ASX/Media Release

24 August 2017

FINANCIAL REPORT OF STAPLED COMPANY, ASTRO JAPAN PROPERTY GROUP LIMITED

Astro Japan Property Group (ASX: AJA) earlier today announced its full year results to 30 June 2017 which included the Annual Financial Report covering the operations of the Astro Group as a whole.

In accordance with the *Corporations Act 2001* (Cth), the Astro Group prepares two annual financial reports for release to the ASX: one report covers the operations of the Astro Group as a whole (released earlier today); and another smaller report covers only the stapled company, Astro Japan Property Group Limited and its controlled entity.

Please find attached the Annual Financial Report for Astro Japan Property Group Limited for the period ended 30 June 2017 covering the operations of only the stapled company. This Report should be read together with the Annual Financial Report of the Astro Group released earlier today.

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 Limited

(ABN 25 135 381 663)

Annual Financial Report
30 June 2017

Important: These financial statements should be read in conjunction with the consolidated financial statements of the Astro Group for the year ended 30 June 2017, which were released to the ASX on 24 August 2017

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

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 Group Limited (ABN 25 135 381 663) ("AJCo") present their report together with the consolidated financial statements of AJCo and its controlled entity ("AJCo Group" or "Group") for the year ended 30 June 2017.

The Astro Japan Property Group

The Astro Japan Property Group ("Astro Group") comprises Astro Japan Property Trust (ARSN 112 799 854) ("AJT") and AJCo and its controlled entity. The shares in AJCo are stapled to the units in AJT on a 'one for one' basis and together are referred to as 'stapled securities'. AJCo and AJT are separate legal entities under the *Corporations Act 2001* (Cth) 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 and Urgent Issues Group Interpretations (UIG). This report is in respect of the AJCo Group.

The registered office and principal place of business of AJCo is Suite 4, Level 10, 56 Pitt Street, Sydney NSW 2000.

Principal activities

The principal activities of AJCo remain unchanged from 30 June 2016 and are:
• holding 100% of the issued share capital of Astro Japan Property Management Limited ("Responsible Entity"), the Responsible Entity of AJT; and
• holding a 25% economic interest in Spring Investment Co. Ltd ("Spring" or "Japan Asset Manager"), which is the manager of the Astro Group's Japanese property interests.

Financial and operating review

AJCo Group made a profit after income tax of $3,015,266 for the year ended 30 June 2017 (2016: $912,955).

Disposal of Spring's shareholding in Sekisui House SI Asset Management, Ltd.

On 29 March 2017, it was announced that Spring, in which the AJCo Group has a 25% economic interest, disposed of its shareholding in Sekisui House SI Asset Management, Ltd. (SSA). SSA is the manager of the Tokyo Stock Exchange listed REIT, Sekisui House SI Residential Investment Corporation (TSE code 8973) which owns residential Japanese assets with a book value in excess of ¥200 billion ($2.3 billion approx.).

Spring acquired its 25% shareholding in SSA (formerly known as Joint Capital Partners) in 2010 in joint venture with leading Japanese real estate developer Sekisui House, Ltd. (TSE code 1928), which owns 75% of SSA. Spring sold its 25% interest to Sekisui House, Ltd and SSA is now Sekisui House, Ltd's 100% subsidiary.

Details of the sale are confidential, however, reflecting the very substantial growth in SSA's business over the past 7 years, the transaction price was at a significant premium to the book value of Spring's investment. In recognition of the success of this joint venture and in order to maintain the business relationship, Sekisui House, Ltd made a small investment in Spring. This investment does not impact the AJCo Group's 25% economic interest in Spring.

Likely developments and expected results of operations

In the year ended 30 June 2017, the primary source of the AJCo Group's revenue was obtained from its deemed parent AJT. As such, the future developments of the AJCo Group are reliant on the future developments of AJT, and the Astro Group as a whole.

Sale of the Astro Group's property (TK) interests

Subsequent to the year end, on 1 August 2017, the Astro Group announced that it has entered into agreements with Jetsons Holding II Pte. Ltd., an entity which is incorporated in Singapore by funds managed by Blackstone Real Estate (together with its affiliates, "Blackstone"), that, subject to the approval of Astro Group securityholders and the satisfaction of other conditions including lender consents, will result in:

• Blackstone acquiring all of the interests held by Astro Group in the TK Agreements, through which the Astro Group indirectly invests in Japanese real estate for net consideration of ¥37.908 billion ($428.3 million at $1:¥88.50). This implies a property portfolio valuation of ¥98.642 billion ($1,114.6 million at $1:¥88.50), reflecting a 2.38% premium to recently completed independent valuations;
• net proceeds from the sale of the TK Interests being returned to Astro Group securityholders; and
• The Astro Group being delisted from ASX and the constituent entities of Astro Group being wound up (collectively, the "Blackstone Proposal")

It is expected that Astro Group securityholders will receive net consideration of approximately $7.18 per stapled security (based on an exchange rate of $1:¥88.50) as a result of the Blackstone Proposal ("Proposed Consideration") in October 2017.

In addition to the Proposed Consideration, Astro Group securityholders will also receive:
• the normal half yearly distribution payable at the end of August 2017, of 21 cents per stapled security; and
• distributions currently estimated at 14 cents per Security on the wind up of AJT and AJCo targeted to occur prior to January 2018.

The Blackstone Proposal requires the approval of Astro Group Securityholders, by majority vote pursuant to ASX Listing Rules 10 and 11 (excluding Mr Eric Lucas and his associates). To this end, a meeting of Astro Group securityholders has been convened for 13 September 2017, and the Notice of Meeting and Explanatory Memorandum was lodged with ASX on 1 August 2017.

