

# **Astro Japan Property Group - Board Charter**

**Astro Japan Property Trust**  
ARSN 112 799 854

**Astro Japan Property Management Limited**  
ABN 94 111 874 563

**Astro Japan Property Group Limited**  
ABN 25 135 381 663

**15 December 2010**

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## 1. Role of the Board

This Board Charter sets out the principles for the operation of the Board as established in accordance with the Constitution of each of Astro Japan Property Management Limited (the **Responsible Entity**), which company is the responsible entity of the Astro Japan Property Trust (the **Trust**), and Astro Japan Property Group Limited (**AJCo**), and describes the functions of the Board and those functions delegated to management.

The Board must at all times act honestly, fairly and diligently in all respects in accordance with the law and must act in the best interests of the AJA securityholders.

This Board Charter and the charters adopted by the Board for the Committees established by the Board have been prepared and adopted on the basis that corporate governance and good governance procedures can add to the performance of the Astro Group and the creation of securityholder value, and endeavour to engender the confidence of the investment market.

In this Board Charter:

**Astro Group** means Astro Japan Property Management Limited, Astro Japan Property Trust, Astro Japan Property Group Limited and their controlled entities.

**Board** means the Board of Directors of each of Astro Japan Property Management Limited and Astro Japan Property Group Limited.

**Directors** mean the members of the Board.

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## 2. Responsibilities of the Board

The Board has the responsibility to plan and run the business and affairs of the Astro Group for the benefit of the AJA securityholders. The Board is accountable to those securityholders for the performance of the Astro Group.

In relation to the affairs of the Astro Group, the Board is responsible for the management, or overseeing the management, of such affairs, including:

**(a) Strategic and financial performance**

- Developing and approving the strategy for the Astro Group.
- Evaluating, approving and monitoring the strategic and financial plans and objectives of the Astro Group.
- Evaluating, approving and monitoring the annual budgets and business plans.
- Determining the Astro Group's distribution policy, the operation of the Astro Group's distribution re-investment plan (if any), and the amount and timing of all distributions.
- Evaluating, approving and monitoring major capital expenditure, capital management and all major acquisitions, divestitures and other transactions of the Astro Group, including the issue of securities.
- Approving all accounting policies, financial reports and material reporting and external communications by or on behalf of the Astro Group.
- Appointing the Chairman.

**(b) Executive management**

- Monitoring and managing the performance of the Senior Executive.
- Considering succession planning for the key management positions which may be identified from time to time.
- Appointing the Company Secretary.
- Reviewing the performance of the Senior Executive and other key executives on an annual basis.

**(c) Audit, risk management and compliance**

- With the recommendation of the Audit, Risk & Compliance Committee, appoint:
  - the external financial auditor of the Astro Group; and
  - the compliance plan auditor of the Trust,and determine their respective remuneration and terms of appointment.
- Ensure that effective audit, risk management and regulatory compliance programmes are in place to protect the Astro Group's assets and securityholder value.
- Approving and monitoring the Astro Group's risk and audit framework, including (but not limited to) systems of risk management and internal control. Approving and, with the assistance and advice of the Audit, Risk & Compliance Committee, monitoring compliance with the Astro Group's risk and audit policies and protocols.
- Monitoring the Astro Group's operations in relation to, and compliance with, relevant regulatory and legal requirements.

**(d) Strategic planning**

- The Board will be actively and regularly involved in strategic planning for the Astro Group.
- Strategic planning will be based on the evaluation of opportunities and the full range of business risks that will determine which of those opportunities are most worth pursuing.
- The Board will, on an ongoing basis, review with management how the strategic environment is changing, what key business risks and opportunities are appearing, how they are being managed and what, if any, modifications in strategic direction should be adopted.

**(e) Corporate governance**

- At least once per year the Board will review the performance and effectiveness of the corporate governance policies and procedures and, if appropriate, amend those policies and procedures as necessary.
- The Board will review and approve all disclosures related to any departures from the ASX Principles of Good Corporate Governance.

- The Board will review and approve the public disclosure of any of the Astro Group's policies and procedures.
- The Board will supervise the public disclosure of all matters that the law and ASX Listing Rules require to be publicly disclosed, consistent with the Continuous Disclosure Policy approved by the Board.
- The Board will approve the appointment of Directors to Committees established by the Board.
- The Board will approve and monitor delegations of authority.

