

Corporate Governance Statement 2011

The Astro Japan Property Group ('Astro Group') is required under the ASX Listing Rules to prepare an annual Corporate Governance Statement ('Statement') and include the Statement in its Annual Report. The Statement must disclose the extent to which it has followed the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* during the reporting period, identifying any ASX Recommendations that have not been followed and giving reasons for that variance.

The *Corporate Governance Principles and Recommendations* are a set of guidelines that are 'designed to produce an outcome that is effective and of high quality and integrity'. The guidelines articulate 8 core principles that the Council believes underlie good corporate governance, together with 30 recommendations for implementing effective corporate governance.

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

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

This Statement is dated 1 September 2011 and outlines the Astro Group's corporate governance policies and practices, and the extent of its compliance with the *Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition)*, for the reporting period 1 July 2010 to 30 June 2011. These policies and practices remain under constant review and are revised from time to time.

As at 30 June 2011 the Astro Group achieved substantial compliance with the ASX Principles and Recommendations. A table summarising the Astro Group's compliance is provided at the end of this Statement. The Astro Group's website (www.astrojapanproperty.com) contains further information in the Corporate Governance section on its governance practices including, copies and summaries of charters, codes and policies referred to in this Statement.

The establishment of a sound framework of corporate governance and the implementation of the corresponding governance culture and processes throughout the Astro Group is one of the primary responsibilities of the Board. The Board recognises that it is accountable to securityholders for the performance of the Astro Group and, to that end, is responsible for instituting and ensuring the Astro Group maintains a system of corporate governance that operates in the best interests of securityholders whilst also addressing the interests of other key stakeholders. A comprehensive corporate governance framework and good governance policies and procedures can add to the performance of the Astro Group, the creation of securityholder value and engender the confidence of the investment community.

ASX PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Functions of the Board and the senior executives

The Board has adopted a formal Board Charter which details the functions and responsibilities of the Board and distinguishes such functions and responsibilities from those which have been delegated to management. A copy of the Board Charter is in the Corporate Governance section at www.astrojapanproperty.com.

As outlined in the Board Charter, the Board is responsible for the management, or overseeing the management, of the affairs of the Astro Group including:

- approving and monitoring the corporate strategy, 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 operations of the Astro Group's distribution reinvestment plan and evaluating, approving and monitoring major capital expenditure, capital management and all major investments, divestitures and other transactions of the Astro Group, including the issue of securities;
- approving all accounting policies, financial reports and material reporting by the Astro Group;
- reviewing and evaluating the performance of the Board, each Board committee, and each individual Director against the relevant charters, corporate governance policies and agreed goals and objectives;
- appointing the Chairman and Company Secretary of each Board;
- ensuring that effective audit, risk management and regulatory compliance programs are in place to protect the Astro Group's assets and securityholder value and approving and monitoring the Astro Group's risk and audit framework;
- reviewing the performance and effectiveness of the Astro Group's corporate governance policies and procedures;
- setting the goals and objectives for the Board and its committees each year; and
- overseeing the implementation of the Diversity Policy, including conducting an annual review and assessment of the diversity objectives, and an annual review of the relative proportion of women and men in the workforce at all levels of the Astro Group.

The Board Charter also sets out specific powers and responsibilities of the Senior Executive (which is the Chief Financial Officer) including:

- develop with the Board, implement and monitor the strategic and financial plans;
- develop, implement and monitor the annual budgets and business plans;
- 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 of the Astro Group;
- 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;

- undertake succession planning for the key management positions which may be identified from time to time;
- 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;
- consider and approve all major disclosures of information to the ASX in accordance with the Continuous Disclosure Policy of the Astro Group;
- be the primary channel of communication and point of contact between the executive management and the Board (and the Directors);
- ensure that the Astro Group has regard to the interests of employees and clients of the Astro Group and the community and regulatory environment in which the Astro Group operates; and
- otherwise carry out the day to day management of the Astro Group.

The delegated powers to the Senior Executive are subject to the specific powers and authorities delegated to the Chairman and the Board Committees and 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;
- 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 by the Astro Group, except under a programme previously approved by the Board; and
- commencing or taking a significant step in major litigation.

