



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

28 November 2018

**ASX & SGX Announcement**

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

**Re: Independent Director's Response**

Dear Unitholders,

You may have received some communication from other unitholders, which only paints a one sided picture. As such and in the best interests of all unitholders, the independent directors have prepared the attached response to the communication, in an effort to provide all unitholders with an alternative view of the points raised and shed more light on the motivations behind such communication.

AIMS Fund Management Limited (**AIMS**) the responsible entity of AIMS Property Securities Fund (**Fund**), wishes to take this opportunity to remind all unitholders that there are two meetings of unitholders, to be held in December 2018:

**Meeting 1 – Friday, 7 December 2018 (Organised by the Responsible Entity)**

The independent directors, strongly recommend that unitholders:

Vote **FOR** the first resolution on the strategic initiatives.

Vote **AGAINST** the second resolution to wind up the Fund.

**Meeting 2 – Monday, 10 December 2018 (Organised by other unitholders)**

The independent directors, strongly recommend that unitholders:

Vote **AGAINST** the resolution to wind up the Fund.

For your review and consideration, please find attached the independent director's response.

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**

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**Australia | China | Singapore | Hong Kong**

# IMPORTANT



*STOP SAMUEL TERRY & SANDON*

*FROM TAKING ADVANTAGE OF ALL UNITHOLDERS*

*FOR THEIR OWN SHORT-TERM GOALS*

**New Market Update From  
Independent Directors**

Dear fellow unitholders,

We write to you in light of recent communications that have been released to market. As you may know, Samuel Terry Asset Management (Samuel Terry), in conjunction with Sandon Capital Pty Ltd (Sandon) have called a meeting of unitholders to consider a resolution to wind up the AIMS Property Securities Fund (APW or Fund).

Throughout their communications, they have made some claims about the Fund and AIMS Fund Management Limited (the Responsible Entity of the Fund). As we care about all our unitholders' interests, we thought it best to clarify these claims and fill in some gaps that may have not been mentioned, so as to give all unitholders a more balanced view, to assist in making their decision on the resolutions presented at the upcoming meetings.

We wish to remind unitholders that there are two meetings to be held and our recommendations remain as follows:

**Meeting 1 – Friday, 7 December 2018 (Organised by the Responsible Entity)**

Vote **FOR** the first resolution on the strategic initiatives.

Vote **AGAINST** the second resolution to wind up the Fund.

**Meeting 2 – Monday, 10 December 2018 (Organised by Samuel Terry & Sandon)**

Vote **AGAINST** the resolution to wind up the Fund.