**(f) Performance evaluation**

- At least once per year the Board will review and evaluate the performance of the Board, each Board Committee, and each individual Director against the relevant charters, corporate governance policies and agreed goals and objectives.
- Following each review and evaluation the Board will consider how to improve its performance.
- The Board will agree and set the goals and objectives for the Board and its Committees each year, and if necessary, amend the relevant charters and policies.

**(g) Diversity**

Overseeing the implementation of the Astro Group Diversity Policy by conducting the following matters on an annual basis:

- review and assess the diversity objectives and the effectiveness of the Diversity Policy;
- review and assess the measurable gender diversity objectives established by the Board and the progress towards achieving those objectives; and
- review the relative proportion of women and men in the workforce at all levels of the Astro Group.

## 3. Structure of the Board

### 3.1 Overview

The Board should be of a size and composition that is conducive to effective decision making, with the benefit of a variety of perspectives and skills and in the interests of the Astro Group.

While units in the Trust are stapled to shares in AJCo, the Board of the Responsible Entity and AJCo must have the same composition. It is intended that the Board should comprise a majority of independent non-executive Directors.

The Directors appoint the Chairman of the Board.

### 3.2 Criteria for an "Independent" Director

Where the charter of a Board Committee requires one or more "independent" Directors, the following criteria are to be applied, which are based on, and consistent with the guidelines provided by the ASX

Corporate Governance Council in Principle 2 of its 'Corporate Governance Principles and Recommendations'.

An "independent" Director is a non-executive Director who:

- (a) is not a substantial securityholder (as defined in the Corporations Act) of the Astro Group or an officer of, or otherwise associated directly with, a substantial securityholder of the Astro Group;
- (b) is not, and within the last three years has not been, employed in an executive capacity by a member of the Astro Group, or been a director after ceasing to hold any such employment;
- (c) is not, and within the last three years has not been, a principal of a material professional adviser or a material consultant to any member of the Astro Group, or an employee materially associated with the service provided;
- (d) is not a material supplier or customer of any member of the Astro Group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (e) is not a member of a partnership that is, or has been in the previous three years, substantially involved in business dealings, or in a professional capacity, with any member of the Astro Group;
- (f) has no material contractual relationship with any member of the Astro Group other than as a director of the Astro Group;
- (g) is not a relative or a de facto spouse of a person who has a material interest in any member of the Astro Group;
- (h) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Astro Group; and
- (i) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Astro Group and independently of management.

Family ties and cross-directorships may be relevant in considering interests and relationships which may compromise independence, and should be disclosed by Directors to the Board.

### **3.3 Directors' responsibilities**

Each Director is bound by a number of charters and policies adopted by the Astro Group, including:

- the Code of Conduct;
- the Securities Trading Policy;
- the Continuous Disclosure Policy;
- such other policies and charters as may be adopted or approved by the Board from time to time.

The Directors must:

- (a) conduct their duties at the highest level of honesty and integrity;

- (b) observe the rule and the spirit of the law and comply with any relevant ethical and technical standards;
  - (c) maintain the confidentiality of all information acquired in the course of conducting the role and not make improper use of, or disclose to third parties, any confidential information unless that disclosure has been authorised by the Board, or is required by law or by the ASX Listing Rules;
  - (d) observe the principles of independence, accuracy and integrity in dealings with the Board, board committees, internal auditors, external auditors, compliance plan auditors and senior management;
  - (e) disclose to the Board any actual or perceived conflicts of interest, whether of a direct or indirect nature, of which the Director becomes aware and which the Director reasonably believes may compromise the reputation or performance of the Astro Group; and
  - (f) set a standard of honesty, fairness, integrity, diligence and competency in respect of the position of Director.
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## 4. Roles and responsibilities of the Chairman and the Senior Executive

### 4.1 Objective

The Astro Group recognises that it is important that the Chairman and the Senior Executive have defined roles in the organisation and operate in accordance with clear functional lines.

### 4.2 Role of the Chairman

The Astro Group has initially appointed an independent non-executive Chairman. Any future Chairman will be selected on the basis of relevant experience, skill, judgement and leadership abilities to contribute to the effective direction of the Astro Group.

