

# AIMS PROPERTY SECURITIES FUND

(ARSN 111 442 150)

## Appendix 4E – Preliminary Final Report For the year ended 30 June 2019

(The previous corresponding period is the financial year ended 30 June 2018)

### Results for Announcement to the Market

		<b>Movement (\$'000)</b>	<b>Movement (%)</b>	<b>2019 (\$'000)</b>	<b>2018 (\$'000)</b>
Revenue from ordinary activities*	Down	(3,563)	(23.82%)	11,393	14,956
Income from ordinary activities attributable to unitholders	Down	(4,096)	(29.22%)	9,924	14,020
Net income for the period attributable to unitholders	Down	(4,096)	(29.22%)	9,924	14,020
Net tangible assets (NTA) per unit (\$)	Up	\$0.20	8.31%	\$2.57	\$2.37

\* Revenue from ordinary activities comprises investment distribution income and interest income.

<b>Distributions</b>	<b>Cents Per Unit</b>	<b>Paid/Payable</b>
September Quarter	1.0681	14 December 2018
December Quarter	0.2854	15 March 2019
March Quarter	0.5626	14 June 2019
June Quarter	0.6187	13 September 2019
<b>Total</b>	<b>2.5348</b>	

This Appendix 4E should be read in conjunction with the Annual Financial Report of AIMS Property Securities Fund for the financial year ended 30 June 2019 (in the attachment which forms part of Appendix 4E) and any public announcements made during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Listing Rules.

This Appendix 4E is based on the Annual Financial Report of AIMS Property Securities Fund for the financial year ended 30 June 2019 which has been audited by Hall Chadwick.



Ciaud Chaaya  
Company Secretary  
AIMS Fund Management Limited  
Responsible Entity





# AIMS PROPERTY SECURITIES FUND

ASX Code: APW | SGX Code: BVP

Annual Report 2019



**AIMS**

**AIMS Funds Management**  
A Member of AIMS Financial Group



# Contents

Financial Results Summary .....	1
Chairman's Report .....	2
Board of Directors .....	4
Corporate Governance Statement .....	6
Financial Report .....	10
Stock Exchange Information .....	39
Corporate Directory .....	41



## About the Fund

The AIMS Property Securities Fund ("the Fund") is a diversified real estate securities fund, investing across a wide range of unlisted and listed property trusts. It has exposure to domestic and overseas commercial real estate through specialist property investment managers.

The Fund is listed on the Australian Securities Exchange (ASX code: APW) and the Singapore Stock Exchange (SGX Code: BVP).

## Financial Results Summary

Financial results summary for the year ended 30 June 2019

Income Statement Year to 30 June 2019	\$Million
Distribution and Interest Income	2.88
Net Gains On Financial Assets Held At Fair Value Through Profit Or Loss	8.49
Total Expenses	(1.47)
Net Profit For The Year Before Finance Costs	9.92
Finance Costs	1.13
Change In Net Assets Attributable To Unitholders	8.79



# Chairman's Report

## Overview

The trade war between America and China continues to force downward pressure on the global economy and in turn, the Australian real estate market. We have experienced a downturn trend for the Australian real estate market, with tightening lending conditions by the lending institutions.

The past financial year saw many challenges for the AIMS Property Securities Fund (the "Fund"). In December 2018, two separate wind-up meetings were held, to vote on whether AIMS Fund Management Limited (the Responsible Entity of the Fund) should be directed to wind-up the Fund's total assets. We would like to extend our gratitude to the Unitholders who continued to support the long-term growth strategy of the Fund and voted against both wind-up resolutions.

The initial call to convene a meeting of Unitholders and vote on the wind-up of the Fund, was brought about by short-term focused Unitholders, who in the view of the Responsible Entity, did not hold the interests of all Unitholders at heart. We understand that a stable, long-term strategy may not align with a minority of our Unitholders' short-term interests. However, as Responsible Entity, it is our obligation to uphold the interests of all our Unitholders and take appropriate action to meet the stable and long-term focus of the Fund.

These cumbersome and unnecessary distractions not only waste the Unitholders and Responsible Entity's time and resources but end up costing the Fund a considerable amount of money, which could have otherwise been used to distribute to Unitholders.

The Responsible Entity wishes to reiterate its standing commitment to the stable and long-term strategy of the Fund and wishes to convey to Unitholders that we will always act in your best interests.

## Prudential Investment Management

Learning from our experience in the GFC, AIMS has carefully followed its prudent, conservative and patient investment approach, focusing not only on income but also capital growth potential. We have adhered to the following principles in our investment strategy:

- 1. Power as investor.** Where possible, hold material or majority interest in unlisted investments, such that the Fund is able to influence the strategy and direction of the investment.
- 2. Alignment of investor and fund manager's interest.** Invest in funds where the fund manager holds a material interest in the fund to ensure that the fund manager's interests are aligned with our unitholders.
- 3. Sufficient liquidity for listed investments.** There must be acceptable liquidity if the investment is listed.
- 4. Investment direction.** Underlying assets must typically be in good locations, with value add or long-term development potential. The assets should ideally produce an income stream, to service conservative borrowings and have potential for rental increases through active management.
- 5. Conservative gearing.** Maintained zero gearing since 2013 and also monitor the underlying investments' debt facilities, so as to sustain a conservative look-through gearing level.



## Performance Highlights

- Over the past financial year, Net Asset Value (NAV) has increased from \$105.8 million to \$114.6 million and Net Tangible Assets (NTA) have grown from \$2.37 to \$2.57 per unit, an increase of 8.3%.
- Since June 2013, the fund has maintained a debt free position, keeping in line with our conservative investment strategy highlighted above.
- Since June 2013, NTA has grown from \$1.17 to \$2.57, representing an increase of 119.7%.
- Since June 2013, share price has risen from \$0.67 to \$1.41 in June 2019, representing an increase of 110%.

## Management and Staff

I would like to take this opportunity to thank the Board, our senior management team and all the staff, for their commitment and contribution over the past financial year.

Finally, I would like to thank all of the Unitholders for their continued support during the past year. In particular, I would like to extend our gratitude to those investors who showed their faith in AIMS, since it took over MacarthurCook back in 2009 and continue to show their commitment to this Fund.

Yours faithfully,



**George Wang**  
Chairman  
AIMS Fund Management Limited

# Board of Directors



## George Wang

### Executive Chairman

George is the founding CEO of AIMS Financial Group and an active participant in both the Australian and Chinese financial services industries. George came to Australia from China nearly 30 years ago and founded AIMS Financial Group two years later. Since inception, AIMS has evolved into a diversified financial services group, active in the areas of lending, securitisation, investment banking, real estate funds management and property, resources, high-tech and infrastructure investment.

In the course of developing AIMS Financial Group into a significant financial services group in Australia, George has developed a strong skill base in the areas of lending, securitisation, real estate funds management, structured finance and innovative financial product development.

George has developed an extensive business network in both Australia and China. In China, George is active in the Chinese financial sector. He is an advisor for a number of Chinese Government bodies and Government agencies. He holds the position of Deputy President of the International Trade Council of China, a constituent body of China Council for the Promotion of International Trade.

In Australia, George is the President of the Australia-China Finance & Investment Council. As the President of Australia-China Finance & Investment Council, George has been laying the foundation for the financial bridge between Australia and China for many years.

George was appointed as director on 14 July 2009 and as Executive Chairman on 7 August 2009.

During the past six years he has acted as a non-executive director or director of the following entities:

- AIMS Financial Group
- AIMS APAC REIT (formerly known as AIMS AMP Capital Industrial REIT)
- Sydney Stock Exchange (formerly known as Asia Pacific Stock Exchange)



## Richard Nott AM

### Non-Executive Independent Director Chairman of the Audit Committee

Richard Nott is a former General Manager and Chief Executive of CGU Lenders Mortgage Insurance Ltd, General Manager Corporate Banking at Standard Chartered Bank Australia Ltd, General Manager Banking and Associate Director at Australian Bank. He has also had a twenty-six-year career with CBC/National Australia Bank throughout Australia and Europe. Richard was Managing Director Australia for Mortgage Guaranty Insurance Corporation until April 2016.

Richard's qualifications include a Bachelor of Science (Hons), Master of Business Administration, Master of Commerce and Master of Insurance and Risk Management. He is a Fellow of Australian and New Zealand Institute of Insurance and Finance, the Chartered Insurance Institute (UK), the Chartered Institute of Bankers (UK) and various Accounting, Chartered Secretaries, Governance, HR and Management Institutes. He is also a Senior Fellow and life member of FINSIA.

Richard is President of the Australia-Britain Society and he is Australian Representative of the Friends of St. George's and Descendants of the Knights of the Garter. He is a member of the Cook Society and Fred Hollows Foundation. He was made a Member of the Order of Australia (AM) in 2012 for services to banking, insurance and several major charities.

Richard was appointed as a Non-Executive Independent Director and Chairman of the Audit Committee on 5 August 2010.

During the past five years has acted as a non-executive director of the following entities:

- First American Title Insurance Company of Australia Limited
- Four Hats Financial Services Pty Ltd
- Prime Insurance Group
- RHG Limited





## John Love

### Non-Executive Independent Director

John is currently a non-Executive Director. He was the former Chairman of Mortgage Guaranty Insurance Corporation Australia and former Chairman and a member of the Audit, Governance and Risk Management Committee for The Australian Wine Society Cooperative Limited. He was previously the General Manager of an Australian mezzanine property finance company. John was also previously the Head of Corporate Banking Australia and Head of Credit at Standard Chartered Bank Australia Limited.

John's qualifications include a Bachelor of Commerce (Qld), a Master of Business Administration (AGSM) and a Master of Insurance and Risk Management (Deakin). In addition, he is a Certified Practicing Accountant, a Fellow of the Tax Institute of Australia, a Fellow of the Chartered Institute of Secretaries, a Fellow of FINSIA, a Fellow of the Australian Institute of Company Directors, a Fellow of the Australian and New Zealand Institute of Insurance and Finance, Certified Insurance Professional and a Fellow of the Australian Mutuals Institute.

John was appointed as a Non-Executive Independent Director on 30 March 2011.

During the past five years he has acted as a non-executive director or director of the following entities:

- Mortgage Guarantee Insurance Corporation Australia
- The Australian Wine Society Co-operative Limited



# Corporate Governance Statement

AIMS Property Securities Fund (“the Fund”) is a listed managed investment scheme whose units are traded on the Australian Securities Exchange (ASX) and the Singapore Exchange (SGX). The fund has no employees and its day-to-day functions and investments are managed by the Responsible Entity, AIMS Fund Management Limited. The parent company of AIMS Fund Management Limited is Great World Financial Group Pty Ltd (“the Group”).

The directors of the Responsible Entity (“the Board”) recognise the importance of good corporate governance. The Fund’s corporate governance framework, policies and practices are designed to ensure the effective management and operations of the Fund and will remain under regular review.