The Astro Group Board unanimously recommends that Astro Group securityholders vote in favour of the Blackstone Proposal, in the absence of a superior proposal.

Dividends

The Directors have not declared any dividends for the year ended 30 June 2017 (2016: nil).

Significant changes in the state of affairs

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

Environmental regulation

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

Matters subsequent to the end of the financial year

On 1 August 2017, the Astro Group entered into agreements with Blackstone which, if approved by securityholders, will result in Blackstone acquiring all of the interest held by the Astro Group in the TK Agreements. See above, 'Sale of the Astro Group's property (TK) interests' for further details.

The Directors are not aware of any other matter or circumstance occurring since 30 June 2017 not otherwise dealt with in the financial report that has significantly or may significantly affect the operations of the AJCo Group, the results of those operations, or the state of affairs of the AJCo Group in subsequent financial years.

Stapled securities on issue

There were 60,652,466 stapled securities on issue as at 30 June 2017 (30 June 2016: 60,652,466). Each stapled security comprises one unit in AJT and one share in AJCo.

Directors

The Directors of AJCo and the Responsible Entity (Directors) at any time during or since the 12 month period ended 30 June 2017 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 AJCo on 20 March 2009 and as a Director of the Responsible Entity on 19 February 2005. Allan has extensive experience in the investment and commercial banking fields and is presently associated with a number of companies as a consultant and company director. Allan holds a Bachelor of Economics Degree from the University of Sydney and is a Fellow of the Australian Society of Certified Practicing 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 AJCo and as a Director of the Responsible Entity 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 AJCo and as a Director of the Responsible Entity on 31 December 2011. Kate has extensive financial and commercial experience, with 15 years at McKinsey & Company, including her role as Principal from 1999-2002. Kate has been a non-executive director of private, global and not-for-profit organisations. She is currently the Chairman of General Re Australia Ltd and General Re Life Australia Ltd, and is a member of the Remuneration Committee and the Audit Committee of each of those companies.

John Pettigrew Executive Director and Chief Financial Officer	John was appointed as a Director of AJCo on 20 March 2009 and as a Director of the Responsible Entity on 19 February 2005. John became an Executive Director on 1 January 2011 upon his appointment as Chief Financial Officer. John has extensive financial and commercial experience with a number of major corporations and 36 years involvement in the property industry. John is a Fellow of the Australian Society of Certified Practicing 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 2017 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] (delisted on 17 September 2015)	1 January 2010	Continuing
	Brookfield Prime Property Fund[2] (delisted on 3 July 2017)	1 January 2010	Continuing
Doug Clemson	-	-	-
Kate McCann	-	-	-
John Pettigrew	Rubicor 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 2017, 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	17	17	17	17	4	4	3	3
Doug Clemson	17	15	17	15	4	4	3	3
Kate McCann	17	16	17	16	4	4	3	3
John Pettigrew	17	17	17	17	-	-	-	-

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 30 June 2017 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[1]	-	-	-

[1]Subsequent to 30 June 2017 John Pettigrew aquired 30,000 stapled securities

Secretaries

The Company Secretaries of AJCo and the Responsible Entity at any time during or since the 12 month period ended 30 June 2017 are:

John Pettigrew Executive Director, Chief Financial Officer & Company Secretary	John was appointed as Company Secretary of the Responsible Entity and as Company Secretary of AJCo on 1 January 2011.
Jonathon Moody Financial Controller & Company Secretary (alternate)	Jonathon was appointed as Company Secretary (alternate) of the Responsible Entity and as Company Secretary (alternate) of AJCo on 20 January 2017.
Rohan Purdy General Counsel & Company Secretary	Rohan resigned as Company Secretary of the Responsible Entity and as Company Secretary of AJCo on 20 January 2017.

Indemnities and Insurance Premiums

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

- Indemnities

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

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

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

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

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

- Insurance premiums

As part of its insurance arrangements, AJCo pays insurance premiums in respect of a Directors and Officers liability insurance contract covering Directors and Officers of AJCo. Under the terms of the Directors and Officers insurance contract, AJCo is prohibited from disclosing the nature of the liabilities indemnified and the amount of the insurance premium paid.

Remuneration Report

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

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

This report relates to the year ended 30 June 2017.

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 2017 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 $1,250. 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 2017:

	2017	2016	2015	2014	2013
(Loss)/profit attributable to securityholders of the Astro Group ($'000)	(12,424)	132,134	43,562	154,820	(12,900)
Earnings per security of the Astro Group (cents)	(20.48)	217.85	65.69	230.35	(20.73)
Underlying profit after tax per security of the Astro Group (cents)	56.96	51.87	40.41	40.19	46.53
Distributions per security of the Astro Group (cents)	42.00	36.00	28.50	20.00	17.50
Security price ($) as at 30 June	6.35	6.87	4.96	4.08	3.00

- **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.

In respect of the Blackstone Proposal, see 'Sale of the Astro Group's property (TK) interests' above for further details, if Securityholders approve the proposal, employees of the Astro Group will be paid a retention bonus equal to six months’ salary provided they remain in the employ of the Astro Group through to completion of the transaction as required by the Directors and/or a liquidator.

Remuneration of the Executive KMP

Table 1: Remuneration of the Executive KMP for the period ended 30 June 2017

Executive	Year	Salary $	STI $	Non-monetary benefits $	Super-annuation $	Total $
Mr J Pettigrew	**2017**	278,431	-	-	19,615	298,046
	2016	273,777	-	-	19,307	293,084
Total remuneration	**2017**	278,431	-	-	19,615	298,046
	2016	273,777	-	-	19,307	293,084

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 2017.