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

1.2 Process for evaluating the performance of senior executives

The Board has delegated the process for evaluating the performance of senior executives to the Remuneration Committee. The Remuneration Committee assesses the

performance of each senior executive in the context of the annual remuneration review, which is conducted in June. The Remuneration Committee conducts an assessment of each executive based on the individual's performance and achievements during the financial year and taking into account the overall performance and achievements of the Astro Group. This assessment is made in conjunction with advice from the Astro Group's Senior Advisor, Mr Eric Lucas.

A performance evaluation of the senior executives was conducted on 16 June 2011 in accordance with the above process. You should refer to section 8 of this Statement and the Remuneration Report in the 2011 Annual Report for further information regarding the role of the Remuneration Committee and the 2011 performance evaluation.

ASX PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

2.1 Majority of independent Directors

Throughout the Financial Year the Board comprised a majority of independent Directors.

Since 1 January 2011, the Board comprised two independent non-executive Directors and an executive Director as set out in the below table. The executive Director, Mr Pettigrew, was an independent non-executive Director up until his appointment as Chief Financial Officer on 1 January 2011. The two independent non-executive Directors have been independent Directors since appointment. The Board has determined the independent status of those Directors utilising the criteria set out in ASX Recommendation 2.1, and neither of them have any of the relationships outlined in ASX Recommendation 2.1 that effect 'independent status'. The below table sets out details of the 'independent status' and length of tenure of each Director.

The Board considers that collectively, the Directors have the range of skills, experience and expertise necessary to appropriately govern the Astro Group. Biographies of Directors and details regarding term in office and attendance at Board and/or Committee meetings are set out in the Directors' Report in the 2011 Annual Report.

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

Name	Position held	Independent Y/N	Date appointed to Responsible Entity Board	Date appointed to AJCo Board	Length of tenure as at 01/09/11 ¹
Allan McDonald	Non-Executive Chairman	Y	19/02/05	20/03/09	6.5 years
Paula Dwyer	Non-Executive Director	Y	19/02/05	20/03/09	6.5 years
John Pettigrew	Executive Director, Chief Financial Officer	N	19/02/05	20/03/09	6.5 years

1. Length of tenure calculated from year of first appointment to the Responsible Entity

2.2 Chairperson and independence

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

2.3 Roles of the Chairman and the Senior Executive

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

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

2.4 Nomination Committee

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

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

The Board will determine the selection of any candidates for election as Director taking into consideration the size and composition of the Board and the range of skills and expertise on the Board. Since listing on the ASX in 2005, there have not been any new Board appointments. The Board will also assess any proposed re-appointment of a Director to the Board. The Board Charter provides that 'the Board should be of a size and composition that is conducive to effective decision making, with the benefit of a variety of perspectives and skills and in the interests of the Astro Group'. The Board will ensure that securityholders are provided with the necessary information to enable them to make a fully informed decision regarding the appointment or re-appointment of a Director.

The Board believes that its current size, composition (including diversity) and skill matrix is appropriate and conducive to effective decision making in the interests of the Astro Group. Biographies of Directors are set out in the Directors' Report in the 2011 Annual Report.

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

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

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

considers how to improve its performance and sets the goals and objectives for itself and its committees for the following year.

During the Financial Year:

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

ASX PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

3.1 Code of Conduct

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

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

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

The Code of Conduct requires Directors and employees amongst other things, to:

- act honestly and in good faith at all times and in a manner that is in the best interests of the Astro Group;
- avoid conflicts of interest between their personal interests and those of the Astro Group and its clients;
- not take advantage of opportunities arising from their position for personal gain or in competition with the Astro Group;
- comply with the Astro Group's Securities Trading Policy and other policies;
- always deal with securityholders, clients, customers, suppliers, competitors and other employees in a manner that is lawful, diligent and fair and with honesty, integrity and respect; and
- always act in a manner that is in compliance with all laws and regulations.

The Code of Conduct also requires Directors and employees to report any actual or potential breach of the law, the Code or

other policies. The Astro Group will ensure that employees are not disadvantaged in any way for reporting violations of the Code or other unlawful or unethical conduct and that matters are dealt with promptly and fairly.

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

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

3.2 Diversity Policy

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

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

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

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

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

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

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

3.3 Measurable objectives for achieving gender diversity

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

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

The Board believes that, given the small size of the Astro Group work force (6 employees as at 30 June 2011), the objective is appropriate for the purposes of seeking to achieve a diverse workforce by ensuring that a broad and diverse pool of candidates are considered for each position. Since the adoption

of the objective on 10 November 2010, there have been no available positions within the Astro Group so there has been no change to the diversity matrix of the workforce during that time.

