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### **Consolidation of Astro Japan Property Group Securities Taxation Summary for Securityholders**

Further to the Notice of Meeting dated 7 October 2010 and the Explanatory Memorandum contained in that Notice, the purpose of this commentary is to set out the expected Australian income tax consequences for Securityholders arising from the Consolidation.

The commentary applies to Australian resident individual Securityholders who hold their AJA securities on capital account, and does not apply to Securityholders who are traders or are carrying on a business which includes deriving gains from the disposal of AJA securities. The commentary is necessarily general in nature and the implications that arise to each Securityholder will depend on their individual circumstances, which we have not considered. Accordingly, Securityholders are recommended to seek professional tax advice in relation to their own position.

The tax commentary does not purport to be a complete analysis of the tax consequences of the Consolidation and our comments are based on our understanding of the current interpretation of the income tax law, including consideration of the practices and rulings of the Australian Taxation Office (ATO). The law is complex and subject to change periodically, as is the interpretation by the Courts and the ATO. We have not sought a ruling from the ATO in relation to the proposed consolidation of AJA securities and therefore there is a risk that they may not agree with our comments or aspects of it.

#### **Introduction**

Each AJA Security consists of a unit in Astro Japan Property Trust (**AJT**) and a share in Astro Japan Property Group Limited (**AJCo**). These two securities are stapled together and cannot be traded separately. However they are treated as separate assets for capital gains tax (**CGT**) purposes and therefore the consolidation of your AJA securities requires a separate tax analysis for the consolidation of your AJT units and consolidation of your AJCo shares. However, practically, the tax outcomes for consolidating AJT units and AJCo shares will be identical.

**Tax cost base of AJT units and AJCo shares**

If you acquired your AJT units prior to the stapling and therefore acquired your shares in AJCo as part of the stapling process, you should have a tax cost base of 5.2 cents for each AJCo share. The tax cost base of your AJT unit should be the purchase price paid for the unit plus any associated costs, less any tax deferred amounts received (including the 5.2 cents return of capital for the acquisition of the AJCo share).

If you acquired your AJA securities on market since the stapling, the purchase price and associated costs of your AJA securities will need to be apportioned between your AJT units and AJCo shares on a reasonable basis. One possible method of apportionment is on the basis of the relative Net Tangible Assets of AJT and AJCo. This information may be found on the AJA website.

**Will the consolidation of the AJT units and AJCo shares result in a CGT event?**

The consolidation of the AJT units and AJCo shares should not result in a CGT event.

**How will the tax cost base of my AJA securities be affected?**

You should have a total cost base in the consolidated AJA securities equal to the total of the cost bases of your original AJA securities (ie. in aggregate, your tax cost base should be the same).

As noted above, a separate cost base calculation will be required to determine the tax cost base for each consolidated AJT unit and consolidated AJCo share.

For AJT units, this requires the tax cost base of your original AJT units being apportioned to your consolidated AJT units on a reasonable basis. Based on rulings by the ATO regarding similar arrangements, one possible method for apportionment is on the basis of the merger ratio (being 10 to 1).

For example, assume at the time of consolidation you hold 20,000 AJT units acquired for \$0.40 per unit (ie. \$8,000 in total). Immediately after the consolidation, you will hold 2,000 consolidated AJT units with a tax cost base of \$4.00 per consolidated unit.

Your tax cost base for each consolidated AJCo share should be calculated similarly.

**When will I be treated as ‘acquiring’ my consolidated AJT units and AJCo shares?**

The date of acquisition will be relevant in determining your eligibility for the CGT discount on a subsequent CGT event happening in respect of your consolidated AJA securities.

Your consolidated AJT units and consolidated AJCo shares should have the same date of acquisition as your original AJT units and AJCo shares to which they relate. For example, if your original AJT units were acquired on 1 January 2010, your consolidated AJT units should have the same acquisition date.

Where you hold original AJT units and original AJCo shares with more than one acquisition date (ie. there are different parcels of original AJT units and original AJCo shares), your consolidated AJT units and consolidated AJCo shares should be allocated to a parcel having a particular acquisition date on a reasonable basis. Based on rulings by the ATO regarding similar arrangements, one possible method of allocation is on a proportional basis of your original units/shares held (based on the merger ratio). Under this method, fractions of consolidated AJT units/AJCo shares (ie. an amount remaining in a parcel after applying the merger ratio) should be allocated to the next parcel with a later acquisition date.

For example, assume at the time of consolidation you hold 20,000 AJT units acquired in two parcels:

	<b>Parcel A</b>	<b>Parcel B</b>
<b>No. of original AJT units</b>	7,500	12,500
<b>Acquisition date</b>	15 March 2010	30 June 2010

Immediately after the consolidation, you will hold 2,000 consolidated AJT units, with an acquisition date as follows:

	<b>Parcel A</b>	<b>Parcel B</b>
<b>No. of consolidated AJT units</b>	750	1,250
<b>Acquisition date</b>	15 March 2010	30 June 2010

The acquisition date for each consolidated AJCo share should be determined similarly.

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