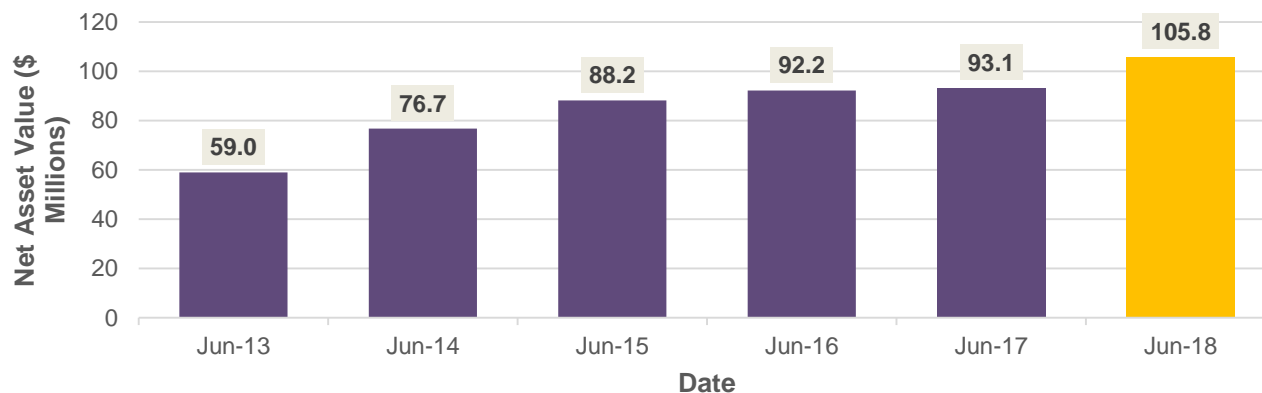
Yours sincerely,

Richard Nott & John Love  
Independent Directors

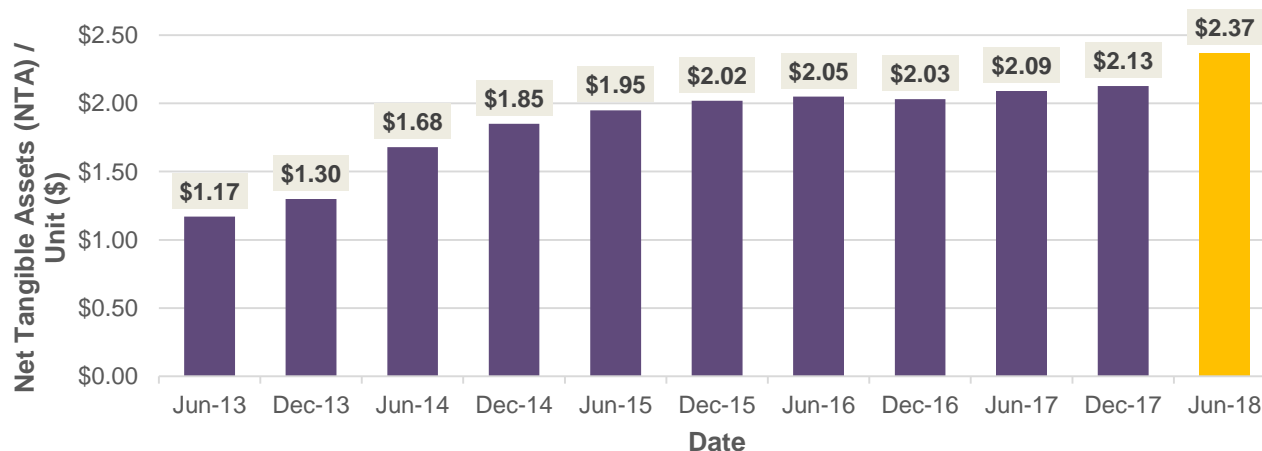
# WHY ONLY MENTION THE DISCOUNT TO NTA BUT AVOID APW'S GREAT GROWTH IN NET ASSETS?



Samuel Terry only mentions the discount to NTA but avoids to mention the facts about the huge growth of NAV and NTA of APW. **The recent material sent to unitholders neglects to outline the outstanding performance of the Responsible Entity. Here are some quick snapshots of that performance.**