A description of the Fund’s practices in respect of the 8 Principles and Recommendations from the ASX Corporate Governance Council’s Revised Corporate Governance Principles and Recommendations (ASX Recommendations) are set out below. This statement is accurate and up to date as at 30 June 2019 and has been approved by the board.

## Principle 1. Lay Solid Foundations for Management & Oversight

### 1.1 Functions of Board and senior executives

Primary responsibility for the management and oversight of the Responsible Entity rests with the Board, whose overall role is to build long term sustainable value for the Fund’s Unitholders, while respecting the interests of all stakeholders. In meeting its responsibilities, the Board undertakes the following functions:

- The Board is responsible for the overall corporate governance of the

Responsible Entity, including formulating its strategic direction and monitoring the business objectives. The Board delegates day to day management of the Responsible Entity’s affairs to the Executive Chairman and senior executives.

- The structure, roles and functions of the Board are set out in a Board Charter, but in broad terms, the Board Charter clarifies the respective roles of the Board and senior management.
- To assist in the execution of its oversight and management responsibilities, the Board has established an Audit, Risk and Compliance Committee. This committee has its own written mandate, which is reviewed on a regular basis and it reports back to the Board on their activities through the presentation of reports and minutes of committee meetings.
- The Board holds regular three monthly meetings, plus strategy meetings and extraordinary meetings at such times as may be required during the year.
- An agenda for the meetings is determined to ensure that certain standing information is addressed and other items which are relevant to reporting deadlines and/or regular review are scheduled when appropriate.

Each Director has the right to access all relevant information in respect of the Responsible Entity and to make appropriate enquiries of senior management. Subject to prior consultation with the Executive Chairman, a Director may seek independent professional advice from a suitably qualified advisor.

Non-Executive Directors have

been appointed under a formal letter which sets out the key terms and conditions of that appointment, including the term, time commitment, remuneration, requirement to disclose directors’ interests, the requirement to comply with key corporate policies, when independent professional advice may be sought, the circumstances in which the office of director may become vacant, indemnity and insurance arrangements, rights of access to corporate information, and ongoing confidentiality obligations.

For an Executive Director or other senior executive, the formal letter should also include a description of their position, duties and responsibilities, the person or body to whom they report, the circumstances in which their service may be terminated, the circumstances in which their service may be terminated, and any entitlements on termination.

The Responsible Entity Secretary plays a critical role in supporting the effectiveness of the Board and its Committees, advising the Board and its Committees on governance matters, monitoring the Board and Committees policy and procedures are followed, co-ordinating the timely completion and dispatch of the Board and Committees papers, ensuring the business at Board and Committees meetings is accurately captured in the minutes, and helping to organise and facilitate the induction and professional development of directors.

The Responsible Entity Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

The appointment and removal of the Responsible Entity Secretary is a matter for decision by the Board as a whole.



## 1.2 Diversity

As the Responsible Entity and the Fund do not employ any employees the principle of diversity is not applicable to the Responsible Entity or the Fund.

## 1.3 Evaluation Performance of Senior Executives

The performance of senior executives is reviewed annually against certain criteria. Non-Executive Independent Directors may meet periodically without any executive management to ensure that there is full and frank discussion amongst Directors of issues affecting the Responsible Entity.

### Principle 2. Structure the Board to Add Value

#### 2.1 Board Composition

The composition of the Board is structured to maintain a mix of directors from difference backgrounds with complementary skills and experience. Details of each director at the date of this report are given in the Director's report, including the period in office, skills, experience, and expertise relevant to the position of the director.

The table below sets out the current skills and experience that the Board considers necessary or desirable and the extent to which they are represented on the Board.

Skills and Experience	NO. of Directors/Board Representation (out of 3)
Leadership – organisational, including senior executive leadership experience	3
Strategy – experience in developing and implementing strategic business plans	3
Financial acumen – senior experience in finance, including in financial accounting and reporting	2
Real estate – experience in real estate management, leasing, development, design and construction	1
Retail and consumer marketing – experience in retail (including physical and digital) and in customer service and management strategies	1

Capital management – senior experience in capital management strategies, corporate finance, capital markets and funds management	3
Governance – experience with governance in the listed sector	3
Human resources – senior experience in people management and human resources policy	1
Innovation – experience in transforming business models and processes including in relation to technology and digital platform	3

The Board may comprise up to ten individual Directors with a minimum of three. Directors will be classified as Independent, Non-Executive or Executive. The Board assessed the independence of its Non-Executive Independent Directors according to the definition contained within the Principles and concluded that two of the members of the Board were independent.

Name	Position	Independent (Yes/No)
George Wang	Chairman	No
Richard Nott	Director	Yes
John Love	Director	Yes

Details of the background, particular qualifications, expertise and period of service of each Director are set out in the Directors' Report section of the Annual Report.

When a Board vacancy exists, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the existing Board selects a candidate with the appropriate experience and expertise. Appropriate checks of the potential candidates will be undertaken including but not limited to reference checks, national police checks and bankruptcy checks.

#### 2.2 Independent Chair

The Chairman of the Board is Mr George Wang, who is not independent according to the criteria set out in the Principles. The position of Chairman for the purposes of Board meetings may however rotate on a regular basis. Given the independence of the Board, it is not considered necessary at this stage for the

Chairman to be independent.

## 2.3 Roles of Chairman and Fund Manager

The roles of Chairman of the Board and Fund Manager are not held by the same individual.

## 2.4 Nomination Committee

Given the size and structure of the AIMS, the Board does not have a Nomination Committee. Some of the roles and responsibilities (where practical) are undertaken by the Board or some of its members.

## 2.5 Performance Evaluation Processes

The Board is responsible for reviewing the performance of Directors.

### Principle 3. Act Ethically & Responsibly

The Board actively promotes ethical and responsible decision making.

#### 3.1 Code of Conduct

The Board has adopted a Code of Conduct which can be viewed on the website of AIMS. The Code of Conduct applies to all Directors, and staff of the Responsible Entity. The Code sets out the core values of the Responsible Entity and the expectations for how employees should conduct their business affairs including:

- Acting in the best interests of unitholders over and above their own interests.
- Acting honestly and with high standards of personal integrity.
- Complying with the laws, regulations and internal policies, including in relation to the conflicts of interest.
- Not knowingly participate in any illegal or unethical activity.
- Preserving unitholder confidentiality and not misusing information at all times.
- Protecting and promoting the integrity of the market.
- Avoiding and/or disclosing any real or perceived conflicts of interest.



# Corporate Governance Statement

Continued

The Code of Conduct is discussed with each new employee as part of their induction training.

## 3.2 Share trading policy

The Board has adopted a Share Trading Policy, which can be viewed on the website of AIMS. Directors and staff (including their immediate family or any entity for which they control investment decisions) must ensure that any trading in securities issued by the Fund is undertaken within the framework set out in this Policy.

The Policy reflects the insider trading provisions of the Corporations Act 2001, such that Directors and management are prohibited from trading in securities of any fund controlled by the Responsible Entity whilst in possession of unpublished price sensitive information. Subject to any knowledge or circumstances that impose a specific prohibition on some or all Directors and management trading, as a general policy, price sensitive information is deemed to be in the public domain once a reasonable time (generally 48 hours) has elapsed following an announcement to allow the market to absorb the contents of the announcement. For reporting of financial results under the ASX's periodic disclosure requirements, the general rule adopted by the Responsible Entity is to restrict trading by Directors and staff for a period of two weeks before the announcement of the results.

## Principle 4. Safeguard Integrity in Financial Reporting

### 4.1 Audit Committee

The Board has established an Audit, Risk and Compliance Committee, which provides assistance to the Board in fulfilling its corporate governance responsibilities in relation to the Responsible Entity's financial

reporting, internal controls structure, risk management systems and external audit functions.

The Audit, Risk and Compliance Committee review the performance of the external auditors on an annual basis and meets with them during the year to review findings. The Committee has full access to all books, records, facilities and personnel of the Responsible Entity, as well as the authority to engage independent counsel and other advisers it determines necessary to carry out its duties.

### 4.2 Structure of the Audit Committee

Due to the size and nature of the Board and the magnitude of the Fund's operations, there are only two members of the Audit, Risk and Compliance Committee are non-executive directors. For details of the relevant qualifications and experience of the members of the committee, please refer to Board of Directors section of the Annual Report.

The members of the Audit, Risk and Compliance Committee are Mr Richard Nott – Chairman and Mr John Love.

The Audit, Risk and Compliance Committee is required to meet a minimum of four times per year. Both members of the committee attended all Audit, Risk and Compliance Committee meetings for FY2018-19.

The role and responsibilities, composition, structure, membership requirements and procedures for the Audit, Risk and Compliance Committee are set out in the Audit, Risk and Compliance Committee Charter, which can be viewed on the website of AIMS.

The Board relies on management for day to day monitoring of the internal controls within the Responsible Entity. Financial

performance is monitored on a regular basis by management who report to the Board at the scheduled Board meetings and through Audit, Risk and Compliance Committee meetings.

## 4.3 Approval of Financial Statements

As the Responsible Entity does not have a CFO, the Finance Manager assume all the functions of CFO.

The CEO and the Finance Manager have declared in writing to the Board that, in their opinions, the financial records of the Fund and its Responsible Entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Fund and its Responsible Entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## Principle 5. Make timely and balanced disclosure

### 5.1 Disclosure policies

The Board is committed to the promotion of investor confidence by providing full and timely information to all Unitholders and market participants about the Responsible Entity's activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the ASX Listing Rules.

The Responsible Entity has a Continuous Disclosure Policy to ensure that it meets the continuous disclosure obligations.

## Principle 6. Respect the rights of Unitholders

Information about the Fund and its governance arrangements (including copies of board charters and policies) are available on the AIMS website.



## 6.1 Communications Policy

AIMS communicates with Shareholders and Unitholders through releases on the Australian Securities Exchange, direct correspondence and on the AIMS website:

AIMS's policies for communication with Unitholders are set out in its Communications Policy, which can be viewed on the website of AIMS. The aim of the Board is to ensure that investors are informed of all major developments affecting AIMS through:

- The annual report;
- Disclosures made to the ASX in the form of market announcements and investor updates;
- Notices and explanatory memoranda of annual general meetings and other Unitholder meetings;
- Responses to enquiries from Unitholders; and
- Occasional letters/updates from the Executive Chairman or the Fund Manager to specifically inform Unitholders of key matters of interest.

The Fund provides all unitholders with the option to receive communications from, and send communications to, the Fund and its security registry electronically.

## 6.2 Meetings of Security Holders

The Fund may convene a unitholder meeting during the financial year at a time and place that is considered convenient for the majority of the Fund's unitholders. Unitholders will receive a notice of meeting and explanatory memorandum in relation to security holder meetings, copies of which will also be available on the Fund's website and released to ASX.

