



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

15 November 2018

## **ASX & SGX Announcement**

### **AIMS Property Securities Fund (ASX Code: APW | SGX Code: BVP)**

AIMS Fund Management Limited (**AIMS**) as the responsible entity (**RE**) of the AIMS Property Securities Fund (**Fund**) announces that it has called a general meeting (**Meeting**) of Unitholders of the Fund.

The Meeting has been called to give Unitholders a real voice in relation to the future of the Fund. The Meeting will provide all Unitholders the opportunity to either:

- (i) Support new and exciting strategic initiatives, designed to create further value for Unitholders; or
- (ii) Wind up the Fund.

**Meeting Address:** Level 31, 1 O'Connell Street, Sydney NSW

**Meeting Date/Time:** Friday, 7 December 2018 at 10:00 AM (Sydney Time)

Full details of the Meeting are contained in the attached Notice of Meeting, which is being mailed to Unitholders, along with other material, including the proxy forms and reply-paid envelopes.

If you have any queries, please contact Claud Chaaya on +61 2 9217 2727 or email [trust@aims.com.au](mailto:trust@aims.com.au).

Yours sincerely,

**Claud Chaaya**  
Company Secretary  
AIMS Fund Management Limited  
Responsible Entity of AIMS Property Securities Fund

### **AIMS Fund Management Limited**

**ABN:** 79 004 956 558 | **AFS Licence No:** 258052 | **Address:** Level 41, 259 George St, Sydney NSW 2000  
**Email:** [trust@aims.com.au](mailto:trust@aims.com.au) | **Website:** [www.aimsfunds.com.au](http://www.aimsfunds.com.au) | **Phone:** 1300 655 197  
**Australia | China | Singapore | Hong Kong**

# AIMS Property Securities Fund

ARSN 111 442 150

ASX Code: APW  
SGX Code: BVP

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## Notice of General Meeting to be held at 10:00 AM on Friday, 7 December 2018

### Explanatory Memorandum for the Notice of General Meeting

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**IMPORTANT NOTICE:** This is an important document that requires your urgent attention. Please read the information in this Notice of Meeting and Explanatory Memorandum carefully. If after reading this Notice of Meeting and Explanatory Memorandum you are in any doubt as to the course of action you wish to take, you should consult your professional adviser as soon as possible.

Terms used in this Notice of Meeting and Explanatory Memorandum are defined in the Glossary in Section D.

The information contained in this Notice of Meeting and Explanatory Memorandum does not constitute a personal recommendation by AIMS Fund Management Limited (ACN 004 956 558) or any of its affiliates, officers, employees or agents to you in relation to any financial product or service. This Notice of Meeting and Explanatory Memorandum has been prepared without taking into account any person's particular investment objectives, financial situation or needs. You should assess whether the information contained in this Notice of Meeting and Explanatory Memorandum is appropriate with respect to your own circumstances, before making a decision in relation to the Resolutions. If you are unsure, you should seek your own professional advice.

In considering the information in this Notice of Meeting and Explanatory Memorandum regarding past performance, you should note that past performance is not necessarily indicative of future performance. The value of your investment may go up or down. Nothing in this Notice of Meeting and Explanatory Memorandum is or should be relied upon as a promise or representation as to future results.

Some of the statements appearing in this Notice of Meeting and Explanatory Memorandum may be in the nature of forward looking statements. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of AIMS Fund Management Limited (ACN 004 956 558) or any of its affiliates, officers, employees or agents makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement.

While all reasonable care has been taken in relation to the preparation and collation of this Notice of Meeting and Explanatory Memorandum, no person, including, but not limited to AIMS Fund Management Limited (ACN 004 956 558) or any of its affiliates, officers, employees or agents, accepts any responsibility for any loss or damage arising or resulting in any way from the use or reliance on this Notice of Meeting and Explanatory Memorandum by any person.

**NOTICE OF GENERAL MEETING TO BE HELD AT  
THE OFFICES OF K&L GATES, LEVEL 31, 1 O'CONNELL STREET, SYDNEY NSW 2000  
10:00 AM (SYDNEY TIME), ON FRIDAY, 7 DECEMBER 2018**

TO BE VALID, PROXY FORMS FOR USE AT THE GENERAL MEETING MUST BE COMPLETED AND RETURNED  
BY NO LATER THAN 10:00 AM (SYDNEY TIME) ON WEDNESDAY, 5 DECEMBER 2018

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## Section A – Letter to Unitholders

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15 November 2018

Dear Unitholders,

AIMS Fund Management Limited (ACN 004 956 558) (**Responsible Entity**) as responsible entity for the AIMS Property Securities Fund (ARSN 111 442 150) (**APW** or the **Fund**) is convening a Meeting, to allow Unitholders the opportunity to consider and vote on two resolutions:

1. The Responsible Entity undertaking a number of exciting strategic initiatives designed to create further value for Unitholders and seek to reduce the discount (**Discount**) between the trading price per Unit on the Australian Stock Exchange (**ASX**) and Singapore Exchange Securities Trading Limited (**SGX**) and the underlying Net Tangible Asset (**NTA**) value per Unit; and
2. The Responsible Entity winding up the Fund, pursuant to section 601NE(1)(b) of the Corporations Act 2001 (Cth).