↑  
**Net Asset Value (NAV)**  
 increased by  
**79%**  
 since 2013\*



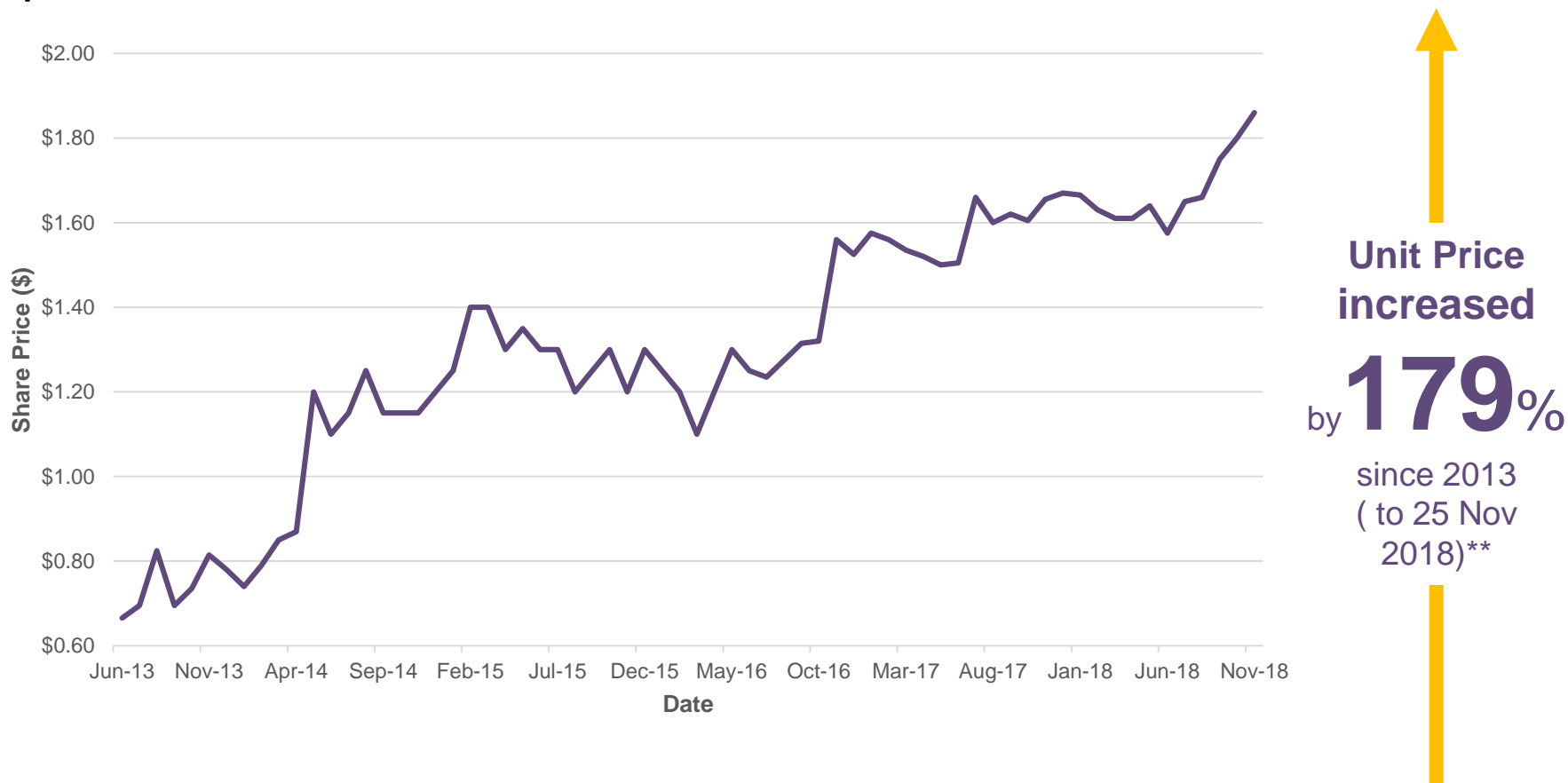
↑  
**Net Tangible Asset per Unit (NTA)**  
 increased by  
**103%**  
 since 2013\*

\*Past performance is not a reliable indicator of future performance

# WHY ONLY MENTION THE DISCOUNT TO NTA BUT AVOID APW'S GREAT GROWTH IN UNIT PRICE?



Samuel Terry only mentions the discount to NTA but avoids to mention the facts about the huge growth in the unit price of APW. **The recent material sent to unitholders neglects to outline the outstanding performance of the Responsible Entity. Below is the exceptional unit price performance since June 2013.**



\*Past performance is not a reliable indicator of future performance

As can be seen from the table below, there would have been a significant loss of value, if unitholders had voted to wind up the Fund in the previous wind up attempts.

It is important for unitholders to assess this information, before deciding on how to vote in the upcoming meetings.

Description	30 June 2012	First Wind Up Attempt July 2013 <sup>1</sup>	Second Wind Up Attempt December 2016 <sup>2</sup>	Third Wind Up Attempt October 2018 <sup>3</sup>
Debt At The Fund Level (\$'m)	7.8	0	0	0
Net Asset Value (\$'m)	52.8	59.5	92.2	105.8
NAV Increase (Since 2012)	-	12.7%	74.7%	100.4%
Market Capitalisation (\$'m)	22.8	33.9	58.6	83.0
Market Cap Increase (Since 2012)	-	48.9%	157.5%	264.5%
Discount (Market Cap To NAV)	56.9%	43.0%	36.4%	21.6%

**Notes:**

<sup>1</sup> Net Asset Value and Market Capitalisation are as at 30 June 2013.