Employment Contract for the Executive KMP

The base salary for the executive as at 30 June 2017, in accordance with his employment contract is shown below:

Executive	Base remuneration per employment contract
Mr J Pettigrew	$ 278,431

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 24 May 2017, there will be no change to the fees for the 12 month period commencing 1 July 2017.

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 2017

Directors	**Year**	**Short term - salary and fees $**	**Superannuation $**	**Total $**
Mr Allan McDonald	**2017**	136,500	12,967	149,467
	2016	136,500	12,967	149,467
Mr Doug Clemson	**2017**	96,500	9,168	105,668
	2016	96,500	9,167	105,667
Ms Kate McCann	**2017**	96,500	9,168	105,668
	2016	96,500	9,167	105,667
Total remuneration	**2017**	329,500	31,303	360,803
	2016	329,500	31,301	360,801

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

Proceedings on behalf of AJCo

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

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

Auditor's independence declaration

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

Non audit services

The AJCo Group may decide to employ the auditor, 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 AJCo Group are important.

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

Dated 24 August 2017.

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

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DECLARATION OF INDEPENDENCE BY IAN HOOPER TO THE DIRECTORS OF ASTRO JAPAN PROPERTY GROUP LIMITED

As lead auditor of Astro Japan Property Group Limited for the year ended 30 June 2017, 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 Group Limited and the entities it controlled during the year.

Ian Hooper
Partner

BDO East Coast Partnership

Sydney, 24 August 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2017

	Note	30 Jun 17 $	30 Jun 16 $
Revenue			
Revenue	1(a), 16(c)	1,733,849	1,809,705
Financing income	1(b)	213,016	252,585
Distribution income	16(c)	4,871,507	2,089,932
Net foreign exchange gain		5,391	57,578
Total revenue and other income		**6,823,763**	**4,209,800**
Expenses			
Operating expenses	2	(2,019,779)	(2,033,906)
Net losses on financial assets held at fair value through profit or loss	9(b)	(505,864)	(891,459)
Total expenses		**(2,525,643)**	**(2,925,365)**
Profit before income tax		**4,298,120**	**1,284,435**
Income tax expense	3	(1,282,854)	(371,480)
Profit for the period		**3,015,266**	**912,955**
Other comprehensive income		-	-
Total comprehensive income for the period		**3,015,266**	**912,955**
Total comprehensive income for the year is attributable to:			
Members of the Company		3,015,266	912,955
Basic and diluted earnings per share	4	4.97¢	1.51¢

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 17 $	30 Jun 16 $
Current assets			
Cash and cash equivalents	5	2,787,985	2,596,706
Other receivables	6	5,869,934	1,752,901
Prepayments		264,985	278,560
Fees receivable - related party - AJT	16(c)	163,341	246,702
Loan receivable - related party - AJT	16(c)	11,924,704	10,856,362
Total current assets		**21,010,949**	**15,731,231**
Non-current assets			
Property, plant and equipment		30,646	41,339
Financial assets carried at fair value through the profit or loss	8	2,258,911	3,781,350
Intangible assets	7	2,600,000	2,600,000
Deferred tax asset	3(d)	40,699	42,645
Total non-current assets		**4,930,256**	**6,465,334**
Total assets		**25,941,205**	**22,196,565**
Current liabilities			
Trade and other payables		185,758	164,411
Employee benefits		58,163	73,189
Current tax liabilities		1,288,089	442,017
Total current liabilities		**1,532,010**	**679,617**
Non-current liabilities			
Employee benefits		5,981	28,993
Deferred tax liability	3(e)	17,015	117,022
Total non-current liabilities		**22,996**	**146,015**
Total liabilities		**1,555,006**	**825,632**
Net assets		**24,386,199**	**21,370,933**
Equity			
Contributed equity	10	26,951,949	26,951,949
Accumulated losses		(2,565,750)	(5,581,016)
Total equity		**24,386,199**	**21,370,933**

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

	Note	30 Jun 17 $	30 Jun 16 $
Cash flows from operating activities			
Receipt of responsible entity fees		1,998,931	1,909,525
Payments to suppliers and employees		(2,193,923)	(2,088,521)
Realised foreign exchange gains		5,391	57,578
Interest received		73,025	45,897
Japanese withholding tax paid		(348,424)	(279,971)
Australian income taxes paid		(186,420)	(172,238)
Net cash used in operating activities	13	**(651,420)**	**(527,730)**
Cash flows from investing activities			
Payment for investment in Spring		-	(128,698)
Distributions received		1,771,049	1,313,483
Purchase of property, plant and equipment		-	(22,760)
Net cash from investing activities		**1,771,049**	**1,162,025**
Cash flows from financing activities			
Loan to AJT		(928,350)	(726,317)
Net cash used in financing activities		**(928,350)**	**(726,317)**
Net increase/(decrease) in cash and cash equivalents		**191,279**	**(92,022)**
Cash and cash equivalents at the beginning of the reporting period		2,596,706	2,688,728
Cash and cash equivalents at the end of the reporting period	5	**2,787,985**	**2,596,706**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2017

	Note	Contributed Equity	Accumulated Losses	Total
		$	$	$
Total equity at 1 July 2015		**26,951,949**	**(6,493,971)**	**20,457,978**
Profit for the year		-	912,955	912,955
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	912,955	912,955
Total equity at 30 June 2016	10	**26,951,949**	**(5,581,016)**	**21,370,933**
Total equity at 1 July 2016		**26,951,949**	**(5,581,016)**	**21,370,933**
Profit for the year		-	3,015,266	3,015,266
Other comprehensive income		-	-	-
Total comprehensive income for the year		**-**	**3,015,266**	**3,015,266**
Total equity at 30 June 2017	10	**26,951,949**	**(2,565,750)**	**24,386,199**

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

About this report

Astro Japan Property Group Limited (AJCo) is domiciled in Australia. The AJCo Group comprises 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.

