	21,876
Fair value adjustments to interest bearing debt	(1,216)	(225)	(1,524)	(267)	-	-	-	(3,232)
Unrealised forex gain	-	-	-	-	-	-	4	4
Movements in accruals and prepayments	546	1,274	89	(930)	(557)	495	(101)	816
Amortisation of borrowing costs	(1,897)	(1,518)	(1,418)	(595)	(514)	-	-	(5,942)
Depreciation	-	-	-	-	-	-	(5)	(5)
Financing income	-	-	-	-	-	-	141	141
Capital expenditure on investment properties	1,529	657	77	1,052	2	6	-	3,323
Gain/(loss) on disposal of investment property	(16)	1,793	-	-	-	2,773	16	4,566
Impairment of goodwill	-	-	-	-	-	-	(400)	(400)
Distribution income	-	-	-	-	-	-	2,023	2,023
Segment profit before tax	14,170	8,527	18,274	1,078	3,511	1,842	378	47,780

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 2016	JPT TK \$'000	JPTS TK \$'000	JPTC TK \$'000	JPTN TK \$'000	JPTO TK \$'000	JPTGK ¹ \$'000	Australia, Consolidation adjustments and JPTD & JPTA TKs \$'000	Total \$'000
Segment balance sheet:								
Segment assets								
Cash and cash equivalents	6,759	20,165	8,865	9,788	1,867	716	58,860	107,020
Restricted cash	10,868	2,713	11,047	14,103	6,616	2,932	-	48,279
Trade and other receivables	222	298	927	92	-	1,038	1,753	4,330
Financial assets at FVTPL	-	-	-	-	-	-	3,781	3,781
Investment properties	273,121	157,742	353,726	182,357	69,102	45,903	-	1,081,951
Deferred tax asset	550	4,539	-	1,938	-	233	43	7,303
Intangible assets	-	-	-	-	-	-	2,600	2,600
Other assets	16	56	128	331	2	35	329	897
Total segment assets	291,536	185,513	374,693	208,609	77,587	50,857	67,366	1,256,161
Segment liabilities								
Payables and other liabilities	(6,696)	(18,756)	(8,029)	(7,486)	(2,260)	(830)	23,366	(20,691)
Tenant deposits	(10,454)	(7,535)	(9,382)	(12,101)	(5,837)	(2,678)	-	(47,987)
Distribution payable	-	-	-	-	-	-	(10,917)	(10,917)
Interest bearing debt at fair value	(171,559)	(85,530)	(213,801)	(107,603)	(40,378)	(28,874)	-	(647,745)
Current tax liabilities	-	-	-	-	-	-	(858)	(858)
Deferred tax liabilities	(12,369)	(58)	(6,511)	-	(1,860)	(3,708)	(117)	(24,623)
Total segment liabilities	(201,078)	(111,879)	(237,723)	(127,190)	(50,335)	(36,090)	11,474	(752,821)
Net segment assets	90,458	73,634	136,970	81,419	27,252	14,767	78,840	503,340

30 June 2015	JPT TK \$'000	JPTS TK \$'000	JPTC TK \$'000	JPTN TK \$'000	JPTO TK \$'000	JPTGK ¹ \$'000	Australia, Consolidation adjustments and JPTD & JPTA TKs \$'000	Total \$'000
Segment balance sheet:								
Segment assets								
Cash and cash equivalents	7,504	6,639	6,514	33,316	1,423	518	4,236	60,150
Restricted cash	8,010	2,652	8,524	13,701	5,391	2,072	-	40,350
Trade and other receivables	327	514	721	119	-	639	1,159	3,479
Financial assets at FVTPL	-	-	-	-	-	-	4,544	4,544
Investment properties	209,483	154,212	281,082	177,368	55,376	30,035	-	907,556
Deferred tax asset	252	3,658	-	116	-	-	35	4,061
Intangible assets	-	-	-	-	-	-	2,600	2,600
Other assets	14	99	177	300	2	27	361	980
Total segment assets	225,590	167,774	297,018	224,920	62,192	33,291	12,935	1,023,720
Segment liabilities								
Payables and other liabilities	(7,226)	(4,838)	(5,422)	(30,339)	(2,053)	(482)	38,801	(11,559)
Tenant deposits	(8,432)	(8,960)	(7,393)	(11,702)	(4,953)	(1,818)	-	(43,258)
Distribution payable	-	-	-	-	-	-	(9,705)	(9,705)
Interest bearing debt at fair value	(138,908)	(89,874)	(173,105)	(101,420)	(33,069)	(14,085)	-	(550,461)
Current tax liabilities	-	-	-	-	-	-	(412)	(412)
Deferred tax liabilities	(7,087)	-	(4,562)	-	(1,050)	(2,199)	(386)	(15,284)
Total segment liabilities	(161,653)	(103,672)	(190,482)	(143,461)	(41,125)	(18,584)	28,298	(630,679)
Net segment assets	63,937	64,102	106,536	81,459	21,067	14,707	41,233	393,041