<sup>2</sup> Net Asset Value and Market Capitalisation are as at 30 June 2016.

<sup>3</sup> Net Asset Value is at 30 June 2018 and Market Capitalisation are as at 26 November 2018.

\*Past performance is not a reliable indicator of future performance

The key to APW's success is for the underlying Net Asset Value (NAV) to grow strongly.

If unitholders wind up now, they will lose the potential for outstanding growth in the future. For example,

**if APW was wound up in July 2013,  
unitholders miss out on \$46.3m of NAV**  
(as at 30 June 2018 / \$105.8m - \$59.5m = \$46.3m)

**Protect APW's future growth by voting AGAINST the wind up.**

\*Past performance is not a reliable indicator of future performance

Some of APW's investments made purchases recently, such as:

- a) AIMS Property Fund (Laverton); and
- b) AIMS Property Fund (Felix St),

which only bought real estate assets in 2015. Real estate investment is long-term, with realisable value usually taking 7 – 10 years to achieve. A quick sale typically results in a huge loss for investors.

# IF APW IS WOUND UP UNITHOLDERS MAY SUFFER HUGE LOSSES

If APW is wound up and a fire sale of these investments occurs, then:

- a) APW's unitholders may stand to lose a lot of money, as these assets may be selling into a downturn of the commercial real estate market; and
- b) They have not been given the appropriate time-frame to realise their full potential.



**Always buying more of APW.  
Always claiming APW underperforms.**

# WHY?

APW is publicly listed. Samuel Terry bought at a low price. They are free to sell on the open market, at a good profit. WHY do they want to destroy most of our unitholder's interests by winding up APW?

**Samuel Terry Asset Management will try to make a huge fee\* in the short term, to take advantage of our long-term unitholders, for their short-term benefit. Please note, Samuel Terry makes a large management fee, which is as follows:**

- **20% performance fee above 3.5% (2.0% above cash rate); and**
- **1.5% p.a. ongoing funds management fee.**

**In comparison, the Manager of APW's fund management and performance fees are zero.**

\* Based on Samuel Terry Asset Management's Information Memorandum.