At any security holder meeting, the Chairman will ensure that a reasonable opportunity exists for security holders to ask questions in relation to the resolutions being voted on. Security holders are encouraged to attend all security holder meetings.

## Principle 7. Recognise and Manage Risk

### 7.1 Risk management Framework

The Board has primary oversight of risk management policies and practices and has adopted an appropriate risk management framework and policy.

In accordance with its Charter, the Audit, Risk and Compliance Committee has more direct responsibility for overseeing the risk management framework and risk management practice. AIMS has a Legal & Compliance team, who are responsible for reporting to the Board on compliance issues and recommending ways in which the Responsible Entity may improve its systems and compliance monitoring.

AIMS does not have a dedicated internal audit function due to its nature and scale of operations. The Board reviews the effectiveness of the risk management and internal control systems on an ongoing basis through regular certifications and review undertaken by the finance and compliance functions together with a formal annual review.

### 7.2 Executive Risk Management Declaration

The Board requires the Executive Chairman and the Chief Financial Officer (or his/her equivalent) to report to it on the effectiveness of the Responsible Entity's management of its material business risk in conjunction with the review of the half year and full year financial results. The Board

also receives assurances from the Executive Chairman and the Chief Financial Officer (or his/her 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 controls and that the system is operating effectively in all material respects in relation to the financial reporting of risks.

The Fund does not have any material exposure to economic, environmental and social sustainability risks.

## Principle 8. Remunerate fairly and responsibly

### 8.1 Remuneration Committee

Due to the size and structure of AIMS, the Board does not have a Remuneration Committee. The role and responsibilities of the Remuneration Committee are carried out by the Executive Chairman in conjunction with the Human Resources Manager.

AIMS also reviews and approves senior executive total remuneration packages and terms of employment annually, having regard to performance, relevant comparative information and, where relevant, independent expert advice.

### 8.2 Remuneration Structure

The Executive Chairman and senior executives receive salary packages which may include performance based components designed to reward and motivate. Non-Executive Independent Directors receive fees agreed on an annual basis by the Board. There are no retirement schemes in place for Non-Executive Independent Directors.

The remuneration for the Board and senior executives is paid by the Responsible Entity and AIMS Group.



# Financial Report

AIMS Property Securities Fund (ARSN 111 442 150)

Directors Report.....	11
Auditor's Independence Declaration .....	17
Statement of Profit or Loss and Other Comprehensive Income .....	18
Statement of Financial Position.....	19
Statement of Changes in Equity.....	19
Statement of Cash Flows.....	20
Notes to the Financial Statements.....	21
Directors' Declaration .....	33
Independent Auditor's Report.....	34



# Directors' Report

FOR THE YEAR ENDED 30 JUNE 2019

The Directors of AIMS Fund Management Limited, the Responsible Entity of AIMS Property Securities Fund ("the Fund"), present their report together with the Financial Report of the Fund for the financial year ended 30 June 2019.

The Responsible Entity's registered office and principal place of business is Level 41, 259 George Street, Sydney, NSW 2000.

## DIRECTORS

The Directors of the Responsible Entity during the financial year are shown below. Directors were in office to the date of the report unless otherwise stated:

NAME, QUALIFICATIONS & INDEPENDENCE STATUS	EXPERIENCE, SPECIAL RESPONSIBILITIES AND OTHER DIRECTORSHIPS
<p><b>George Wang</b> BE</p> <p><b>Executive Chairman</b></p>	<p>George is the founding CEO of AIMS Financial Group and an active participant in both the Australian and Chinese financial services industries. George came to Australia from China nearly 30 years ago and founded AIMS Financial Group two years later. Since inception, AIMS has evolved into a diversified financial services group, active in the areas of lending, securitisation, investment banking, real estate funds management and property, resources, high-tech and infrastructure investment.</p> <p>In the course of developing AIMS Financial Group into a significant financial services group in Australia, George has developed a strong skill base in the areas of lending, securitisation, real estate funds management, structured finance and innovative financial product development.</p> <p>George has developed an extensive business network in both Australia and China. In China, George is active in the Chinese financial sector. He is an advisor for a number of Chinese Government bodies and Government agencies. He holds the position of Deputy President of the International Trade Council of China, a constituent body of China Council for the Promotion of International Trade.</p> <p>In Australia, George is the President of the Australia-China Finance &amp; Investment Council. As the President of Australia-China Finance &amp; Investment Council, George has been laying the foundation for the financial bridge between Australia and China for many years.</p> <p>George was appointed as director on 14 July 2009 and as Executive Chairman on 7 August 2009. During the past six years he has acted as a non-executive director or director of the following entities:</p> <ul style="list-style-type: none"> <li>• AIMS Financial Group</li> <li>• AIMS APAC REIT (formerly known as AIMS AMP Capital Industrial REIT)</li> <li>• Sydney Stock Exchange Limited (formerly known as Asia Pacific Exchange Limited)</li> </ul>
<p><b>Richard Nott AM</b> BSc (Hons), MCom, MBA, MIRM</p> <p><b>Non-Executive Independent Director &amp; Chairman of the Audit Committee</b></p>	<p>Richard Nott is a former General Manager and Chief Executive of CGU Lenders Mortgage Insurance Ltd, General Manager Corporate Banking at Standard Chartered Bank Australia Ltd, General Manager Banking and Associate Director at Bank Australia. He has also had a twenty-six-year career with CBC/National Australia Bank throughout Australia and Europe. Richard was Managing Director Australia for Mortgage Guaranty Insurance Corporation until April 2016.</p> <p>Richard's qualifications include a Bachelor of Science (Hons), Master of Business Administration, Master of Commerce and Master of Insurance and Risk Management. He is a Fellow of Australian and New Zealand Institute of Insurance and Finance, the Chartered Insurance Institute (UK), the Chartered Institute of Bankers (UK) and various Accounting, Chartered Secretaries, Governance, HR and Management Institutes. He is also a Senior Fellow and life member of FINSIA.</p> <p>Richard is President of the Australia-Britain Society and he is Australian Representative of the Friends of St. George's and Descendants of the Knights of the Garter. He is a member of the Cook Society and Fred Hollows Foundation. He was made a Member of the Order of Australia (AM) in 2012 for services to banking, insurance and several major charities.</p> <p>Richard was appointed as a Non-Executive Independent Director and Chairman of the Audit Committee on 5 August 2010.</p> <p>During the past five years has acted as a non-executive director of the following entities:</p> <ul style="list-style-type: none"> <li>• First American Title Insurance Company of Australia Limited</li> <li>• Four Hats Financial Services Pty Ltd</li> <li>• Prime Insurance Group</li> <li>• RHG Limited</li> </ul>

# Directors' Report

Continued

NAME, QUALIFICATIONS & INDEPENDENCE STATUS	EXPERIENCE, SPECIAL RESPONSIBILITIES AND OTHER DIRECTORSHIPS
<p><b>John Love</b> BCom, MBA, MIRM, CPA</p> <p><b>Non-executive Independent Director</b></p>	<p>John is currently a non-Executive Director. He was the former Chairman of Mortgage Guaranty Insurance Corporation Australia and former Chairman and a member of the Audit, Governance and Risk Management Committee for The Australian Wine Society Cooperative Limited. He was previously the General Manager of an Australian mezzanine property finance company. John was also previously the Head of Corporate Banking Australia and Head of Credit at Standard Chartered Bank Australia Limited.</p> <p>John's qualifications include a Bachelor of Commerce (Qld), a Master of Business Administration (AGSM) and a Master of Insurance and Risk Management (Deakin). In addition, he is a Certified Practising Accountant, a Fellow of the Tax Institute of Australia, a Fellow of the Chartered Institute of Secretaries, a Fellow of FINSIA, a Fellow of the Australian Institute of Company Directors, a Fellow of the Australian and New Zealand Institute of Insurance and Finance, Certified Insurance Professional and a Fellow of the Australian Mutuals Institute.</p> <p>John was appointed as a Non-Executive Independent Director on 30 March 2011.</p> <p>During the past five years he has acted as a non-executive director or director of the following entities:</p> <ul style="list-style-type: none"> <li>• Mortgage Guaranty Insurance Corporation Australia</li> <li>• The Australian Wine Society Co-operative Limited</li> </ul>
<p><b>Claud Chaaya</b> BCom, LLB</p> <p><b>Company Secretary</b></p>	<p>Claud is currently the director of property funds management at AIMS Financial Group. The business unit has over AU \$2 billion in assets under management.</p> <p>With over 12 years' experience in the real estate sector, he has worked in funds management, equity raisings, research, project management and transactions in both domestic and offshore capital markets. He has been involved in real estate transactions totalling over AU \$1.5 billion, covering both multi-sector and multi-risk portfolios.</p> <p>He has helped raise over half a billion dollars in equity from offshore and domestic capital, including the Australian Federal Government. He has also aided in the establishment of proprietary risk management software for real estate, a first of its kind in the industry.</p> <p>His qualifications include a double degree in Law and Commerce, majoring in Finance, with qualifying subjects in Actuarial Studies and Computer Science. He has taught as a lecturer at the University of Technology Sydney (UTS) and is occasionally invited as a guest lecturer at the Universities of Sydney and New South Wales, given his specialist knowledge in real estate financial modelling and legal real estate structuring.</p>

## PRINCIPAL ACTIVITIES

The Fund is a registered managed investment scheme domiciled in Australia. The Fund is listed on both the Australian Securities Exchange (ASX) and the Singapore Exchange (SGX). The investment objective of the Fund is to provide investors with regular quarterly income and the potential for long term capital growth. During the year, the Fund held investments in a portfolio of property related securities diversified by property sectors, geographic locations and fund managers.



# Directors' Report

Continued

## REVIEW OF OPERATIONS

### *Summary of Business Model*

The Fund is a listed fund which manages a portfolio of real estate securities investments with the objective of providing regular stable income and the potential for capital growth.

The Fund generates its revenue primarily by 'harvesting' the dividends and distributions received from the companies and trusts in its portfolio. Additional income is derived from interest earned on cash deposits. In the financial year ended 30 June 2019, dividends and distributions made up 24.4% of the Fund's total revenue (2018: 18.4%). The variance in distribution income from 2018 to 2019 is \$2,753,000 vs \$2,778,000, respectively.

The Fund's costs of operation have greatly increased in this financial year, given the high levels of legal expenses incurred in defending the Fund, during the wind-up meetings held in December 2018. Professional fees alone rose from \$128,000 (2018) to \$422,000 (2019), reducing the Fund's ability to pay further distributions. The Responsible Entity will continue to protect the long term interests of all our Unitholders.

The Fund offers investors a professionally managed, diversified and traded exposure to the Australian and Singapore property markets. During the past five years, the Fund has produced a compound annual total return of 8.78% as measured by the movement in traded unit prices assuming distributions paid are reinvested. This return is below 13.63% per annum, achieved by the total return of the S&P/ASX 200 A-REIT Index, which includes the reinvestment of distributions.