3.4 Proportion of women employees in the Astro Group

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

The below table sets out details of the relative proportion of women and men in the Astro Group workforce as at 30 June 2011.

Gender	Proportion of women/men employees at Board level	Proportion of women/men employees in senior executive positions	Proportion of women/men employees across the whole Astro Group
Women	1 out of 3 positions – 33%	0 out of 2 positions – 0%	2 out of 6 positions – 33%
Men	2 out of 3 positions – 66%	2 out of 2 positions – 100%	4 out of 6 positions – 66%

ASX PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 Audit, Risk & Compliance Committee

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

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

4.2 Structure of the Audit, Risk & Compliance Committee

ASX Recommendation 4.2 states that an audit committee should be structured so that it:

- consists only of non-executive Directors
- consists of a majority of independent Directors
- is chaired by an independent chair, who is not chair of the board
- has at least three members

The structure of the Audit, Risk and Compliance Committee (Committee) was consistent with this Recommendation during the first half of the Financial Year as the Committee comprised only independent non-executive Directors, had an independent non-executive Chairman who was not the Chairman of the Board and had three members. During that period, the Committee comprised Ms Paula Dwyer (independent non-executive Committee Chairman), Mr Allan McDonald and Mr John Pettigrew.

Mr Pettigrew was appointed Chief Financial Officer on 1 January 2011 and at that time ceased being a member of the Committee on the basis that he was no longer a non-executive independent Director. As a consequence, during the second half

of the Financial Year the structure of the Committee did not satisfy the requirement of having 'at least three members'. The structure of the Committee did however satisfy the three other requirements under the Recommendation. The composition of the Board and the Committee is under review by the Board and at an appropriate time will appoint an additional non-executive independent Director and member of the Committee. The Board considers that during the Financial Year the Committee was of a sufficient size and independence to discharge its mandate effectively in accordance with its Charter.

All members of the Committee during the Financial Year possessed the requisite financial expertise. Biographies of Committee members are set out in the Directors' Report in the 2011 Annual Report.

4.3 Charter of the Audit, Risk & Compliance Committee

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

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

The Committee meets as required but generally not less than four times a year. The Committee reports to the Board following each meeting and makes recommendations to the Board. The Committee met four times during the Financial Year, and details of member attendance are set out in the Directors' Report in the 2011 Annual Report.

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

ASX PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Continuous Disclosure Policy

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

The Company Secretary plays an important role in the Astro Group's disclosure compliance programme. The Company Secretary is the person principally responsible for maintaining the Continuous Disclosure Policy and is the liaison between the Board and the ASX.

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

The Company Secretary, in conjunction with the Chairman and the Senior Executive, are responsible for overseeing the implementation and operation of the Policy. This includes:

- reviewing information reported by the Astro Group management team, which is or may be material;

- determining, in consultation with the Directors and other senior staff, whether any such information is required to be disclosed to the ASX; and
- if disclosure is required, preparing, in consultation with the Directors and other senior staff, the actual form of disclosure.

The Astro Group management team are required to be familiar with the Policy and must immediately report material information to the Company Secretary that may require disclosure.

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

ASX PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITYHOLDERS

6.1 Communications with securityholders

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

The communications policy consists of the following elements:

- the maintenance of a website at www.astrojapanproperty.com. The Astro Group encourages securityholders to utilise its website as their primary tool to access securityholder information and disclosures. The website provides access to the following information of interest to the Astro Group securityholders which is contained in the Investor Information section and the ASX Announcement section:
 - detailed information regarding the Board, executive management and the business and activities of the Astro Group;
 - all ASX announcements and media releases since listing on the ASX in 2005, which are posted on the website promptly following release;
 - copies of full-year and half-year financial reports;
 - copies of charters and relevant corporate governance policies;
 - copies of the Astro Group's Annual Reports;
 - copies of disclosure documents relating to the Astro Group's capital raisings; and
 - the details of the Astro Group's Security Registry, Link Market Services, including a link to its website which includes a facility for securityholders to amend their particulars;
- the Company Secretary is appointed as the person responsible for communications with ASX, and is the person principally responsible for maintaining the Continuous Disclosure Policy;
- communication with the media, analysts and the market generally in relation to the Astro Group activities will normally be undertaken by the Chairman, the Senior Executive and any person who is expressly authorised by the Chairman;
- no media release of a material nature will be issued unless it has first been disclosed to the ASX; and
- the Astro Group recognises the importance of the relationship between the Astro Group, securityholders and analysts. From time to time the Astro Group conducts analyst and securityholder briefings and in these situations the following protocols apply:

- no price sensitive information will be disclosed at these briefings unless it has been previously, or is simultaneously, released to the market;
- in order to preserve transparency and confidence in the Astro Group’s disclosure practices all information given to analysts at a briefing, such as presentation slides, will also be provided to the Company Secretary for immediate release to the ASX and posted on the Astro Group’s website; and
- all dealings with analysts will be carefully monitored by those employees participating in such dealings to ensure that material non-public information is not inadvertently disclosed and if it is, to immediately disclose that information to the ASX.

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

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

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

ASX PRINCIPLE 7: RECOGNISE AND MANAGE RISK

7.1 Risk management compliance framework

Management of risk continues to be a primary objective of the Astro Group in all its business activities. The Astro Group is committed to ensuring that its system of risk oversight, management and internal control complies with the ASX Principle 7.

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

- communicate the roles and accountabilities of participants in the risk management system;
- provide a framework for identifying, assessing, monitoring and managing risk; and
- highlight the status of risks to which the Astro Group is exposed.

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

could impact the Astro Group which is used by management to identify and manage risks to the Astro Group business.

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

7.2 Risk management and internal control system

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

As part of the risk management system, the Compliance & Risk Manager and the Senior Executive provide a quarterly report to the Committee that identifies material business risks and the actions being taken to manage those risks. Management of any material business risks occurs on a daily basis. The implementation of action plans to address material business risks are monitored via regular meetings with key management. As part of the quarterly report, confirmation is provided to the Committee as to the effectiveness of the Astro Group’s management of any material business risks in accordance with the risk management and internal control system during the period. The Committee reports any significant risk issues to the Board.

The Astro Group’s compliance function also has an important role in risk management. The compliance function operates to ensure that the Astro Group complies with regulatory and legal requirements across its businesses, divisions and functions. In accordance with the requirements of the Corporations Act, the Responsible Entity has established a Compliance Plan which sets out procedures adopted by the Responsible Entity in operating AJT to ensure compliance with the Corporations Act, the Constitution of AJT, the Responsible Entity’s licence obligations and other regulatory parameters. The discharge by the Responsible Entity of its obligations under the Compliance Plan is also monitored by the Audit, Risk & Compliance Committee. This is the primary tool by which the Responsible Entity manages the legal and regulatory risks associated with AJT.

The Compliance & Risk Manager administers the Compliance Plan for the Astro Group and reports to the Committee. An audit of the manner in which the Responsible Entity has discharged its obligations under the Compliance Plan is undertaken by an independent third party auditor on an annual basis, with interim reviews on a half yearly basis.

Due to the size of the Australian operations of the Astro Group, there was no internal audit function during the Financial Year. Consequently, the Audit, Risk & Compliance Committee places

greater reliance on the external auditors with respect to these matters.

7.3 Chief Financial Officer assurance

The Chief Financial Officer has stated to the Board in writing that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system was operating effectively in all material respects in relation to financial reporting risks during the 12 month period to 30 June 2011.

ASX PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Remuneration Committee

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

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

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

The Committee conducts an annual remuneration review of each senior executive and the non-executive Directors and provides a report to the Board which includes its recommendation. Further details on the role of the Committee and the 2011 remuneration review are set out in the Remuneration Report in the 2011 Annual Report.

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

8.2 Structure of the Remuneration Committee

ASX Recommendation 8.2 states that a remuneration committee should be structured so that it:

- consists of a majority of independent Directors
- is chaired by an independent chair
- has at least three members

The structure of the Remuneration Committee (Committee) was consistent with this Recommendation during the first half of the Financial Year as the Committee comprised only non-executive independent Directors, had a non-executive independent Chairman and had three members. During that period, the Committee comprised Mr John Pettigrew (independent Chair), Ms Paula Dwyer and Mr Allan McDonald.