# PUBLICLY LISTED (APW) – INVESTORS ARE FREE TO BUY/SELL

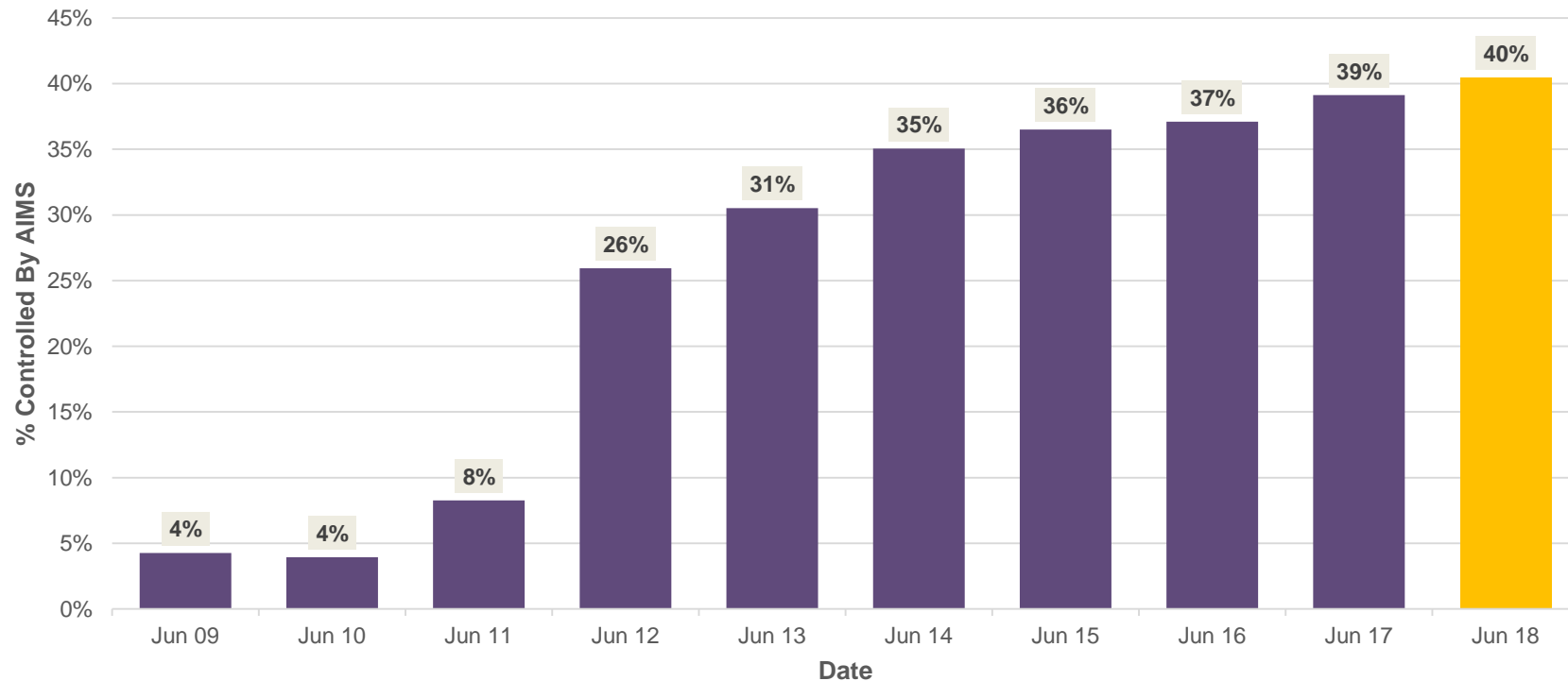


When AIMS took over MacarthurCook in late 2009, AIMS has continued to buy more of APW on market, as all other unitholders. Today, AIMS owns and controls over 40% of the total units in APW. AIMS is aligned with all other unitholders and like all other unitholders has continued to enjoy APW's great performance and return.

Samuel Terry and Sandon are capable of exiting their investment on market.

**WHY** would they wind up APW and take advantage of all other unitholders?

They are trying to take advantage of our unitholders long-term benefits for their own short-term goals.



\* The figures in the graph above, do not include units held by the Independent Directors.