The financial report was authorised for issue by the Directors on 24 August 2017. AJCo has the power to amend and reissue this financial report.

The principal accounting policies adopted in the preparation of the financial report are set out in note 21.

(a) Basis of preparation

The consolidated financial report for AJCo as at 30 June 2017 has been prepared on a going concern basis as the Directors of AJCo, after reviewing AJCo's going concern status, have concluded that AJCo has reasonable grounds to expect to be able to pay its debts as and when they become due and payable.

The Directors however note the subsequent events and conditions detailed in note 22, which indicates a material uncertainty that may cast significant doubt about the AJCo Group's ability to continue as a going concern should the securityholders approve the Blackstone proposal.

Should the AJCo Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the AJCo Group not continue as a going concern.

The AJCo Group is a for-profit entity for the purpose of preparing the financial statements. The consolidated financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations (UIG) and the *Corporations Act 2001* (Cth).

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

The financial statements are presented in Australian dollars.

(b) Basis of consolidation

The AJCo Group consolidated financial statements comprises the assets and liabilities of all controlled entities and the results of all controlled entities for the financial year. Control is achieved when the AJCo Group:
• has power over the investee;
• is exposed, or has rights, to variable returns from its involvement with the investee; and
• has the ability to use its power to affect its returns.

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

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

(c) Critical accounting estimates and judgements

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

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

i) Estimated impairment of goodwill
The AJCo Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 21(i). The recoverable amount of goodwill has been determined based on fair value less cost to sell calculations. These calculations require the use of assumptions. Refer to note 7(a) for details of these assumptions and the potential impact of changes to the assumptions.

ii) Financial assets held at fair value through profit or loss (FVTPL)
The AJCo Group recognises the economic interest in Spring as a financial asset at FVTPL as per note 21(j). 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 9(b).

iii) Functional currency
Refer to note 21(b).

1. Revenue

	30 Jun 17 $	30 Jun 16 $
a) Revenue from continuing operations		
Base fee – AJT	1,733,849	1,809,705
Total revenue from continuing operations	**1,733,849**	**1,809,705**
(b) Financing income		
Financing income - AJT	178,536	207,202
Financing income - Other	34,480	45,383
Total financing income	**213,016**	**252,585**

2. Expenses

	30 Jun 17 $	30 Jun 16 $
Employee expenses & Directors fees (including payroll tax)	1,072,332	1,239,088
Insurance	302,260	316,485
Depreciation and amortisation	10,693	6,445
Superannuation contributions	99,801	108,606
Regulatory and registrar costs	4,988	4,376
Lease payments	127,297	127,297
Audit fees	61,500	60,000
Professional fees	124,044	16,751
Premises expenses	28,185	25,690
IT expenses	39,795	43,884
Travel expenses	9,873	20,002
Other expenses	139,011	65,282
Total expenses	**2,019,779**	**2,033,906**

3. Income tax

	30 Jun 17 $	30 Jun 16 $
(a) Income tax expense		
Current tax expense	1,380,915	648,792
Deferred tax benefit	(98,061)	(277,312)
	1,282,854	**371,480**
(b) Reconciliation of tax expense		
Profit before income tax	4,298,120	1,284,434
Tax expense at the prima facie Australian tax rate of 30%	1,289,436	385,330
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
Distribution income from Spring	4,154	(8,613)
Fair value adjustment to financial assets	151,760	267,438
Overhead costs	(24,420)	4,637
	1,420,930	**648,792**
Adjustments for current tax of prior periods	(40,015)	-
Deferred Australian tax asset on audit accrual	(300)	(6,061)
Deferred Australian tax asset on rent payable	(468)	(2,066)
Deferred Australian tax asset on employee benefits	2,714	228
Deferred Australian tax liability on prepayments	980	(1,975)
Deferred Australian tax liability on FV movement of financial asset at FVTPL	(100,987)	(267,438)
Income tax expense	**1,282,854**	**371,480**

(c) Amounts recognised directly in equity
No amounts have been recognised directly in equity during the reporting period.

	30 Jun 17 $	30 Jun 16 $
(d) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Employee benefits	19,243	21,957
Audit accrual	16,500	16,200
Rent payable	4,956	4,488
	40,699	**42,645**
Movements:		
Opening balance at beginning of year	42,645	34,746
(Debited)/credited to the Consolidated Statement of Profit or Loss and Other Comprehensive Income	(1,946)	7,899
Closing balance at the end of the year	**40,699**	**42,645**
Deferred tax expected to be recovered within 12 months	**40,699**	**38,157**
Deferred tax expected to be recovered after more than 12 months	**-**	**4,488**

	30 Jun 17 $	30 Jun 16 $
(e) Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Prepayments	17,015	16,035
Fair value movement of financial asset at FVTPL	-	100,987
	17,015	**117,022**
Movements:		
Opening balance at beginning of year	117,022	386,435
Credited to the Consolidated Statements of Profit or Loss and Other Comprehensive Income	(100,007)	(269,413)
Closing balance at the end of the year	**17,015**	**117,022**
Deferred tax expected to be settled within 12 months	**17,015**	**16,035**
Deferred tax to be settled after more than 12 months	**-**	**100,987**

4. Earnings per stapled security

	30 Jun 17 $	30 Jun 16 $
Basic and diluted	4.97¢	1.51¢
Profit after tax attributable to members used in calculating basic and diluted earnings per security	3,015,266	912,955
Weighted average number of securities used as denominator in calculating basic and diluted earnings per security	60,652,466	60,652,466

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

5. Cash and cash equivalents

	30 Jun 17 $	30 Jun 16 $
Cash at bank	2,661,911	2,466,409
Restricted cash	126,074	130,297
Total cash and cash equivalents	**2,787,985**	**2,596,706**

Cash at bank and restricted cash are bearing floating interest rates, with a weighted average effective interest rate of 1.54% (2016: 1.78%). Related to the restricted cash balance is a bank guarantee with NAB provided to Dexus CPA Pty Ltd of $126,074 of which nil was undrawn as at 30 June 2017.