### *Investment Process*

The investment team, led by the Chief Executive Officer and overseen by the non-executive Directors, is responsible for constructing and maintaining an appropriately diversified portfolio which generates stable income and the potential for long-term capital growth.

The investment process, which involves the monitoring and review of existing investments as well as analysing potential new investments, includes extensive research, site visits and industry conferences, as well as economic and sector analysis to help identify emerging trends and assist with the timing of transactions.

The structure of a listed fund is ideally suited to building a long-term portfolio, as the Fund does not experience investor redemptions which might otherwise force desirable long-term holdings to be sold. Instead, unitholders wishing to liquidate their holding in the Fund simply sell their units on the stock exchanges. This stability allows the Fund to take advantage of short-term market fluctuations in order to buy or add to long-term holdings when prices trade below the long-term valuations calculated by the investment team. The selling of investments is relatively rare and generally only occurs due to takeovers or when it is perceived that the long-term value of an investment is compromised by deteriorating industry conditions or other concerns.

## REVIEW OF ACTIVITIES AND EVENTS DURING THE YEAR

The Fund's assets are invested in a mix of listed and unlisted property securities. Over the past financial year, the Fund's assets are invested in a mix of listed and unlisted property securities. Over the past financial year, the Fund's total return compared to the S&P/ASX 200 Total Return Index was lower being -9.02% vs 19.32% (28.34% under-performance). This is mainly due to the discount on the Fund, as can be seen from below, the Net Assets Attributable To Unitholders grew by 8.31%.

Over the course of the financial year, the Fund's investment portfolio returned 10.52%\* and the Fund's market unit price decreased by 10.48% for the financial year, however the market unit price is trading at a discount to net tangible asset backing per unit.

*\*Fund's investment portfolio return is equal to total return of investment (distribution income + gain in fair value of investments) is divided by the value of the investment (total non-current assets).*

The major changes to the portfolio during the year are as follows:

Sales	No. of Units	Amount (\$)
APN Regional Property Fund	2,440,483	3,430,099
<b>Total</b>		<b>3,430,099</b>

# Directors' Report

Continued

Overall the number of investments held in the portfolio reduced to 9 (2018: 10) and the number of managers reduced to 5 (2018: 7).

## REVIEW OF FINANCIAL POSITION AND PERFORMANCE

A number of key performance indicators are used by the Directors and management in their assessment of the Fund's performance, including profit, earnings per unit, distributions paid to unitholders, unitholders' equity, net tangible asset backing per unit, total portfolio return and control of management costs. The Directors are pleased these indicators were all assessed positively, indicating a very successful year.

The comprehensive gain attributable to unitholders for the year ended 30 June 2019 is \$9,924,000 (2018: \$14,020,000). This result includes an unrealised gain on investments of \$8,492,000 (2018: unrealised gain of \$12,037,000). The Fund's distribution income increased from \$2,753,000 to \$2,778,000 during the year. The Fund decreased its distributions to unitholders from \$1,279,000 to \$1,130,000 during the year.

The Fund's financial position improved over the course of the year, with net assets increasing from \$105,828,000 to \$114,622,000. The cash or cash equivalent assets at year-end were \$6,649,000, representing 5.78% of the Fund's total assets. Cash on hand fluctuates throughout the year according to the timing of distributions received, distributions paid, and investment purchases or disposals.

The Fund's total assets were valued at \$115,017,000 as at 30 June 2019 (2018: \$106,129,000) in accordance with the accounting policies set out in Note 5 of the Financial Report. The net tangible asset value was \$2.57 per ordinary unit (2018: \$2.37 per unit). The net tangible asset calculation excludes the Deferred Units on issue.

From 1 July 2018 to 30 June 2019, the Fund has bought back and cancelled 3,000 Ordinary Units on issue as part of its unit buy back program

	ASX listed Units		SGX listed Units	
	Year ended 30-Jun 2019 %	Year ended 30 June 2018 %	Year ended 30 June 2019 %	Year ended 30 June 2018 %
Distribution Return	1.46	2.59	1.23	1.77
Growth Return	-10.48	5.00	-16.27	6.41
<b>Total Return</b>	<b>-9.02</b>	<b>7.59</b>	<b>-15.04</b>	<b>8.18</b>

The distribution return is calculated on the basis of the gross distribution to Unitholders before deducting any withholding tax which may be applicable. The growth return relates to the movement between closing trade prices on the respective ASX and SGX at 30 June 2019 and the closing trade prices on 30 June 2018. The market price of the Fund's Units (as represented by the closing trade price) on the ASX at 30 June 2019 was AUD\$1.41 (2018: AUD\$1.58). The market price of the Fund's units on the SGX at 30 June 2018 was SGD\$1.39 (2018: SGD\$1.66).

Returns have been calculated after fees and assuming reinvestment of distributions within Australia, in accordance with IFSA Standard 6.00 *Product Performance - calculation and presentation of returns*. Reinvestment of distributions is not available to Singaporean Unitholders whose registered address with The Central Depository (Pte) Limited is outside Australia.



# Directors' Report

Continued

## FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Fund has cash available for additional long-term investment opportunities and other capital initiatives. It will continue to focus on producing results in accordance with its stated investment objective.

The results of the Fund's future investment activities will depend primarily on the performance of the unit price of, and the distributions received from, the entities in which the Fund has invested. The performance of those entities is influenced by many factors which are difficult to predict, including economic growth rates, inflation, interest rates, exchange rates, regulatory changes and taxation levels. There are also specific issues such as management competence, capital strength, industry trends and competitive behaviour.

The Fund is conservatively managed and the diversification of the investment portfolio holdings helps to reduce overall risk and the volatility of the Fund's earnings and capital fluctuations.

The Fund will continue to focus on controlling costs whilst growing its unitholder funds. The constantly changing nature of markets and other investment conditions requires management and the Directors to diligently appraise any opportunities that may present themselves. The Fund does not envisage any significant changes to its business model.

The Fund will continue to be managed in accordance with the investment objectives and guidelines as outlined in the current product disclosure statement and in accordance with the provisions of the Fund Constitution

## DISTRIBUTIONS PAID OR RECOMMENDED

	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>\$'000</b>	<b>Cents per unit</b>	<b>\$'000</b>	<b>Cents per unit</b>
Sep quarter distribution paid	476	1.0681	523	1.1707
Dec quarter distribution paid	127	0.2854	220	0.4926
Mar quarter distribution paid	251	0.5626	357	0.8001
Jun quarter distribution payable	276	0.6187	179	0.4018
	<b>1,130</b>	<b>2.5348</b>	<b>1,279</b>	<b>2.8652</b>

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than as noted in "Results and Review of Operations", there were no significant changes in the state of affairs of the Fund which occurred during the financial year ended 30 June 2019.

## AFTER BALANCE DATE EVENTS

Other than the events mentioned in Note 18 of the Financial Report, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Responsible Entity of the Fund, to affect significantly the operations of the Fund, the results of those operations, or the state of affairs of the Fund, in future financial years.

# Directors' Report

Continued

## ENVIRONMENTAL ISSUES

The Fund's operations are not subject to any significant environmental regulation under Commonwealth, State or Territory legislation.

## OTHER RELEVANT INFORMATION

The following is a list of other relevant information required to be reported under the *Corporations Act 2001*:

- Fees paid to the Responsible Entity – refer to note 16 to the financial statements;
- Units held by the directors of the Responsible Entity – refer to note 16 to the financial statements;
- Units held by the Responsible Entity and Associates – refer to note 16 to the financial statements;

## INDEMNIFYING OFFICERS OR AUDITOR

Under the Fund's constitution, the Responsible Entity is indemnified out of the Fund's assets for any loss, damage expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund.

Insurance premiums have been paid, during or since the end of the financial year for all of the directors of the Responsible Entity of the Fund. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for the auditor of the Fund.

Total fee paid and expenses reimbursed to the Responsible Entity is \$747,357 (2018: \$604,497). All transactions with related parties are conducted on normal commercial terms and conditions. From time to time, the Responsible Entity or its director-related entities may buy or sell units in the Fund. These transactions are subject to the same terms and conditions as those entered into by other Fund investors and are subject to corporate governance policies of AIMS Financial Group.

Non-audit services paid to the auditor, amounted to \$10,000 (2018: \$13,535). These figures were approved by the Audit Risk & Compliance Committee.

## ROUNDING OF AMOUNTS

The Fund is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) instrument 2016/191, and in accordance with that instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

## AUDITOR'S INDEPENDENCE

The auditor's independence declaration is set out on page 10 and forms part of the directors' report for the financial year ended 30 June 2019.

Signed in accordance with a resolution of the Directors of AIMS Fund Management Limited:



George Wang

Executive Chairman

**Dated this 26th August 2019**



# Auditor's Independence Declaration

HALL CHADWICK  (NSW)

AIMS PROPERTY SECURITIES FUND  
ARSN 111 442 150

AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF AIMS FUND MANAGEMENT LIMITED, THE  
RESPONSIBILITY ENTITY OF AIMS PROPERTY SECURITIES FUND

**SYDNEY**

Level 40  
2 Park Street  
Sydney NSW 2000  
Australia  
PH: (612) 2211 2600  
FX: (612) 2211 2800

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

HALL CHADWICK  
Level 40, 2 Park Street  
Sydney NSW 2000



**DREW TOWNSEND**  
Partner  
Dated: 26 August 2019

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# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2019

	Note	2019 (\$'000s)	2018 (\$'000s)
Distribution income	13	2,778	2,753
Interest income		105	166
Net gains on financial assets held at fair value through profit or loss	13	8,492	12,037
Net gains on foreign exchange		18	-
<b>Net investment income</b>		<b>11,393</b>	<b>14,956</b>
Administration expenses	6	1,469	936
<b>Total expenses</b>		<b>1,469</b>	<b>936</b>
<b>Net profit for the year before finance costs</b>		<b>9,924</b>	<b>14,020</b>
<b>Finance costs</b>			
Distributions to Unitholders	7	1,130	1,279
<b>Other comprehensive income</b>			
Other comprehensive income for the year		-	-
<b>Change in net assets attributable to Unitholders</b>	12	<b>8,794</b>	<b>12,741</b>

*The Statement of Profit or Loss and other Comprehensive Income is to be read in conjunction with the notes to the financial statements*



# Statement of Financial Position

as at 30 June 2019

	Note	2019 (\$'000s)	2018 (\$'000s)
<b>Current Assets</b>			
Cash and cash equivalents	8	2,649	4,822
Trade and other receivables	9	1,199	1,122
Financial assets held at fair value through profit or loss	10	4,000	-
<b>Total Current Assets</b>		<b>7,848</b>	<b>5,944</b>
<b>Non-Current Assets</b>			
Financial assets held at fair value through profit or loss:			
Listed property securities	10	10,159	12,081
Unlisted property securities	10	93,010	86,104
Other financial assets:			
Loan to Felix St Fund	16	4,000	2,000
<b>Total Non-Current Assets</b>		<b>107,169</b>	<b>100,185</b>
<b>Total Assets</b>		<b>115,017</b>	<b>106,129</b>
<b>Current Liabilities</b>			
Financial liabilities held at amortised cost:			
Trade and other payables	11	395	301
<b>Total current liabilities</b>		<b>395</b>	<b>301</b>
<b>Non-current Liabilities</b>		-	-
<b>Total liabilities (excluding net assets attributable to Unitholders)</b>		<b>395</b>	<b>301</b>
<b>Net assets attributable to Unitholders</b>	12	<b>114,622</b>	<b>105,828</b>

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

# Statement of Changes in Equity

for the year ended 30 June 2019

The Fund's net assets attributable to Unitholders are classified as a liability under AASB132 Financial Instruments: Presentation. As such the Fund has no equity, and no changes in equity have been presented for the current or comparative year.