¹The Astro Group's 64% economic interest in JPTGK has been included as a separate segment from 1 July 2015. JPTGK had previously been included as a financial asset held at fair value through profit or loss for segment reporting purposes with income from JPTGK being recognised as distribution income. The segment balance sheet as at 30 June 2015 has been restated to include the Astro Group's then 53% economic interest in JPTGK.

30 Jun 16 30 Jun 15
\$'000 \$'000

19. Notes to the consolidated statements of cash flows

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

Profit for the year	132,134	43,562
<i>Adjustments for non cash items and items classified as investing or financing activities</i>		
Unrealised foreign exchange gain	(4,471)	(4)
Fair value adjustments to financial assets held at FVTPL	(109,796)	(7,445)
Distribution income	(17,822)	(39,723)
Depreciation expense	7	5
Impairment of goodwill	-	400
Net cash provided by operating activities before changes in asset and liabilities	52	(3,205)
<i>Change in assets and liabilities during the financial period</i>		
Increase/(decrease) in Japanese withholding tax and Australian income tax payable	169	(494)
Increase in other assets	47	81
Increase/(decrease) in payables	(21)	20
Net cash from/(used in) operating activities after changes in assets and liabilities	247	(3,598)

20. 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 2016 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

(b) Remuneration of Key Management Personnel

Remuneration of Key Management Personnel is disclosed in the Remuneration Report.

	30 Jun 16	30 Jun 15
	\$'000	\$'000
Short-term employee benefits	603	597
Post-employment benefits	51	50

(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) Senior advisor

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 Executive Chairman 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.

21. Related parties

a) Astro Japan Property Group Limited

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

b) Responsible entity

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

c) The Japan Asset Manager

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

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

- An Asset Base Fee paid to the Japan Asset Manager equal to 0.40% per annum of the adjusted gross asset value of the TKs.
- A Performance Fee component payable to the Japan Asset Manager which comprises a potential fee in relation to the returns of AJT (AJT Performance Fee), and a potential fee in relation to the returns of AJT's assets (Asset Management Performance Fee).
- Asset Management Performance Fee payable to the Japan Asset Manager is calculated in two tiers as follows:
 - a) Tier 1 – 5% of the amount (denominated in Japanese Yen) equivalent to the amount the internal rate of return of the Japanese Investments exceeds the Asset Benchmark (which is 10%) up to 1% out-performance; and
 - b) Tier 2 – 15% of the amount (denominated in Japanese Yen) equivalent to the amount the internal rate of return of the Japanese Investments exceeds the Asset Benchmark in excess of 1% out-performance.
- The AJT Performance Fee is only payable to the Japan Asset Manager. The Japan Asset Manager is only entitled to 40% of the performance fee which is calculated in two tiers as follows:
 - a) Tier 1 – 5% of out performance of the ASX 200 Property Accumulation Index return (Benchmark) (up to 2%) multiplied by total equity of AJT; and
 - b) Tier 2 – 15% of out performance of the Benchmark greater than 2% multiplied by total equity of AJT.

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

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

d) Security holdings

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

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

Mr Eric Lucas, senior advisor to the Astro Group, holds 6,969,999 stapled securities as at 30 June 2016.