The Meeting will be held at the offices of K&L Gates, Level 31, 1 O'Connell Street, Sydney NSW on Friday, 7 December 2018 at 10:00 AM (Sydney time).

### What are the Strategic Initiatives?

The Responsible Entity is proposing to give Unitholders a choice in relation to the future of their Fund and to have their say in relation to whether the strategic initiatives outlined below (**Strategic Initiatives**) should be implemented or whether the Fund should be wound up. These strategic initiatives are as follows:

1. The Responsible Entity be directed to seek to arrange to have the Fund rated by an appropriate rating agency appointed by the Responsible Entity.
2. The Responsible Entity be directed to undertake a strategic review of the investment strategy and investment policy for the Fund to determine whether there are opportunities to create further value for Unitholders through:
  - (a) new investment opportunities in the current and anticipated future domestic and regional property market; and
  - (b) further investment in overseas assets that may be at a cyclical low, when compared to domestic investment (e.g. Industrial assets in Singapore).

The Responsible Entity believes that if implemented, the adoption of the Strategic Initiatives will likely help create further value for Unitholders while allowing the Fund to remain listed on ASX and SGX.

### Why a vote AGAINST the Winding Up Resolution is important?

The Directors believe that a vote to wind up the Fund is not in the best interests of Unitholders for the following key reasons:

1. **The Responsible Entity has a demonstrated track record of creating value for the Fund:**
  - (a) Since 30 June 2013, the Fund's Unit price has increased from \$0.67 (as at 30 June 2013) to \$1.80 (as at 7 November 2018), representing a 170% increase.

- (b) NTA per Unit has increased from \$1.17 (as at 30 June 2013) to \$2.37 (as at 30 June 2018), representing a total return of 103%.
- (c) Distributions were reintroduced in FY 14, having been zero in the previous periods.
- (d) Debt was reduced from \$47.5 million at the Fund level in 2009 (when AIMS took over management of APW) to zero in 2013. External debt at the Fund level has remained at zero since that time.
- (e) Over the past 5 years to 30 June 2018, the Fund's compound total return p.a. has significantly outperformed the S&P/ASX 200 A-REIT's compound total return index p.a. (22.1% for the Fund vs 12.0% for the index).
- (f) In June 2009, the Fund Unit price traded at a 72% discount to NTA. Since then the Responsible Entity has significantly reduced this gap to its current level of 24% (as at 7 November 2018).
- (g) The Responsible Entity, observing prudent, conservative and patient investment principles, has invested in a portfolio of assets that have not only provided a stable income stream but have demonstrated increases in capital value with further potential upside. This has been achieved in tandem with reducing the Fund's debt to zero in 2013 and not engaging in any capital raisings.
- (h) AIMS Capital Management Pty Ltd (**AIMS Capital**), an associated company of the Responsible Entity, is the major Unitholder in the Fund. AIMS Capital did not receive any of its Units at a discount and has paid for each and every Unit at market prices. AIMS Capital believes in the future of the Fund. This underpins the fact that the Responsible Entity's interests are fully aligned with the interests of Unitholders.

**2. A wind up of the Fund may result in a loss of a huge opportunity to realise development upside and value add potential from the Fund's underlying assets:**

- (a) A wind up of the Fund may forgo the opportunity to benefit from development upside in the Fund's underlying investments.
- (b) In addition to development upside, the Responsible Entity is of the view that some of the Fund's underlying assets have great value add potential, which would not be able to be realised, if the Fund is wound up.

**3. A wind up of the Fund may result in a fire sale and realisable value will be significantly less than expected:**

- (a) A wind up of the Fund will be public information and any disposals initiated by such a wind up would likely be treated by the market as a fire sale. This has the potential to significantly erode the realisable value of the Fund's assets and any profit.
- (b) The costs of undertaking the process of winding up the Fund will be significant and will likely have a substantial impact on the funds available for final distributions to Unitholders.

Notwithstanding the above, the Responsible Entity acknowledges the Unit price of the Fund has been trading at a discount to NTA. The Responsible Entity stresses however, that since taking over management of the Fund in late 2009, it has succeeded in reducing the discount in NTA from 72% (as at June 2009) to 24% (as at 7 November 2018). More importantly, the Responsible Entity intends to implement intelligent, prudent and patient strategies to further improve on the performance of the Fund, if Unitholders vote in favour of the Strategic Initiatives and against winding up the Fund.

## What will happen if the Winding Up Resolution is passed?

If the Winding Up Resolution is passed by Unitholders of the Fund, the Responsible Entity of the Fund will be obliged to wind up the Fund in accordance with its Constitution and the Corporations Act. In this case, AIMS will be required to sell or realise the assets of the Fund. The proceeds from realisation, net of all liabilities of the Fund and any expenses associated with termination and wind up, will be distributed to the Fund's Unitholders in proportion to the number of Units they hold. Importantly, a wind up does not guarantee a specific price in respect of the extinguishment of a Unitholder's interests in the Fund.