Mr Pettigrew was appointed Chief Financial Officer on 1 January 2011 and at that time ceased being a member of the Committee on the basis that the Board considered that an executive Director should not be a member of the Remuneration Committee. As a consequence, during the second half of the Financial Year the structure of the Committee did not satisfy the requirement of having 'at least three members'. The structure of the Committee did however satisfy the two other requirements under the Recommendation. The composition of the Board and the Committee is under review by the Board and at an appropriate time will appoint an additional non-executive independent Director and member of the Committee. The Board considers that during the Financial Year the Committee was of a sufficient size and independence to discharge its mandate effectively in accordance with its Charter.

The Committee meets as required but generally two times a year. The Committee reports to the Board following each meeting and makes recommendations to the Board. The Committee met twice during the Financial Year, and details of member attendance are set out in the Directors' Report in the 2011 Annual Report.

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

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

The non-executive Directors are paid an annual fee for their services on the Board and all committees of the Board. The non-executive Directors do not receive any performance based remuneration or any retirement benefits other than statutory superannuation and do not receive options or bonus payments. The non-executive Directors' fees, including committee fees, are annually reviewed by the Remuneration Committee, taking into consideration the level of fees paid to non-executive Directors by companies of a similar size and stature. Fees paid to non-executive Directors must fall within the aggregate fee pool approved by securityholders.

The remuneration of the executive Director and the other senior executive consists of two components: base pay and benefits, including superannuation; and short term incentives. Base pay is determined by reference to appropriate benchmark information, taking into account an individual's responsibilities, performance, qualifications and experience. Any short term incentive entitlement is entirely at the discretion of the Committee and any discretionary STI is determined based on the results of the Committee's annual assessment of each individual. Any STI entitlement is paid in cash and is paid in June/July each year. The remuneration is annually reviewed by the Remuneration Committee.

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

Current fees and emoluments are fully disclosed in the Remuneration Report in the 2011 Annual Report.

ASX CORPORATE GOVERNANCE COUNCIL

Corporate Governance Principles and Recommendations

	ASX Principle	Reference	Comply (Y/N)
Principle 1: Lay solid foundations for management and oversight			
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	Section 1.1 of Corporate Governance Statement	Y
1.2	Companies should disclose the process for evaluating the performance of senior executives	Section 1.2	Y
1.3	Companies should provide the following information: – an explanation of any departure from Recommendations 1.1,1.2 or 1.3 – whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed. A statement of matters reserved for the board, or the board charter or the statement of areas of delegated authority to senior executives should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section.	N/A Section 1.2 Section 1.1 and the Board Charter can be found at www.astrojapanproperty.com (refer to corporate governance section)	- Y Y
Principle 2: Structure the board to add value			
2.1	A majority of the board should be independent directors	Section 2.1	Y
2.2	The chair should be an independent director	Section 2.2	Y
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	Section 2.3	Y
2.4	The board should establish a nomination committee. The nomination committee should be structured so that it: – consists of a majority of independent directors – is chaired by an independent director – has at least three members	Section 2.4	N
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Section 2.5	Y
2.6	Companies should provide the following information in the corporate governance statement of the annual report: – the skills, experience and expertise relevant to the position of director held by each director in the office at the date of the annual report – the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds – the existence of any of the relationships listed in Box 2.1 and an explanation of why the board considers a director to be independent, notwithstanding the existence of those relationships – a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company – a statement as to the mix of skills and diversity for which the board of directors is looking to achieve in membership of the board – the period of office held by each director in office at the date of the annual report – the names of members of the nomination committee and their attendance at meetings of the committee – whether a performance evaluation for the board, its committee and directors has taken place in the reporting period and whether it was in accordance with the process disclosed – an explanation of any departures from Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6	Section 2.1 – cross reference to Directors' biographies Section 2.1 Section 2.1 Section 2.1 Section 2.1 Section 2.1 Section 2.4 Section 2.5 Section 2.4	Y Y Y Y Y Y N Y Y