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements

# Statement of Cash Flows

for the year ended 30 June 2019

	Note	2019 (\$'000s)	2018 (\$'000s)
<b>Cash Flows From Operating Activities</b>			
Distributions received		2,705	3,272
Interest received		105	166
Expenses paid		(1,458)	(915)
<b>Net Cash Inflows From Operating Activities</b>	8	<b>1,352</b>	<b>2,523</b>
<b>Cash Flows From Investing Activities</b>			
Proceeds from returns of capital		79	109
Proceeds from matured term deposit		-	11,000
Payments for investing term deposits		(4,000)	-
Proceeds from sale of financial assets		3,430	12,363
Acquisition of financial assets		-	(19,000)
<b>Net Cash Flows (used in) / From Investing Activities</b>		<b>(491)</b>	<b>(4,472)</b>
<b>Cash Flows From Financing Activities</b>			
Payments for unit buyback	12	-	(50)
Payments for loan to Felix St Fund		(2,000)	(2,000)
Distributions paid		(1,034)	(1,772)
<b>Net Cash Flows (used in) Financing Activities</b>		<b>(3,034)</b>	<b>(3,822)</b>
Net (decrease) / increase in cash and cash equivalents		2,173	(3,172)
Cash and cash equivalents at beginning of the year		4,822	1,649
<b>Cash and cash equivalents at the end of the year</b>	8	<b>2,649</b>	<b>4,822</b>

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements



# Notes to the Financial Statements

for the year ended 30 June 2019

## 1. GENERAL INFORMATION

These financial statements cover AIMS Property Securities Fund (“the Fund”) as an individual entity domiciled in Australia. The address of the Fund’s registered office is at Level 41, 259 George Street, Sydney, NSW 2000. The Fund is a registered Managed Investment Scheme under Corporations Act 2001 and is listed on both the ASX and SGX. The fund is a for-profit entity. The Responsible Entity of the Fund is AIMS Fund Management Limited.

The annual financial report for the year ended 30 June 2019 was authorised for issue by the Directors of the Responsible Entity on 26 August 2019.

The Fund invests in a portfolio of property related securities diversified by property sectors, geographic locations and fund managers.

## 2. BASIS OF PREPARATION

### (A) Statement of Compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements also comply with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

### (B) Basis of Measurement

The financial statements have been prepared on an accrual basis and are based on historical cost with the exception of investments in property securities, which are measured at fair value.

## 3. FUNCTIONAL AND PRESENTATION CURRENCY

The Financial Report is presented in Australian dollars, which is the Fund’s functional currency.

The Fund is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Reports) instrument 2016/191, and in accordance with that instrument, all financial information presented in

Australian dollars has been rounded to the nearest thousand unless otherwise stated.

## 4. USE OF ESTIMATES AND JUDGEMENTS

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting of estimates made in determining the fair value of unlisted property securities are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies which are subject to significant accounting estimates and judgements at the reporting date and have a significant risk of causing material adjustments to the financial statements in the next annual reporting period include estimates of fair value for unlisted property securities (see notes 10 and 14).

## 5. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies have been applied consistently to all periods presented in these financial statements, except where otherwise stated.

A number of significant accounting policies are presented below. Other significant accounting policies are contained in the notes to the financial statements to which they relate.

### (A) Income and expenses

Income and expenses are brought to account on an accruals basis except where stated otherwise.

### *Distribution Income*

For all listed and unlisted securities,

distribution income is recognised at the date the securities are quoted ex-distribution.

### *Interest Income and Expense*

Interest income and expense is recognised in the profit or loss as it accrues, using the effective interest method.

### (B) Income Tax and Other Taxes

Under current income tax legislation, the Fund is not liable to pay income tax provided that the taxable income and taxable realised gains are fully distributed to unitholders.

### (C) Investment Entities

The Fund has determined that it is an investment entity under the definition in AASB 10 Consolidated Financial Statements as it meets the following criteria:

(a) The Fund has obtained funds for the purpose of providing unitholders with investment management services;

(b) The Fund’s business purpose, which are communicated directly to unitholders, is investing solely for returns from capital appreciation and investment income; and

(c) The performance of investments made through the Fund are measured and evaluated on a fair value basis.

As a result, the Fund accounts for its investments in investees on a fair value basis.

### (D) Accounting Standards and Interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2019 and have not been applied early in preparing these financial statements. Those which may be relevant to the Fund are set out below. The Fund did not adopt these standards early.

# Notes to the Financial Statements Continued

for the year ended 30 June 2019

Standard/Interpretation	Summary of the Requirements
AASB 16: Leases	<p>The Fund has conducted a preliminary assessment of the impact of this new Standard, as follows.</p> <p>A core change resulting from applying AASB 16 is that most leases will be recognised on the balance sheet by lessees, as the Standard no longer differentiates between operating and finance leases. An asset and a financial liability are recognised in accordance with this new Standard. There are, however, two exceptions allowed: short-term and low-value leases.</p> <p>The new Standard does not make any significant changes to lessor accounting and as such is only expected to impact lease accounting from a lessee's perspective. AASB 16 is therefore not expected to significantly impact the Fund's financial statements.</p>

## 6. ADMINISTRATION EXPENSES

	2019 (\$'000s)	2018 (\$'000s)
Professional fees	422	128
Rent, Admin and employee expenses reimbursement (note 16)	747	605
Listing fees	101	95
Custodian fees	86	48
Share registry fees	53	37
Other expenses	60	23
	<b>1,469</b>	<b>936</b>

## 7. DISTRIBUTIONS PAID AND PAYABLE

	2019		2018	
	(\$'000s)	Cents per unit	(\$'000s)	Cents per unit
Sep quarter distribution paid	476	1.0681	523	1.1707
Dec quarter distribution paid	127	0.2854	220	0.4926
Mar quarter distribution paid	251	0.5626	357	0.8001
Jun quarter distribution payable	276	0.6187	179	0.4081
	<b>1,130</b>	<b>2.5348</b>	<b>1,279</b>	<b>2.8652</b>

In accordance with the Fund's constitution and applicable taxation legislation, the Fund distributes its taxable income in full to the Unitholders who are presently entitled to the income. As the Fund fully distributes its taxable income, it is not subject to tax.

Financial assets held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax. Realised capital losses are not distributed to Unitholders and are retained in the Fund to be offset against any current or future realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to the Unitholders.

Distributions to Unitholders are made, net of any applicable withholding tax.

# Notes to the Financial Statements Continued

for the year ended 30 June 2019

## 8. CASH AND CASH EQUIVALENTS

	<b>2019</b> (\$'000s)	<b>2018</b> (\$'000s)
Cash at Bank	2,649	4,822
	<b>2,649</b>	<b>4,822</b>

<b>Reconciliation of Cash Flows From Operating Activities</b>	<b>2019</b> (\$'000s)	<b>2018</b> (\$'000s)
Profit for the year before finance costs	9,924	14,020
<i>Adjustments for:</i>		
Net unrealised gain on investments	(7,521)	(12,147)
Net realised loss/(gain) on investments	(971)	110
Change in trade and other payables	(3)	21
Change in trade and other receivables	(77)	519
<b>Cash Flows From Operating Activities</b>	<b>1,352</b>	<b>2,523</b>

Cash and cash equivalents in the statement of financial position consist of cash at bank and short-term deposits that are readily convertible into known amounts of cash. The Fund considers a short-term deposit to have a maturity of three months or less and be subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash at bank.

## 9. TRADE AND OTHER RECEIVABLES

	<b>2019</b> (\$'000s)	<b>2018</b> (\$'000s)
Accrued income	1,192	1,118
GST receivable	7	4
	<b>1,199</b>	<b>1,122</b>

### Recognition and measurement

Other receivables and other financial assets including loan to Felix St are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit losses. The measurement of the loss allowance depends upon the Fund's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

The loss allowance is recognised in profit or loss.



# Notes to the Financial Statements Continued

for the year ended 30 June 2019

## 10. FINANCIAL ASSETS

	2019 (\$'000s)	2018 (\$'000s)
<b>Financial Assets at Fair Value</b>		
Term Deposits	4,000	-
Listed property securities	10,159	12,081
Unlisted property securities <sup>(1)</sup>	93,010	86,104
<b>Total Financial Assets at Fair Value</b>	<b>107,169</b>	<b>98,185</b>
	2019 (\$'000s)	2018 (\$'000s)
<b>Reconciliation</b>		
Carrying amount at the beginning of the year	98,185	90,620
Additions - cost	4,000	19,000
Revaluation to fair value	8,493	12,147
Term deposit matured	-	(11,000)
Disposals including returns of capital	(3,509)	(12,582)
	<b>107,169</b>	<b>98,185</b>

<sup>(1)</sup> The fair value of these unlisted property securities as at the end of the reporting periods are estimated based on the net tangible assets of the underlying funds, which are closed-end or open-ended with no redemption windows. As the underlying assets and liabilities of these funds are measured at fair value or their carrying value approximates their fair value, the net tangible asset represents the best estimate of fair value of these investments in unlisted funds. The realisable value and liquidity of the investments are subject to the underlying funds' performance, their ability to comply with loan covenants, and/or their ability to sell down assets. As at 30 June 2019 the fair value of investments in closed end funds and open ended funds with no redemption windows amounted to \$93,010,000 (2018: \$86,104,000).

### Financial Assets at Fair Value Through Profit or Loss

#### Classification

The financial assets at fair value through profit or loss comprise financial instruments designated at fair value through profit or loss upon initial recognition. These financial assets include unlisted property securities that are not held for trading purposes and listed property securities which may be sold and term deposits.

The fair value through profit or loss classification is in accordance with AASB 9 Financial Instruments. The fair value through profit or loss classification is applicable for all of the financial assets held by the Fund as the Fund's performance is evaluated on a fair value basis and information about the Fund is provided on that basis to the directors of the Responsible Entity.

#### Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. Financial assets are recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded. Financial liabilities are not recognised unless one of the parties has performed their part of the contract, or the contract is a derivative contract not exempted from the scope of AASB 9.