### Important dates

<b>1</b>	Notice of Meeting and Explanatory Memorandum sent to Unitholders	Thursday, 15 November 2018
<b>2</b>	CDP Account Holders must provide their voting instructions to CDP	Tuesday, 4 December 2018 by 9:00 AM (Singapore Time)
<b>3</b>	Proxy Forms must be returned to the Responsible Entity	Wednesday, 5 December 2018 by 10:00 AM (Sydney time)
<b>4</b>	The date that a person is recognised as a Unitholder for the purpose of determining a person's entitlement to vote on the Resolutions	Thursday, 6 December 2018 at 7:00 PM (Sydney time)
<b>5</b>	APW General Meeting will be held at the offices of K&L Gates, Level 31, 1 O'Connell Street, Sydney NSW	Friday, 7 December 2018 at 10:00 AM (Sydney time)

**For these reasons it is  
recommended that you**

**vote FOR the Strategic  
Initiatives Resolution**

**&**

**vote AGAINST the Winding  
Up Resolution**

## 1. What do I need to do?

### 1.1 Step 1 – read this document:

Read the enclosed Notice of Meeting and Explanatory Memorandum carefully and decide how you will vote on the Resolutions. If you are in any doubt as to the course of action to be taken you should obtain professional advice without delay.

### 1.2 Step 2 – vote on the Resolutions:

If you agree with the Directors and would like to see the Strategic Initiatives implemented, you should do one of the following:

- (a) Vote by using the enclosed Proxy Form and put an X in the **FOR** voting box in relation to the Strategic Initiatives Resolution and an X in the **AGAINST** voting box in relation to the Winding Up Resolution; or
- (b) Sign the enclosed Proxy Form and do not put an X in any of the voting boxes.

Proxy Forms must be received at an address specified in the Proxy Form by no later than 10:00 AM on Wednesday 5 December 2018 (i.e. at least 48 hours prior to the Meeting). Originals of the Proxy Forms may also be sent to:

AIMS Fund Management Limited  
Level 41, 259 George St  
Sydney NSW 2000  
Australia

### 1.3 Undirected proxies

Unitholders who complete, sign and lodge the Proxy Form:

- (a) but do not put an X in any of the voting boxes; and
- (b) do not nominate someone other than the Chairperson of the Meeting to act as proxy,

will be deemed to have appointed the Chairperson of the Meeting as their proxy to vote on the Resolution.

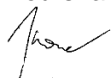
The Chairperson of the Meeting will direct open proxies to be voted **FOR** the Strategic Initiatives Resolution and **AGAINST** the Winding Up Resolution.

In accordance with section 252S(1) of the Corporations Act, the Responsible Entity will appoint a suitably qualified Chairperson of the Meeting. The name of the Chairperson appointed by the Responsible Entity will be communicated prior to the closing time for submission of proxies.

### 1.4 Unitholder enquiries

If you have any queries, please contact Claud Chaaya on +61 2 9217 2727.

Yours faithfully,



**Mr John Love**  
Independent Director  
AIMS Fund Management Limited



**Mr Richard Nott**  
Independent Director  
AIMS Fund Management Limited



**Mr George Wang**  
Director  
AIMS Fund Management Limited



## Section B – Notice of General Meeting

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**NOTICE IS HEREBY GIVEN that a General Meeting of Unitholders of AIMS Property Securities Fund (ARSN 111 442 150) will be held on Friday, 7 December 2018 at the offices of K&L Gates, Level 31, 1 O'Connell Street, Sydney, NSW at 10:00 AM (Sydney time).**

Defined terms used in this Notice of Meeting have the meanings given to them in the Glossary (Section D) accompanying this Notice of Meeting.

This Notice of Meeting has been issued by AIMS Fund Management Limited (ACN 004 956 558) as Responsible Entity of the Fund.

In accordance with section 252S(1) of the Corporations Act, the Responsible Entity will appoint a suitably qualified Chairperson of the Meeting.

### **BUSINESS**

#### **1. Strategic Initiatives Resolution**

Unitholders are asked to consider, and if thought fit, pass the following Resolution as an ordinary resolution:

"That the Responsible Entity of the AIMS Property Securities Fund (ARSN 111 442 150) (**Fund**) be directed to implement the following strategic initiatives for the Fund to seek to create further value for Unitholders and seek to reduce the discount between the price at which Units trade on the ASX and SGX and the underlying NTA value per Unit:

- (a) The Responsible Entity be directed to seek to arrange to have the Fund rated by an appropriate rating agency appointed by the Responsible Entity.
- (b) The Responsible Entity be directed to undertake a strategic review of the investment strategy and investment policy for the Fund to determine whether there are opportunities for the Fund to create further value for Unitholders through:
  - (i) new investment opportunities in the current and anticipated future domestic and regional property market; and
  - (ii) further investment in overseas assets that may be at a cyclical low when compared to domestic investment."