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 16	30 Jun 15
	\$'000	\$'000

g) Japan Asset Manager fees and other transactions

The following transactions occurred with related parties:

Asset management fees

Asset management base fee – paid and payable to Japan Asset Manager by TKs	5,121	4,512
Asset management performance fee – paid and payable to Japan Asset Manager by TKs	5,141	1,500
Transaction fees paid and payable to the Japan Asset Manager	768	799
	11,030	6,811
TK distribution – paid and payable to TK Operator	65	73
Total fees paid or payable	11,095	6,884

Other transactions occurring with related parties

Reimbursement of administration expenses – paid to the Japan Asset Manager by TKs	104	39
Distribution received and receivable from the Japan Asset Manager	(2,090)	(1,511)

Outstanding balances

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

Asset management fees

Asset management base fee – payable to Japan Asset Manager by the TKs	495	407
Asset management performance fee – payable to Japan Asset Manager by the TKs	5,652	1,645
TK distribution – payable to TK Operator by the TKs	21	7
Total asset management and performance fees payable	6,168	2,059

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, who is the Chairman and Representative Director. Mr Lucas also acts as senior advisor to the Astro Group.

22. Commitments

Lease commitments: Astro Group as lessee

The Astro Group has a non-cancellable lease in respect of the office premises. The lease is for a duration of 5 years and is classified as an Operating Lease. The minimum lease payments are as follows:

Within one year	126	120
Later than one year but not later than 5 years	303	429
	429	549

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

23. Parent entity financial information

a) Summary financial information

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

	30 Jun 16 \$'000	30 Jun 15 \$'000
Statement of Financial Position		
Current Assets	79,502	40,268
Total Assets	504,725	392,730
Current Liabilities	22,755	20,146
Total Liabilities	22,755	20,146
<i>Unitholder' equity</i>		
Issued capital	601,854	601,854
Accumulated losses	(119,884)	(229,270)
	481,970	372,584
Profit for the year	131,221	42,893
Total comprehensive income for the year	131,221	42,893

b) Guarantees entered into by the parent entity

The parent entity had not entered into any guarantees as at 30 June 2016 (30 June 2015: \$nil).

c) Contingent liabilities of the parent entity

At 30 June 2016, the TKs total security deposit liability to tenants was \$48.0m (30 June 2015: \$41.4m). Of this amount, \$36.2m (30 June 2015: \$28.0m) 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 2016 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 \$8.5m (30 June 2015: \$10.1m) 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 18.

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

24. Events occurring after the reporting period

Subsequent to the end of the financial year, on 22 August 2016, the Astro Group announced that it had acquired interests in two Japanese hotels for a combined purchase price of ¥1.47 billion (\$19,091,000 at \$1:¥77). The Astro Group's interest in the hotels is held through a new special purpose, property owning Japanese company, KTS&S Co Ltd (JPTK). The assets have been acquired without debt, using part of the Astro Group's free cash. As part of the acquisitions, the Astro Group's Asset Manager has negotiated new 20 year non-cancellable leases for the hotels with an experienced Japanese hotel operator Kuretakeso.

The Directors of the Responsible Entity are not aware of any matters or circumstance occurring since 30 June 2016 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.

- 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 2016 and of its performance for the year ended 30 June 2016; 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 24 August 2016.

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



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

INDEPENDENT AUDITOR'S REPORT

To the stapled security holders of Astro Japan Property Trust

Report on the Financial Report

We have audited the accompanying financial report of Astro Japan Property Trust ('the Trust'), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity Astro Japan Property Group ('the Consolidated Stapled Entity'). The Consolidated Stapled Entity, as described in note 1 to the financial report, comprises the Trust and the entities it controlled at the year's end or from time to time during the financial 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 Trust, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 of the financial report that gives a true and fair view 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.



Independence

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.

Opinion

In our opinion:

- (a) the financial report of Astro Japan Property Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Consolidated Stapled Entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 10 of the directors' report for the year ended 30 June 2016. The directors of Astro Japan Property Management 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 2016 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

A handwritten signature in black ink, appearing to read 'Ian Hooper', written over a horizontal line.

Ian Hooper
Partner

Sydney, 24 August 2016