#### Measurement

Financial assets at fair value through profit or loss are measured initially at fair value (excluding transaction cost). Transaction costs on financial assets classified at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, all instruments classified at fair value through profit or losses are measured at fair value with changes in their fair value recognised in the profit or loss.

# Notes to the Financial Statements Continued

for the year ended 30 June 2019

## **Fair Value Measurement Principles**

The fair value of financial instruments is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid price, whilst financial liabilities are priced at current asking price.

Investments in unlisted managed investment schemes are recorded at the exit price or the Net Tangible Asset (NTA) value as reported by the managers of such schemes as at the reporting date if the exit price is not available.

## **Derecognition**

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition in accordance with AASB 9. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

## **11. TRADE AND OTHER PAYABLES**

	<b>2019</b> (\$'000s)	<b>2018</b> (\$'000s)
Trade payables	4	-
Accrued expenses	115	122
Distributions payable	276	179
<b>Total payables</b>	<b>395</b>	<b>301</b>

Trade and other payables are carried at amortised cost and due to their short-term nature are not discounted. They represent liabilities for goods and services provided to the Fund prior to the end of the financial year that are unpaid and arise when the Fund becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 60 days of recognition.

## **12. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

	<b>2019</b>				<b>2018</b>			
	No. of Ordinary Units ('000s)	No. of Deferred Units ('000s)	No. of Total Units ('000s)	\$ ('000s)	No. of Ordinary Units ('000s)	No. of Deferred Units ('000s)	No. of Total Units ('000s)	\$ ('000s)
Opening balance	44,606	1,753	46,359	105,828	44,659	1,753	46,412	93,137
Share buyback	(3)	-	(3)	-	(53)	-	(53)	(50)
Change in net assets attributable to Unitholders	-	-	-	8,794	-	-	-	12,741
<b>Closing balance</b>	<b>44,603</b>	<b>1,753</b>	<b>46,356</b>	<b>114,622</b>	<b>44,606</b>	<b>1,753</b>	<b>46,359</b>	<b>105,828</b>

# Notes to the Financial Statements Continued

for the year ended 30 June 2019

All Ordinary Units in the Fund carry equal rights and each unit represents a right to the underlying assets of the Fund. Deferred Units in the Fund carry no right to participate in any distribution of the Fund. Deferred Units are converted to ordinary units on the terms set out in the Fund's constitution. At 30 June 2019, 1,752,605 (2018: 1,752,605) Deferred Units were on issue. Deferred units were issued to the Responsible Entity and are convertible to Ordinary Units to settle performance fees if the performance hurdles were met. However, the supplemental deed of the Fund's constitution removed the payment of performance fees to the Responsible Entity (see Note 16) and as such the Deferred Units will no longer be converted to Ordinary Units.

Non-distributable income, which may comprise unrealised changes in the fair value of investments, net capital losses, tax-deferred income, accrued income not yet assessable and non-deductible expenses, is reflected in the profit or loss as a change in net assets attributable to Unitholders. These items are included in the determination of distributable income in the period for which they are assessable for taxation purposes.

## Capital Risk Management

The Responsible Entity manages the Fund's capital to ensure that it will be able to continue as a going concern with the primary objective being the protection of unitholder value. Capital includes cash and cash equivalents as presented on the statement of financial position.

## 13. OPERATING SEGMENTS

The Fund invests in a portfolio of property related securities diversified by property sectors, geographic locations and fund managers. The performance of the portfolio as a whole and of each investment is reported to and reviewed by the Board of the Responsible Entity at least quarterly. All decisions relating to acquisitions, disposal and asset allocation are made in accordance with the Fund's investment policy and required to be approved by the Board of the Responsible Entity. The Fund has assessed that each investment is considered a reportable segment.

Information related to each reportable segment is set out below. Distribution income and changes in fair value of each investment are used to measure performance because the Board believe that this information is the most relevant in evaluating the results of the respective segments. The accounting policies for distribution income and changes in fair value are disclosed in notes 5(A) and 10.

## Financial Performance

Investments	Sectors	Distribution Income \$ ('000s)	Changes in Fair Value (realised and unrealised) \$ ('000s)	2019		2018	
				Total Segment Income \$ ('000s)	Distribution Income \$ ('000s)	Changes in Fair Value (realised and unrealised) \$ ('000s)	Total Segment Income \$ ('000s)
<b>Listed</b>							
Blackwall Limited	Diversified	113	(166)	(53)	102	139	241
Blackwall Property Trust	Diversified	-	-	-	380	(42)	338
APN Regional Property Fund	Office	182	721	903	232	317	549
Arena REIT	Childcare	68	295	363	272	(118)	154
AIMS APAC REIT (formerly known as AIMS AMP Capital Industrial REIT)	Industrial	400	658	1,058	275	(130)	145
<b>Unlisted</b>							
AIMS Property Fund (St Kilda Road)	Office	469	3,421	3,890	285	7,178	7,463
MacarthurCook Office Property Trust	Office	-	(316)	(316)	-	310	310
AIMS Property Fund (Felix St)	Office	-	942	942	-	(289)	(289)
AIMS Property Fund (Laverton)	Industrial	1,130	3,255	4,385	1,144	3,273	4,417
Waratah Hotel Group	Pubs	96	(108)	(12)	63	(35)	28
AIMS Real Estate Opportunity Fund	Diversified	320	(210)	110	-	1,434	1,434
<b>Total by Segments</b>		<b>2,778</b>	<b>8,492</b>	<b>11,270</b>	<b>2,753</b>	<b>12,037</b>	<b>14,790</b>



## Segment Assets

Investments	Sectors	2019			2018		
		Carrying Value \$ ('000s)	Distribution/ Dividend Income Receivables \$ ('000s)	Total Segment Assets \$ ('000s)	Carrying Value \$ ('000s)	Distribution/ Dividend Income Receivables \$ ('000s)	Total Segment Assets \$ ('000s)
<b>Listed</b>							
Blackwall Limited	Diversified	2,458	-	2,458	2,624	-	2,624
APN Regional Property Fund	Office	-	-	-	2,709	58	2,767
Arena REIT	Childcare	1,370	17	1,387	1,075	16	1,091
AIMS APAC REIT (formerly known as AIMS AMP Capital Industrial REIT)	Industrial	6,330	-	6,330	5,673	-	5,673
<b>Unlisted</b>							
AIMS Property Fund (St Kilda Road)	Office	30,419	58	30,477	26,999	-	26,999
MacarthurCook Office Property Trust	Office	6,522	-	6,522	6,838	-	6,838
AIMS Property Fund (Felix St)	Office	11,098	600	11,698	10,155	600	10,755
AIMS Property Fund (Laverton)	Industrial	22,678	332	23,010	19,423	400	19,823
Waratah Hotel Group	Pubs	2,070	44	2,114	2,255	44	2,299
AIMS Real Estate Opportunity Fund	Diversified	20,224	141	20,365	20,434	-	20,434
<b>Total by Segments</b>		<b>103,169</b>	<b>1,192</b>	<b>104,361</b>	<b>98,185</b>	<b>1,118</b>	<b>99,303</b>

Reconciliations of segment assets	2019 \$ ('000s)	2018 \$ ('000s)
Total segment assets	104,361	99,303
Cash and cash equivalents	2,649	4,822
Other assets	7	4
Term deposit	4,000	-
Loan to a related party	4,000	2,000
<b>Total assets</b>	<b>115,017</b>	<b>106,129</b>

Reconciliations of segment income	2019 \$ ('000s)	2018 \$ ('000s)
Total segment income	11,270	14,790
Interest income	105	166
Gain on foreign exchange	18	-
<b>Net investment income</b>	<b>11,393</b>	<b>14,956</b>

## 14. FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENT

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of their fair value.

30 June 2019	Fair Value				Total \$ ('000s)	Carrying Value \$ ('000s)
	Level 1 \$ ('000s)	Level 2 \$ ('000s)	Level 3 \$ ('000s)			
<b>Financial assets measured at fair value</b>						
Listed property securities	10,159	-	-		10,159	10,159
Unlisted property securities	-	-	93,010		93,010	93,010
Term Deposits	-	4,000	-		4,000	4,000
	<b>10,159</b>	<b>-</b>	<b>93,010</b>		<b>107,169</b>	<b>107,169</b>
<b>Financial liabilities not measured at fair value</b>						
Net Assets attributable to Unitholders	62,890	-	-		62,890	114,622
	<b>62,890</b>	<b>-</b>	<b>-</b>		<b>62,890</b>	<b>114,622</b>
<b>30 June 2018</b>						
30 June 2018	Level 1 \$ ('000s)	Level 2 \$ ('000s)	Level 3 \$ ('000s)		Total \$ ('000s)	Carrying Value \$ ('000s)
<b>Financial assets measured at fair value</b>						
Listed property securities	12,081	-	-		12,081	24,277
Unlisted property securities	-	-	86,104		86,104	86,104
Term Deposits	-	-	-		-	-
	<b>12,081</b>	<b>-</b>	<b>86,104</b>		<b>98,185</b>	<b>98,185</b>
<b>Financial liabilities not measured at fair value</b>						
Net Assets attributable to Unitholders	70,255	-	-		70,255	105,828
	<b>70,255</b>	<b>-</b>	<b>-</b>		<b>70,255</b>	<b>105,828</b>

# Notes to the Financial Statements Continued

for the year ended 30 June 2019

## The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: 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 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## Valuation Technique and Significant Unobservable Inputs

The following table shows the valuation techniques used in measuring Level 1 and 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation Technique	Significant Unobservable Inputs	Inter-relationship Between Key Unobservable Inputs and Fair Value Measurement
Listed property securities – Level 1	Market price: Quoted closing market prices at the reporting date	Not applicable	Not applicable
Net Assets attributable to Unitholders – Level 1	Market price: Quoted closing market prices at the reporting date	Not applicable	Not applicable
Term Deposits – Level 2	Discounted cash flow	Not applicable	Not applicable
Unlisted property securities – Level 3	Net Tangible Asset: Investments in unlisted managed investment schemes are recorded at the Net Tangible Asset (NTA) price as reported by the managers of such schemes at the reporting date	As the underlying funds are unlisted and frozen for redemptions, it is uncertain that the investments can be realised at NTA	The estimated fair value would increase/ (decrease) if the NTA of the underlying funds increases/(decreases)

## Level 3 Fair Values

The following table shows reconciliation from the opening balances to the closing balances for Level 3 fair values.

	2019 \$ ('000s)	2018 \$ ('000s)
<b>Level 3 Reconciliation</b>		
Balance at 1 July	86,104	55,343
Change in fair value - unrealised	6,985	11,871
Acquisitions	-	19,000
Disposals including returns of capital	(79)	(110)
<b>Balance at 30 June 2019</b>	<b>93,010</b>	<b>86,104</b>

## Sensitivity Analysis

For the fair values of investments in closed end funds and open ended funds with no redemption window (see note 10), changes to the NTA, holding other inputs constant, would have the following effects.