This resolution will be taken as a poll and will be passed if at least 50% of the votes cast by Unitholders who are present at the meeting (either in person or by proxy) and entitled to vote on the resolution, vote in favour of the resolution.

#### **2. Winding Up Resolution**

Unitholders are asked to consider, and if thought fit, pass the following Resolution as an extraordinary resolution:

"Pursuant to section 601NE(1)(b) of the Corporations Act 2001 (Cth), the Responsible Entity of the AIMS Property Securities Fund (ARSN 111 442 150) (**Fund**) be directed to wind up the Fund."

This resolution will be taken as a poll and will be passed if at least 50% of the total votes that may be cast by Unitholders entitled to vote on the resolution (including Unitholders who are not present in person or by proxy) vote in favour of the resolution.

#### **3. Chairperson**

The Responsible Entity will appoint a Chairperson prior to the commencement of the Meeting.

The Chairperson will be responsible for the general conduct of the Meeting and for the procedures adopted by it. The Chairperson may adopt any procedures which in their opinion are necessary or desirable for the proper and orderly recording of votes at the Meeting.

#### **4. Quorum**

The quorum for the Meeting is 2 Unitholders who are present at the Meeting.

#### **5. Voting**

The Resolutions will both be decided by a poll. On a poll, each Unitholder has one vote for every dollar of the value of its total interest held in the Fund (held via Units). The value of a Unitholder's total interest in the Fund will be calculated by reference to the last sale price of Units on the ASX as at 7:00pm (Sydney time) on Thursday 6 December 2018.

#### **6. Determination of a person's entitlement to vote**

For the purpose of determining a person's entitlement to attend and vote at the General Meeting, in accordance with section 1074E(2)(g)(i) of the Corporations Act and Regulation 7.11.37 of the Corporations Regulations, a person will be recognised as a Unitholder of the Fund and the holder of Units if that person is registered as a holder of those Units at 7:00pm (Sydney time) on Thursday 6 December 2018 (**Voting Record Date**).

Each Unitholder who is on the register at the Voting Record Date is entitled to attend and vote at the Meeting either in person, by proxy, by attorney or, in the case of a body corporate, by its corporate representative.

#### **7. Jointly held units**

If an interest in the Fund is held jointly and more than 1 person votes in respect of that interest, only the vote of the Unitholder whose name appears first in the register of Unitholders for APW counts.

#### **8. Corporate representatives**

A body corporate may appoint an individual as a representative to exercise all or any of its powers at the Meeting. The appointment must set out what the representative is appointed to do and may set out restrictions on the representative's powers.

A body corporate may appoint more than 1 representative but only 1 representative may exercise the body's powers at any one time.

#### **9. Proxies**

Please note that:

- (a) A Unitholder entitled to attend and vote at the General Meeting is entitled to appoint no more than two proxies;
- (b) An instrument appointing a proxy must be in the form of the Proxy Form attached to this Notice of Meeting;
- (c) Where two proxies are appointed, the Unitholder may specify the proportion or number of votes the proxy is appointed to exercise. If a Unitholder appoints two proxies, and the appointment does not specify the proportion of the Unitholder's voting rights, each proxy may exercise one-half of the voting rights;
- (d) A proxy need not be a Unitholder of the Fund;
- (e) A Proxy Form may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where the Proxy Form so provides, the proxy is not entitled to vote on the Resolution except as specified in the Proxy Form;

- (f) A valid Proxy Form will be deemed to confer authority to demand or join in demanding a poll;
- (g) To be valid, the Proxy Form must be signed by the Unitholder or the Unitholder's attorney or, if the Unitholder is a corporation, executed in accordance with the corporation's constitution and the Corporations Act (and may be signed on behalf of the corporation by its attorney); and
- (h) To be valid, the Proxy Form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be received at least 48 hours before the time of the Meeting, by no later than 10:00 AM (Sydney time) on Wednesday 5 December 2018:

**By the Fund:**

- By mail: AIMS Property Securities Fund  
C/- Computershare Investor Services Pty Limited  
GPO Box 242  
MELBOURNE VIC 3001  
Australia
- By facsimile: 1800 783 447 (within Australia) or  
+ 61 3 9473 2555 (outside Australia)

A form of proxy accompanies this Notice of Meeting.

Proxy Forms may also be hand-delivered or mailed directly to:

AIMS Fund Management Limited  
Level 41, 259 George St  
Sydney NSW 2000  
Australia

**10. CDP Account Holders**

CDP is the registered holder of all Units traded on the SGX. Legal title to the Units held in the Securities Account is held by CDP and CDP holds the Units (as bare trustee) for and on behalf of CDP Account Holders who maintain, either directly or through depository agents, Securities Accounts with CDP. CDP is therefore the Unitholder entitled to vote on the Resolution. CDP Account Holders are not considered Unitholders for the purposes of voting on the Resolution.