# PERFORMANCE – NET ASSET VALUE INCREASED BY 79%

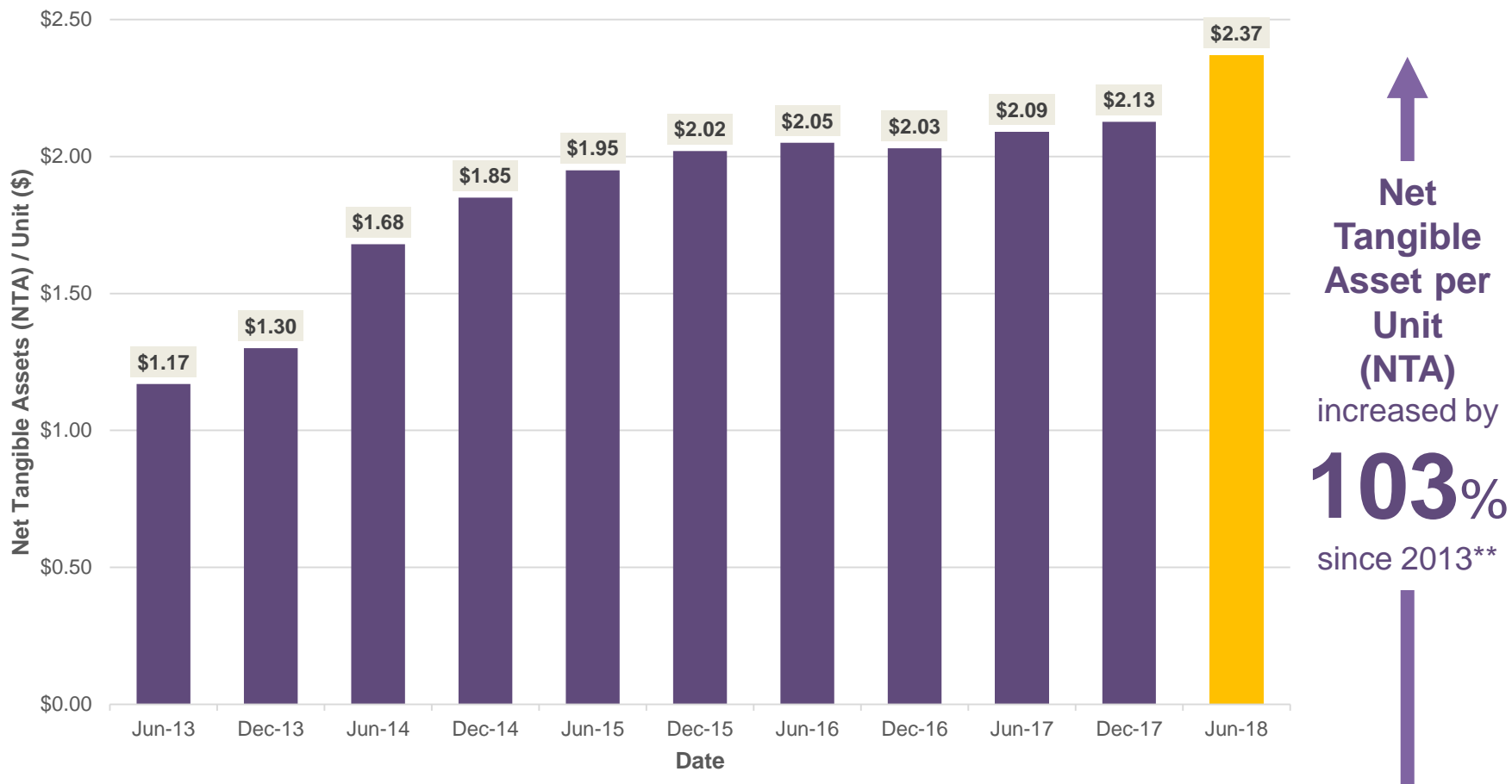


- ▶ Net Asset Value has grown strongly from \$59m (as at 30 June 2013) to \$106m (as at 30 June 2018), representing an annual growth of 12.4% (total increase of 79%)\*. The fund has been debt free since 2013.