	2019 \$ ('000s)	2018 \$ ('000s)
<b>Impact on gain before finance cost</b>		
+10.00% (1,000 basis points) of the NTA	9,301	8,610
- 10.00% (1,000 basis points) of the NTA	(9,301)	(8,610)

# Notes to the Financial Statements Continued

for the year ended 30 June 2019

## 15. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### Overview

The Fund's principal financial instruments are comprised of listed and unlisted property securities, receivables, payables, and cash. The Fund has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### Financial risk and risk management network

The board of directors of the Responsible Entity has overall responsibility for the establishment and oversight of the Fund's risk management network. The Fund's risk management policies, including those related to its investment activities is developed and monitored by an Audit and Risk Committee.

In addition to the policies adopted by the Audit and Risk Committee, the Responsible Entity has in place a compliance plan which outlines the processes that will ensure both the Fund and Responsible Entity comply with the requirements of the Australian Securities and Investment Commission (ASIC).

### Credit risk

Credit risk is the risk that a counter-party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Credit risk arises from the financial assets of the Fund, which comprise cash and cash equivalents and trade and other receivables. The Fund's exposure to credit risk arises from potential default of the counter-party, with a maximum exposure equal to the carrying amount of these instruments.

The Fund manages its credit risk from cash and cash equivalents by placing deposits with AA- rated banks. Trade and other receivables as at the balance date primarily relate to distribution income receivables as at 30 June 2019, \$600,000 in distributions receivable is past due. However, the amount is not impaired (2018: \$600,000).

### Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The following is the contractual maturity of financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Fund can be required to pay. The table excludes the net asset attributable to unitholders liability which is only payable if liquidated.

30 June 2019	Carrying amount \$'000	Contractual cash flows \$'000	3 mths or less \$'000	Above 4 mths \$'000
Accounts payable	395	395	395	-
<b>Total</b>	<b>395</b>	<b>395</b>	<b>395</b>	<b>-</b>

30 June 2018	Carrying amount \$'000	Contractual cash flows \$'000	3 mths or less \$'000	Above 4 mths \$'000
Accounts payable	301	301	301	-
<b>Total</b>	<b>301</b>	<b>301</b>	<b>301</b>	<b>-</b>



# Notes to the Financial Statements Continued

for the year ended 30 June 2019

## Market risk

Market risk is the risk that changes in the market prices, such as interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

## Price risk

The Company's exposure to price risk relates primarily to the Company's investments in listed and unlisted property securities as disclosed in note 10. A change of 10% in price/NTA at the reporting date would be increase (decrease) gain before finance cost by the amounts below. This sensitivity analysis assumes that all other variables remain constant.

	2019 (\$'000)	2018 (\$'000)
<b>Impact on gain before finance cost</b>		
+10.00%	10,317	9,819
-10.00%	(10,317)	(9,819)

## Interest rate risk

The Fund's exposure to market interest rates relates primarily to the Fund's cash and cash equivalents and term deposit investments. A change of 100 basis points in interest rates at the reporting date would increase (decrease) gain before finance cost by the amounts below. This interest sensitivity analysis assumes that all other variables remain constant.

	2019 (\$'000)	2018 (\$'000)
<b>Impact on gain before finance cost</b>		
+1.00% (100 basis points)	66	48
-1.00% (100 basis points)	(66)	(48)

## 16. RELATED PARTIES

### Key management personnel compensation and unitholdings

The fund deems the following Directors and Executives of the responsible entity to be key management personnel (as at 30 June 2019):

<b>George Wang</b>	- Executive chairman
<b>Richard Nott</b>	- Non-executive Independent Director
<b>John Love</b>	- Non-executive Independent Director
<b>Claud Chaaya</b>	- Company Secretary

As at the reporting date, details of directors who hold units for their own benefit or who have an interest in holdings through a third party and the total number of such units held are listed as follows:

Director	2019		2018	
	No. of units ('000s)	% holding	No. of units ('000s)	% holding
Richard Nott	188	0.42	188	0.42
John Love	310	0.70	310	0.69
George Wang*	12,205	27.36	14,070	31.54

\*George Wang holds the units indirectly through AIMS Capital Management Limited.

### Responsible Entity Fees and other transactions

	2019 (\$)	2018 (\$)
Rent, admin and employee expenses reimbursed to the Responsible Entity	747,357	604,497
<b>Total fees paid and expenses reimbursed to the Responsible Entity</b>	<b>747,357</b>	<b>604,497</b>

Total accrued Responsible Entity fees included in trade and other payables as at 30 June 2019 is \$57,500 (2018: nil).

From 1 December 2016, the supplemental deed of the Fund's constitution removed the payment of any management fee, performance fee or other remuneration to AIMS Fund Management Limited, as the responsible entity of the Fund. AIMS Fund Management Limited continues to act as Responsible Entity and manager of the Fund but will not be entitled to receive any fees under the Constitution. Under the supplemental deed, AIMS Fund Management Limited continues to be entitled to be reimbursed out of the assets of the Fund for the reasonable and proper costs and expenses incurred by Responsible Entity in engaging key persons to provide the necessary management services for the ongoing management of the Fund.

# Notes to the Financial Statements Continued

for the year ended 30 June 2019

## Related party transactions

All transactions with related parties are conducted on normal commercial terms and conditions. From time to time, the Responsible Entity or its director-related entities may buy or sell units in the Fund. These transactions are subject to the same terms and conditions as those entered into by other Fund investors and are subject to corporate governance policies of AIMS Financial Group.

### *Loan and guarantee to AIMS Property Fund (Felix St)*

AIMS Property Fund (Felix St), the Fund's investee has a loan facility of 14,190,000 with a bank which was due to renew on 30 June 2018. The bank required AIMS Property Fund (Felix St) to provide a financial guarantee and a security deposit as conditions for renewing the loan until 16 December 2020.

To support the investee to obtain the loan renewal, the Fund:

- Signed a Guarantee and Indemnity with the bank on 12 June 2018, which guarantees repayment (up to \$1,500,000) by the Fund for any interest or expenses shortfall by AIMS Property Fund (Felix St) for the full term of the loan;
- Provided an interest free loan of \$2,000,000 to AIMS Property Fund (Felix St) on 18 June 2018, to be placed in the bank's security deposit account, as additional equity for the loan. This loan does not offset the original overall loan amount of \$14,190,000 but is rather placed in term deposit alongside the original loan. The amount was placed with the bank as at 30 June 2018 by AIMS Property Fund (Felix St). The deposit is required to be maintained with the bank until the maturity of the loan; and
- Provided a further interest-bearing loan of \$2,000,000 to AIMS Property Fund (Felix St) on 10 December 2018, to be placed in the bank's security deposit account, as additional equity for the loan. This loan does not offset the original overall loan amount of \$14,190,000 but is rather placed in term deposit alongside the original loan. The amount was placed with the bank as at 31 December 2018 by AIMS Property Fund (Felix St). The deposit is required to be maintained with the bank until the underlying asset at 10 Felix St, Brisbane QLD reaches an occupancy rate (by income) of 75%.

Other than as noted above, there have been no significant changes to related party transactions disclosed in the last annual report.

### *Related party investments held by the Fund*

The Fund may purchase and sell units in other approved funds managed by the Responsible Entity in the ordinary course of business at application and redemption prices calculated in accordance with the constitution of those Funds. Details of the Fund's investments in other funds operated by the Responsible Entity on its related entities are set out below.

Entity	2019			2018		
	No. of units ('000)	% of units on issue	Distribution received /receivables for the year (\$)	No. of units ('000)	% of units on issue	Distribution received /receivables for the year (\$)
MacarthurCook Office Property Trust (Wholesale units)	10,781	41.16	-	10,781	36.85	-
AIMS APAC REIT	4,148	0.60	400,434	4,148	0.65	275,615
AIMS Property Fund (St Kilda Rd)	40,672	90.24	468,539	40,672	90.24	284,869
AIMS Property Fund (Felix St)	1,000	99.47	-	1,000	100	-
AIMS Property Fund (Laverton)	1,000	99.69	1,130,289	1,000	100	1,143,888
AIMS Real Estate Opportunity Fund	19,000	99.01	319,634	19,000	99.01	-

# Notes to the Financial Statements Continued

for the year ended 30 June 2019

## Units in the Fund held by related parties

Details of holdings in the Fund by the Responsible Entity, other funds operated by the Responsible Entity and other related parties are set out below:

Entity	Relationship	2019			2018		
		No. of units ('000)	% of units on issue	Distribution paid /payables (\$)	No. of units ('000)	% of units on issue	Distribution paid /payables (\$)
MacarthurCook Office Property Trust*	Other related party	4,217	9.46	106,813	3,990	8.94	114,489
AIMS Capital Management Limited	Other related party	-	-	150,278	14,070	31.54	403,264
ACME CO NO2 Pty Ltd	Other related party	8,890	19.93	130,391	-	-	-
AIMS Investment Group Holdings Pty Ltd	Other related party	3,315	7.43	46,614	-	-	-
KMP	Other related party	498	1.12	12,546	498	1.11	12,019

\* Units were directly acquired from the ASX by MacarthurCook Office Property Trust.

At 30 June 2019, the Responsible Entity also held 1,752,605 Deferred Units (2018:1,752,605) issued at \$0.00001 per unit. A Deferred Unit carries no voting rights and no right to participate in any distribution from the Fund until it converts into an Ordinary Unit. However, the supplemental deed of the Fund's constitution removed the payment of performance fees to the Responsible Entity (see Note 12) and as such the Deferred Units will no longer be converted to Ordinary Units.

## 17. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES AND ASSETS

Except for the loans to a related party and guarantee disclosed in note 16, the directors of the Responsible Entity are not aware of any other potential liabilities, claims, contingent assets or capital commitments against the Fund as at balance date.

## 18. SUBSEQUENT EVENTS

There have not been any other events of a material and unusual nature likely in the opinion of the Responsible Entity, to significantly affect the operations of the Fund, the results of the operations, or the state of affairs of the Fund, in future financial years.

## 19. AUDITORS' REMUNERATION

	2019 \$	2018 \$
<b>Audit services</b>		
Auditors of the Fund		
Audit and review of the financial reports – Hall Chadwick (2018: KPMG)	42,000	54,500
Other regulatory audit services – Hall Chadwick (2018: KPMG)	6,000	7,000
<b>Total</b>	<b>48,000</b>	<b>61,500</b>
<b>Other services:</b>		
Auditors of the Fund		
Taxation services – Hall Chadwick (2018: KPMG)	10,000	13,535
<b>Total</b>	<b>10,000</b>	<b>13,535</b>



# Director's Declaration

for the year ended 30 June 2019

The directors of the Responsible Entity for AIMS Property Securities Fund ("the Fund") declare that:

- (a) The financial report as set out in pages 18 to 32 are in accordance with the *Corporations Act 2001*, including:
  - (i) Giving a true and fair view of the financial position of the Fund as at 30 June 2018 and of its performance, for the financial year ended on that date;
  - (ii) In compliance with International Financial Reporting Standards as stated in note 2 to the financial statements; and
  - (iii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) The directors have been given the declarations required by Section 295A of the *Corporations Act 2001*.
- (c) As at the date of this declaration, in the Directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to Section 295(5) of the *Corporations Act 2001*:

Signed in accordance with a resolution of directors of the Responsible Entity.