6. Other receivables

	30 Jun 17 $	30 Jun 16 $
Distribution receivable	5,869,934	1,752,901
Other receivables	**5,869,934**	**1,752,901**

The above receivable relates to the distribution from Spring. As at 30 June 2017, the above receivable is not past due or impaired.

7. Intangible assets

	Software $	Goodwill $	Total $
Year ended 30 June 2016			
Opening balance	-	2,600,000	2,600,000
Impairment charge	-	-	-
Closing net book amount	**-**	**2,600,000**	**2,600,000**
At 30 June 2016			
Cost	48,299	14,999,998	15,048,297
Accumulated amortisation and impairment	(48,299)	(12,399,998)	(12,448,297)
Net book amount	**-**	**2,600,000**	**2,600,000**
Year ended 30 June 2017			
Opening balance	-	2,600,000	2,600,000
Impairment charge	-	-	-
Closing net book amount	**-**	**2,600,000**	**2,600,000**
At 30 June 2017			
Cost	48,299	14,999,998	15,048,297
Accumulated amortisation and impairment	(48,299)	(12,399,998)	(12,448,297)
Net book amount	**-**	**2,600,000**	**2,600,000**

(a) Impairment test for goodwill

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

Management have deemed there should be no impairment to the carrying value of goodwill due to the calculated recoverable amount of the goodwill being in excess of the carrying value. The recoverable amount of the goodwill is based on fair value less costs to sell calculated on a net present value basis, this would be included at level 3 in the fair value hierarchy shown in note 9(a). AJPML operates on a cost recovery basis and is forecast to make nil profit for the foreseeable future. To calculate the net present value of goodwill the management of the AJCo Group has adopted a methodology which assumes a “market” level of base fee income to arrive at a theoretical recurring profit after tax level and then calculates the net present value based on a discount rate of 12%, this rate is based upon the ten year risk-free rate plus an equity risk premium. The theoretical "market" value of base fees (27.5 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.

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

	30 Jun 17 $	30 Jun 16 $
Financial assets carried at fair value through profit or loss	2,258,911	3,781,350

The AJCo Group's economic interest in Spring is recognised as a financial asset carried at fair value through profit or loss. An overview of the valuation methodology relating to financial assets carried at fair value through profit or loss is included in note 9.

9. Fair value measurement of financial instruments

The AJCo Group recognises the following financial assets and liabilities at fair value on a recurring basis:
- Financial assets and liabilities carried at fair value through profit or loss

(a) Fair Value Hierarchy

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

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

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2),and

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

The following tables present the AJCo Group's financial assets and liabilities measured and recognised at fair value at 30 June 2017 and 30 June 2016:

	30 Jun 2017 - $			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets carried at fair value through profit or loss				
Unlisted investments	-	-	2,258,911	2,258,911
Total assets	**-**	**-**	**2,258,911**	**2,258,911**

	30 Jun 2016 - $			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets carried at fair value through profit or loss				
Unlisted investments	-	-	3,781,350	3,781,350
Total assets	**-**	**-**	**3,781,350**	**3,781,350**

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

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

The following table presents the changes in Level 3 instruments for the years ending 30 June 2017 and 30 June 2016 for recurring fair value measurements:

	Unlisted investments[1] $	Total $
Level 3 fair value movement		
Balance at 1 July 2015	4,544,112	4,544,112
Investment in Spring	128,697	128,697
Net fair value loss through profit or loss	(891,459)	(891,459)
Balance at 30 June 2016	**3,781,350**	**3,781,350**
Balance at 1 July 2016	3,781,350	3,781,350
Capital return from Spring	(1,016,575)	(1,016,575)
Net fair value loss through profit or loss	(505,864)	(505,864)
Balance at 30 June 2017	**2,258,911**	**2,258,911**

[1]The fair value of the unlisted investment is calculated on a net present value basis, forecast cash flows over ten years, which assume a nil (2016: 3%) annual growth in Spring net profit, are discounted at a rate of 12%, this rate is based upon the ten year risk-free rate plus an equity premium. The fair value of the unlisted investment is determined in Japanese Yen and translated to Australian Dollar at the relevant period end foreign exchange rate.