### 4.3 Specific duties of the Chairman

The Chairman will:

- (a) chair Board meetings;
- (b) establish the agenda for Board meetings, in consultation with the Senior Executive and Company Secretary;
- (c) chair meetings of securityholders, including any Annual General Meeting of the Astro Group;
- (d) with assistance from the Senior Executive, be the primary spokesperson for the Astro Group at any Annual General Meeting;
- (e) be the primary channel of communication and point of contact between the Board (and the Directors) and the Senior Executive;
- (f) together with the Senior Executive, represent the views of the Board to securityholders, the general public, government, regulators and other stakeholders;
- (g) provide guidance and mentoring to the Senior Executive.

#### **4.4 Role and responsibilities of the Senior Executive**

The Senior Executive has primary responsibility to the Board for the affairs of the Astro Group. The Senior Executive will:

- (a) develop with the Board, implement and monitor the strategic and financial plans;
- (b) develop, implement and monitor the annual budgets and business plans;
- (c) plan, implement and monitor all major capital expenditure, capital management and all acquisitions, divestitures, and other major transactions of the Astro Group, including the issue of any securities;
- (d) advise the Board on accounting policies, and develop all financial reports, and all other material reporting and external communications by or on behalf of the Astro Group, including material announcements and disclosures;
- (e) undertake succession planning for the key management positions which may be identified from time to time;
- (f) set the goals and objectives of key executives of the Astro Group and monitor the performance of those executives and of employees generally;
- (g) develop, implement and monitor the Astro Group's risk and audit management and regulatory compliance framework in accordance with the framework and policies defined by the Audit, Risk & Compliance Committee;
- (h) consult with the Chairman and the Company Secretary in relation to establishing the agenda for Board meetings;
- (i) consider and approve all major disclosures of information to the ASX in accordance with the Continuous Disclosure Policy;
- (j) be the primary channel of communication and point of contact between the executive management and the Board (and the directors);
- (k) in conjunction with other appropriate members of senior management, review all matters material to the interests of the Astro Group;
- (l) provide strong leadership to, and effective management of, the Astro Group;
- (m) ensure that the Astro Group has regard to the interests of employees (if any) and clients of the Astro Group and the community and regulatory environment in which the Astro Group operates;
- (n) implement the principles of the Diversity Policy across the Astro Group workplace and foster a culture that embraces diversity within the workplace; and
- (o) otherwise carry out the day to day management of the Astro Group.

#### **4.5 Management delegations**

For the purpose of carrying out the responsibilities set out above, the Board delegates to the Senior Executive the power to manage the day-to-day business of the Astro Group.

The Senior Executive's powers are subject to:

- (a) the specific powers and authorities delegated to the Chairman and the Board Committees; and

- (b) the following powers which are retained by the Board:
- contracts, commitments and capital expenditure above specified thresholds and limits determined by the Board from time to time;
  - expenditure outside the ordinary course of business in excess of thresholds or limits specified by the Board for this purpose;
  - major strategic decisions for the Astro Group;
  - adoption of the Astro Group's annual budget;
  - approval of financial reports and accounts of the Astro Group which are to be lodged with any regulator, including the ASX;
  - the issue of any equity securities in the Astro Group, except under a programme previously approved by the Board; and
  - commencing or taking a significant step in major litigation.

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## 5. Confidential Information and external communication

The Board has established the following principles to apply in respect of information concerning the Astro Group:

- (a) generally, the Chairman and the Senior Executive will speak for the Astro Group. Individual Board members are expected not to communicate on behalf of the Board or the Astro Group without prior consultation with the Chairman or the Senior Executive;
- (b) all disclosures of information to a securityholder in the Astro Group which is not disclosed to the market must be approved under the Continuous Disclosure Policy and must comply with the ASX Listing Rules; and
- (c) all Directors are required to keep all information provided to them in their capacity as a director confidential.

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## 6. Conflicts of interest

The Directors are required to act in a manner which is consistent with the Astro Group as a whole free of any actual or potential conflicts of interest.

If a Director considers that he or she might be in a position where there is a reasonable possibility of conflict between his or her personal or business interests, the interests of any associated person, or his or her duties to any other company, on the one hand, and the interests of any member of the Astro Group or his or her duties as a Director of the Astro Group, on the other hand, the Board requires that the Director:

- (a) fully and frankly informs the Board about the circumstances giving rise to the conflict; and
- (b) abstains from voting on any motion relating to the matter and absents himself or herself from all board deliberations relating to the matter, including receipt of Board papers bearing on the matter.