**Mr George Wang**  
Executive Chairman

**AIMS Fund Management Limited**  
Sydney  
28<sup>th</sup> day of August 2019

# Independent Auditor's Report

for the year ended 30 June 2019

HALL CHADWICK  (NSW)

AIMS PROPERTY SECURITIES FUND  
ARSN 111 442 150

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF  
AIMS PROPERTY SECURITIES FUND

#### SYDNEY

Level 20  
2 Park Street  
Sydney NSW 2000  
Australia  
Tel: (61) 2 9339 2000  
Fax: (61) 2 9339 2000

#### Report on the Financial Report

##### Opinion

We have audited the financial report of AIMS Property Securities Fund (the Fund), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of AIMS Property Securities Fund is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Fund's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

##### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 Fund in accordance with the auditor independence requirements of 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.

##### 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 for the year ended 30 June 2019. 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.

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# Independent Auditor's Report Continued

for the year ended 30 June 2019

HALL CHADWICK  (NSW)

AIMS PROPERTY SECURITIES FUND  
ARSN 111 442 150

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF  
AIMS PROPERTY SECURITIES FUND

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
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**Valuation of investment in unlisted property funds**

*Refer to Note 10 Financial assets and Note 4 Use of estimates and judgements*

<p>The Fund holds investments in unlisted property funds comprising closed end funds or open-ended funds with no redemption windows (no exit prices) or quoted prices in an active market. The Fund measured these investments at fair value, which is based on the Net Tangible Asset (NTA) value as reported by the managers.</p> <p>The estimation of fair value of these investments in unlisted property securities is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The size of the balance, being 81% of the Fund's total assets;</li> <li>• The nature of these investments and the judgment involved with valuing them. These investments are classified as Level 3 in the valuation hierarchy. The Fund has determined their estimation of fair value to be based on the exit price or the NTA value as reported by the managers of those funds, if the exit price is not available. We focused our assessment on the reasonableness and authoritative nature of the sources used for inputs to the NTA valuations, given the greater judgment involved.</li> <li>• There is significant uncertainty on the timing of realising investments in closed end funds and open-ended funds with no redemption windows or quoted prices in an active market. As a result, there is a significant risk that the value currently ascribed to these unlisted property securities is not representative of the value the Fund will be able to realise through a future sale or redemption. The underlying asset value and on-going compliance with debt funding requirements also impacts any assessment of fair values.</li> </ul>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• We checked NTA per unit to the financial statements of the underlying funds at balance date;</li> <li>• We assessed the audit opinion relevant to the underlying funds' financial statements for existence of modifications impacting valuation;</li> <li>• We reperformed the NTA per unit calculation as at balance date;</li> <li>• We assessed NTA as a proxy for fair value and associated adjustments by reviewing the contractual terms of the investments;</li> <li>• For underlying funds, we assessed quantitatively the significant underlying assets and liabilities and the key assumptions used by the respective fund's managers and adopted by the Responsible Entity in estimating their fair value at balance date. Specifically, for investment properties held by underlying funds, we involved Hall Chadwick's valuation experts to evaluate the key assumptions (i.e. capitalisation rates, discount rates, terminal growth rates and market rents) used in the external valuation reports and adopted by the respective fund's managers and Responsible Entity;</li> <li>• We challenged the Responsible Entity on the key assumptions used in the external valuation reports by considering this information and evidence available to us internally and externally;</li> <li>• We assessed the adequacy of the Fund's disclosures in relation to the carrying value of investments.</li> </ul>
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# Independent Auditor's Report Continued

for the year ended 30 June 2019

HALL CHADWICK  (NSW)

AIMS PROPERTY SECURITIES FUND  
ARSN 111 442 150

## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF AIMS PROPERTY SECURITIES FUND

### ***Information Other than the Financial Report and Auditor's Report Thereon***

The directors of AIMS Fund Management Limited, the Responsible Entity of AIMS Property Securities Fund, are responsible for the other information. The other information comprises the information included in the Fund's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly 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 AIMS Fund Management Limited, the Responsible Entity of AIMS Property Securities Fund, 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 are responsible for assessing the ability of the Fund 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 Fund or to cease operations, or have 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

# Independent Auditor's Report Continued

for the year ended 30 June 2019

HALL CHADWICK  (NSW)

AIMS PROPERTY SECURITIES FUND  
ARSN 111 442 150

## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF AIMS PROPERTY SECURITIES FUND

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fund to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

# Independent Auditor's Report Continued

for the year ended 30 June 2019

HALL CHADWICK  (NSW)

AIMS PROPERTY SECURITIES FUND  
ARSN 111 442 150

## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF AIMS PROPERTY SECURITIES FUND

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

HALL CHADWICK  
Level 40, 2 Park Street  
Sydney NSW 2000



**DREW TOWNSEND**  
Partner  
Dated: 26 August 2019



# Stock Exchange Information

for the year ended 30 June 2019

Statement of quoted securities as at 30 June 2019

- There are 946 unitholders holding a total 44,603,083 ordinary units
- The 20 largest unitholders between them hold 84.28% of the total units on issue

## DISTRIBUTION OF QUOTED UNITS AS AT 30 JUNE 2019

Distribution of Unitholders Category (size of holding)	Number of Unitholders
1 - 1,000	367
1,001 – 5,000	344
5,001 – 10,000	81
10,001 – 100,000	125
100,001 and over	29
<b>Total</b>	<b>946</b>

## SUBSTANTIAL UNITHOLDINGS AS AT 30 JUNE 2019

The names of the Fund's substantial unitholders pursuant to the provisions of section 671B of the *Corporations Act 2001* are as follows:

Entity	Unitholdings
ACME CO NO2 PTY LTD <LONG TERM CAPITAL GROWTH PLUS >	8,890,000
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,903,269
WO NOMINEES AC FUND PTY LTD	3,430,656
AIMS INVESTMENT GROUP HOLDINGS PTY LTD	3,314,656
THE CENTRAL DEPOSITORY (PTE) LIMITED	3,270,049
PERPETUAL TRUSTEE COMPANY LIMITED <MCK OFFICE PROPERTY A/C>	2,263,336

## DIRECTORS' UNITHOLDINGS

As at 30 June 2019, Directors of the Fund held a relevant interest in the following securities on issue by the Fund.

Director	No. of units ('000)
Richard Nott	188
John Love	310
George Wang	12,205

## RESTRICTED SECURITIES

There are no restricted securities on issue by the Fund

# Stock Exchange Information Continued

for the year ended 30 June 2019

## TOP 20 UNITHOLDERS

Top 20 holders of ordinary units at 30 June 2019

Rank	Unitholder Name	Number of Units Held	% of Total
1.	ACME CO NO2 PTY LTD <LONG TERM CAPITAL GROWTH PLUS >	8,890,000	19.93%
2.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,903,269	8.75%
3.	WO NOMINEES AC FUND PTY LTD	3,430,656	7.69%
4.	AIMS INVESTMENT GROUP HOLDINGS PTY LTD	3,314,656	7.43%
5.	THE CENTRAL DEPOSITORY (PTE) LIMITED	3,270,049	7.33%
6.	PERPETUAL TRUSTEE COMPANY LIMITED <MCK OFFICE PROPERTY A/C>	2,263,336	5.07%
7.	PERPETUAL TRUSTEE COMPANY LTD <MCKOPT A/C>	1,954,054	4.38%
8.	MS MONI XINYE AN	1,865,000	4.18%
9.	ONE MANAGED INVT FUNDS LTD <SANDON CAPITAL INV LTD A/C>	1,432,470	3.21%
10.	MR SIMON ROBERT EVANS + MRS KATHRYN MARGARET EVANS <KAMIYA-CHO SUPER FUND A/C>	1,423,000	3.19%
11.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,182,812	2.65%
12.	NATIONAL NOMINEES LIMITED	1,039,662	2.33%
13.	MR WARWICK SAUER	812,301	1.82%
14.	MR MICHEL GEERDINK	699,003	1.57%
15.	BT PORTFOLIO SERVICES LIMITED <MRS MEREDYTH SAUER APP A/C>	575,000	1.29%
16.	BT PORTFOLIO SERVICES LIMITED <DR TREVOR SAUER APP A/C>	409,000	0.92%
17.	MS JIANFEI YU	364,729	0.82%
18.	MR JOHN ROBERT LOVE	310,000	0.70%
19.	MR GREGORY HUGH HALLIDAY + MR SIMON ROBERT EVANS + MR THOMAS VERNON FURNER <RED OCTOBER SUPER FUND A/C>	250,000	0.56%
20.	MR DARRELL HUNTER RANDALL	200,817	0.45%
<b>Totals: Total Held by Top 20 Holders of Ordinary Units</b>		<b>37,589,814</b>	<b>84.28</b>

## MANAGEMENT AGREEMENT

Management fees payable to the Responsible Entity are stipulated in the Fund's constitution and are disclosed in Note 16 of the financial report. As at the date of the report, no management agreement is required between the Fund and the Responsible Entity.

# Corporate Directory

for the year ended 30 June 2019

The Fund's units are quoted on the official list of the Australian Securities Exchange Limited (ASX) and the Singapore Exchange Limited (SGX). The ASX code is APW and the SGX code is BVP.

## AIMS Property Securities Fund

(ABN 79 004 956 558)  
Level 41, 259 George Street  
Sydney NSW 2000

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+61 2 9217 2727  
**Facsimile**  
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**Email:** trust@aims.com.au  
**Website:** www.aimsfunds.com.au

## Responsible Entity

### AIMS Fund Management Limited

(ABN 79 004 956 558) (AFSL 258 052)  
Level 41, 259 George Street  
Sydney NSW 2000

**Telephone**  
+61 2 9217 2727  
**Facsimile**  
+61 2 9281 7611  
**Email:** trust@aims.com.au  
**Website:** www.aimsfunds.com.au

## Australia Unit Register managed by

Computershare Investors Services Pty Ltd  
Yarra Falls 452 Johnston Street  
Abbotsford VIC 3067

**Telephone**  
+61 3 9415 4349  
**Website:** www-au.computershare.com

## Auditors

### Hall Chadwick

Level 40, 2 Park Street  
Sydney, NSW 2000

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**Facsimile**  
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## Legal Adviser

### K&L Gates LLP

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## Singapore Unit Register Managed by

Boardroom Corporate & Advisory Services Pte.  
Ltd. 3 Church Street #09-01 Samsung Hub  
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