Sensitivity on changes in fair value of Level 3 financial instruments

The table below summarises the impact of an increase/decrease in significant unobservable inputs on the AJCo Group's profit for the years ending 30 June 2017 and 30 June 2016:

Description	Change in unobservable input	30 Jun 17 $	30 Jun 16 $
Fair value of Level 3 Unlisted investments		**2,258,911**	**3,781,350**
	Increase of 1% in Discount rate	(70,204)	(128,113)
	Decrease of 1% in Discount rate	74,564	136,336
	Increase of 1% in Profit growth	78,192	202,214
	Decrease of 1% in Profit growth	(74,569)	(192,814)
	Increase of 10% in AUD/JPY foreign exchange rate	(205,356)	(343,759)
	Decrease of 10% in AUD/JPY foreign exchange rate	250,990	420,150

10. Contributed equity

	30 Jun 17 $	30 Jun 16 $
Fully paid securities on issue		
Movements in number of fully paid securities	Number	Number
Number at beginning of financial period	60,652,466	60,652,466
Number at end of financial year	**60,652,466**	**60,652,466**
Movements in contributed equity	$	$
Balance at beginning of financial period	26,951,949	26,951,949
Balance at end of financial year	**26,951,949**	**26,951,949**

11. Dividends

(a) Ordinary securities

No dividends have been paid or declared for the financial year ended 30 June 2017 (2016: $nil)

(b) Franked dividends

The franked portions of any final dividends declared after 30 June 2017 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 2018.

	30 Jun 17 $	30 Jun 16 $
Franking credits available for subsequent financial years based on a tax rate of 30% (2015 - 30%)	1,425,392	1,020,656

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.

12. Remuneration of auditors

	30 Jun 17 $	30 Jun 16 $
Audit services:		
Auditors of the AJCo Group		
BDO East Coast Partnership:		
- Audit and review of financial reports	50,250	49,000
- Australian financial services license audit	4,000	4,000
- Compliance plan audit	7,250	7,000
	61,500	**60,000**

During the years ended 30 June 2017 and 30 June 2016 there were no fees paid or payable for non-audit services provided by the auditor of the AJCo Group, BDO East Coast Partnership, and its related practices.

13. Notes to the consolidated statement of cash flows

	30 Jun 17 $	30 Jun 16 $
Reconciliation of the net profit after tax to net cash flows from operating activities		
Profit for the year	3,015,266	912,955
Adjustments for non cash items and items classified as investing or financing activities		
Depreciation and amortisation expense	10,693	6,445
Interest on AJT loan	(140,505)	(207,202)
Fair value adjustments to financial assets held at FVTPL	505,864	891,459
Distribution income	(4,871,507)	(2,089,932)
Net cash used in operating activities before changes in assets and liabilities	**(1,480,189)**	**(486,275)**
Change in operating assets and liabilities during the financial year:		
Decrease/(increase) in fee and interest receivable	83,875	(73,260)
Decrease in prepayments	13,575	48,233
Decrease/(increase) in deferred tax assets	1,946	(7,899)
Increase in current tax liabilities	846,072	196,583
Decrease in deferred tax liability	(100,007)	(269,413)
(Decrease)/increase in trade and other payables and employee benefits	(16,692)	64,301
Net cash outflow used in operating activities	**(651,420)**	**(527,730)**

14. Financial Risk Management

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

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

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

(a) Market Risks

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

(i) Interest rate risk
The AJCo Group receives interest on its cash at bank at a weighted average effective interest rate of 1.54% at period end (2016: 1.78%). All receivables and payables are on interest free terms, except the loan to AJT upon which the AJCo Group receives interest at an effective rate of 1.50% at period end (2016: 1.75%).

(ii) Currency risk
The AJCo Group has a 25% economic interest in the Japan Asset Manager which is denominated in JPY. As a result, the AJCo Group is exposed to currency risk with respect to movements in the AUD/JPY exchange rate.

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

The AJCo Group does not mitigate the effect of currency exposure on the Consolidated Statement of Financial Position. Refer to note 9(b) for foreign exchange rate sensitivity.

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

	Increase by 50 bps		Decrease by 50 bps	
	2017	2016	2017	2016
	$	$	$	$
Net profit/(loss)				
Cash and cash equivalents	13,940	12,984	(13,940)	(12,984)
AJT Loan	59,624	54,282	(59,624)	(54,282)
Total net profit/(loss)	**73,564**	**67,266**	**(73,564)**	**(67,266)**

(b) Credit Risks

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

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

The AJCo Group seeks to limit its exposure to credit risks as follows:
- Conducting appropriate due diligence on counterparties before entering into arrangements with them.
- Obtaining where appropriate, collateral with a value in excess of the counterparties' obligation to the AJCo Group – providing a "margin of safety" against loss.

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

The AJCo Group has no significant concentrations of credit risk, other than the loan to AJT of $11,924,704, refer to note 16(c), and all cash being held with a single institution, however the institution has a Standard & Poor's AA long-term credit rating. The credit quality of all financial assets are consistently monitored in order to identify any potential adverse changes in the credit quality. Receivables are unrated.

(c) Liquidity Risks

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

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

At 30 June 2017	Less than 6 months	Between 6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables	(185,758)	-	-	-	-
Net Maturity	**(185,758)**	**-**	**-**	**-**	**-**
At 30 June 2016					
Payables	(164,411)	-	-	-	-
Net Maturity	**(164,411)**	**-**	**-**	**-**	**-**

(d) Capital risk management

The AJCo Group maintains its capital structure with the objective to safeguard its ability to continue as a going concern, to increase the returns for Securityholders and to maintain an optimal capital structure. The capital structure of the AJCo Group consists of equity as listed in Note 10. The analysis of capital is provided in these Notes.

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

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.

15. Director and executive disclosures

(a) Key Management Personnel

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

(b) Remuneration of Key Management Personnel

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

	30 Jun 17 $	30 Jun 16 $
Short-term employee benefits	607,931	603,277
Post-employment benefits	50,918	50,608

(c) Directors loans and other transactions

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

(d) Senior advisor

The Senior Advisor to the Astro Group, Mr Lucas, is a contractor to the Astro Group and is paid a monthly fee of $1,250. Separately, the Japan Asset Manager employs Mr Lucas as its Executive Chairman and employs the other executives who conduct the asset management activities in Japan. The Japan Asset Manager is not a subsidiary of the Astro Group, and as such the remuneration relating to those individuals is not borne by the Astro Group or its securityholders. Mr Lucas and the other executives of the Japan Asset Manager are not considered KMP of the Astro Group.