If a Director believes that he or she may have a conflict of interest or duty in relation to a particular matter, the Director should immediately consult with the Chairman.

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## 7. Related Party Transactions

The Board may adopt policies or procedures from time to time to assist in identifying and appropriately managing related party transactions, and must ensure that any related party transaction is conducted in accordance with the Corporations Act, the ASX Listing Rules and any other laws or regulations in respect of related party transactions.

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## 8. Meetings

### 8.1 Overview

The Board will meet not less than four times formally per annum and as frequently as may otherwise be required to deal with urgent matters.

A meeting of the Board will usually be convened by the Chairman, although a meeting may be called by any Director.

All Directors are expected to diligently prepare for, attend, and participate in all Board meetings. At a minimum, a quorum of Directors is two. One of those Directors should be an independent Director. Meetings of the Board may be held or participated in by conference call or similar means. Resolutions of the Board may be passed by circular resolution or in writing in accordance with the Constitution of each of the Responsible Entity and AJCo.

The Chairman in conjunction with the Senior Executive should ensure the availability and, if necessary, the attendance at the relevant meeting, of any member of executive management responsible for a matter included as an agenda item at the relevant meeting.

### 8.2 Agenda

An agenda will be prepared for each Board and Committee meeting. The agenda will be prepared by the Company Secretary under the supervision of the Chairman of the Board (or the relevant Board Committee) and the Senior Executive.

The following items will be standing items on the agenda for quarterly Board meetings unless otherwise determined by the Chairman:

- Approval of minutes of previous meeting;
  - Report by the Senior Executive;
  - Report of the Audit, Risk & Compliance Committee; and
  - Report of the Company Secretary in relation to continuous disclosure.
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## 9. Board committees

To assist it in fulfilling its duties, the Board has established the Audit, Risk & Compliance Committee which is responsible for monitoring and advising the Board on the Astro Group's audit and risk management and regulatory compliance policies and procedures.

The Board may establish such other committees as it determines appropriate from time to time and the terms of reference for any Board committee will be determined by the Board at the time the committee is established.

Although the Board may delegate powers and responsibilities to a committee, the Board retains ultimate accountability for discharging its duties.

The composition of the membership, including the Chairman, of each committee will be as determined by the Board from time to time, subject to:

- the composition of the Audit, Risk & Compliance Committee, which will comprise at least two independent Directors and will not be chaired by the Chairman of the Board; and
- where the charter of a particular committee contains specific requirements as to its composition.

The Board will consider and approve the charters of the various committees. These charters will identify the areas in which the Board will be assisted by the committee. The Board will ensure that such charters are reviewed at least every two years.

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## 10. Independent advice

A Director is entitled to seek independent professional advice (including, but not limited to, legal, accounting and financial advice) at the Astro Group's expense on any matter connected with the discharge of his or her responsibilities, in accordance with the procedures and subject to the conditions set out below:

- (a) a Director must seek the prior approval of the Chairman;
- (b) in seeking the prior approval of the Chairman, the Director must provide the Chairman with details of:
  - the nature of the independent professional advice;
  - the likely cost of seeking the independent professional advice; and
  - details of the independent adviser he or she proposes to instruct;
- (c) the Chairman may set a reasonable limit on the amount that the Astro Group will contribute towards the cost of obtaining such advice;
- (d) all documentation containing or seeking independent professional advice must clearly state that the advice is sought both in relation to each relevant member of the Astro Group and to the Director in his or her personal capacity. However, the right to advice does not extend to advice concerning matters of a personal or private nature, including for example, matters relating to the Director's appointment as a director or any dispute between the Director and the Astro Group; and
- (e) the Chairman may determine that any advice received by an individual Director will be circulated to the remainder of the Board.

All Directors are entitled to the benefit of the Astro Group's standard Deed of Access, Indemnity and Insurance which provides ongoing access to Board papers and, at the Astro Group's expense, Directors and Officers insurance for 7 years after the Director leaves the Board.

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## 11. Remuneration

The level of the Non-Executive Director remuneration will be set by the Board within the limits under the Constitution of each of the Responsible Entity and AJCo.

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## 12. Continuous Disclosure

The Board has adopted a policy relating to the continuous disclosure obligations of the Astro Group under the ASX Listing Rules. The Company Secretary has the responsibility of overseeing the implementation of that policy and will report to the Board at each regular Board meeting.