

31 August 2018

**AIMS PROPERTY SECURITIES FUND
(ARSN 111 442 150)**

**Appendix 4E – Preliminary Final Report
For the year ended 30 June 2018**

(The previous corresponding period is the financial year ended 30 June 2017)

Results for Announcement to the Market

Description	Direction	Movement (\$'000)	Movement (%)	2018 (\$'000)	2017 (\$'000)
Revenue from ordinary activities ¹	Up	9,238	161.56%	14,956	5,718
Income from ordinary activities attributable to unitholders	Up	9,479	208.74%	14,020	4,541
Net income for the period attributable to unitholders	Up	9,479	208.74%	14,020	4,541
Net tangible assets (NTA) per unit (\$)	Up	\$0.28	13.40%	\$2.37	\$2.09

¹ Revenue from ordinary activities comprises investment distribution income, interest income and net gains on financial assets held at fair value through profit or loss.

Distributions	Cents Per Unit	Paid / Payable
September Quarter	1.1707	15 December 2017
December Quarter	0.4926	15 March 2018
March Quarter	0.8001	15 June 2018
June Quarter	0.4018	14 September 2018
Total	2.8652	

AIMS Fund Management Limited



AIMS Funds Management
A Member of AIMS Financial Group

As noted in the results above, the 2018 financial year has seen significant growth in revenue from ordinary activities for the AIMS Property Securities Fund. The returns are primarily due to positive revaluations, in the underlying assets held in the trusts.

This Appendix 4E should be read in conjunction with the attached unaudited financial statements of AIMS Property Securities Fund for the financial year ended 30 June 2018 and any public announcements made during the financial year, in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Listing Rules.

The audited financial statements, corporate governance statement, annual report and presentation of AIMS Property Securities Fund, are expected to be released to the market in due course.

Regards,

A handwritten signature in black ink, appearing to read "Claud", written in a cursive style.

Claud Chaaya
Company Secretary and Head of Property Funds Management

AIMS Fund Management Limited

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AIMS PROPERTY SECURITIES FUND

ARSN 111 442 150

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2018**

**AIMS PROPERTY SECURITIES FUND
ARSN 111 442 150**

FOR THE YEAR ENDED 30 JUNE 2018

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AIMS PROPERTY SECURITIES FUND
ARSN 111 442 150

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$'000	2017 \$'000
Distribution income	13	2,753	3,714
Interest income		166	172
Net gains on financial assets held at fair value through profit or loss	13	12,037	1,832
Net investment income		<u>14,956</u>	<u>5,718</u>
Responsible Entity fees	16	-	181
Administration expenses	6	936	996
Total expenses		<u>936</u>	<u>1,177</u>
Net profit for the year before finance costs		14,020	4,541
Finance costs			
Distributions to unitholders	7	<u>1,279</u>	<u>2,946</u>
Other comprehensive income			
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Change in net assets attributable to unitholders	12	<u>12,741</u>	<u>1,595</u>

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

**AIMS PROPERTY SECURITIES FUND
ARSN 111 442 150**

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	2018 \$'000	2017 \$'000
Current Assets			
Cash and cash equivalents	8	4,822	1,649
Trade and other receivables	9	1,122	1,641
Financial assets held at fair value through profit or loss	10	-	11,000
Total Current Assets		5,944	14,290
Non-Current Assets			
Financial assets held at fair value through profit or loss:			
Listed property securities	10	12,081	24,277
Unlisted property securities	10	86,104	55,343
Other financial assets:			
Loan to Felix St Fund	16	2,000	-
Total Non-Current Assets		100,185	79,620
Total Assets		106,129	93,910
Current Liabilities			
Financial liabilities held at amortised cost:			
Trade and other payables	11	301	773
Total Current Liabilities		301	773
Non-current Liabilities		-	-
Total Liabilities (excluding net assets attributable to unitholders)		301	773
Net assets attributable to unitholders (Liability)	12	105,828	93,137

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

**AIMS PROPERTY SECURITIES FUND
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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