16. Related parties

(a) Key Management Personnel

Disclosures relating to Key Management Personnel are set out in note 15. Further information can also be found in the Remuneration Report included in the Directors' Report.

(b) Directors

Disclosures relating to directors are set out in note 15 and note 16(d). Further information can also be found in the Remuneration Report included in the Directors' Report.

(c) Transactions with related parties

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

	30 Jun 17 $	30 Jun 16 $
Related party:		
Astro Japan Property Trust		
Base fees received/receivable for Responsible Entity services	1,733,849	1,809,705
Loan interest	178,536	207,202
Spring Investment Co, Ltd		
Distribution received or receivable from Spring	4,871,507	2,089,932

	30 Jun 17 $	30 Jun 16 $
Outstanding balances		
The following balances are outstanding at the reporting date in relation to transactions with related parties:		
Receivable		
Base fees receivable for Responsible Entity services from Astro Japan Property Trust	163,341	246,702
Loan receivable from Astro Japan Property Trust	11,924,704	10,856,362

These receivables are interest-bearing and repayable on demand. As at 30 June 2017, none of the above receivables are past due or impaired.

(d) Securityholdings

The number of Astro Group securities held by each Director of AJCo and other key management personnel, including their personally related parties, as at 30 June 2017 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[1]	-	-	-
Doug Clemson	3,000	-	3,000
Kate McCann	-	-	-

[1]Subsequent to 30 June 2017 John Pettigrew aquired 30,000 stapled securities

17. Segment reporting

Management has determined that there is only one operating segment, which is based in Australia.

18. Contingent asset and liabilities

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

19. Lease commitments

The AJCo 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:

	30 Jun 17 $	30 Jun 16 $
Within 1 year	131,276	125,737
Later than 1 year but not later than 5 years	171,661	302,937
Total lease commitments	**302,937**	**428,674**

20. Parent entity financial information

(a) Summary financial information

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

	30 Jun 17 $	30 Jun 16 $
Statement of financial position		
Current Assets	15,324,300	10,131,273
Total Assets	25,900,549	22,229,809
Current Liabilities	1,514,350	757,890
Total Liabilities	1,514,350	858,876
Shareholder's equity		
Issued capital	26,951,949	26,951,949
Retained Earnings	(2,565,750)	(5,581,016)
	24,386,199	**21,370,933**
Profit for the year	**3,015,266**	**912,955**
Total comprehensive income	**3,015,266**	**912,955**

(b) Guarantees entered into by the parent entity

The parent entity has not given any guarantees as at 30 June 2017 (30 June 2016: nil).

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2017 (30 June 2016: nil).

21. Statement of Other Significant Accounting Policies

(a) Adoption of new and amended accounting standards

The AJCo Group has adopted all new and amended accounting standards which became effective for annual reporting periods beginning on or after 1 July 2016. 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.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods. The AJCo 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 AJCo Group's accounting for its financial assets. The standard is not applicable until 1 January 2018 but is available for early adoption. It is not expected that the application of this standard will have a material impact on any of the amounts recognised in the financial statements but may require disclosure of additional information.

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. It is not expected that the application of this standard will have a material impact on any of the amounts recognised in the financial statements.

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 AJCo 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 AJCo Group is in the process of assessing any implications of this new standard on its operating lease of the office space and given the quantum of the lease the AJCo Group does not expect a material impact from its application.

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

(b) Foreign currency

i) Functional and presentation currency
Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the AJCo 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 financial 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 the prevailing foreign exchange rates at the dates the fair value was determined.

(c) Cash and cash equivalents

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

(d) Revenue and other income

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

The AJCo Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the AJCo Group's activities as described below.

Revenue is recognised for the major business activities as follows:

i) Financing income

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

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

ii) Responsible entity fees

Arranging and base fees for responsible entity services are recognised on a cost recovery basis.

iii) Distribution income

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

(e) Tax

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

ii) Tax consolidation - Australia
AJCo and its wholly-owned Australian controlled entity have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity.

iii) Japanese withholding tax
Effective as of 1 April 2002, all foreign corporations and non-resident individuals that do not have permanent establishments in Japan are subject to 20.42% withholding tax on the distribution of profits under TK contracts. The 20.42% withholding tax is the final Japanese tax 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, Spring Investment Co, Ltd will make cash distributions to the AJCo 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 AJCo Group.

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

(f) Loan receivables

Loan receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(g) Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Provision for impairment is booked when there is objective evidence that the AJCo Group will not be able to collect all amounts due according to the original terms of the receivables. An impairment loss is recognised for the amount by which the asset carrying amount exceeds its recoverable amount based on the present value of estimated future cash flows.

(h) Contributed equity

Ordinary shares are classified as equity.

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

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

(i) Intangible assets

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the AJCo Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised. Instead goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses, refer to Note 7. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any capital distribution or interest earned on the financial asset. Fair value is determined in the manner described in Note 9(b).

AJCo recognises it's 25% economic interest in Spring as a financial asset carried at fair value through profit or loss, as it does not have voting participation at the TK level or exert significant influence over this entity. AJCo 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 AJCo's KMP's.

(k) Impairment of assets

Goodwill that has an indefinite useful life is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it 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.