In order to vote, CDP Account Holders must provide their voting instructions to CDP by no later than **9:00 AM (Singapore time) on Tuesday, 4 December 2018**. Instructions on how to lodge your voting instructions with CDP are included in the CDP Voting Instruction Form accompanying this Notice.

Each CDP Account Holder is permitted to attend the General Meeting in person, provided that by no later than **10:00 AM (Sydney time) (being 7:00 AM Singapore time) on Wednesday, 5 December 2018** the CDP Account Holder has:

- (a) notified the Responsible Entity of their attendance; and
- (b) provided to the Responsible Entity evidence, which is, in the reasonable opinion of the Responsible Entity, satisfactory to show that the person is in fact a CDP Account Holder at that time.

Any CDP Account Holder attending the Meeting has the same right to speak at the Meeting as a Unitholder. However, a CDP Account Holder does not have any right to vote (either on a show of hands or on a poll), demand a poll, be counted in a quorum, or enjoy any other rights of the kind typically enjoyed by Unitholders.

**By order of the Board**



**Mr. Claud Chaaya**  
Company Secretary  
AIMS Fund Management Limited

**Dated: 15 November 2018**

# Section C – Explanatory Memorandum

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## 1. Introduction

### 1.1 Purpose

This Explanatory Memorandum outlines the background to the Resolutions as set out in the Notice of Meeting. The purpose of the Explanatory Memorandum is to assist Unitholders to understand the business to be put to Unitholders for their consideration at the forthcoming General Meeting on Friday, 7 December 2018.

You are receiving this document as the Responsible Entity's records indicate that you are a Unitholder as at the date of this Notice of Meeting and Explanatory Memorandum.

Under section 252F of the Corporations Act, the Responsible Entity is required to give Unitholders at least 21 days' notice of a meeting of Unitholders. This document provides that notice.

Unless otherwise defined in this Explanatory Memorandum, all capitalised terms used are defined in the Notice of Meeting or the Glossary in Section D of this Explanatory Memorandum.

### 1.2 Date of this document

The Explanatory Memorandum has been prepared as at 15 November 2018 (the **Preparation Date**) based upon the information available and the facts and circumstances known at the Preparation Date by the Responsible Entity.

Subject to the continuing obligations of the Fund under the Listing Rules, the Corporations Act and other applicable laws, no person undertakes to review the financial condition or affairs of the Fund at any time or to keep a recipient of this document or any Unitholder informed of changes in, or matters arising or coming to their attention which may affect, anything referred to in this document.

Subject to the continuing obligations of the Fund under the Listing Rules, the Corporations Act and other applicable laws, neither the Fund, or the Responsible Entity, or any other person accepts any responsibility to Unitholders to update this document after the Preparation Date, with regard to information or circumstances, which come to its attention after the Preparation Date.

### 1.3 No investment advice

The Explanatory Memorandum does not take into account the investment objectives, financial position or specific needs of any particular person. Before making any decision on the basis of this document you should consider, after consulting with an investment adviser, whether that decision is appropriate in light of the information contained in this document.

## 2. Background

### 2.1 STAM Notice of Meeting

On 31 October 2018, AIMS announced that it had received a notice of meeting, explanatory memorandum and proxy form (together, the **STAM Notice of Meeting**) from WO Nominees A/C Fund Pty Ltd as custodian for Samuel Terry Asset Management Pty Ltd (**STAM**) as trustee for the Samuel Terry Absolute Return Fund. AIMS understands that STAM, as agent for WO Nominees, intends to hold a meeting of Unitholders of the Fund in accordance with section 252D of the Corporations Act to consider and vote on a resolution to direct the Responsible Entity to wind up the Fund.

The resolution proposed by STAM only provides Unitholders with the choice whether or not to wind up the Fund.

## 2.2 AIMS Notice of Meeting

The Responsible Entity has called this separate meeting to allow Unitholders the opportunity to also consider an alternative and vote on the Responsible Entity undertaking a number of exciting strategic initiatives designed to create further value for Unitholders and seek to reduce the Discount between the trading price per Unit on the ASX and the underlying NTA value per Unit as an alternative to winding up the Fund.

The Meeting will be held at the offices of K&L Gates, Level 31, 1 O'Connell Street, Sydney NSW on Friday 7 December 2018 at 10:00 AM (Sydney time).

## 2.3 Strategic Initiatives

The Responsible Entity is proposing to give Unitholders a choice in relation to the future of their Fund and to have their say in relation to whether the Strategic Initiatives should be implemented or whether the Fund should be wound up. The Strategic Initiatives are as follows:

- (a) The Responsible Entity be directed to seek to arrange to have the Fund rated by an appropriate rating agency appointed by the Responsible Entity.
- (b) The Responsible Entity be directed to undertake a strategic review of the investment strategy and investment policy for the Fund to determine whether there are opportunities for the Fund to create further value for Unitholders through:
  - (i) new investment opportunities in the current and anticipated future domestic and regional property market; and
  - (ii) further investment in overseas assets that may be at a cyclical low, when compared to domestic investment (e.g. Industrial assets in Singapore).