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

**AIMS PROPERTY SECURITIES FUND
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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Distributions received		3,272	3,144
Interest received		166	172
Management fees paid		-	(217)
Other expenses paid		(915)	(959)
Net cash inflows from operating activities	8	2,523	2,140
Cash flows from investing activities			
Proceeds from returns of capital		109	66
Proceeds from matured term deposit		11,000	-
Proceeds from sale of investments		12,363	515
Acquisition of Investments		(19,000)	(11,329)
Net cash flows from/ (used in) investing activities		4,472	(10,748)
Cash flows from financing activities			
Payments for unit buyback	12	(50)	(650)
Payments for loan to Felix St Fund		(2,000)	-
Distributions paid		(1,772)	(3,098)
Net cash flows used in financing activities		(3,822)	(3,748)
Net increase/(decrease) in cash and cash equivalents		3,173	(12,356)
Cash and cash equivalents at beginning of the year		1,649	14,005
Cash and cash equivalents at the end of the year	8	4,822	1,649

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

AIMS PROPERTY SECURITIES FUND
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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 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.

**AIMS PROPERTY SECURITIES FUND
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

5. Significant accounting policies (cont.)

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 2018 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.

Standard/Interpretation	Summary of the requirements
AASB 9 <i>Financial Instruments</i>	AASB 9, published in July 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. AASB 9 is applicable to the Fund from 1 July 2018. AASB 9 does not have a material impact on the Fund's Financial statements as it measures its investments at fair value through profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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

Standard/Interpretation	Summary of the requirements
AASB 15 Revenue from Contracts with Customers	<p>The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 Revenue which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. AASB 15 is applicable to the Fund from 1 July 2018.</p> <p>The Fund's main sources of income are interest, distribution income and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, AASB15 does not have a significant impact on the Fund's accounting policies or the amounts recognised in the financial statements.</p>

6. Administration expenses

	2018 \$'000	2017 \$'000
Professional fees	128	303
Admin fee (paid up to 30 November 2016) (note 16)	-	82
Rent, Admin and employee expenses reimbursement (note 16)	605	352
Listing fees	95	101
Custodian fees	48	60
Share registry fees	37	70
Other expenses	23	28
	936	996

**AIMS PROPERTY SECURITIES FUND
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

7. Distributions paid and payable

	FY2018		FY2017	
	\$'000	Cents per unit	\$'000	Cents per unit
Sep quarter distribution paid	523	1.1707	965	2.1443
Dec quarter distribution paid	220	0.4926	657	1.4660
Mar quarter distribution paid	357	0.8001	652	1.4622
Jun quarter distribution payable	179	0.4018	672	1.5059
	1,279	2.8652	2,946	6.5784

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.

8. Cash and cash equivalents

	2018	2017
	\$'000	\$'000
Cash at bank	4,822	1,649
	4,822	1,649
Reconciliation of cash flows from operating activities	2018	2017
	\$'000	\$'000
Profit for the year before finance costs	14,020	4,541
Adjustments for:		
Net unrealised gain on investments	(12,147)	(1,828)
Net realised loss/(gain) on investments	110	(12)
Change in trade and other payables	21	-
Change in trade and other receivables	519	(561)
Cash flows from operating activities	2,523	2,140

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.

AIMS PROPERTY SECURITIES FUND
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

9. Trade and other receivables

	2018	2017
	\$'000	\$'000
Accrued income	1,118	1,637
GST receivable	4	4
	1,122	1,641

Recognition and measurement

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Fund may not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the difference between the receivable carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Impairment losses are recognised in profit or loss. When a trade receivable for which an impairment allowance had been recognised before it becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against doubtful debt expense in the profit or loss.