ASX Principle	Reference	Comply (Y/N)	
The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:			
– a description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors	Section 2.4	Y	
– the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirement for that committee	N/A – refer to section 2.4	-	
– the board's policy for the nomination and appointment of directors	Section 2.4	Y	
Principle 3: Promote ethical and responsible decision making			
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: – the practices necessary to maintain confidence in the company's integrity – the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders – the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	Section 3.1 and the Code of Conduct can be found at www.astrojapanproperty.com (refer to corporate governance section)	Y
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	Section 3.2	Y
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Section 3.3	Y
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Section 3.4	Y
3.5	Companies should provide the following information: – an explanation of any departures from Recommendations 3.1, 3.2, 3.3, 3.4 or 3.5 The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: – any applicable code of conduct or a summary – the diversity policy or a summary of its main provisions	N/A Section 3.1 and the Code of Conduct can be found at www.astrojapanproperty.com (refer to corporate governance section) Section 3.2 and the Diversity Policy can be found at www.astrojapanproperty.com (refer to corporate governance section)	Y Y
Principle 4: Safeguard integrity in financial reporting			
4.1	The board should establish an audit committee	Section 4.1	Y
4.2	The audit committee should be structured so that it: – consists only of non-executive directors – consists of a majority of independent directors – is chaired by an independent chair, who is not chair of the board – has at least three members	Section 4.2	Y for part of FY N for part of FY
4.3	The audit committee should have a formal charter	Section 4.3	Y

	ASX Principle	Reference	Comply (Y/N)
4.4	<p>Companies should provide the following information:</p> <ul style="list-style-type: none"> – the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee – the number of meetings of the audit committee – explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4 <p>The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> – the audit committee charter – information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners 	<p>Sections 4.2 and 4.3</p> <p>Section 4.3</p> <p>Section 4.2</p> <p>Section 4.3 and the ARCC Charter can be found at www.astrojapanproperty.com (refer to corporate governance section)</p>	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>
Principle 5: Make timely and balanced disclosure			
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Section 5.1 and the Continuous Disclosure Policy can be found at www.astrojapanproperty.com (refer to corporate governance section)	Y
5.2	<p>An explanation of any departures from Recommendations 5.1 or 5.2 should be included in the corporate governance statement in the annual report.</p> <p>The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements should be made publicly available, ideally by posting them to the company's website in a clearly marked corporate governance section.</p>	<p>N/A</p> <p>Section 5.1 and the Continuous Disclosure Policy can be found at www.astrojapanproperty.com (refer to corporate governance section)</p>	<p>-</p> <p>Y</p>
Principle 6: Respect the rights of shareholders			
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Section 6.1 and the Continuous Disclosure Policy which includes the communications policy can be found at www.astrojapanproperty.com (refer to corporate governance section)	Y
6.2	<p>An explanation of any departure from Recommendations 6.1 or 6.2 should be included in the corporate governance statement in the annual report.</p> <p>The company should describe how it will communicate with its shareholders publicly, ideally by posting this information on the company's website in a clearly market corporate governance section.</p>	<p>N/A</p> <p>Section 6.1</p>	<p>-</p> <p>Y</p>
Principle 7: Recognise and manage risk			
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Section 7.1	Y
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Section 7.2	Y
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Section 7.3	Y

	ASX Principle	Reference	Comply (Y/N)
7.4	<p>The following material should be included in the corporate governance statement in the annual report:</p> <ul style="list-style-type: none"> – an explanation of any departures from Recommendations 7.1,7.2,7.3 or 7.4 – whether the board has received the report from management under Recommendation 7.2 – whether the board has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3 <p>The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> – a summary of the company's policies on risk oversight and management of material business risks 	<p>N/A</p> <p>Section 7.2</p> <p>Section 7.3</p> <p>Section 7.1 and a summary of the Risk Management Policy can be found at www.astrojapanproperty.com (refer to corporate governance section)</p>	<p>-</p> <p>Y</p> <p>Y</p> <p>Y</p>
Principle 8: Remunerate fairly and responsibly			
8.1	The board should establish a remuneration committee.	Section 8.1	Y
8.2	<p>The Remuneration Committee should be structured so that it:</p> <ul style="list-style-type: none"> – consists of a majority of independent directors – is chaired by an independent chair – has a least three members 	Section 8.2	Y for part of FY N for part of FY
8.3	Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives.	Section 8.2	Y
8.4	<p>The following material or a clear cross reference to the location of the material should be included in the corporate governance statement in the annual report:</p> <ul style="list-style-type: none"> – the names of the members of the remuneration committee and their attendance at meetings of the committee – the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors – an explanation of any departures from Recommendations 8.1, 8.2, 8.3 or 8.4 <p>The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> – the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee – a summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes 	<p>Section 8.1</p> <p>Section 8.2</p> <p>Section 8.2</p> <p>Section 8.1 and the REMC Charter can be found at www.astrojapanproperty.com (refer to corporate governance section)</p> <p>N/A refer to section 8.2</p>	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>-</p>