\*Past performance is not a reliable indicator of future performance

# PERFORMANCE – NET TANGIBLE ASSET (NTA) PER UNIT INCREASED BY 103%



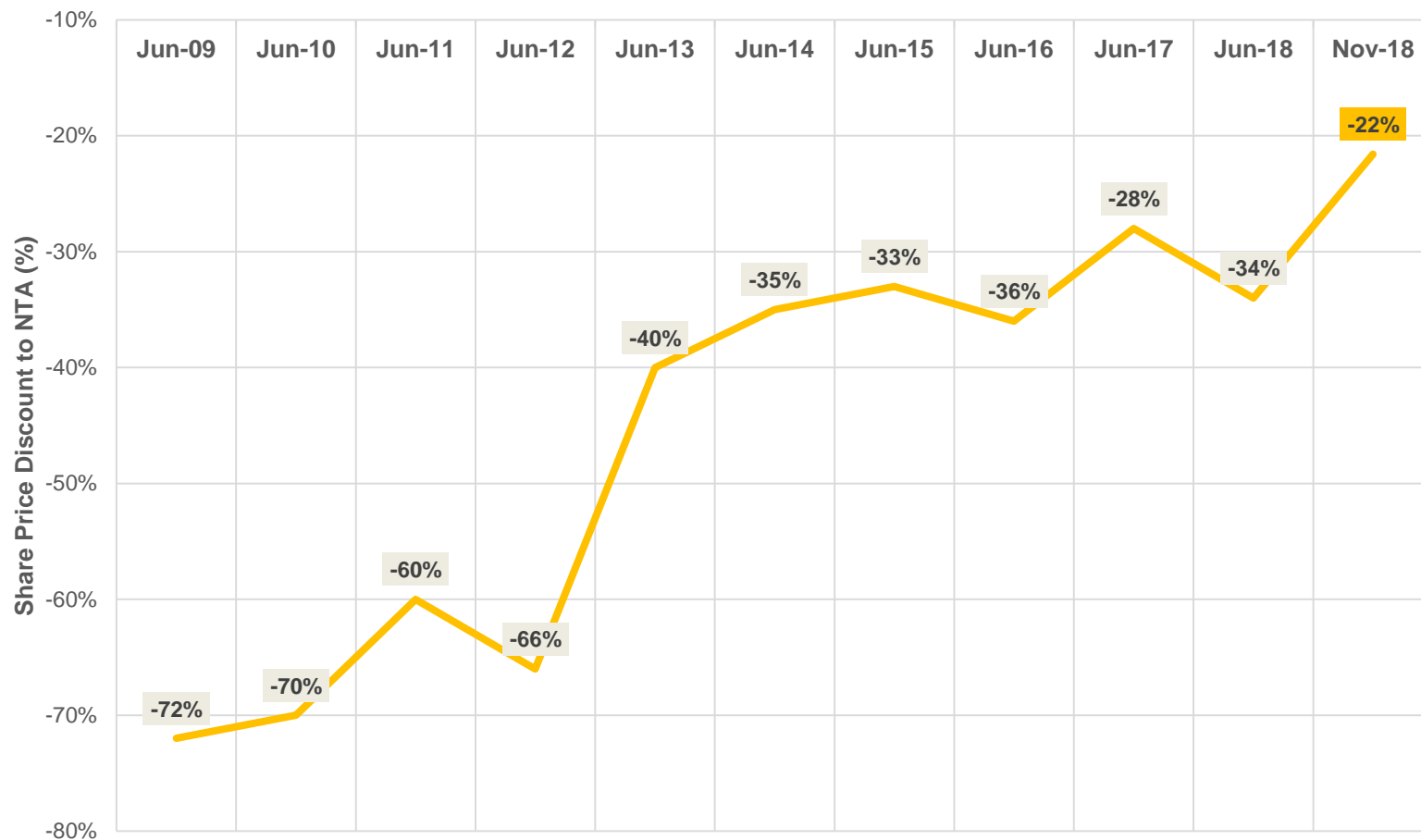
\* The NTAs have been adjusted for unit consolidation.

\*\* Past performance is not a reliable indicator of future performance.