The Responsible Entity believes that if implemented, the adoption of the Strategic Initiatives will likely help reduce the Discount and create further value for Unitholders while allowing the Fund to remain listed on the ASX and SGX.

## 3. Further information relating to the Resolutions

### 3.1 Directors' opinion and recommendation

The Directors unanimously recommend that Unitholders vote **FOR** the Strategic Initiatives Resolution and **AGAINST** the Winding Up Resolution.

AIMS as responsible entity of APW remains committed to acting as Responsible Entity and managing the Fund's diversified portfolio of listed and unlisted real estate investments with the objective of providing Unitholders regular stable income return paid quarterly and the potential for capital growth over the long-term.

Since AIMS became the Responsible Entity of the Fund in late 2009, the debt of the Fund has been reduced from \$47.5 million to zero as at the Preparation Date and the Fund has been debt free since June 2013. The Fund reinstated income distributions since the quarter ended 31 December 2013 and has made a number of new investments in line with the revised investment guidelines since that time.

AIMS' interests in the Fund are aligned with the interests of Unitholders. The Responsible Entity's entitlement to a management fee and performance fee was removed from the Fund's Constitution on 30 November 2016. While the Responsible Entity does not receive any management or performance fees directly from the assets of the Fund itself, the Responsible Entity remains entitled to be reimbursed for expenses reasonably and properly incurred in connection with the Fund or in performing its obligations under the Constitution. These expenses include the direct costs of engaging key persons to provide the necessary services for the management of the Fund. The Responsible Entity also conducts regular reviews of the services provided and costs incurred to ensure the level of service and costs incurred are appropriate and reasonable for the proper management and promotion of the Fund.

### 3.2 Reasons to Vote FOR the Strategic Initiatives Resolution

- (a) AIMS has the requisite skills, experience and expertise to continue to accomplish the investment objectives and strategy of the Fund.
- (b) AIMS has a demonstrated track record of creating value for the Fund and AIMS believes that if implemented, the adoption of the Strategic Initiatives will likely help reduce the Discount and create further value for Unitholders while allowing the Fund to remain listed on the ASX and the SGX.
- (c) AIMS intends to continue to act as the Responsible Entity and manager of the Fund.
- (d) AIMS remains committed to managing the Fund to generate value for Unitholders.

### 3.3 Reasons to Vote AGAINST the Strategic Initiatives Resolution

Even though the Directors recommend that Unitholders vote **FOR** the Strategic Initiatives Resolution, some Unitholders may wish to vote against the Strategic Initiatives Resolution for the following reasons:

- (a) Unitholders may be satisfied with current management and performance of the Fund.
- (b) Unitholders may believe that no strategic initiatives are required in light of the performance of the Fund.

### 3.4 Implications if the Strategic Initiatives Resolution is passed

If the Strategic Initiatives Resolution is passed, the Responsible Entity intends to implement the **Strategic Initiatives**. These strategic initiatives are as follows:

#### (a) Rating of the Fund

If the Strategic Initiatives Resolution is passed, the Responsible Entity will initiate a process to appoint a leading ratings agency in the Australian market to provide a rating of the Fund's performance based on both return and risk for the Fund.

The Responsible Entity believes obtaining a rating of the Fund will assist the market in valuing Units and reduce the discount between the trading price per Unit and the underlying NTA value per Unit

#### (b) Investment Strategy and Investment Policy

If the Strategic Initiatives Resolution is passed, the Responsible Entity will undertake a strategic review of the investment strategy and investment policy for the Fund to determine whether there are opportunities to create further value for Unitholders through changes to these sector ranges and asset allocations having regard to:

- (i) new investment opportunities in the current and anticipated future domestic and regional property market; and
- (ii) further investment in overseas assets that may be at a cyclical low, when compared to domestic investment (e.g. Industrial assets in Singapore).

The Responsible Entity will have regard to its duties to act in the best interests of Unitholders when implementing the Strategic Initiatives and will update Unitholders on the progress of the Strategic Initiatives it undertakes.