(l) Leases

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

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the AJCo Group as lessee are classified as operating leases (see Note 19 for details of leases). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

(m) Earnings per Share

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

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

(n) Parent entity financial information

The financial information for the parent entity, AJCo, disclosed in Note 20 has been prepared on the same basis as the consolidated financial statements, except as set out below.

i) Investments in subsidiaries
Investments in subsidiaries are accounted for at cost in the financial statements of AJCo.

22. Events occurring after the end of the reporting period

Subsequent to the year end, on 1 August 2017, the Astro Group announced that it has entered into agreements with Jetsons Holding II Pte. Ltd., an entity which is incorporated in Singapore by funds managed by Blackstone Real Estate (together with its affiliates, "Blackstone"), that, subject to the approval of Astro Group securityholders and the satisfaction of other conditions including lender consents, will result in:

- Blackstone acquiring all of the interests held by Astro Group in the TK Agreements, through which the Astro Group indirectly invests in Japanese real estate for net consideration of ¥37.908 billion ($428.3 million at $1:¥88.50). This implies a property portfolio valuation of ¥98.642 billion ($1,114.6 million at $1:¥88.50), reflecting a 2.38% premium to recently completed independent valuations;
- net proceeds from the sale of the TK Interests being returned to Astro Group securityholders; and
- The Astro Group being delisted from the ASX and the constituent entities of Astro Group being wound up (collectively, the "Blackstone Proposal")

It is expected that Astro Group securityholders will receive net consideration of approximately $7.18 per stapled security (based on an exchange rate of $1:¥88.50) as a result of the Blackstone Proposal ("Proposed Consideration") in October 2017.

In addition to the Proposed Consideration, Astro Group securityholders will also receive:
- the normal half yearly distribution payable at the end of August 2017, of 21 cents per stapled security; and
- distributions currently estimated at 14 cents per Security on the wind up of AJT and AJCo targeted to occur prior to January 2018.

The Blackstone Proposal requires the approval of Astro Group Securityholders, by majority vote pursuant to ASX Listing Rules 10 and 11 (excluding Mr Eric Lucas and his associates). To this end, a meeting of Astro Group securityholders has been convened for 13 September 2017, and the Notice of Meeting and Explanatory Memorandum was lodged with ASX on 1 August 2017.

The Astro Group Board unanimously recommends that Astro Group securityholders vote in favour of the Blackstone Proposal, in the absence of a superior proposal.

As noted above, should the agreements be approved by the Astro Group Securityholders, following the net proceeds being returned to the Astro Group Securityholders, the Astro Group would be delisted from the ASX and the entities within the Astro Group subsequently wound up.

The Directors are not aware of any other matter or circumstance occurring since 30 June 2017 not otherwise dealt with in the financial report that has significantly or may significantly affect the operations of the AJCo Group, the results of those operations, or the state of affairs of the AJCo Group in subsequent financial years.

DIRECTORS' DECLARATION

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

a) the Financial Statements and Notes are in accordance with the *Corporations Act 2001* (Cth), including:

i) giving a true and fair view of the financial position of the AJCo Group as at 30 June 2017 and of its performance for the year then ended; and

ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

b) there are reasonable grounds to believe that AJCo will be able to pay its debts as and when they become due and payable.

2 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 2017.

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

F A McDonald
Director
Astro Japan Property Group Limited

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INDEPENDENT AUDITOR'S REPORT

To the members of Astro Japan Property Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Astro Japan Property Group Limited ('the Company'), which comprises the consolidated statement of financial position as at 30 June 2017, 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, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

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

(i) Giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to page 13 in the financial report which describes the potential subsequent events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Financial assets carried at fair value through profit or loss

As at 30 June 2017, the Company held financial assets carried at fair value through profit or loss of $2,258,911 as disclosed in note 8, with associated fair value considerations as disclosed in note 9. This balance includes the Company's interest in Spring Investment Co., Ltd ('Spring').

The Company calculated the fair value of the investment in Spring with reference to a discounted cash flow analysis, which is judgemental and based on assumptions.

The audit procedures we performed, amongst others, included analysing the key assumptions applied within the forecasts provided by the Company to support the fair value of the investment in Spring with reference to the underlying Spring TK agreement, the Company's ownership interest, the foreign exchange rate at the reporting date and minutes of Board meetings.

Valuation of intangible assets

As at 30 June 2017, the Company held intangible assets of $2,600,000 as disclosed in note 7. This balance reflects the goodwill attributable to Astro Japan Property Group Limited's investment in Astro Japan Property Management Limited relating to the management rights with respect to its role as responsible entity of the Astro Japan Property Trust. The Company has tested goodwill for impairment at reporting date by comparing the carrying value to its recoverable amount. The Company has determined the recoverable amount through a value in use calculation with reference to a discounted cash flow forecast of Astro Japan Property Management Limited using a theoretical market value of base fees. This process is judgemental and is based on assumptions, specifically those in relation to base fee rates, growth rates, and discount rates, which are affected by current and future market conditions. For this reason, the valuation of intangible assets required significant auditor attention and was key to our audit.

The audit procedures we performed included, among others:

- Reviewing and evaluating the evidence provided by the Company to support the carrying value of the investment in TKs;
- Checking the mathematical accuracy of the discounted cash flow forecast;
- Analysing the key inputs and assumptions applied within the forecasts provided by the Company; and
- Challenging the assumptions applied by the Company, with reference to the market base fee rates, and evaluating the discount rate applied.

Other information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company 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 preparing the financial report, the directors of the responsible entity are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 7 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Astro Japan Property Group Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company 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.

BDO East Coast Partnership

BDO

Ian Hooper
Partner

Sydney, 24 August 2017