10. Financial assets

	2018	2017
	\$'000	\$'000
Financial assets at fair value		
Term Deposits	-	11,000
Listed property securities	12,081	24,277
Unlisted property securities(1)	86,104	55,343
Total financial assets at fair value	98,185	90,620

	2018	2017
	\$'000	\$'000
Reconciliation		
Carrying amount at the beginning of the year	90,620	58,032
Additions - cost	19,000	11,329
The conversion of financial assets at cost	-	20,000
Revaluation to fair value	12,147	1,828
Term deposit matured	(11,000)	-
Disposals including returns of capital	(12,582)	(569)
	98,185	90,620

(1) The fair value of these unlisted property securities as at the end of the reporting periods are estimated based on the net tangible asset 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 valuation of the investments will vary in line with the changes in the net tangible asset values of the underlying funds. The liquidity of the investments is subject to the underlying funds' performance and/or their ability to sell down assets. As at 30 June 2018 the fair value of investments in closed-end funds and open-ended funds with no redemption windows amounted to \$86,104,000 (2017: \$55,343,000).

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

10. Financial assets (cont.)

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 139 *Financial Instruments: Recognition and Measurement*. 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 139.

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.

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 139. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

11. Trade and other payables

	2018	2017
	\$'000	\$'000
Accrued expenses	122	101
Distributions payable	179	672
Total payables	301	773

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

	2018				2017			
	No. of Ordinary Units	No. of Deferred Units	No. of Total Units	\$'000	No. of Ordinary Units	No. of Deferred Units	No. of Total Units	\$'000
	'000	'000	'000	'000	'000	'000	'000	'000
Opening balance	44,659	1,753	46,412	93,137	450,907	1,753	452,660	92,192
Consolidated (1 for 10)	-	-	-	-	(405,816)	-	(405,816)	-
Share buyback	(53)	-	(53)	(50)	(432)	-	(432)	(650)
Change in net assets attributable to unitholders	-	-	-	12,741	-	-	-	1,595
Closing balance	44,606	1,753	46,359	105,828	44,659	1,753	46,412	93,137

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 2018, 1,752,605 (2017: 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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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

	Sectors	2018			2017		
		Distribution Income	Changes in fair value (realised and unrealised)	Total segment income	Distribution Income	Changes in fair value (realised and unrealised)	Total segment income
<i>Listed</i>		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Blackwall Limited	Diversified	102	139	241	99	829	928
Blackwall Property Trust	Diversified	380	(42)	338	497	1,177	1,674
APN Regional Property Fund	Office	232	317	549	260	134	394
Arena REIT	Childcare	272	(118)	154	320	718	1,038
AIMS AMP Capital Industrial REIT	Industrial	275	(130)	145	383	3	386
<i>Unlisted</i>							
AIMS Property Fund (St Kilda Road)	Office	285	7,178	7,463	456	608	1,064
MacarthurCook Office Property Trust	Office	-	310	310	-	96	96
AIMS Property Fund (Felix St)	Office	-	(289)	(289)	600	(2,964)	(2,364)
AIMS Property Fund (Laverton)	Industrial	1,144	3,273	4,417	1,066	38	1,104
Pelathon Pub Fund	Pubs	63	(35)	28	33	1,193	1,226
AIMS Real Estate Opportunity Fund	Diversified	-	1,434	1,434	-	-	-
Total by segments		2,753	12,037	14,790	3,714	1,832	5,546

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

13. Operating segments (continued)

Segment assets

Investments	Sectors	Carrying value \$'000	2018	Total segment assets \$'000	Carrying value \$'000	2017	Total segment assets \$'000
			Distribution/ Dividend Income Receivables \$'000			Distribution/ Dividend Income Receivables \$'000	
Listed							
Blackwall Limited	Diversified	2,624	-	2,624	2,486	-	2,486
Blackwall Property Trust	Diversified	-	-	-	7,602	-	7,602
APN Regional Property Fund	Office	2,709	58	2,767	2,392	58	2,450
Arena REIT	Childcare	1,075	16	1,091	5,995	82	6,077
AIMS AMP Capital Industrial REIT	Industrial	5,673	-	5,673	5,803	98	5,901
Unlisted							
AIMS Property Fund (St Kilda Road)	Office	26,999	-	26,999	19,821	-	19,821
MacarthurCook Office Property Trust	Office	6,838	-	6,838	6,528	-	6,528
AIMS Property Fund (Felix St)	Office	10,155	600	10,755	10,444	600	11,044
AIMS Property Fund (Laverton)	Industrial	19,423	400	19,823	16,150	765	16,915
Pelathon Pub Fund	Pubs	2,255	44	2,299	2,399	34	2,433
AIMS Real Estate Opportunity Fund	Diversified	20,434	-	20,434	-	-	-
Total by segments		98,185	1,118	99,303	79,620	1,637	81,257