### 3.5 Why you should vote AGAINST the Winding Up Resolution

- (a) **The Responsible Entity has a demonstrated track record of creating value for the Fund:**
- (i) Since 30 June 2013, the Fund's Unit price has increased from \$0.67 (as at 30 June 2013) to \$1.80 (as at 7 November 2018), representing a 170% increase.
  - (ii) NTA per Unit has increased from \$1.17 (as at 30 June 2013) to \$2.37 (as at 30 June 2018), representing a total return of 103%.
  - (iii) Distributions were reintroduced in FY 14, having been zero in the previous periods.
  - (iv) Debt was reduced from \$47.5 million at the Fund level in 2009 (when AIMS took over management of APW) to zero in 2013. External debt at the Fund level has remained at zero since that time.
  - (v) Over the past 5 years to 30 June 2018, the Fund's compound total return p.a. has significantly outperformed the S&P/ASX 200 A-REIT's compound total return index p.a. (22.1% for the Fund vs 12.0% for the index).
  - (vi) In June 2009, the Fund Unit price traded at a 72% discount to NTA. Since then the Responsible Entity has significantly reduced this gap to its current level of 24% (as at 7 November 2018).
  - (vii) The Responsible Entity, observing prudent, conservative and patient investment principles, has invested in a portfolio of assets that have not only provided a stable income stream but have demonstrated increases in capital value with further potential upside. This has been achieved in tandem with reducing the Fund's debt to zero in 2013 and not engaging in any capital raisings.
  - (viii) AIMS Capital, an associated company of the Responsible Entity, is the major Unitholder in the Fund. AIMS Capital did not receive any of its Units at a discount and has paid for each and every Unit at market prices. AIMS Capital believes in the future of the Fund. This underpins the fact that the Responsible Entity's interests are fully aligned with the interests of Unitholders.
- (b) **A wind up of the Fund may result in a loss of opportunity to realise development upside and value add potential from the Fund's underlying assets:**
- (i) A wind up of the Fund may forgo the opportunity to benefit from development upside in the Fund's underlying investments.
  - (ii) In addition to development upside, the Responsible Entity is of the view that some of the Fund's underlying assets have great value add potential, which would not be able to be realised, if the Fund is wound up.
- (c) **A wind up of the Fund may result in a fire sale and realisable value will be significantly less than expected:**
- (i) A wind up of the Fund will be public information and any disposals initiated by such a wind up would likely be treated by the market as a fire sale. This has the potential to significantly erode the realisable value of the Fund's assets and any profit.
  - (ii) A wind up of the Fund will prevent Unitholders sharing in potential gains that should be realised as the property market moves through its cycles. Winding up the Fund will prevent long term investors in the Fund from recovering the maximum potential return of their initial investment.
  - (iii) An immediate winding up of the Fund will result in additional transaction costs, reducing the proceeds available to Unitholders and the overall pool of funds available to be distributed to Unitholders.



- (iv) The costs of undertaking the process of winding up the Fund will be significant and will likely have a substantial impact on the funds available for final distributions to Unitholders.
  - (v) Whilst the Fund's investments are structured in a tax-effective manner, it is not possible to eliminate all adverse tax consequences arising from a forced-asset sale. The magnitude or nature of adverse tax consequences that may arise will be dependent upon how the assets, and the interests in those assets, are disposed.
  - (vi) An immediate winding up of the Fund may lead to adverse tax consequences to certain Unitholders (particularly those who have held their investments for less than 12 months). The immediate winding up of the Fund may also cause Unitholders to forfeit the benefit of any unrealised tax losses in the Fund (which would otherwise be an intangible asset for the benefit of Unitholders) and to forfeit any capital gains tax concessions which might be available if Unitholders held their Units for a longer period.
- (d) **Predatory and short-term profit seeking behaviour by a select group of Unitholders, at the expense of ALL other Unitholders:**
- (i) The Directors believe that STAM and its associates are seeking to realise a short term financial return by forcing the winding up of the Fund with the overall effect not being in the best interests of long-term Unitholders of the Fund.
  - (ii) The Directors believe STAM is seeking to force the Responsible Entity to sell the assets of the Fund in an attempt to obtain a short-term gain. A sudden and forced wind up prevents the opportunity for the Fund to continue through the market cycles and succeed in realising the expected benefits of the investment portfolio.
  - (iii) In January 2017, a similar resolution on behalf of STAM was put to investors, who overwhelmingly voted **AGAINST** the wind up. Since then:
    - (A) The Unit price has increased from \$1.44 (3 January 2017) to \$1.80 (7 November 2018). This return equates to a total of 25%;
    - (B) The Net Tangible Assets (NTA) per Unit of the Fund rose from \$2.03 (as at 31 December 2016) to \$2.37 (as at 30 June 2018). This represents a total return of 17%;
    - (C) The gap between Unit price and NTA closed from 29% in January 2017 to 24% (as at 7 November 2018). From when the Responsible Entity began management of the Fund in August 2009, this gap has closed from 72% (June 2009) to 24% (7 November 2018); and
    - (D) Distributions since January 2017 have amounted to 5.8 cents per Unit, which in dollar terms amount to approximately \$2.6 million.

ALL Unitholders would have missed out on this creation of value by the Responsible Entity if they had not voted **AGAINST** the previous resolution proposed by STAM.

**As such, the Directors believe that it is in the best interests of Unitholders to vote AGAINST the Resolution.**

### 3.6 Reasons to Vote FOR the Winding Up Resolution

Even though the Directors recommend that Unitholders vote **AGAINST** the Winding Up Resolution, some Unitholders may wish to vote in favour of the Winding Up Resolution for the following reasons:

- (a) Unitholders may believe that the net proceeds received from a wind up will exceed the net returns achieved from a continuing investment in the Fund.
- (b) Unitholders may prefer to receive the net proceeds of the wind up rather than sell their Units.