# PERFORMANCE – UNIT PRICE DISCOUNT TO NTA REDUCED FROM 72% TO 22%

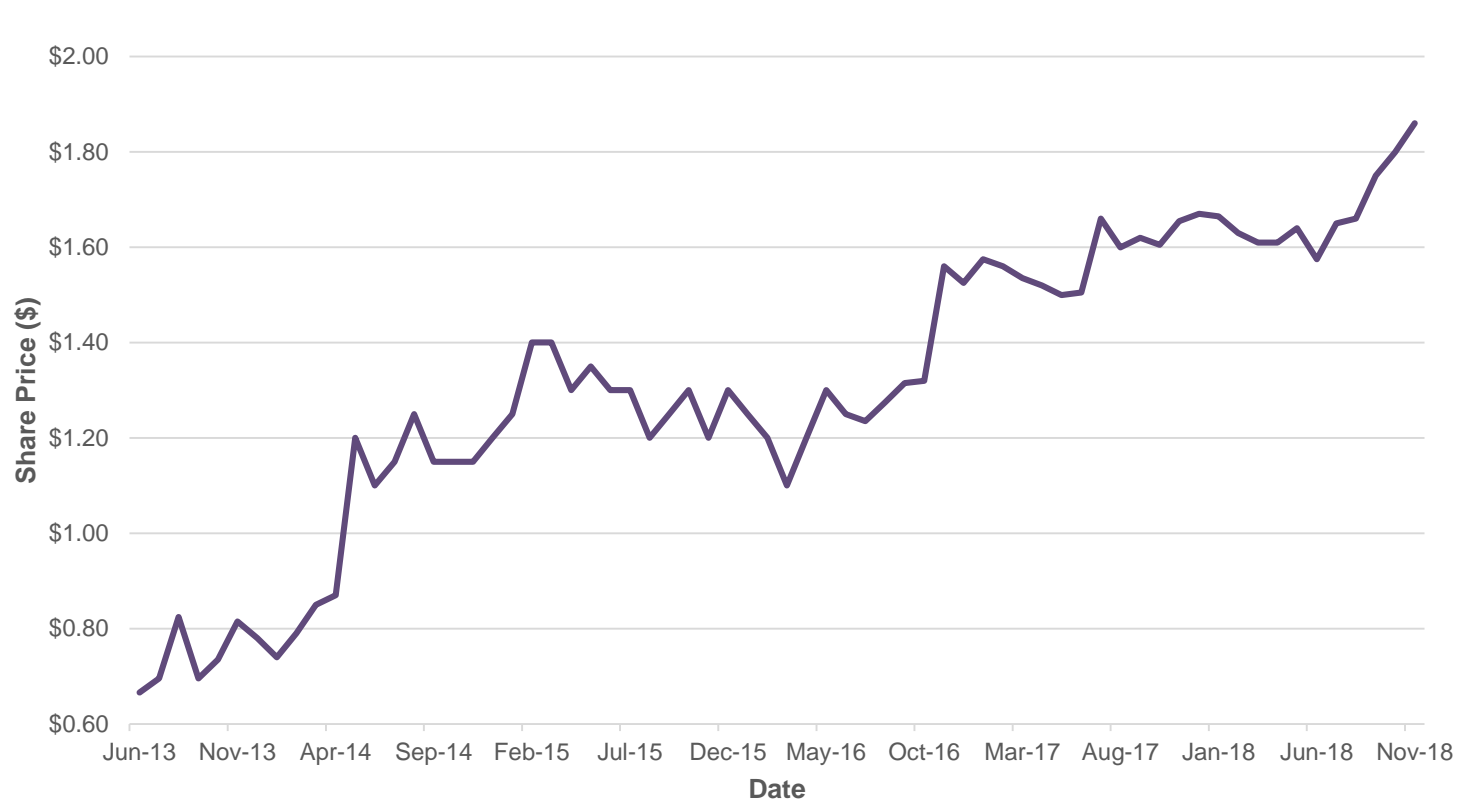


- ▶ Reduced share price discount to Net Tangible Asset (NTA) from 72% in June 2009 to 22% (as at 25 November 2018)\*.



\* Past performance is not a reliable indicator of future performance.

# PERFORMANCE – UNIT PRICE INCREASED BY 170%



Unit Price increased by **179%** since 2013 (to 25 Nov 2018)\*\*

\* Historical share prices have been adjusted for unit consolidation.  
\*\* Past performance is not a reliable indicator of future performance.

# WHY ONLY MENTION THE PRICE TO NTA BUT AVOID APW'S GREAT TRUE PERFORMANCE AGAINST THE S&P/ASX INDEX?



Samuel Terry compares APW's price to NTA but avoids to mention the facts about the true performance of APW. **The recent material sent to unitholders neglects to outline the outstanding performance of the Responsible Entity. Below is APW's performance against the S&P/ASX 200 A-REIT Index total return.**



\* The figures are annualised, based on the assumptions that distributions were reinvested and rights issues were fully taken-up (as at 30 June 2018). Past performance is not a reliable indicator of future performance.

**We urge long-term investors not to give in to these short-term activists.**

**The Independent Director's recommend:**

**Meeting 1 – Friday, 7 December 2018 (Organised by the Responsible Entity)**

Vote **FOR** the first resolution on the strategic initiatives.

Vote **AGAINST** the second resolution to wind up the Fund.

**Meeting 2 – Monday, 10 December 2018 (Organised by Samuel Terry & Sandon)**

Vote **AGAINST** the resolution to wind up the Fund.