	2018 \$'000	2017 \$'000		2018 \$'000	2017 \$'000
Reconciliations of segment assets			Reconciliations of segment income		
Total segment assets	99,303	81,257	Total segment income	14,790	5,546
Cash and cash equivalents	4,822	1,649	Interest income	166	172
Other assets	4	4	Net investment income	14,956	5,718
Term deposit	-	11,000			
Loan to a related party	2,000	-			
Total assets	106,129	93,910			

**AIMS PROPERTY SECURITIES FUND
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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.

2018	Fair Value			Total	Carrying Value
	Level 1	Level 2	Level 3		
Financial assets measured at fair value	\$'000	\$'000	\$'000	\$'000	\$'000
Listed property securities	12,081	-	-	12,081	12,081
Unlisted property securities	-	-	86,104	86,104	86,104
	12,081	-	86,104	98,185	98,185
Financial liabilities not measured at fair value					
Net Assets attributable to Unitholders	70,255	-	-	70,255	105,828
	70,255	-	-	70,255	105,828

2017	Fair Value			Total	Carrying Value
	Level 1	Level 2	Level 3		
Financial assets measured at fair value	\$'000	\$'000	\$'000	\$'000	\$'000
Listed property securities	24,277	-	-	24,277	24,277
Unlisted property securities	-	-	55,343	55,343	55,343
Term Deposits	-	11,000	-	11,000	11,000
	24,277	11,000	55,343	90,620	90,620
Financial liabilities not measured at fair value					
Net Assets attributable to Unitholders	66,989	-	-	66,989	93,137
	66,989	-	-	66,989	93,137

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).

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

14. Financial instruments – fair value measurement (cont.)

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.

	2018	2017
	\$'000	\$'000
Level 3 Reconciliation		
Balance at 1 July	55,343	35,170
Change in fair value - unrealised	11,871	(1,016)
Change in fair value - realised	-	(13)
Acquisitions	19,000	329
Acquisitions - receipt of capital return	-	943
Conversion of financial assets at cost	-	20,000 ⁽¹⁾
Disposals including returns of capital	(110)	(70)
Balance at 30 June	86,104	55,343

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FOR THE YEAR ENDED 30 JUNE 2018

14. Financial instruments – fair value measurement (cont.)

Level 3 fair values (cont.)

(1) The amount represents investments in income units of property funds, AIMS Property Fund (Felix St) and AIMS Property Fund (Laverton). The units were purchased at capital cost of \$1 each and earn fixed distribution income of up to 6% p.a. subject to the financial ability of the underlying funds as determined by the Trustee. On 30 June 2017, the Trustee of AIMS Property Fund (Laverton) have consolidated the Income Units and Class A units into 1,000,000 Ordinary Units. There has been no impact on ownership or changes to the AIMS Property securities Fund's financial position, with relation to its holding in the AIMS Property Fund (Laverton). Similarly, the Trustee of AIMS Australia Property Investment Fund, which owns all the units in the AIMS Property Fund (Felix St.), have consolidated the Income Units and Class A units into 1,000,000 Ordinary Units. The 1,000,000 Ordinary Units held by AIMS Australia Property Investment Fund (AAPIF) were distributed to the AIMS Property Securities Fund. The end structure is simply AIMS Property Securities Fund now owns 1,000,000 Ordinary Units in the AIMS Property Fund (Felix St.). Where before the Fund held the units in AIMS Property Fund (Felix St) through AAPIF, in a flow through structure, it now directly holds all the interest in AIMS Property Fund (Felix St). There has been no impact on ownership or changes to the AIMS Property Securities Fund's financial position, in relation to its holdings.

Sensitivity analysis

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

	2018	2017
Impact on gain before finance cost	\$'000	\$'000
+10.00% (1,000 basis points) of the NTA	8,610	5,534
- 10.00% (1,000 basis points) of the NTA	(8,610)	(5,534)

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).

**AIMS PROPERTY SECURITIES FUND
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

15. Financial risk management and financial instruments (cont.)

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 2018, \$600,000 in distributions receivable is past due. However, the amount is not impaired (2017: nil).

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 2018	Carrying amount \$'000	Contractual cash flows \$'000	3 months or less \$'000	Above 4 months \$'000
Accounts payable	301	301	301	-
	<u>301</u>	<u>301</u>	<u>301</u>	<u>-</u>
30 June 2017	Carrying amount \$'000	Contractual cash flows \$'000	3 months or less \$'000	Above 4 months \$'000
Accounts payable	773	773	773	-
	<u>773</u>	<u>773</u>	<u>773</u>	<u>-</u>

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.

**AIMS PROPERTY SECURITIES FUND
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

15. Financial risk management and financial instruments (cont.)

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.

	2018	2017
	\$'000	\$'000
Impact on gain before finance cost		
+10.00%	9,819	7,962
-10.00%	(9,819)	(7,962)

Interest rate risk

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

	2018	2017
	\$'000	\$'000
Impact on gain before finance cost		
+1.00% (100 basis points)	48	126
-1.00% (100 basis points)	(48)	(126)

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 2018):

George Wang	- Executive chairman
Richard Nott	- Non-executive Independent Director
John Love	- Non-executive Independent Director
Jim Stewart	- Company Secretary (resigned on 7 August 2017)
Claud Chaaya	- Company Secretary (appointed on 7 August 2017)

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	2018		2017	
	No. of units ('000)	% holding	No. of units ('000)	% holding
Richard Nott	188	0.42	110	0.25
John Love	310	0.69	310	0.69
George Wang *	14,070	31.54	14,070	31.50

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

**AIMS PROPERTY SECURITIES FUND
ARSN 111 442 150**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

16. Related parties (cont.)

Responsible Entity Fees and other transactions

	2018	2017
	\$	\$
Management fee expense	-	181,146
Admin fee	-	82,081
Subtotal fees paid to the Responsible Entity	-	263,227
Rent, admin and employee expenses reimbursed to the Responsible Entity	604,497	352,198
Total fees paid and expenses reimbursed to the Responsible Entity	604,497	615,425

Total accrued Responsible Entity fees included in trade and other payables as at 30 June 2018 is nil (2017: \$49,950).

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.

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; and
- provided an interest free loan of \$2,000,000 to AIMS Property Fund (Felix St), to be placed in the bank's security deposit account, as an offset to the overall loan amount of \$14,190,000 (effectively reducing the loan amount to \$12,190,000). 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.

AIMS PROPERTY SECURITIES FUND
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

16. Related parties (cont.)

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 entity are set out below.

Entity	2018			2017		
	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	36.85	-	10,781	36.85	-
AIMS AMP Capital Industrial REIT Management Ltd	4,148	0.65	275,615	4,148	0.65	394,864
AIMS Property Fund (St Kilda Rd)	40,672	90.24	284,869	40,672	90.24	456,180
AIMS Property Fund (Felix St)	1,000	100	-	1,000	100	600,000
AIMS Property Fund (Laverton)	1,000	100	1,143,888	1,000	100	1,065,751
AIMS Real Estate Opportunity Fund	19,000	99.0	-	-	-	-

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	2018			2017		
		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	3,990	8.94	114,489	3,405	7.63	198,489
AIMS Capital Management Limited	Other related party	14,070	31.54	403,264	14,070	31.5	925,558
KMP	Other related party	498	1.11	12,019	420	0.94	27,629

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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

16. Related parties (cont.)

Units in the Fund held by related parties (cont.)

At 30 June 2018, the Responsible Entity also held 1,752,605 Deferred Units (2017: 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 loan to 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. Auditor's remuneration

	2018	2017
	\$	\$
<i>Audit services:</i>		
Auditors of the Fund - KPMG		
Audit and review of the financial reports	55,500	54,500
Other regulatory audit services	7,000	7,000
	62,500	61,500
<i>Other services:</i>		
Auditors of the Fund - KPMG		
Taxation services	13,535	13,535
	13,535	13,535

**AIMS PROPERTY SECURITIES FUND
ARSN 111 442 150**

STOCK EXCHANGE INFORMATION

FOR THE YEAR ENDED 30 JUNE 2018

Statement of quoted securities as at 30 June 2018

- There are 1,054 unitholders holding a total 44,606,083 ordinary units
- The 20 largest unitholders between them hold 83.87% of the total units on issue

Distribution of quoted units as at 30 June 2018

Distribution of Unitholders Category (size of holding)	Number of Unitholders
1 - 1,000	403
1,001 – 5,000	393
5,001 – 10,000	92
10,001 – 100,000	137
100,001 and over	29
Total	1,054

Substantial unitholdings as at 30 June 2018

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
AIMS Capital Management Limited	14,069,656

Directors' unitholdings

As at 30 June 2018, Directors of the Fund held a relevant interest in the following securities on issue by the Fund.

Director	No. of units ('000)
Richard Nott	110
John Love	310
George Wang	14,070

Restricted Securities

There are no restricted securities on issue by the Fund.

**AIMS PROPERTY SECURITIES FUND
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STOCK EXCHANGE INFORMATION

FOR THE YEAR ENDED 30 JUNE 2018

Top 20 holders of ordinary units at 30 June 2018

Unitholder Name	Number of units held	% of total
AIMS CAPITAL MANAGEMENT LIMITED	14,069,656.00	31.54%
The CENTRAL DEPOSITORY (PTE) LIMITED	4,491,149.00	10.07%
WO NOMINEES AC FUND PTY LTD	3,430,656.00	7.69%
PERPETUAL TRUSTEE COMPANY LIMITED <MCK OFFICE PROPERTY A/C>	2,263,336.00	5.07%
J P MORGAN NOMINEES AUSTRALIA LIMITED	2,082,676.00	4.67%
PERPETUAL TRUSTEE COMPANY LTD <MCKOPT A/C>	1,726,267.00	3.87%
ONE MANAGED INVT FUNDS LTD <SANDON CAPITAL INV LTD A/C>	1,432,470.00	3.21%
MR SIMON ROBERT EVANS + MRS KATHRYN MARGARET EVANS <KAMIYACHO SUPER FUND A/C>	1,423,000.00	3.19%
HSBC CUSTODY NOMINEES	1,232,136.00	2.76%
NATIONAL NOMINEES LIMITED	1,039,662.00	2.33%
MR MICHIEL GEERDINK	970,335.00	2.18%
MR WARWICK SAUER	764,951.00	1.71%
BT PORTFOLIO SERVICES LIMITED <MRS MEREDYTH SAUER APP A/C>	575,000.00	1.29%
BT PORTFOLIO SERVICES LIMITED <DR TREVOR SAUER APP A/C>	409,000.00	0.92%
MS JIANFEI YU	374,579.00	0.84%
MR JOHN ROBERT LOVE	310,000.00	0.69%
MR GREGORY HUGH HALLIDAY + MR SIMON ROBERT EVANS + MR THOMAS VERNON FURNER <RED OCTOBER SUPER FUND A/C>	250,000.00	0.56%
MR DARRELL HUNTER RANDALL	195,817.00	0.44%
CITICORP NOMINEES PTY LIMITED	189,626.00	0.43%
PROF ROBERT JOHN LAWN	180,000.00	0.40%
Total Held by Top 20 Holders of Ordinary Units	37,410,316	83.87%

Transactions

The total number of transactions in securities during the reporting year was 18.

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.

**AIMS PROPERTY SECURITIES FUND
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CORPORATE DIRECTORY

FOR THE YEAR ENDED 30 JUNE 2018

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

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