### 3.7 Consequence if the Winding Up Resolution is passed

If the Winding Up Resolution is passed by Unitholders of the Fund, AIMS as Responsible Entity of the Fund will be obliged to wind up the Fund in accordance with its Constitution and the Corporations Act. AIMS will be required to sell or realise the assets of the Fund. The proceeds from realisation, net of all liabilities of the Fund and costs and expenses of termination, will be distributed to the Fund's Unitholders in proportion to the number of Units they hold.

**A wind up does not guarantee a specific price in respect of the extinguishment of a Unitholder's interest in the Fund.** The net proceeds under a wind up may depend on market movements and the ability to sell illiquid assets where the Fund holds unlisted securities as part of its investment portfolio.

Due to the uncertainties associated with selling all of the Fund's assets (including the unlisted securities), AIMS as Responsible Entity cannot accurately determine how long it would take for Unitholders to receive their wind up proceeds. Pro rata distributions of net proceeds may be made progressively.

If the Winding Up Resolution is validly passed by the requisite majority, AIMS as Responsible Entity will consult with the ASX on a realisation strategy. It would be unlikely that trading in the Units will be suspended until nearer the time that Unitholders become entitled to final distribution of the net proceeds of realisation.

However, the ASX may suspend trading in the Units at an earlier time if the ASX formed the view that the Fund did not have sufficient operations for a listed entity as a result of distributions under the wind up.

## Section D – Glossary

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### 1. Definitions

The following definitions are used in the Notice of Meeting and the Explanatory Memorandum:

**AIMS** means AIMS Fund Management Limited ACN 004 956 558.

**AIMS Capital** means AIMS Capital Management Pty Limited ACN 106 188 916.

**APW** or the **Fund** means AIMS Property Securities Fund ARSN 111 442 150.

**ASX** means ASX Limited 008 624 691, or the market operated by it (as the context requires).

**Chairperson** means the chairperson appointed by the Responsible Entity in accordance with section 252S(1) of the Corporations Act to chair the Meeting.

**CDP** means The Central Depository (Pte) Limited.

**CDP Account Holder** means a person whose Securities Account is credited with Units and whose Units are registered in the name of CDP (or its nominee).

**Constitution** means the constitution of the Fund as amended, varied or replaced from time to time.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Corporations Regulations** means the *Corporations Regulations 2001* (Cth).

**Director** means a director of the Responsible Entity and **Directors** means the directors of the Responsible Entity who are George Wang, John Love and Richard Nott.

**Discount** means the discount between the trading price per Unit on the ASX and SGX and the underlying NTA value per unit as described in Section A of the Notice of Meeting.

**Explanatory Memorandum** means the explanatory memorandum set out in Section C of this document.

**General Meeting** or **Meeting** means the general meeting of Unitholders called under section 252A of the Corporations Act to be held on Friday 7 December 2018 pursuant to the Notice of Meeting.

**Listing Rules** means the listing rules of the ASX.

**Notice of Meeting** means the notice of General Meeting set out in Section B of this document.

**NTA** means the Fund's net tangible assets.

**Proxy Form** means the enclosed proxy form that a Unitholder may complete to vote on the Resolutions.

**Resolutions** means the Strategic Initiatives Resolution and the Winding Up Resolution set out in the Notice of Meeting to be considered by Unitholders at the General Meeting.

**Responsible Entity** means AIMS as responsible entity of the Fund.

**Securities Account** means the securities account maintained by a Singapore depositor with CDP but does not include a securities sub-account.

**Strategic Initiatives Resolution** means the resolution to direct the Responsible Entity to implement the Strategic Initiatives set out in the Notice of Meeting to be considered by Unitholders at the General Meeting.

**SGX** means the Singapore Exchange Securities Trading Limited or the market operated by it (as the context requires).

**STAM** means Samuel Terry Asset Management Pty Limited ACN 108 611 785.

**Strategic Initiatives** means the Strategic Initiatives described in the Notice of Meeting and section 2.3 of the Explanatory Memorandum.

**Unit** means a fully paid unit in the Fund.

**Unitholder** means a holder of a Unit.

**Voting Record Date** means the date that a person is recognised as a Unitholder for the purpose of determining a person's entitlement to vote on the Resolutions.

**Winding Up Resolution** means the resolution to direct the Responsible Entity to wind up the Fund set out in the Notice of Meeting to be considered by Unitholders at the General Meeting.

## 2. Interpretation

For the purposes of interpreting the Explanatory Memorandum and the Notice of Meeting:

- (a) The singular includes the plural and vice versa;
- (b) Words importing any gender include the other genders;
- (c) Reference to any statute, ordinance, regulation, rule or other law includes all regulations and other instruments and all considerations, amendments, re-enactments or replacements for the time being in force;
- (d) All headings, bold typing and italics (if any) have been inserted for convenience of reference only and do not define, limit or affect the meaning or interpretation of the Letter to Unitholders, the Explanatory Memorandum and the Notice of Meeting;
- (e) Reference to persons includes bodies corporate and government authorities and in each and every case, includes a reference to the person's executors, administrators, successors and substitutes (including without limitation persons taking by novation and assignment); and
- (f) Reference to **\$, A\$, Australian Dollars** or **Dollars** is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia.