

18 August 2022

**ASX & SGX-ST Announcement**

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

**Re: Target's Statement & Independent Expert's Report**

Dear Unitholders,

The Independent Directors of AIMS Fund Management Limited (**AIMS**) as the Responsible Entity (**RE**) of AIMS Property Securities Fund (**Fund**) wish to announce the release of the following documents:

1. Target's Statement; and
2. Independent Expert's Report.

If you have any queries in relation to this announcement, please feel free to 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

# TARGET'S STATEMENT

issued by

## AIMS Fund Management Limited

ACN 004 956 558  
as responsible entity of

## AIMS Property Securities Fund

(ASX: APW | SGX-ST: BVP)

in response to the all-cash Offer for some or all of your Units by

## AIMS Investment Group Holdings Pty Ltd

ACN 602 817 809

Mr George Wang, Executive Chairman of the Responsible Entity, has abstained from making a recommendation in relation to the Offer on the basis that he has material personal interest in the outcome of the Offer<sup>1</sup>.

The Independent Directors have considered the Independent Expert's opinion and recommend that you **REJECT** the Offer from the Bidder. To reject the Offer, you do not need to take any action.

Before making a decision, the Independent Directors encourage Unitholders to read this Target's Statement and the Independent Expert's Report carefully and to seek any necessary professional advice.

**THE INDEPENDENT EXPERT IS OF THE OPINION THAT THE OFFER IS  
NEITHER FAIR NOR REASONABLE TO NON-ASSOCIATED  
UNITHOLDERS**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU HAVE ANY QUESTIONS IN RELATION TO THIS DOCUMENT OR WHETHER YOU SHOULD ACCEPT THE OFFER CONTAINED WITHIN IT, PLEASE CONTACT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.**

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<sup>1</sup> Mr George Wang, Executive Chairman of the Responsible Entity, has a material personal interest in the outcome of the Offer because he has a Relevant Interest in approximately 43.17% of the Units and because he, when considered together with his Associates, owns and controls the Responsible Entity.

## Important Information

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### Important dates

Event	Date
Target's Statement lodged with ASIC	18 August 2022
Register Date	7pm on Thursday, 21 July 2022
Date of the Offer	10 August 2022
Close of the Offer (unless extended or withdrawn)	7.30pm (Sydney time) / 5.30pm (Singapore time) on Monday, 12 September 2022

### Target's Statement

This Target's Statement has been issued by AIMS Fund Management Limited ACN 004 956 558 as responsible entity (**Responsible Entity**) of AIMS Property Securities Fund (ASX: APW | SGX-ST: BVP) (**APW**) under Part 6.5 of the Corporations Act in response to the all-cash off-market takeover bid made by AIMS Investment Group Holdings Pty Ltd ACN 602 817 809<sup>2</sup> (**Bidder**) for some or all of the Units that the Bidder does not already own (**Offer**). The Offer is set out in the Bidder's Statement which is dated and was served on the Target on Thursday, 21 July 2022.

### ASIC and ASX disclaimer

A copy of this Target's Statement has been lodged with ASIC and given to the ASX. Neither ASIC nor the ASX, nor any of their respective officers, take any responsibility for the contents of this Target's Statement.

### Defined terms and interpretation

Unless defined in the body of this Target's Statement, capitalised terms used in this Target's Statement are defined in Section 7. The rules of interpretation that apply to this Target's Statement are also set out in Section 7.

### No account of personal circumstances

The Directors strongly encourage you to read this Target's Statement and the Bidder's Statement carefully and in full and seek independent advice if you have any questions in relation the Offer. The information contained in this Target's Statement does not constitute personal advice. In preparing this Target's Statement, the Responsible Entity has not taken into account your individual investment objectives, financial situation or particular needs. This Target's Statement does not contain personal, legal, financial or taxation advice. You may wish to seek your own independent legal, financial, taxation or other professional advice before making a decision as to whether to accept the Offer for your Units.

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<sup>2</sup> The Bidder is a wholly-owned subsidiary of Great World Financial Group as trustee for the AIMS Discretionary Trust. Mr George Wang, Executive Chairman of the Responsible Entity, owns and controls Great World Financial Group and is also a beneficiary of the AIMS Discretionary Trust. The principal activities of the Bidder are those of a diversified investment entity.

## **Forward-looking statements**

This Target's Statement contains forward-looking statements, including statements of current intention or expectation. All statements other than statements of historical fact are by definition likely to be forward-looking statements. You should be aware that such statements are predictions and are subject to inherent risks and uncertainties, many of which are beyond the control of the Responsible Entity.

Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement. None of the Responsible Entity (or any of its officers), any person named in this Target's Statement with their consent, or any person involved in the preparation of this Target's Statement makes any representation or warranty (whether express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any such forward-looking statements.

## **Foreign jurisdictions**

The release, publication or distribution of this Target's Statement in jurisdictions outside of Australia may be restricted by law. Accordingly, persons outside of Australia who come into possession of this Target's Statement should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws or regulations.

## **Independent Expert's opinion and Independent Expert's Report**

PricewaterhouseCoopers Securities Limited ACN 003 311 617 (**Independent Expert**) is of the opinion that the Offer is **NEITHER FAIR NOR REASONABLE** to non-Associated Unitholders. The basis for, and the assumptions underpinning, the Independent Expert's opinion in relation to the Offer are set out in the report of the Independent Expert dated 17 August 2022 (**Independent Expert's Report**).

The Independent Expert's Report has been prepared by the Independent Expert for the purposes of this Target's Statement. Neither the Responsible Entity, nor any of its officers, employees or advisers assumes any responsibility for the accuracy or completeness of the Independent Expert's Report.

A copy of the Independent Expert's Report accompanies this Target's Statement.

## **Disclaimer as to information about the Bidder**

The information on the Bidder and Great World Financial Group contained in this Target's Statement has been prepared by the Responsible Entity using publicly available information and limited information made available to the Responsible Entity by the Bidder.

Information contained in this Target's Statement concerning the Bidder and Great World Financial Group has not been verified by the Responsible Entity. Accordingly, the Responsible Entity does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of any such information.

Further information relating to the Bidder and Great World Financial Group is included in the Bidder's Statement.

## **Privacy**

The Responsible Entity has collected your information from the Registry for the purpose of providing you with this Target's Statement. Such information may include the name, contact details and holdings of Unitholders and the names of persons appointed to act as proxy, attorney or corporate representative of Unitholders. Without this information, the Responsible Entity would be hindered in its ability to issue this Target's Statement.

The Corporations Act requires the name and address of Unitholders to be held in a public register. Personal information of the type described above may be disclosed on a confidential basis to the Responsible Entity and its Related Bodies Corporate, other Unitholders and external service providers (including the Registry), and may be required to be disclosed to regulators, such as ASIC.

If you would like details of information about you, held by the Responsible Entity, please contact us as set out below.

## **Diagrams**

Diagrams (if any) appearing in this Target's Statement are illustrative only and may not be drawn to scale.

## **Rounding**

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Target's Statement.

## **Further information**

If you have any queries in relation to the Offer, please call Claud Chaaya, Company Secretary of the Responsible Entity on +61 2 9217 2727 during business hours (Sydney time).

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## Letter from Independent Directors

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Dear Unitholder,

On 23 June 2022, the Bidder notified the Responsible Entity of its intention to make an all-cash off-market takeover offer for some or all of the Units that the Bidder does not already own.

The Bidder is offering you A\$1.25 (which is equivalent to approximately S\$1.215 based on the Australian dollar/Singapore dollar exchange rate of 0.9720 as at noon on 12 August 2022<sup>3</sup>) per Unit (**Offer Price**) for each Unit that you own.

The Offer is subject to a number of Conditions as set out in the Bidder's Statement. Please see Section 10.3 of the Bidder's Statement for further detail in relation to the Conditions the Offer is subject to.

This Target's Statement sets out the Responsible Entity's formal response to the Offer.

**Mr George Wang, Executive Chairman of the Responsible Entity, has abstained from making a recommendation in relation to the Offer on the basis that he has material personal interest in the outcome of the Offer.**

**The Independent Directors have considered the Independent Expert's opinion and recommend that you REJECT the Offer from the Bidder. To reject the Offer from the Bidder, you do not need to take any action.**

**Before making a decision, the Independent Directors encourage Unitholders to read this Target's Statement and the Independent Expert's Report carefully and to seek any necessary professional advice.**

Unitholders should be aware that:

- (a) the Bidder is a wholly-owned subsidiary of Great World Financial Group Holdings Pty Ltd ACN 108 783 240 (**Great World Financial Group**) as trustee for the AIMS Discretionary Trust;
- (b) Mr George Wang, Executive Chairman of the Responsible Entity, ultimately owns and controls Great World Financial Group and is a beneficiary of the AIMS Discretionary Trust; and
- (c) Mr George Wang has a material personal interest in the outcome of the Offer because he:
  - (i) has a "**Relevant Interest**" (as that term is defined in section 608 of the Corporations Act) in a total of approximately 43.17% of the Units; and
  - (ii) when considered together with his "**Associates**" (as that term is defined in sections 11 to 17 of the Corporations Act), owns the Responsible Entity.

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<sup>3</sup> Unitholders on SGX-ST should note that the amount actually received in Singaporean dollars for your Units may, as a result of exchange rate fluctuations, differ from this Offer.



It is also important to note that the Independent Expert (which was commissioned by the Responsible Entity as required by section 640(1)(c) of the Corporations Act<sup>4</sup>) is of the opinion that the Offer is **NEITHER FAIR NOR REASONABLE** to non-Associated<sup>5</sup> Unitholders. The reasons for the Independent Expert's opinion in relation to the Offer, which are set out in full in Section 5 of the Independent Expert's Report (a copy of which accompanies this Target's Statement), include:

- The Offer Price is at a significant discount to the NTA per Unit and relative to precedent transactions;
- There is potential for a superior proposal in relation to APW to emerge;
- The Offer Price per Unit may be considered to be inadequate by Non-Associated Unitholders;
- Unitholders who accept the Offer will be unable to participate in any future growth of APW; and
- The taxation implications of the Offer may not be suitable to individual Unitholders' financial circumstances or position.

The potential reasons for accepting the Offer (which the Independent Directors do not recommend) included in Section 2.5 (and in the Section of the Bidder's Statement titled "Why you should accept the Offer") should be considered against the potential reasons for not accepting the Offer included in Section 2.6 and after having regard to the risks and uncertainties that you, as a Unitholder, are currently (and/or will on completion of the Offer be) exposed to.

In addition, and when deciding what to do in relation to the Offer, the Responsible Entity encourages Unitholders to have regard to the potential implications that may arise as a result of the recently announced request by a number of Unitholders for the Responsible Entity to call and hold a meeting of Unitholders to consider and vote on the winding up of APW in accordance with section 601NB of the Corporations Act. In particular, Unitholders should be aware that:

- if they reject the Offer and Unitholders subsequently approve the resolution in relation to the winding up of APW, there is a risk that those Unitholders who rejected the Offer will receive less per Unit on the conclusion of the winding up than they would have received had they accepted the Offer; and/or
- if they accept the Offer and Unitholders subsequently approve the resolution in relation to the winding up of APW, there is a risk that those Unitholders who accepted the Offer would have received more per Unit on conclusion of the winding up than they would have received had they rejected the Offer.

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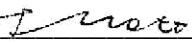
<sup>4</sup> Section 640(1)(c) of the Corporations Act requires the Responsible Entity to commission (and include with this Target's Statement) a report from an appropriately qualified independent expert because Mr George Wang is both a director of the Responsible Entity and a director of the Bidder.

<sup>5</sup> In this context, a non-Associated Unitholder is a Unitholder other than the Bidder and/or any other Unitholder that is an Associate of the Bidder. The Relevant Interest of the Bidder is set out in Section 1 and elsewhere in this Target's Statement.

For further information in relation to the winding up request, please refer to the announcement dated 7 July 2022 made by the Responsible Entity on behalf of APW. This announcement is available on the market announcements platform of ASX and SGX-ST. Meeting documents in relation to the winding up request have been sent by the Responsible Entity to all Unitholders. The Responsible Entity currently expects that it will recommend that Unitholders vote against the winding up resolution.

If you wish to **accept** the Offer, you will need to follow the instructions set out in Sections 10.6 or 10.7 (i.e. depending on how you legally hold your Units) of the Bidder's Statement. If you wish to **reject** the Offer, you need not take any action. The Responsible Entity will update Unitholders of any material developments in relation to the Offer via notices sent to all Unitholders and/or uploaded on the market announcements platform of ASX and SGX-ST<sup>6</sup>.

Yours sincerely,

  
 Richard Nott  
**Non-Executive Independent Director**  
**AIMS Fund Management Limited**

  
 John Love  
**Non-Executive Independent Director**  
**AIMS Fund Management Limited**

<sup>6</sup> If you are a CDP Securities Account holder with CDP's Direct Crediting Service, the Currency Conversion Service of the CDP (**CCY**) is automatically provided. If you have not unsubscribed from the CCY, payments to you will be in Singaporean dollars based on the exchange rate as determined by CDP's partner bank. If you wish to receive the Offer Price in Australian dollars, you must unsubscribe from the CCY at least 3 business days (Singapore time) before the payment date of the Offer Price. As noted elsewhere in this Target's Statement, Unitholders who hold their Units on SGX-ST should pay close attention to the currency conversion (and related) information in Sections 10.7, 10.8 and 10.9 of the Bidder's Statement as well as in the cover note to the Bidder's Statement as lodged with ASX and SGX-ST on 10 August 2022.

## 1. Questions and Answers

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The table below seeks to answer some of the more commonly asked questions the Responsible Entity anticipates that Unitholders might have about the Offer. It is not intended to address all relevant issues for Unitholders. This Section should be read together with the rest of this Target's Statement.

<b>What is the Offer?</b>	<p>The Bidder is offering to buy some or all of your Units by way of an off-market takeover offer at the Offer Price of A\$1.25 (equivalent to approximately S\$1.215<sup>7</sup>) per Unit.</p> <p>The Offer is being conducted under and in accordance with the takeover (and related procedural) provisions of the Corporations Act.</p>
<b>Who is the Offer being made to?</b>	<p>The Offer will be made by the Bidder to each person who is registered as a holder of Units as at 7pm (Sydney time) on the Register Date.</p>
<b>Who is the Bidder?</b>	<p>The Bidder is AIMS Investment Group Holdings Pty Ltd ACN 602 817 809. The Bidder is wholly-owned by Great World Financial Group as trustee for the AIMS Discretionary Trust.</p> <p>Mr George Wang, Executive Chairman of the Responsible Entity, ultimately owns and controls Great World Financial Group and is also a beneficiary of the AIMS Discretionary Trust<sup>8</sup>.</p> <p>As at the date of this Target's Statement, the Bidder holds approximately 13.72% of the Units (directly) and has, when considered together with its Associates, a Relevant Interest in a total of approximately 43.17% of the Units.</p> <p>For further information in relation to the Bidder (and Great World Financial Group), please refer to the previous Section of this Target's Statement as well as Section 2 of the Bidder's Statement.</p>
<b>What is the Bidder's Statement?</b>	<p>The Bidder's Statement is the document that Chapter 6 of the Corporations Act requires the Bidder to prepare and send to Unitholders. The Bidder's Statement contains and sets out the terms &amp; conditions of the Offer.</p>

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<sup>7</sup> This "indicative" Singapore dollar Offer price is based on the prevailing exchange rate of 0.9720 at noon on 12 August 2022. Unitholders on SGX-ST should note that the amount actually received in Singaporean dollars for your Units may differ due to exchange rate fluctuations.

<sup>8</sup> Accordingly, Mr George Wang has a material personal interest in the outcome of the Offer because he has a Relevant interest in approximately 43.17% of the Units and because he, when considered together with his Associates, owns and controls the Responsible Entity.

<p><b>What is the Target's Statement?</b></p>	<p>This Target's Statement is the document that Chapter 6 of the Corporations Act requires the Responsible Entity to prepare and send to Unitholders. This Target's Statement contains the Responsible Entity's response to the Offer.</p>
<p><b>What choices do I have as a Unitholder?</b></p>	<p>As a Unitholder, you can:</p> <ul style="list-style-type: none"> <li>• accept the Offer in relation to some or all of your Units;</li> <li>• sell your Units to a third party (unless you have previously accepted the Offer in relation to those Units); or</li> <li>• do nothing.</li> </ul> <p>When deciding what to do in relation to the Offer, you should carefully consider the important considerations set out in this Target's Statement and seek independent professional advice to the extent you deem necessary.</p>
<p><b>What is the recommendation of the Directors?</b></p>	<p>Mr George Wang, Executive Chairman of the Responsible Entity, has abstained from making a recommendation in relation to the Offer on the basis that he has material personal interest in the outcome of the Offer.</p> <p>The Independent Directors have considered the Independent Expert's opinion and recommend that you <b>REJECT</b> the Offer and have decided to do the same in relation to the Units that they have a Relevant Interest in.</p> <p>If there is a change in this stance or any material developments in relation to the Offer (or to the Bidder's prospects), the Responsible Entity will lodge a supplementary Target's Statement with ASIC.</p>
<p><b>How should Unitholders make a decision in relation to the Offer?</b></p>	<p>The Independent Directors encourage all Unitholders to carefully consider the merits of the Offer by:</p> <ul style="list-style-type: none"> <li>• closely reviewing this Target's Statement, the Independent Expert's Report and the Bidder's Statement; and/or</li> <li>• seeking, as soon as possible, any legal, financial, taxation or other professional advice deemed necessary.</li> </ul> <p>Unitholders should note however that the Independent Expert is of the opinion that the Offer is <b>NEITHER FAIR NOR REASONABLE</b>.</p> <p>The Independent Expert's Report accompanies this Target's Statement.</p>

<p><b>How do I accept the Offer?</b></p>	<p>Details of how to accept the Offer are set out in Section 10.6 of the Bidder's Statement for Unitholders who hold their Units on the issuer sponsored subregister in Australia or in CHESS<sup>9</sup> and in Section 10.7 for Unitholders who hold their Units via SGX-ST.</p> <p>Unitholders who hold their Units on SGX-ST should pay close attention to the currency conversion (and related) information in Sections 10.7, 10.8 and 10.9 of the Bidder's Statement as well as in the cover note to the Bidder's Statement as lodged with ASX on 10 August 2022.</p>
<p><b>How do I reject the Offer?</b></p>	<p>If you decide to reject the Offer in respect of your Units, no action is required.</p>
<p><b>What do the Directors intend to do with their Units?</b></p>	<p>The Independent Directors intend to reject the Offer in relation to the Units that they hold.</p> <p>Please see Section 2.9 for further detail.</p>
<p><b>If I accept the Offer, can I later withdraw my acceptance?</b></p>	<p>Under the terms of the Offer, you cannot withdraw your acceptance unless a "withdrawal right" arises under the Corporations Act. Such a withdrawal right will arise if, after you have accepted the Offer, the Bidder varies the Offer in a way that postpones for more than one month the time by which the Bidder must satisfy its obligations under the Offer (for example, if the Bidder extends the Offer Period by more than one month while the Offer remains Conditional).</p>
<p><b>What happens if I don't accept the Offer?</b></p>	<p>If you do not accept the Offer your Unitholding will remain unchanged. However, Unitholders on SGX-ST should note that the Bidder intends to recommend to the Board of the Responsible Entity to delist APW from SGX-ST (which, if this occurs, will potentially make it more difficult and/or more costly for you to sell your Units).</p>
<p><b>What happens if the Offer Price is increased?</b></p>	<p>If the Offer Price is increased by the Bidder after you have accepted the Offer, you will be entitled to the improved Offer Price in relation to each Unit you sell to the Bidder.</p>
<p><b>Can I sell my Units prior to the closing date of the Offer?</b></p>	<p>You can sell your Units at any time before the end of the Offer Period. Any person who, during the Offer Period, is able to give "good title" (i.e. in accordance with section 653B of the Corporations Act) to a parcel of Units, may accept the Offer as if an offer on terms identical to the Offer had been made to that person in relation to those Units.</p>

<sup>9</sup> "CHESS" is the Clearing House Electronic Subregister System.

<p><b>Can I be forced to sell my Units?</b></p>	<p>You cannot be forced to sell your Units unless the Bidder acquires a Relevant Interest in 90% or more of the Units and decides to implement the compulsory acquisition procedure in the Corporations Act in relation to your Units.</p> <p>Regardless, the Responsible Entity understands that the Bidder has no current intention of implementing this compulsory acquisition procedure even if it acquires a Relevant Interest in 90% or more of the Units.</p>
<p><b>When do I have to decide by?</b></p>	<p>If you wish to accept the Offer, you need to do so before the scheduled closing time and date of 7.30pm (Sydney time) (which is 5.30pm, Singapore time) on 12 September 2022.</p> <p>It is possible that the Bidder may decide to extend the Offer Period in accordance with the relevant offer variation provisions of the Corporations Act.</p> <p>However, the Bidder cannot close the Offer earlier than the closing date noted above except in accordance with the Corporations Act.</p>
<p><b>If I accept the Offer, when will I be paid?</b></p>	<p>If you accept the Offer, and provided the Offer has become unconditional, you will be paid the Offer Price for each Unit sold to the Bidder on the earlier of:</p> <ul style="list-style-type: none"> <li>• one month after the date you accept the Offer; and</li> <li>• 21 days after the end of the Offer Period.</li> </ul> <p>However, there are certain exceptions to the above timetable for payment.</p>
<p><b>Can I accept the Offer for part of my Unitholding?</b></p>	<p>You may accept the Offer for some or all of your Units.</p>
<p><b>How will I know when the Offer is unconditional?</b></p>	<p>The Bidder is required to advise the Responsible Entity if the Conditions to the Offer have been satisfied (or waived).</p> <p>All notices from the Bidder will be sent to Unitholders in accordance with the requirements of the Corporations Act.</p>
<p><b>Can the Bidder withdraw the Offer?</b></p>	<p>The Bidder can only withdraw the Offer with the consent in writing of ASIC (which consent may be subject to conditions).</p>
<p><b>What are the Conditions?</b></p>	<p>The Offer is Conditional on the "non-occurrence" of the events specified in Section 2.1 of this Target's Statement (and Section 10.3 of the Bidder's Statement).</p>

<b>What happens if the Conditions are not satisfied?</b>	If the Conditions are not satisfied by the end of the Offer Period, then the Offer will lapse and your acceptance will be cancelled. In such circumstances, you will continue to hold your Units and be free to deal with your Units as if the Offer had not been made, unless you have already sold your Units to someone else.
<b>Is there a phone number I can ring if I have any queries?</b>	If you have any queries in relation to the Offer, you can call Claud Chaaya, Company Secretary on +61 2 9217 2727 during business hours (Sydney time).

## 2. Statutory Information

### 2.1. Summary of the Offer

On Tuesday, 23 June 2022, the Bidder lodged the Bidder's Statement with ASIC and served the Bidder's Statement on the Responsible Entity, in each case, in relation to the Bidder's off-market takeover offer for some or all of your Units (i.e. the "Offer"). The key terms of the Offer are summarised below.

<b>The Offer</b>	<p>Subject to the terms and conditions of the Offer set out in the Bidder's Statement, the Bidder is offering to acquire some or all of your Units at the Offer Price of A\$1.25 (equivalent to approximately S\$1.215<sup>10</sup>) per Unit.</p> <p>The Offer is dated 10 August 2022.</p>
<b>Conditions of the Offer</b>	<p>The Offer is subject to a limited number of Conditions. These Conditions include:</p> <ul style="list-style-type: none"> <li>• the non-occurrence during the Offer Period of any "restraint"<sup>11</sup> (such as a Court order or similar legal instrument or impediment) which has the effect of restraining, prohibiting, threatening or otherwise adversely impacting the Bidder's ability to make the Offer; or</li> <li>• the non-occurrence during the Offer Period of any "prescribed" event, transaction or other matter (such as a reconstruction of APW's equity capital or the disposal by APW of all or a substantial part of its business or property) listed in section 652C of the Corporations Act.</li> </ul> <p>The Conditions are set out in full in Section 10.3 of the Bidder's Statement. If any of the events referred to in Section 10.3 occur, the "takeover contract" that would otherwise arise as a result of your acceptance of the Offer will not arise and any such takeover contract if it does exist will be of no further force or effect.</p>
<b>Offer Period</b>	<p>The Offer will be open from 10 August 2022 until 7.30pm (Sydney time) (which is 5.30pm, Singapore time) on 12 September 2022 (unless the Offer is extended or withdrawn in accordance with the Corporations Act).</p>

<sup>10</sup> This "indicative" Singapore dollar Offer price is based on the Australian dollar/Singapore dollar exchange rate of 0.9720 at noon on 12 August 2022.

<sup>11</sup> The restraints referred to in Section 10.3 of the Bidder's Statement exclude an application to, or decision, or order of, or action or investigation by ASIC or the Australian Government Takeovers Panel.



<b>Effect of acceptance</b>	The effect of acceptance is set out in detail on the acceptance form which is included in or which accompanies the Bidder's Statement ( <b>Acceptance Form</b> ). You should read these provisions carefully and in full to understand the effect that acceptance of the Offer included in the Bidder's Statement will have on your ability to exercise the rights attaching to your Units (i.e. following that acceptance).
<b>Compulsory acquisition</b>	<p>You cannot be forced to sell your Units unless the Bidder acquires a Relevant Interest in 90% or more of the Units and decides to implement the compulsory acquisition procedure in the Corporations Act in relation to your Units.</p> <p>Regardless, the Responsible Entity understands that the Bidder has no current intention of implementing this compulsory acquisition procedure even if it acquires a Relevant Interest in 90% or more of the Units.</p>
<b>Notice of status of Conditions</b>	The last date for the Bidder to give notice in relation to the "status" of the Conditions is (subject to extension in accordance with section 630(2) of the Corporations Act (i.e. if the Offer Period is extended)) 5 September 2022 (which date is 7 days before the specified end of the Offer Period).
<b>Withdrawal of Offer</b>	The Bidder can only withdraw the Offer with the consent in writing of ASIC (which consent may be subject to Conditions). However, if the Offer closes and some or all of the Conditions are not satisfied (and those unsatisfied Conditions have not been waived by the Bidder), then the Offer will fail and no acceptances will be processed.

## 2.2. Offerees under the Offer

The Offer is being made to each person (and regardless of whether their Units are held via ASX (i.e. on the issuer sponsored subregister in Australia or on CHESS) or via SGX-ST (i.e. in a CDP Securities Account)) who is registered as the holder of Units at 7pm (Sydney time) (which is 5pm, Singapore time) on the Register Date. The Offer is also being made to any person who becomes entitled to accept an Offer during the Offer Period (or otherwise in accordance with section 653B of the Corporations Act).

## 2.3. Directors

As at the date of this Target's Statement, the Directors are:

- (a) Mr George Wang – Non-Independent Executive Chairman;
- (b) Mr Richard Nott – Independent Non-Executive Director; and
- (c) Mr John Love – Independent Non-Executive Director.

## 2.4. The Directors' recommendation

Mr George Wang, Executive Chairman of the Responsible Entity, has abstained from making a recommendation in relation to the Offer on the basis that he has material personal interest in the outcome of the Offer<sup>12</sup>.

The Independent Directors have considered the Independent Expert's opinion and recommend that you **REJECT** the Offer. To reject the Offer, you do not need to take any action.

In considering whether to accept (or reject) the Offer however, and despite their recommendation (and decision to reject the Offer in relation to their own holding of Units), the Independent Directors encourage you to:

- (a) carefully read the whole of this Target's Statement and the Bidder's Statement;
- (b) carefully read the whole of the Independent Expert's Report (a copy of which accompanies this Target's Statement);
- (c) have regard to your own individual risk profile, portfolio strategy, taxation situation & financial circumstances; and
- (d) obtain financial advice from your broker or other independent professional adviser to the extent you deem necessary or appropriate.

## 2.5. Reasons why you may decide to accept the Offer

As detailed more fully in the Section of the Bidder's Statement titled "Why you should accept the Offer", some of the main reasons why an existing Unitholder might wish to accept the Offer are set out below.

### **The Offer Price represents a premium to the Unit's recent market price**

The Offer Price of A\$1.25 (equivalent to approximately S\$1.215<sup>13</sup>) per Unit represents a premium<sup>14</sup> to recently observed prices of Units on ASX and SGX-ST. This means the Offer Price may (subject to any subsequent movements in the price of Units on either ASX or SGX-ST) represent a more attractive price for the sale of some or all of your Units than you would likely be able to achieve if you sold them on ASX or SGX-ST.

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<sup>12</sup> Please see the Chairman's Letter and Section 1 for the reasons pursuant to which Mr George Wang has a material personal interest in the outcome of the Offer.

<sup>13</sup> This "indicative" equivalent Singapore dollar Offer price is based on the Australian dollar/Singapore dollar exchange rate of 0.9720 at noon on 12 August 2022.

<sup>14</sup> The Offer Price represents an approximately 22.5% premium to the closing price of Units (i.e. on ASX) on the date immediately before the date on which the Offer was first announced (i.e. on 23 June 2022) and an approximately 17.59% premium to the 1 month volume weighted average price of Units traded on ASX during the approximately one month prior to the date on which the Offer was first announced.

**The cash consideration payable delivers commercial certainty relative to the illiquid market for Units**

Similarly, because the consideration payable for some or all your Units under the Offer is cash, your acceptance of the Offer will provide you with a degree of commercial certainty in relation to the price you will receive for the sale of some or all of your Units (i.e. relative to the price you may, in the future, receive for the sale of some or all of your Units on ASX or SGX-ST (noting that the market on both exchanges for Units is reasonably illiquid))<sup>15</sup>.

**Units are thinly traded on ASX and SGX-ST and the market for Units may become more illiquid following completion of the Offer**

The market for Units on ASX and SGX-ST is reasonably illiquid (meaning that it is currently difficult for investors to acquire or dispose of even relatively small parcels of Units without affecting the market price for Units). Furthermore, and since the Bidder already has a Relevant Interest in approximately 43.17% (which Relevant Interest will likely increase as a result of the Offer) of the Units, the Responsible Entity expects that the market for Units on ASX and SGX-ST will likely become even more illiquid following completion of the Offer.

**The Offer is the only takeover offer which is underway and no further takeover offers are expected**

As at the date of this Bidder's Statement, the Bidder is not aware of any other party who is intending to make a takeover offer for the Units. The Offer is the only takeover offer presently available for your Units as at the date of this Bidder's Statement. The Offer represents a liquidity opportunity for Unitholders to sell some or all their Units at the Offer Price. Although there are many factors that may influence the price of Units on ASX and SGX-ST, there is a risk that the price of Units may fall below the Offer Price following completion of the Offer.

**2.6. Reasons why you may decide to reject the Offer**

There are a number of reasons why a Unitholder may decide to reject the Offer. Some of these reasons are set out below.

**You may consider the Offer Price to be inadequate**

You may be of the opinion that the Offer Price of A\$1.25 (equivalent to S\$1.215) per Unit is insufficient relative to your opinion of the "intrinsic" value of each Unit. However, and even if you hold such an opinion, in deciding whether to accept the Offer, you should also have regard to the fact that the Units may never trade on ASX (or SGX-ST) at a price that is "fair" relative to your opinion of the Unit's intrinsic value and that this price "divergence" may even become more pronounced following completion of the Offer (especially if APW's ownership structure becomes even more concentrated as a result of the Offer).

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<sup>15</sup> Unitholders on SGX-ST should note that the amount received in Singaporean dollars for your Units may differ due to exchange rate fluctuations.

## **You may wish to remain invested in APW**

If you accept the Offer (whether in full or in part), you will (by definition) forgo any future benefit (such as any future appreciation in the market price of the Units, any future distribution paid on the Units and/or the benefit that comes with owning an interest in a fund that gives the investor a unique exposure to a variety of different real estate related securities) in relation to the Units sold. Accordingly, a Unitholder may decide to reject the Offer on the basis that they believe the Offer Price (i.e. per Unit) is inadequate relative to the opportunity costs associated with such forgone benefit (per Unit)<sup>16</sup>.

## **You may consider that there is potential for a superior proposal to emerge**

You may believe that a superior proposal (whether in the form of a superior (or other offer structure) bid from a third party) for some or all of the Units may emerge in the future or that some other initiative or transaction will be implemented (whether by existing management of the Responsible Entity or otherwise) that will ultimately result in a higher Unit price being achieved or received than the Offer Price (i.e. per Unit). A Unitholder who holds this belief may decide not to accept the Offer on the basis that they will, if they do so, be forgoing this unrealised future (albeit, inherently uncertain), upside.

## **The tax consequences of selling (some or all of) your Units under the Offer may not be attractive to you**

The tax consequences of the Offer will depend on your personal financial and taxation situation. You may therefore, and particularly as a result of your personal financial and tax situation, consider that the tax consequences of accepting the Offer are not attractive to you.

A general guide to the taxation implications of the Offer is contained in Section 6. Section 6 is expressed in general terms only, and as such Unitholders should, therefore, and before making a decision in relation to whether they will accept the Offer, consult their own independent taxation (or other financial) adviser<sup>17</sup>.

## **2.7. Additional considerations**

In addition, and when deciding what to do in relation to the Offer, the Responsible Entity encourages Unitholders to have regard to the potential implications that may arise as a result of the recently announced request by a number of Unitholders for the Responsible Entity to call and hold a meeting of Unitholders to consider and vote on the winding up of APW in accordance with section 601NB of the Corporations Act. In particular, Unitholders should be aware that:

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<sup>16</sup> Unitholders on SGX-ST should also note that the Bidder intends to recommend to the Board of the Responsible Entity to delist APW from SGX-ST following completion of the Offer (potentially making it even more difficult for you to sell your Units in the future).

<sup>17</sup> Unitholders on SGX-ST may also wish to have regard to the general taxation implications that their acceptance of the Offer may have under Singapore tax code set out in Section 7. Regardless, the Responsible Entity encourages all such holders to obtain their own independent taxation advice.

- (a) if they reject the Offer and Unitholders subsequently approve the resolution in relation to the winding up of APW, there is a risk that those Unitholders who rejected the Offer will receive less per Unit on the conclusion of the winding up of APW than they would have received had they accepted the Offer instead; and/or
- (b) if they accept the Offer and Unitholders subsequently approve the resolution in relation to the winding up of APW, there is a risk that those Unitholders who accepted the Offer would have received more per Unit on conclusion of the winding up of APW than they would have received had they rejected the Offer instead.

The Responsible Entity recommends that Unitholders vote **AGAINST** the winding up resolution.

## 2.8. Choices available to you

The Responsible Entity encourages you to consider your personal risk profile, investment objectives and tax and financial circumstances before making any decision in relation to your Units. As a Unitholder, you have the following choices available to you in relation to the Offer:

### **Option 1 – Accept the Offer in relation to some or all of your Units**

If you choose to accept the Offer (whether in relation to some or all of your Units), then your acceptance must be received by the Bidder on or before the end of the Offer Period. The Offer Period ends at 7.30pm (Sydney time) (which is 5.30pm, Singapore time) on 12 September 2022, unless the Offer is extended. Instructions on how to accept the Offer are set out in Section 10.6 (for Unitholders who hold their Units on the issuer sponsored subregister in Australia or in CHESS) and in Section 10.7 (for Unitholders who hold their Units via SGX-ST and related custody facilities) of the Bidder's Statement and on the Acceptance Form. If you wish to accept the Offer, you should follow these instructions carefully to ensure that your acceptance is valid.

If you accept the Offer, you will be entitled to be paid the Offer Price (per Unit) in accordance with the terms of the Offer (see Section 10.8 of the Bidder's Statement for information on when you will receive this payment). The effect of acceptance of the Offer is explained in more detail in the Acceptance Form. You should read those provisions carefully to understand the effect that your acceptance will have on your ability to exercise the rights attaching to your Units as well as the representations and warranties that you, by accepting the Offer, will be deemed to have made and given, respectively to the Bidder. It is also worth noting that accepting the Offer will:

- (a) prevent you from participating in any competing superior proposal that may emerge in relation to the Units that you have agreed to sell to the Bidder (i.e. by accepting the Offer); and
- (b) prevent you from otherwise selling (whether on-market or privately) the Units that you have agreed to sell to the Bidder (i.e. by accepting the Offer).

## **Option 2 – Sell your Units (other than via the Offer)**

During a takeover being conducted in accordance with the Corporations Act, securityholders in a target entity may still sell their securities (and other than under that takeover) provided that they have not already accepted the takeover offer in relation to those securities sold. Accordingly, Unitholders also remain free to sell some or all of their Units (and other than under the Offer), provided they have not already accepted the Offer in relation to those Units sold.

## **Option 3 – Reject the Offer**

If you do not wish to accept the Offer and wish to retain all of your Units, you do not need to take any action.

### **2.9. APW Directors' intentions to accept or reject the Offer**

The Independent Directors intend to **REJECT** the Offer in relation to the Units that they hold and/or control. Details of the Relevant Interests of each Director in Units are set out in Section 3.6.

### **2.10. Other important considerations**

#### **Board representation on completion of the Offer**

Regardless of the outcome of the Offer, the Responsible Entity understands that the Bidder has no current intention of seeking any changes to the composition of the Board.

#### **Intentions of the Bidder**

Information in relation to the Bidder's intentions with regard to APW is set out in Section 6 of the Bidder's Statement. In this regard (and while the Responsible Entity understands that the Bidder has no current intention to change its business, its employees or to seek any changes to the composition of (or decision making processes in relation to) APW's portfolio of assets, Unitholders should note that the Responsible Entity understands that:

- (a) on completion of the Offer (and regardless of the total Relevant Interest the Bidder acquires in APW on completion of the Offer), the Bidder intends to recommend to the Board of the Responsible Entity to delist APW from SGX-ST; and
- (b) the Bidder has no intention of delisting APW from ASX<sup>18</sup> or of seeking to implement the compulsory acquisition procedure in the Corporations Act (i.e. even if it acquires a Relevant Interest in 90% or more of the Units on completion of the Offer).

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<sup>18</sup> Furthermore, the Responsible Entity notes that the Bidder has, in the Bidder's Statement, advised of its commitment to APW's listing on ASX.

The statements set out in Section 6 of the Bidder's Statement are statements of the Bidder's current intentions and as such may vary as new information becomes available or circumstances change.

### **Bidder's intention to buy Units on-market**

If permitted by Item 2 of section 611 of the Corporations Act, the Bidder intends to buy Units during the Offer Period on-market and at a price no higher than the Offer Price. As the Offer is currently subject to Conditions however, other than as set out in section 652C(1)(2) of the Corporations Act, the Bidder is not currently permitted to buy Units on market.

### **Intentions of holders comprising the Bidder's Relevant Interest**

As at the date of this Target's Statement, the Responsible Entity understands that AMCE No 2 Pty Ltd <Long Term Capital Growth Plus Income Fund A/C> and AIMS Real Estate Funds Limited ATF AIMS Total Return Fund have indicated to the Bidder that they do not intend to accept the Offer.

### **Taxation**

A general outline of the tax implications of accepting the Offer is set out in Section 7 of the Bidder's Statement and in Section 6 of this Target's Statement. Unitholders are also encouraged to seek their own specific professional advice as to the taxation implications applicable to their personal circumstances<sup>19</sup>.

### **Risks**

There are a number of risks which may be relevant to you on completion of the Offer (i.e. in the case where you do not sell all of your Units to the Bidder under the Offer). These risks are outlined in Section 4 of (and elsewhere in) this Target's Statement.

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<sup>19</sup> Unitholders on SGX-ST may also wish to have regard to the general taxation implications that their acceptance of the Offer may have under Singapore tax code set out in Section 7. Regardless, the Responsible Entity encourages all such holders to obtain their own independent taxation advice.

### 3. About APW

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#### 3.1. About APW

APW is a registered managed investment scheme domiciled in Australia. It is dual listed on the ASX and SGX. The investment objective of APW is to provide investors with regular quarterly income and the potential for long-term capital growth. APW holds investments in a portfolio of real estate related securities, diversified by property sectors and geographic locations.

#### **Strategy & investment policy**

APW follows a prudent, conservative and patient investment approach, focusing not only on income but also capital growth potential. The strategy and investment policy focus on the following key areas:

(i) Power as Investor

Where possible, hold material or majority interest in its unlisted investments, such that APW is able to influence the strategy and direction of the investment.

(ii) Alignment of Investor & Fund Manager's Interest

Invest in funds where the fund manager holds a material interest in the fund to ensure that the fund manager's interests are aligned with APW's unitholders.

(iii) Sufficient Liquidity for Listed Investments

There must be acceptable liquidity in the securities of the investment if the investment is listed.

(iv) Investment Direction

Underlying assets must typically be in good locations, with value-add or long-term growth potential. The assets should ideally produce an income stream, to service conservative borrowings and have potential for rental increases through active management.

(v) Conservative Gearing

Maintained zero gearing since 2013 and monitor the underlying investments' debt facilities to sustain a conservative look-through gearing level.

#### **Historical performance**

Since June 2013, the Net Tangible Asset (**NTA**) per Unit of APW has increased from A\$1.17 to A\$2.78 (as at the most recent audited financials for the half year ended 31 December 2021). This represents a total increase throughout that period of 137.6% or 10.7% compounded annually.

In addition to the above growth in NTA, APW has managed to achieve this outstanding result, while having no debt at the head trust level since 2013.



### **SGX-ST listing**

As noted in the Overview section above, APW is also listed on the SGX.

### **Portfolio overview**

APW currently holds ten real estate related securities in both listed and unlisted investments. The investments span across several geographic locations and are further diversified by property sectors.

For further information on APW's portfolio, please see the most recent audited half year accounts for the period ended 31 December 2021, which was published on the ASX and SGX-ST announcement platforms on 28 February 2022.

### **Earnings & distribution history**

As announced on 26 May 2020, APW halted distributions.

### **Directors and management**

As at the date of this Target's Statement, the Directors are:

- (a) Mr George Wang – Non-Independent Executive Chairman;
- (b) Mr Richard Nott – Independent Non-Executive Director;
- (c) Mr John Love – Independent Non-Executive Director; and
- (d) Claud Chaaya – Company Secretary.

Biographical information in relation to the above noted officers can be found in APW's most recent annual report given to ASX and SGX-ST on 31 August 2021.

### **3.2. Capital structure**

As at the date of this Target's Statement, APW has the following securities on issue:

- (a) 44,519,083 fully paid ordinary units (i.e. the Units); and
- (b) 1,753,605 deferred units.

Only the fully paid ordinary units are quoted on ASX and SGX-ST.

### **3.3. Deferred units**

The deferred units were issued to the Responsible Entity at A\$0.00001 per unit and were to be converted into Units (for nil consideration) if the Responsible Entity met certain performance hurdles. However, since APW's constitution was subsequently amended in December 2016 to remove the payment of performance fees, these securities will no longer be converted and will instead likely be cancelled.

### 3.4. Number of Unitholders

As at the date of this Target's Statement, there are approximately 1,100 separate Unitholders (including the separate Unitholders on the SGX-ST).

### 3.5. "Substantial" Unitholders

As at the date of this Target's Statement, the "substantial" (i.e. greater than 5%) Unitholders are as follows:

<b>Name</b>	<b>Number</b>	<b>Percentage</b>
ACME Co No2 Pty Ltd ATF Long Term Capital Growth Plus Income Fund	8,890,000	19.97%
AIMS Investment Group Holdings Pty Ltd (the Bidder)	6,109,845	13.72%
Li Li	4,388,020	9.86%
AIMS Real Estate Funds Limited ATF AIMS Total Return Fund	4,217,390	9.47%
Baauer Pty Ltd ATF The Baauer Family Trust (and Associates) <sup>20</sup>	3,031,519	6.81%
LH&F Pty Ltd <LH&F Family Trust>	3,002,033	6.74%
<b>Total</b>	<b><u>29,638,807</u></b>	<b><u>66.57%</u></b>

### 3.6. Directors' interests in Units

As at the date of the Target's Statement, the Relevant Interests of the Directors in Units are as follows:

<b>Name</b>	<b>Number</b>
Mr George Wang	19,217,235
Mr Richard Nott	222,740
Mr John Love	310,000

<sup>20</sup> Based on its filing with ASX on 19 July 2022, Baauer Pty Ltd ATF The Baauer Family Trust, when considered together with its Associates, being Benjamin Graham ATF The Graham Family Trust, Benjamin Graham and Cara Graham ATF the FCV Super Fund and Simon Evans and Kathryn Evans ATF the Kamiyacho Super Fund, has a Relevant Interest in a total of 3,031,519 Units.

### **3.7. Trading by Directors in Units in the last four months**

None of the Directors have acquired or disposed of any Units in the four months prior to the date of this Target's Statement.

### **3.8. The directors of the Bidder**

Mr George Wang, Executive Chairman of the Responsible Entity, is the only director of the Bidder.

### **3.9. Directors' interests in the Bidder**

The Bidder is a subsidiary of Great World Financial Group as trustee for the AIMS Discretionary Trust. Mr George Wang controls Great World Financial Group and is also a beneficiary of the AIMS Discretionary Trust. Neither of the other Directors have any financial (or other) interests in the Bidder.

### **3.10. Agreements with the Bidder**

Other than as disclosed in the Bidder's Statement, none of the Directors are party to any agreement (or other arrangement) with the Bidder (or a Related Body Corporate of the Bidder) or have an interest in any contract entered into by the Bidder (or a Related Body Corporate of the Bidder).

### **3.11. Intentions of the Bidder**

Detailed information in relation to the Bidder's intentions with regard to APW is set out in Section 6 of the Bidder's Statement. In this regard, Unitholders should note that the Responsible Entity understands that:

- (a) on completion of the Offer (and regardless of the total Relevant Interest the Bidder acquires in APW on completion of the Offer), the Bidder intends to recommend to the Board of the Responsible Entity to delist APW from SGX-ST; and
- (b) the Bidder has no intention of delisting APW from ASX<sup>21</sup> or of seeking to implement the compulsory acquisition procedure in the Corporations Act (i.e. even if it acquires a Relevant Interest in 90% or more of the Units on completion of the Offer).

### **3.12. Other information**

Except as set out in this Target's Statement, neither of the Independent Directors have any interest, whether as a Director, as a holder of Units or as a creditor of APW (or otherwise), which is material to the Offer<sup>22</sup>.

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<sup>21</sup> Furthermore, the Responsible Entity notes that the Bidder has, in the Bidder's Statement, advised of its commitment to APW's listing on ASX.

<sup>22</sup> For further information in relation to APW (and/or the Responsible Entity), please see APW's continuous and periodic disclosures given to ASX (and SGX-ST) and/or please visit <https://www.aimsfunfunds.com.au/>.

## 4. Risk Factors

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### 4.1. Introduction

In considering the merits of the Offer, Unitholders should be aware that there are a number of risks associated with either accepting the Offer or rejecting the Offer (and continuing as a Unitholder). Please note that while some of these risks can be mitigated, some are outside the control of the Responsible Entity and, therefore, cannot be mitigated. Unitholders should consider these risks in the light of their own personal financial situation and individual circumstances when deciding whether to accept the Offer.

The risks set out in this Section 4 do not take into account the individual investment objectives, financial situation, position or particular needs of any Unitholder. The risks referred to in this Section 4 are not all of the risks that a Unitholder may be exposed to (either now or in the future). In addition, these risks are general in nature only and do not cover every risk that may be associated with the decision of a Unitholder to accept (or reject) the Offer (and remain as a Unitholder).

### 4.2. Risks associated with accepting the Offer

There are a number of risks associated with accepting the Offer, including those described in this Section 4.2 of this Target's Statement.

#### **Opportunity cost**

If you accept the Offer (whether in full or in part), you will (by definition) forgo any future benefit (such as any future appreciation in the market price of the Units, any future distribution paid on the Units and/or the benefit that comes with owning an interest in a fund that gives each investor a unique exposure to a variety of different property (and property-related) assets) in relation to the Units sold.

#### **Exchange rate fluctuations**

The Offer Price being offered by the Bidder for some or all of your Units is A\$1.25 per Unit (equivalent to approximately S\$1.215<sup>23</sup>). Since the Offer Price is in Australian dollars, accepting Unitholders on SGX-ST are exposed to the risk that the Singapore amount they will actually receive will vary (from the above "indicative" Singapore dollar equivalent price per Unit) depending on the prevailing exchange rate at the time the cash consideration is paid (and subject to the rules and requirements of the CDP<sup>24</sup>).

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<sup>23</sup> This "indicative" Singapore dollar Offer price is based on the Australian dollar/Singapore dollar exchange rate of 0.9720 at noon on 12 August 2022.

<sup>24</sup> If you are a CDP Securities Account holder with CDP's Direct Crediting Service, the CCY is automatically provided. If you have not unsubscribed from the CCY, payments to you will be in Singaporean dollars based on the exchange rate as determined by CDP's partner bank. If you wish to receive the Offer Price in Australian dollars, you must unsubscribe from the CCY at least 3 business

### 4.3. Risks associated with rejecting the Offer and continuing as a Unitholder

There are various risks associated with continuing to hold Units. Some of these risks are specific to APW (such as the below noted "illiquidity" risk) while others are more general risks (such as those risks listed below under the heading "General risk factors") that likely apply to any investment in a listed entity. The occurrence of any one or more of these risks may have an adverse impact on the business, operations, financial condition and/or prospects of APW and/or on the price or value of the Units.

#### **Illiquid market**

The market for Units on ASX and SGX-ST is reasonably illiquid (meaning that it is currently difficult for investors to acquire or dispose of even relatively small parcels of Units without impacting the prevailing price for Units). Furthermore, and since the Bidder already has a Relevant Interest in approximately 43.17% (which Relevant Interest will likely increase as a result of the Offer) of the Units, the Responsible Entity expects that the market for Units on ASX and SGX-ST will become even more illiquid following completion of the Offer<sup>25</sup>.

#### **Wind up risk**

APW, like any other registered scheme, is subject to being wound up by majority Unitholder vote. Challenges to wind up APW have been brought forth by Unitholders in the past (i.e. meetings were held and failed in 2017 and 2018). More recently, the Responsible Entity announced on 7 July 2022 that three Unitholders have called for a meeting to decide on winding up APW. In the event that you do not participate in the Offer and Unitholders vote to wind up APW at the upcoming meeting (or any possible future meeting), there is a risk that you may not recover returns from the winding up of APW that are higher on a per Unit basis than the Offer Price per Unit being put forward by the Bidder.

#### **Valuation risk**

In the current rising interest rate environment, the underlying real estate assets held by APW's investments may suffer significant reductions in their valuations, eroding Unitholder capital.

#### **Technological risks**

There is a risk that APW's business, operations and/or activities may be adversely affected by the compromise of (including because of cyberattack or significant technological outrages (and regardless of the underlying cause)), or disruption to, corporate information, technology and data systems. The occurrence of any one or more of these events may have an adverse impact on the business, operations, financial condition and/or prospects of APW and/or on

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days (Singapore time) before the payment date of the Offer Price.

<sup>25</sup> Unitholders on SGX-ST should also note that the Bidder intends to recommend to the Board of the Responsible Entity to delist APW from SGX-ST following completion of the Offer (potentially making it even more difficult for you to sell your Units in the future).

the price or value of the Units.

**General risk factors**

As with any listed entity, the future prospects and performance of APW and the value of Units may be affected by a wide variety of "macro" factors, including:

- (a) general economic conditions (including interest and inflation rates, exchange rates and commodity prices) and financial and property market conditions (both here in Australia and overseas);
- (b) changes to government policy (including fiscal, monetary, taxation, employment and environmental policies), legislation, regulation or accounting policy; and
- (c) natural disasters, pandemics, climate change (or regulatory responses to the perceived threat of climate change), global hostilities, tensions, war and acts of terrorism.

## **5. Additional Information**

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### **5.1. Information included in this Target's Statement**

This Target's Statement is required to include all information that Unitholders and their professional advisers would reasonably require to make an informed assessment of the Offer but:

- (a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find that information in this Target's Statement; and
- (b) only if the information is known to any of the Independent Directors.

The Independent Directors are of the opinion that all information that Unitholders and their professional advisers would reasonably require to make an informed assessment about whether to accept the Offer is:

- (a) contained in the Bidder's Statement (to the extent that the information is not inconsistent with or superseded by information in this Target's Statement); and
- (b) contained in this Target's Statement (and in the accompanying Independent Expert's Report).

The Independent Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement).

However, the Independent Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be included in this Target's Statement, the Independent Directors have had regard to:

- (a) the nature of the Units and the nature of APW's business, activities and portfolio of assets;
- (b) the matters that Unitholders may reasonably be expected to already know;
- (c) the fact that certain matters may reasonably be expected to be known to Unitholders' professional advisers; and
- (d) the time available to APW (and the Independent Directors) to prepare this Target's Statement.

### **5.2. Litigation**

The Directors are not aware of any material litigation involving or in respect of APW (and whether that material litigation is currently on-foot, pending or threatened).

### 5.3. Independent Expert's Report

Section 640(1)(c) of the Corporations Act requires the Responsible Entity to commission (and provide with this Target's Statement) a report from an appropriately qualified independent expert (such as the Independent Expert) because Mr George Wang is both a director of the Responsible Entity and the Bidder. As a result, the Responsible Entity has commissioned, and the Independent Expert has prepared, the Independent Expert's Report (which accompanies this Target's Statement). The Independent Expert's Report should be read carefully (and in its entirety) by Unitholders before deciding whether to accept the Offer.

### 5.4. Consents

- (a) K&L Gates has given and has not withdrawn its consent to be named in this Target's Statement as legal advisers to the Responsible Entity. K&L Gates does not make, nor purport to make, any statement included in this Target's Statement and no statement in this Target's Statement is based on any statement by K&L Gates. To the maximum extent permitted by law, K&L Gates expressly disclaims and takes no responsibility for any part of this Target's Statement other than a reference to its name.
- (b) Computershare Investor Services Pty Ltd (**Computershare**) has given and has not withdrawn its consent to be named in this Target's Statement as APW's Australian unit register. Computershare does not make, nor purport to make, any statement included in this Target's Statement and no statement in this Target's Statement is based on any statement by Computershare. To the maximum extent permitted by law, Computershare expressly disclaims and takes no responsibility for any part of this Target's Statement other than a reference to its name.
- (c) Boardroom Corporate & Advisory Services Pte Ltd (**Boardroom**) has given and has not withdrawn its consent to be named in this Target's Statement as APW's Singaporean unit register. Boardroom does not make, nor purport to make, any statement included in this Target's Statement and no statement in this Target's Statement is based on any statement by Boardroom. To the maximum extent permitted by law, Boardroom expressly disclaims and takes no responsibility for any part of this Target's Statement other than a reference to its name.
- (d) PricewaterhouseCoopers Securities Limited has given and has not withdrawn its consent to being named in this Target's Statement as the Independent Expert and for references to its conclusion in relation to the Offer being included in this Target's Statement in the form and context in which it appears. Except as specified in this paragraph (d), the Independent Expert does not make, nor purport to make, any statement included in this Target's Statement. To the maximum extent permitted by law, the Independent Expert expressly disclaims and takes no responsibility for any part of this Target's Statement other than a reference to its name and the conclusion of the Independent Expert in relation to the Offer as that conclusion is set out in the Independent Expert's Report.



### **5.5. Unitholders holding their Units in a CDP Securities Account**

Unitholders who acquired their Units via SGX-ST (and therefore hold their Units in a CDP Securities Account) and who intend to accept the Offer in relation to some or all of their Units are strongly encouraged to read Sections 10.7, 10.8 and 10.9 of the Bidder's Statement for further detail in relation to the manner in which that acceptance is to occur as well as the manner in which you will be paid for the Units that you wish to sell to the Bidder under (i.e. by accepting) the Offer.

### **5.6. Governance protocols to address conflicts of interest**

George Wang has recused himself in his role as Executive Chairman of AIMS Fund Management Limited which is Responsible Entity for the AIMS Property Securities Fund in respect of all meetings pertaining to this Offer and will continue to do so for the duration of the Offer Period.

### **5.7. Variation of this Offer**

The Bidder may vary this Offer in accordance with the Corporations Act. If a Unitholder has sold its Units prior to any such variation, that Unitholder will not receive any benefit from the variation.

### **5.8. Queries**

If you have any queries in relation to the Offer, you can call Claud Chaaya, Company Secretary on +61 2 9217 2727 during business hours (Sydney time)

### **5.9. Governing laws**

This Offer and any contract that results from your acceptance of it are to be governed by the laws in force in New South Wales, Australia.

## **6. Australian Taxation Considerations**

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### **6.1. Introduction**

The following is a general description of the potential Australian income tax, duty and Goods and Services Tax (**GST**) consequences for Unitholders who accept the Offer and who hold their Units on capital account and not as trading stock or otherwise on revenue account.

The taxation consequences for a particular Unitholder may vary depending on their own specific circumstances. Accordingly, the following comments, being of a general nature only, do not constitute taxation advice and cannot be relied upon as such.

**Unitholders should seek appropriate independent professional taxation advice that considers the taxation implications of the Offer to their own specific circumstances.**

Unitholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences under the laws of their country of residence, as well as under Australian law, of acceptance of the Offer.

The following description is based upon the Australian law and administrative practice in effect at the date of this Target's Statement. Australian law may be amended at any time and therefore the taxation consequences discussed in this Target's Statement may vary if there is a change in the taxation law after the date of this Target's Statement.

### **6.2. Australian resident Unitholders**

#### **Unitholders who accept the Offer**

Acceptance of the Offer will involve the disposal by Unitholders of their Units by way of transfer to the Bidder. This change in the ownership of the Units will constitute a capital gains tax (**CGT**) event for Australian CGT purposes.

The date of disposal for CGT purposes will be the date the contract to dispose of the Units is formed. The date the contract to dispose of the Units is formed will be the date that the Offer is accepted.

#### **Compulsory acquisition**

If a Unitholder does not dispose of their Units under the Offer and their Units are subsequently compulsorily acquired in accordance with Part 6A.1 of the Corporations Act, those Unitholders will also be treated as having disposed of their Units for CGT purposes. The date of disposal for CGT purposes will be the date when the Bidder becomes the owner of the Units. In any event, the Responsible Entity understands that the Bidder has no current intention of implementing this compulsory acquisition procedure even if it acquires a Relevant Interest in 90% or more of the Units.

## Calculation of capital gain or capital loss

Unitholders may make a capital gain on the transfer of Units to the extent that the capital proceeds from the disposal of the Units are more than the cost base (or in some cases indexed cost base) of those Units. Conversely, Unitholders will make a capital loss to the extent that the capital proceeds are less than their reduced cost base of those Units.

The cost base of the Units generally includes the cost of acquisition and any incidental costs of acquisition and disposal that are not deductible to the Unitholder, and is reduced by any non-assessable distributions. The capital proceeds on disposal of the Units will equal the consideration price of A\$1.25 per Unit.

Individuals, complying superannuation entities or trustees that have for the purposes of the CGT provisions held Units for at least 12 months should be entitled to discount the amount of any capital gain (after application of capital losses) from the disposal of Units by 50% in the case of individuals and trusts or by 33<sup>1</sup>/<sub>3</sub>% for complying superannuation entities. For trusts, the availability of the discount to beneficiaries of that trust depends on a beneficiary's entitlement to the discount.

A taxpayer's assessable income includes any net capital gain made by the taxpayer for the income year. In broad terms, a net capital gain is calculated by taking capital gains made during the year, setting off any current year or carried forward capital losses, and then applying the discount (discussed above) to any net capital gain that qualifies for a discount.

### 6.3. Non-resident Unitholders

For a Unitholder who:

- (a) is not a resident of Australia for Australian tax purposes; and
- (b) does not hold their Units in carrying on a business through a permanent establishment in Australia,

the disposal of Units will generally only result in Australian CGT implications if the Units are "indirect Australian real property interests" as that term is defined in the Income Tax Assessment Act 1997 (Cth). In this respect, Units of a Unitholder will qualify as "indirect Australian real property interests" if:

- (a) that Unitholder together with its associates, holds, or has held, 10% or more of the Units at the time of disposal or for any continuous 12 month period within 2 years preceding the disposal; and
- (b) more than 50% of APW's market value is due to direct or indirect interests in Australian real property, which is defined to include a lease of land situated in Australia.

A Unitholder whose Units qualify as indirect Australian real property interests should obtain independent advice as to the tax implications of sale, and whether

any protection will be available under a relevant double tax treaty.

A non-resident Unitholder who has previously been a resident of Australia and chose to disregard a capital gain or loss on ceasing to be a resident may be subject to Australian CGT consequences on disposal of the Units regardless of their percentage ownership.

If, as a consequence of the Offer being accepted, APW ceases to qualify as a Managed Investment Trust for tax purposes, foreign resident Unitholders may be subject to higher withholding tax rates on distributions made from the start of the income year APW ceases to be a managed investment trust.

#### **6.4. Non-resident CGT withholding rules**

The Bidder does not expect to withhold any amount from the Offer Price on account of foreign resident capital gains withholding on the basis that the acquisition of each Unit will occur through acceptance of the Offer which will result in the acquisition occurring on an approved stock exchange (being, the ASX and SGX-ST). The acquisition should therefore be an "excluded transaction" for the purposes of the foreign resident withholding tax regime.

#### **6.5. Duty**

No duty should be payable by Unitholders on the disposal of Units under the Offer.

## 7. Singaporean Taxation Considerations

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### 7.1. Introduction

The following is a general description of the potential Singapore tax consequences for Unitholders who accept the Offer and who hold their Units on capital account and not as trading stock or otherwise on revenue account.

The taxation consequences for a particular Unitholder may vary depending on their own specific circumstances. Accordingly, the following comments, being of a general nature only, does not constitute taxation advice and cannot be relied upon as such. The statements made herein do not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a decision to accept the Offer.

**Unitholders should seek appropriate independent professional taxation advice that considers the taxation implications of the Offer to their own specific circumstances.**

The statements made herein regarding taxation are general in nature and based on certain aspects of current tax laws of Singapore and administrative guidelines issued by the relevant authorities in force as at the date of this Target's Statement and are subject to any changes in such laws or administrative guidelines, or in the interpretation of these laws or guidelines, occurring after such date, which changes could be made on a retrospective basis.

### 7.2. Singapore resident Unitholders

An individual is a tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore. All foreign-sourced income received in Singapore on or after 1 January 2004 by a Singapore tax resident individual (except for income received through a partnership in Singapore) is exempt from Singapore income tax if the Comptroller of Income Tax in Singapore (the **Comptroller**) is satisfied that the tax exemption would be beneficial to the individual.

A Singapore tax resident individual is taxed at progressive rates ranging from 0.0% to 22.0%. Non-resident individuals, subject to certain exceptions and conditions, are subject to Singapore income tax on income accruing in or derived from Singapore at the rate of 22.0% currently (which is proposed to be increased to 24.0% from the year of assessment (**YA**) 2024 pursuant to the Singapore Budget Statement 2022).

Non-resident individuals, subject to certain exceptions and conditions, are subject to Singapore income tax on income accruing in or derived from Singapore at the rate of 22.0% currently (which is proposed to be increased to 24.0% from YA 2024 pursuant to the Singapore Budget Statement 2022).

A corporate taxpayer is regarded as resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore. Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore. Foreign-sourced income in the form of dividends, branch profits and service income received or deemed to be received in Singapore by Singapore tax resident companies on or after 1 June 2003 are exempt from tax if certain prescribed conditions are met, including the following:

- (a) such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received; and
- (b) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15.0%.

Certain concessions and clarifications have also been announced by the Inland Revenue Authority of Singapore (the **IRAS**) with respect to such conditions.

A non-resident corporate taxpayer is subject to income tax on income that is accrued in or derived from Singapore, and on foreign-sourced income received or deemed received in Singapore, subject to certain exceptions.

The corporate tax rate in Singapore is currently 17.0%. In addition, three-quarters of up to the first S\$10,000 of a company's annual normal chargeable income, and one-half of up to the next S\$190,000, is exempt from corporate tax from YA 2020 onwards. The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate tax rate.

New companies will also, subject to certain conditions and exceptions, be eligible for tax exemption on three-quarters of up to the first S\$100,000 of a company's annual normal chargeable income, and one-half of up to the next S\$100,000, a year for each of the company's first three YAs from YA 2020 onwards. The remaining chargeable income (after the tax exemption) will be taxed at the applicable corporate tax rate.

### **7.3. Gains on the Offer**

Singapore does not impose tax on capital gains. There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. Gains arising from the Unitholder's disposal of the Units pursuant to the Offer may be construed to be of an income nature and subject to Singapore income tax, especially if they arise from activities which IRAS regards as the carrying on of a trade or business in Singapore.

Unitholders who apply, or who are required to apply, Singapore Financial Reporting Standard (**FRS**) 39, FRS 109 or Singapore Financial Reporting Standards (International) (**SFRS(I)**) 9 (as the case may be) may for the purposes of Singapore income tax be required to recognise gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of FRS 39, FRS 109 or SFRS(I) 9 (as the case may be) (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of the Units is made.

Unitholders who may be subject to this tax treatment should consult their accounting and tax advisers regarding the Singapore income tax consequences of the disposal of their Units pursuant to the Offer.

#### **7.4. Stamp Duty**

Stamp duty is not applicable to electronic transfers of the Units through the scrip-less trading system operated by CDP.

#### **7.5. Singapore Goods and Services Tax (GST)**

The sale of Units by a GST-registered investor belonging in Singapore for GST purposes to another person belonging in Singapore is an exempt supply not subject to GST. Any input GST incurred by the GST-registered investor in making an exempt supply is generally not recoverable from the Singapore Comptroller of GST.

Where the Units are sold by a GST-registered investor in the course of or furtherance of a business carried on by such investor contractually to and for the direct benefit of a person belonging outside Singapore, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at 0.0%. Any input GST incurred by the GST-registered investor in making such a supply in the course of or furtherance of a business may be fully recoverable from the Singapore Comptroller of GST.

Services consisting of arranging, brokering, underwriting or advising on the issue, allotment or transfer of ownership of the Units rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, sale or holding of the Units will be subject to GST at the standard rate of 7.0%. Similar services rendered by a GST-registered person contractually to and for the direct benefit of an investor belonging outside Singapore should generally, subject to the satisfaction of certain conditions, be subject to GST at 0.0%.

## 8. Glossary and interpretation

### 8.1. Glossary

<b>Board</b>	means the board of directors of the Responsible Entity
<b>Directors</b>	means the directors of the Responsible Entity
<b>Unit</b>	means a fully paid ordinary unit in APW
<b>Unitholder</b>	means a holder of Units
<b>ASIC</b>	means the Australian Securities and Investments Commission
<b>ASX</b>	means ASX Limited or the financial market operated by it as the context requires
<b>Bidder's Statement</b>	means the document dated 21 July 2022 prepared by the Bidder in accordance with Chapter 6 of the Corporations Act in relation to the Offer which replaces the Original Bidder's Statement
<b>CDP</b>	means Central Depository (Pte) Limited
<b>CDP Securities Account</b>	means a securities account maintained by a "depositor" (as that term is defined in the Singapore Securities and Futures Act 2001) with CDP, but does not include a securities sub-account
<b>Conditions</b>	means the defeating conditions set out in Section 10.3 of the Bidder's Statement
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth)
<b>Independent Directors</b>	means Mr Richard Nott and Mr John Love
<b>Offer Period</b>	means the period during which the Offer remains open for acceptance by Unitholders
<b>Original Bidder's Statement</b>	means the document dated 23 June 2022 prepared by the Bidder in accordance with Chapter 6 of the Corporations Act in relation to the Offer which was replaced by the Bidder's Statement
<b>Register Date</b>	means 7pm (Sydney time) on 21 July 2022
<b>Registry</b>	means, in Australia, Computershare and in Singapore, Boardroom
<b>Related Body Corporate</b>	has the meaning given in section 50 of the Corporations Act



## 8.2. Interpretation

- (a) Words and phrases to which a meaning is given by the Corporations Act have that meaning in this Target's Statement unless that meaning is inconsistent with the context in which the word or phrase is used.
- (b) Headings are for convenience only and do not affect the interpretation of this Target's Statement.
- (c) The singular includes the plural and vice versa and words importing any gender include the other gender, and references to persons include corporations, other bodies corporate, unincorporated bodies, partnerships, joint ventures or associations.
- (d) References to "Sections" are to sections of this Target's Statement, unless otherwise stated.
- (e) Where a term is defined, its other grammatical forms have a corresponding meaning.
- (f) References to time are references to the time in Sydney, Australia on the relevant date, unless otherwise stated.
- (g) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (a) "\$" or "A\$" or "AUD" is a reference to the lawful currency of Australia.

**DATE AND APPROVAL OF THIS TARGET'S STATEMENT**

This Target's Statement is dated 18 August 2022, which is also the date it was lodged with ASIC, served on the Bidder and given to ASX.

This Target's Statement was approved by a unanimous resolution of the Independent Directors.

**Signed for and on behalf of APW**

  
\_\_\_\_\_  
Richard Nott  
**Non-Executive Independent Director**  
**AIMS Fund Management Limited**

  
\_\_\_\_\_  
John Love  
**Non-Executive Independent Director**  
**AIMS Fund Management Limited**

## Corporate Directory

<p><b>Directors &amp; Officers of the Responsible Entity</b></p> <p>Richard Nott – Independent Director          John Love – Independent Director          George Wang – Executive Director          Claud Chaaya – Company Secretary</p>	<p><b>Unit Registry (in Australia)</b></p> <p>Computershare Investor Services          452 Johnson Street          Abbotsford VIC 3067          Telephone: +61 (3) 9415 4349          Website: <a href="http://www.computershare.com.au">www.computershare.com.au</a></p>
<p><b>Registered Office of the Responsible Entity</b></p> <p>Level 41, 259 George Street          Sydney NSW 2000          Telephone: +61 (2) 9217 2727          Email: <a href="mailto:trust@aims.com.au">trust@aims.com.au</a></p>	<p><b>Unit Registry (in Singapore)</b></p> <p>Boardroom Corporate &amp; Advisory Services          3 Church Street #09-01          Samsung Hub, Singapore          Telephone: +65 6536 5355          Website: <a href="http://www.boardroomlimited.com">www.boardroomlimited.com</a></p>
<p><b>Solicitors</b></p> <p>K&amp;L Gates          Level 31, 1 O’Connell Street          Sydney NSW 2000          Website: <a href="http://www.klgates.com">www.klgates.com</a></p>	<p><b>Independent Expert</b></p> <p>PricewaterhouseCooper Securities Limited          GPO Box 2650          Sydney NSW 2000          Website: <a href="http://www.pwc.com.au">www.pwc.com.au</a></p>



# Independent Expert's Report

Takeover offer for AIMS Property Securities Fund

17 August 2022



[www.pwc.com.au](http://www.pwc.com.au)

The Independent Directors  
AIMS Fund Management Limited (ACN 004 956 558)  
Level 41 259 George Street  
Sydney NSW 2000

as responsible entity of

AIMS Property Securities Fund (ARSN 111 442 150)  
Level 41 259 George Street  
Sydney NSW 2000

Dear Directors

# Independent Expert's Report: Takeover offer of AIMS Property Securities Fund

## Introduction

1. AIMS Property Securities Fund (APW) is a diversified real estate securities fund that invests across a range of unlisted and listed real estate trusts and companies. APW is listed on the Australian Securities Exchange (ASX) and the Singapore Exchange (SGX).
2. On 23 June 2022 (Announcement Date), AIMS Investment Group Holdings Pty Ltd (the Bidder) announced its intention to acquire some or all of the units in APW on issue (APW Units) that it does not already own or have a relevant interest in, by way of an all-cash off-market takeover offer (the Offer). Under the Offer, eligible unitholders in APW (Non-Associated Unitholders) will receive cash consideration of A\$1.25 (Offer Price) for each of the APW Units traded on the ASX and SGX.
3. The Bidder is a wholly-owned subsidiary of Great World Financial Group Holdings Pty Ltd (GWFG), as trustee for the AIMS Discretionary Trust. Mr George Wang (Mr Wang) ultimately owns and controls GWFG and is a beneficiary of the AIMS Discretionary Trust. Mr Wang is also the Executive Chairman of AIMS Fund Management Limited, the responsible entity of APW (Responsible Entity). Mr Wang has abstained from making a recommendation in relation to the Offer, on the basis that he has a material personal interest in the outcome of the Offer. The other Directors of the Responsible Entity are John Love and Richard Nott (Independent Directors).
4. As at the date of this Independent Expert's Report (IER or the Report), the Bidder directly holds approximately 13.72% of the total APW Units on issue. The Bidder, together with its associated entities (Associates), holds a relevant interest of 43.17% of the total APW Units on issue, as summarised in Table 1.

Table 1: The Bidder and its Associates' relevant interest in APW Units

Entity	Units held (m)	Equity (%)
ACME Co No2 Pty Ltd	8.9	20.0%
AIMS Investment Group Holdings Pty Ltd (the Bidder)	6.1	13.7%
AIMS Real Estate Funds Limited ATF AIMS Total Fund Return	4.2	9.5%
<b>Total holding of the Bidder and its Associates</b>	<b>19.2</b>	<b>43.2%</b>

Source: APW Management

5. In accordance with the requirements of Section 640 of the Corporations Act 2001 (Cth) (Corporations Act), the Directors of the Responsible Entity have engaged PricewaterhouseCoopers Securities Limited (PwCS) to prepare this IER setting out whether, in PwCS' opinion, the Offer is fair and reasonable to the Non-Associated Unitholders and to state reasons for that opinion.

6. This letter contains a summary of the opinion and main conclusions of PwCS and is extracted from the full IER, a copy of which (including this summary letter) will accompany the Target's Statement.

## Our conclusion

### *The Offer is not fair and not reasonable*

7. Our assessment of whether the Offer is fair and reasonable has been undertaken in accordance with the principles of Australian Securities and Investments Commission (ASIC) Regulatory Guide 111 *Content of expert reports* (RG 111).
8. RG 111 discusses the separate concepts of 'fair' and 'reasonable' to be applied by an independent expert assessing an offer such that:
- (a) an offer is regarded as fair if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer
  - (b) an offer is reasonable if it is fair, or despite not being fair, but after considering other significant factors, security holders should accept the offer in the absence of any higher bid before the close of the offer.
9. Our assessment of the fairness and reasonableness of the Offer are set out below.

### *The Offer is not fair*

10. To assess the fairness of the Offer, we have considered the value of an APW Unit, on a controlling interest basis, and compared this to the Offer Price, as summarised in Table 2.

Table 2: Assessment of fairness

	Section	Unit	Low	High
Estimated value of an APW Unit	4.1	A\$	1.98	2.41
Offer Price	1.1	A\$	1.25	1.25
<b>Premium / (Discount) of Offer Price compared to our assessed value of an APW Unit</b>		<b>A\$</b>	<b>(0.73)</b>	<b>(1.16)</b>
<b>% Premium / (Discount)</b>		<b>%</b>	<b>(37%)</b>	<b>(48%)</b>

Source: Bidder's Statement, PwCS Analysis

11. On the basis that the Offer Price is lower than the range of our estimated value of an APW Unit, it is our opinion that the Offer is not fair.
12. Further details of our fairness assessment are set out below.

### *Valuation of APW Units*

13. Our fairness assessment was based on comparing the Offer Price of \$1.25 per APW Unit to our assessed value of an APW Unit, on a 100% control basis. Our assessed value of APW Units was undertaken using the Adjusted Net Tangible Assets (NTA) methodology, as summarised in Table 3.

Table 3: Valuation of APW on a Controlling Basis

	Unit	Low	High
<b>NTA as at 30 June 2022</b>	<b>A\$m</b>	<b>126.2</b>	<b>126.2</b>
Non-contingent transaction costs	A\$m	(0.3)	(0.2)
<b>Pro-forma NTA</b>	<b>A\$m</b>	<b>125.9</b>	<b>126.0</b>
Total APW units on issue	Units (m)	44.5	44.5
<b>Pro-forma NTA per Unit</b>	<b>A\$</b>	<b>2.83</b>	<b>2.83</b>
Premium / (Discount) to Pro-forma NTA	%	(30%)	(15%)
<b>Assessed value per APW Unit</b>	<b>A\$</b>	<b>1.98</b>	<b>2.41</b>

14. The latest NTA for APW, disclosed in the 30 June 2022 unaudited management accounts, was A\$126.2m. We have adjusted the NTA as at 30 June 2022 to reflect the costs incurred in connection with the Offer. A discount has been applied to the pro-forma NTA to reflect the value at which APW and other broadly comparable funds transact relative to their NTA.
15. Further details of our valuation of APW are set out in section 4.

### *Valuation of the consideration*

16. The consideration offered to Non-Associated Unitholders under the Offer is A\$1.25 per unit, fully payable in cash.

### *The Offer is not reasonable*

17. In accordance with RG 111, despite not being fair, the Offer may still be reasonable to Non-Associated Unitholders after considering other significant factors.
18. Set out below is our summary of the likely advantages, disadvantages and other factors associated with the Offer. In our opinion, the advantages of the Offer are not compelling enough, on balance, for Non-Associated Unitholders to accept the Offer, having regard to our fairness assessment and the disadvantages of the Offer. Accordingly, in our opinion, the Offer is not reasonable to Non-Associated Unitholders.

## **Advantages**

### **The Offer provides Non-Associated Unitholders with liquidity**

19. The Offer provides Non-Associated Unitholders with a high degree of certainty with respect to the timing to realise the value of their APW Units. If the Offer is accepted, Non-Associated Unitholders will be paid A\$1.25 cash for each APW Unit traded on the ASX and SGX, by the earlier of:
  - 1 month after the date that the Offer becomes unconditional; and
  - 21 calendar days after the Offer Close.
20. In contrast, if the Offer is not accepted, the timing for APW Unitholders to realise the value of their APW Units is uncertain. APW Units have historically been very thinly traded on the ASX and SGX. In the 12 months prior to the Announcement Date:
  - APW Units have traded 105 days out of 256 trading days on the ASX. No APW Units were traded on the other 151 days.
  - 0.95m units out of 45m APW outstanding units were traded, representing approximately 2% of total APW Units on issue.
21. The Bidder and its Associates currently have an interest in approximately 43.17% of the total APW Units on issue. Should the Bidder be successful in increasing its ownership interest through the Offer, the

liquidity of APW Units is likely to reduce further, making it more difficult for Non-Associated Unitholders to realise the value of their APW Units.

22. We note that APW ceased paying dividends in 2020 due to the impact of the COVID-19 pandemic. It is possible that APW will re-commence the payment of dividends in the future, in which case Non-Associated Unitholders would be able to realise some returns from their APW Units.

**The Offer Price represents a premium to recent trading prices**

23. The implied premium of the Offer Price to the historical trading price of APW Unit’s on the ASX and SGX is illustrated in Figure 1 and Figure 2.

Figure 1: Implied premium of the Offer Price to recent ASX trading prices



Source: S&P CapitalIQ, PwCS Analysis

Note: The last recorded sale price for APW on the ASX was on 20 June 2022.

24. We note that the trading of APW Units is particularly illiquid on the SGX with around 1,000 units (or <0.01% of the total units on issue) traded on the SGX in the last three months.

Figure 2: Implied premium of the Offer Price to recent SGX trading prices



Source: S&P Capital IQ, PwCS Analysis

Notes:



- 
1. For the purposes of comparison, the trading price of APW Units on the SGX are presented in A\$ using an average exchange rate of AUD 1.0000 : SGD 0.9796 (calculated based on data obtained from the Reserve Bank of Australia)
  2. The last trading price for APW Units on the SGX was recorded on 30 May 2022.

#### **The Offer delivers certainty with respect to the value of APW Units**

25. The Offer represents an all-cash off-market takeover offer. The cash consideration offers a high degree of certainty with respect to value.
26. In contrast, if the Offer is not accepted, the amount which Non-Associated Unitholders will be able to realise for their APW Units may be uncertain having regard to the lack of liquidity and historical volatility of APW Units. The last trading price on the ASX prior to the Announcement Date was A\$1.02.
27. The value certainty that the Offer provides may be attractive to Non-Associated Unitholders given the risks and uncertainties in the broader macroeconomic environment, including but not limited to the long-term impacts of the COVID-19 pandemic on APW, geopolitical tensions and rising interest rate and equity market risks.

#### **No brokerage or stamp duty will be payable to transfer APW Units under the Offer**

28. APW Unitholders will not incur any brokerage or stamp duty on the transfer of their APW Units to the Bidder under the Offer.

#### **In the absence of the Offer, the APW Unit price may fall**

29. The trading price of APW Units will continue to be subject to market volatility. The trading price of APW Units on the ASX was A\$1.02 prior to the Announcement Date and has increased significantly since then, trading in a range of A\$1.21 to A\$1.30<sup>1</sup>.
30. Although there are many factors that may influence the price of APW Units on the ASX and SGX, there is a risk that the price of APW Units may fall below the Offer Price once the Offer lapses.

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<sup>1</sup> Based on closing prices for APW Units

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## Disadvantages

### The Offer is a significant discount to NTA compared to precedent transactions

31. The Offer Price represents a significant discount of 56% to the pro-forma NTA per APW Unit of A\$2.83, which is a larger discount to NTA than other potentially comparable transactions.
32. Other transactions in the same space have traded at between a discount of 36% to a premium of 45% to NTA, with a median of 5% premium.

### There is potential for a superior proposal to emerge

33. As at the Announcement Date, the Offer is the only proposal currently available to Non-Associated Unitholders. In our opinion, the likelihood of a competing takeover offer emerging from a third party in the near future is low, given the Bidder's existing substantial interest in APW Units. However, there remains the possibility that an alternative proposal does emerge that could deliver a total consideration to APW Unitholder in excess of the Offer Price.
34. We note that post the announcement of the Offer, on 7 July 2022, the Responsible Entity announced that three Unitholders have requested to call and arrange a meeting of unitholders to consider and vote on a proposed extraordinary resolution (Unitholder Meeting) that in accordance with Section 601NB of the Corporations Act that the Responsible Entity is directed to wind up APW (Proposed Wind Up). In our opinion, Non-Associated Unitholders in a wind-up scenario may realise a greater value for their APW Units than under the Offer.
35. The likelihood of a wind up occurring is uncertain given the following factors:
  - While the three Unitholders have requested a Unitholder Meeting regarding the Proposed Wind Up, the Responsible Entity must consider the validity for a Unitholder Meeting to be held. The Responsible Entity has two months to call and arrange a meeting of unitholders to consider and vote on a proposed extraordinary resolution;
  - If the Unitholder Meeting is held, the Proposed Wind Up will not proceed unless at least 50% of the APW Unitholders vote in favour;
  - There have previously been proposals to wind up APW in 2017 and 2018, which were unsuccessful.
36. Further, assets are typically sold at a discount to their Market Value under a wind-up scenario and there are associated transaction costs, therefore the return to Non-Associated Unitholders under a wind-up scenario is uncertain.

### The Offer Price may be considered to be inadequate by Non-Associated Unitholders

37. Non-Associated Unitholders may believe that the Offer Price is inadequate and not, individually, in their respective interests, having regard to their views as to various factors, including future market and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position.

### Unable to participate in any future growth of APW

38. If the Offer is accepted, Non-Associated Unitholders will cease to be unitholders in APW and will lose the ability to participate in any potential upside and future growth of APW, assuming the Bidder is successful in obtaining a 100% interest in APW Units.
39. In the event that the Bidder obtains an interest in less than 100% of the APW Units, APW will continue trading on the ASX, in which case Non-Associated Unitholders may be able to repurchase APW Units following the completion of the Offer. However this may be challenging given the liquidity constraints, which will only be worse if the Bidder is able to increase its interest in APW Units.
40. We note that the implied discount to NTA for APW Units is higher than for other investment funds and listed A-REITs, which we consider to be a result of a number of factors, including the low liquidity of APW Units and the relative size and scale of APW. Non-Associated Unitholders may believe that the discount to NTA for APW Units may reduce in the future. In this regard, APW ceased paying dividends in 2020 as

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a result of the impact of the COVID-19 pandemic, it is possible that dividend payments re-commence in the future which may result in the APW Unit price increasing and the discount to NTA reducing.

**The taxation implications of the Offer may not be suitable to individual APW Unitholders' financial circumstances or position**

41. If the Offer is accepted, there may be tax consequences for Non-Associated Unitholders, some of which may be adverse.
42. Tax consequences may vary from unitholder to unitholder. If Non-Associated Unitholders are in any doubt as to the action they should take in relation to the Offer, they may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist in this assessment.

## Other matters

43. In preparing this IER, PwCS has had regard to and complied with:
  - the relevant regulatory guides issued by ASIC, with particular reference to RG 111 and RG 112 *Independence of experts*; and
  - the professional standards issued by the Accounting Professional & Ethical Standards Board Limited (APES), with particular reference to APES 225 *Valuation Services*. The valuation assessment undertaken in this IER constitutes a Valuation Engagement, in accordance with the APES 225 definition.
44. The decision of whether to accept the Offer is a matter for individual Non-Associated Unitholders, based on each unitholder's view as to value, their expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. In particular, taxation consequences may vary from unitholder to unitholder. If Non-Associated Unitholders are in any doubt as to the action they should take in relation to the Offer, they may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence (AFSL) to assist with this assessment.
45. This IER has been prepared solely for the benefit of the Directors of the Responsible Entity and for the benefit of Non-Associated Unitholders. Neither PwCS nor its employees, officers or agents undertake responsibility to any person, other than the Directors of the Responsible Entity or Non-Associated Unitholders, in respect of this IER, including any errors or omissions, howsoever caused.
46. The Responsible Entity has indemnified PwCS, PricewaterhouseCoopers Australia (PwC) and PwC's employees, officers and agents against any claim, liability, loss or expense, cost or damage, including legal costs on a solicitor client basis, arising out of reliance on any information or documentation provided by the Responsible Entity or their advisors, which is false and misleading or omits any material particulars or arising from a failure to supply relevant documentation or information.
47. Our assessment was completed using available information as at 15 August 2022. We have reviewed publicly available information subsequent to this date and do not consider this to alter our opinion presented above.
48. A draft of this IER (excluding our conclusion on fairness and reasonableness) was provided to the Independent Directors for factual checking. The Independent Directors' factual accuracy review has not changed the methodology or conclusions reached by us.
49. This letter must be read in conjunction with the remainder of this IER, including the attached appendices.

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Yours faithfully



**Meredith Chester**

*Authorised Representative  
PricewaterhouseCoopers Securities Ltd*



**Richard Stewart**

*Authorised Representative  
PricewaterhouseCoopers Securities Ltd*

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# 1. Overview of the Offer

## 1.1. The Offer

50. On 23 June 2022, the Bidder announced its intention to acquire some or all of the units in APW that it does not already own or have a relevant interest in APW Units, by way of an all-cash off-market takeover offer. Under the Offer, the Non-Associated Unitholders will receive cash consideration of A\$1.25 for each of the APW Units traded on the ASX and SGX.
51. The Offer is subject to fulfillment of the following conditions:
  - No restraints
  - No Prescribed Occurrences, as listed in section 652C of the Corporations Act.
52. If the conditions are not satisfied or waived by the end of the Offer period, then the Offer will lapse and any acceptances will be cancelled. Refer to section 10.3 of the Bidder's Statement for further information.
53. The Offer is not subject to external financing, AIMS Financial Group Pty Ltd, GWFG and its subsidiaries have sufficient cash reserves, and have committed, to fund the Bidder the entire amount payable under the Offer.
54. In accordance with the Corporations Act, if the Bidder increases the Offer Price, all Non-Associated Unitholders who accept the Offer, whether or not they have accepted the Offer before the Offer Price increase, will be given notice of the variation as soon as practicable and be entitled to the benefit of that increased Offer Price.
55. If Non-Associated Unitholders sell on-market on the ASX and SGX to the Bidder, they will not be entitled to receive the benefit of any increase in the Offer Price and will have to bear any associated brokerage fees.
56. The Offer lapses at 7.00pm Sydney time or 5.30pm Singapore time on 12 September 2022, unless it is extended or withdrawn in accordance with the Corporations Act (Offer Close).
57. If the Offer is accepted, Non-Associated Unitholders will be paid A\$1.25 cash for each of the APW Units traded on the ASX and SGX, by the earlier of:
  - 1 month after the date that the Offer becomes unconditional; and
  - 21 calendar days after the Offer Close.
58. SGX Unitholders who hold a Central Depository (CDP) Securities Account with the Development Bank of Singapore (DBS Bank), the Convertible Currency (CCY) will automatically be provided. If SGX Unitholders have not unsubscribed from the CCY option, the Offer will be paid in Singapore dollars based on the currency exchange rate as determined by the CDP's partner bank in accordance with the CCY. Unitholders must unsubscribe from the CCY at least 3 business days before the payment date of the Offer Price.
59. If the Bidder acquires 90% or more of the APW Units, it does not intend to proceed with compulsory acquisition of the outstanding APW Units, although it is entitled to in accordance with the provisions of Part 6A.1 of the Corporations Act. After the end of the Offer Period, the Bidder intends to recommend to the Board of the Responsible Entity to remove APW's listing on the official list of SGX, irrespective of the relevant interest acquired by the Bidder.
60. Following consideration of the Independent Expert's opinion, the Independent Directors recommend that Unitholders reject the Offer. Mr Wang, Executive Chairman of the Responsible Entity, has abstained from making a recommendation in relation to the Offer on the basis that he has material personal interest in the outcome of the Offer.

## 1.2. Basis of our assessment

61. The proposed acquisition of APW by the Bidder is to be effected by way of an off-market takeover bid, which is governed by Chapter 6 of the Corporations Act.
62. Section 640 of the Corporations Act requires an independent expert's report to accompany the target's statement if:
  - the bidder's voting power in the target is 30% or more; or
  - for a bidder who is, or includes, an individual--the bidder is a director of the target; or
  - for a bidder who is, or includes, a body corporate--a director of the bidder is a director of the target;
63. Having regards to the above, the Responsible Entity is required to commission this IER in relation to the Offer on the basis that, as at the Announcement Date:
  - Mr Wang is both a director of the Responsible Entity and a director of the Bidder; and
  - the Bidder and its Associates hold a relevant interest in approximately 43.17% of APW Units.
64. This IER sets out our opinion as to whether the Offer is fair and reasonable to Non-Associated Unitholders, in the absence of a superior proposal, and sets out the reasons for that opinion. The IER will accompany the Target's Statement.

### 1.2.1. Our approach

65. This IER has been prepared in accordance with the Corporations Act and ASIC Regulatory Guide 111, *Content of expert reports*. RG 111 provides guidance on the content of an expert report and how an expert can help security holders make informed decisions about transactions.
66. RG111 indicates that an expert evaluating a control transaction effected by way of a takeover bid should undertake a form of analysis which considers whether the transaction is "fair and reasonable".
67. RG111.11 and RG111.12 discusses the following separate concepts of "fair" and "reasonable" to be applied by an independent expert assessing an offer:
  - An offer is regarded as "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities, which are the subject of the offer.
  - An offer is "reasonable" if it is "fair" or despite not being "fair", but after considering other significant factors, Non-Associated Unitholders should accept the offer in the absence of any higher bid before the close of the offer.

#### Fairness

68. RG111.11(a) indicates that the fairness assessment should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Having regard to this guidance, we have undertaken our fairness assessment on the basis of Market Value, which is typically defined as "*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*".
69. RG111.11(b) indicates that the fairness assessment should be made assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison. Having regard to this guidance, we have compared the Offer Price to the value of APW Units on a control basis.

### Reasonableness

70. In evaluating the reasonableness of the Offer, we have considered the advantages, disadvantages and other relevant factors for Non-Associated Unitholders in relation to the Offer, including the likelihood of another offer being received on better terms and the likely position of Non-Associated Unitholders if the Offer is rejected. RG111.13 indicates that other factors an expert might consider in the reasonableness assessment include:
- (a) the Bidder's pre-existing voting power in securities in the target;
  - (b) other significant security holding blocks in the target;
  - (c) the liquidity of the market in the target's securities;
  - (d) taxation losses, cash flow or other benefits through achieving 100% ownership of the target;
  - (e) any special value of the target to the Bidder, such as particular technology, the potential to write off outstanding loans from the target;
  - (f) the likely market price if the offer is unsuccessful; and
  - (g) the value to an alternative bidder and likelihood of an alternative offer being made.
71. In preparing this report, PwC Securities has also given due consideration to relevant matters in other ASIC guidelines, including RG 112 (Independence of experts).

## 1.3. Sources of information

72. In preparing this report, we have used and relied on the information set out in Appendix B and representations made by the Responsible Entity.
73. We have conducted checks, enquiries and analysis of the information provided to us which we regard as appropriate for the purposes of this report. Based on these procedures, we believe that the information used as the basis for forming the opinions in this report is accurate, complete and not misleading and we have no reason to believe that material information relevant to our report has been withheld by the Responsible Entity. Whilst our work has involved an analysis of financial information and accounting records, it does not constitute an audit or review of APW in accordance with Australian Auditing Standards, and accordingly no such assurance is given in this report.
74. The achievement of any prospective financial information prepared by the Responsible Entity has been relied on by PwCS for the purposes of our assessment of the Offer and is not warranted or guaranteed by us. This information is based on predictions of future events, many of which are outside the control of the management of the Responsible Entity (Management), and is therefore inherently uncertain. Actual results and outcomes may differ materially from the forward looking information provided to us and reflected in this report.
75. Our assessment has been made as at the date of our report. Economic conditions, market factors and changes in exploration or development potential may result in the report becoming outdated. We reserve the right to review our assessments and, if we consider it necessary, to issue an addendum to our report, in light of any relevant material information which subsequently becomes known to us prior to the closure of the Offer.
76. All value amounts in the report are denominated in Australian dollars (\$ or A\$) unless otherwise stated. Financial tables may be subject to rounding.
77. We have provided draft copies of this IER to the Directors for their comments as to factual accuracy, as opposed to opinions, which are our responsibility alone. The Independent Director's review has not changed the methodology or conclusions reached by us.

## 1.4. General advice

78. In preparing this report, we have considered the interests of the Non-Associated Unitholders. This report contains only general financial product advice and does not consider the personal objectives, financial



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situation or needs of Non-Associated Unitholders. An individual's decision in relation to accepting or not accepting the Offer may be impacted by the individual's particular circumstances and Non-Associated Unitholders may wish to obtain personal financial product advice from their financial adviser.

## 1.5. Scope exclusions

79. This report has been prepared solely for the purpose of assisting Non-Associated Unitholders to consider whether or not to accept the Offer. This report has not been prepared to provide information to parties considering the purchase or sale of securities in APW. Accordingly, we do not assume any responsibility or liability for any losses suffered as a result of the use of this report contrary to the provisions of this paragraph.

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## 2. Industry overview

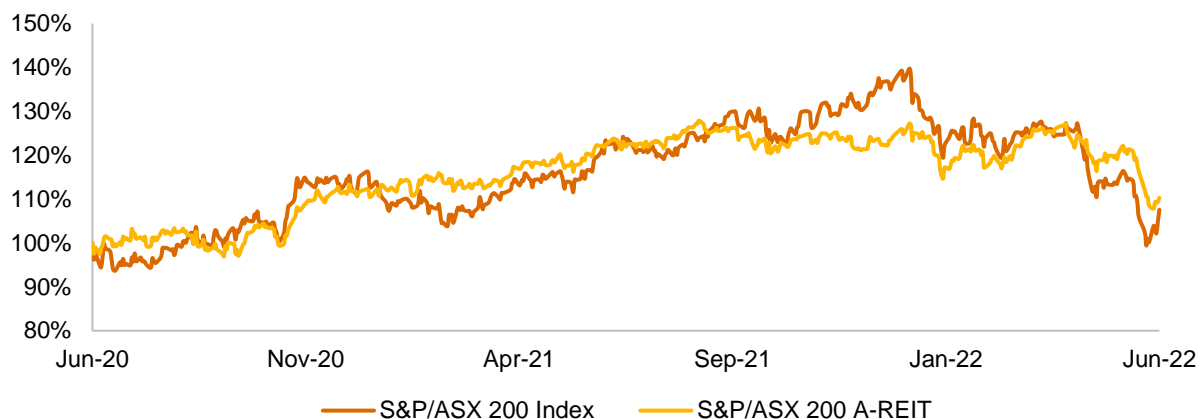
### 2.1. Market trends

80. APW is a fund that invests in a broad portfolio of listed and unlisted real estate related securities. The investment portfolio largely consists of unlisted property funds. Although there is some exposure to overseas properties and markets, the majority of funds and underlying properties are located in Australia. Therefore, we consider the Australian real estate investment trusts (A-REIT) market to be the most comparable industry to the operations of APW.
81. The A-REIT market has a history dating back to 1971, when the first A-REIT was listed on the ASX. The A-REIT market is now very large, well established and sophisticated, with approximately 70% of Australian investment grade properties securitised. As at the Announcement Date there were more than 50 listed A-REITs on the ASX with a combined market capitalisation approaching \$130bn.
82. A-REITs have historically been attractive to investors due to their potential to provide good returns in the form of capital gains, along with a regular distribution of income. They also enable investors to gain exposure to the commercial property market without the requirement to manage the properties.
83. Investors have typically preferred commercial real estate which provide rental growth through inflation-linked and fixed rental escalation leases, in periods of rising interest rate and inflationary pressures.
84. Australia has a higher-yielding A-REITs market which is sensitive to interest rates.
85. Macroeconomic drivers remain strong for A-REITs with GDP growth of above 4% over the 12 months to June 2022 coupled with sound corporate balance sheets (average gearing for A-REITs at 25%).
86. A-REITs continued to maintain lower gearing levels in FY21-22, with an average of c. 25% gearing. This compares with the sector's long-term gearing levels of c. 30%.
87. Recently there has been growing demand for industrial spaces, office and retail spaces. This is supported by the return of high levels of migration, capital inflows and strength in residential prices and commercial rents.
88. Demand for industrial spaces have also been driven by Australia's growing e-commerce industry, with a penetration rate that has increased to 14% in FY22, but still lags other major countries and the global average of 22%. CBRE estimates that every \$1 billion of additional ecommerce sales requires an additional 70,000 square meters of logistics space.
89. There has recently been uptake of non-traditional "niche" assets, A-REITs have been capitalising on the tailwinds brought forward by the pandemic over the long term. These include assets such as data centres, petrol stations, childcare, and hospitality (pubs and hotels).
90. Overall, A-REITs have posted positive returns in most rising inflation periods. This is because inflation is typically concurrent with stronger economic growth and investors consider real estate an inflation hedge. As prices rise, property values tend to appreciate, while cash flow streams also benefit.
91. However, in a period of rising interest rates, the broader real estate sector has experienced lower levels of transaction activity and growth.

### 2.2. Price returns

92. The S&P/ASX A-REIT 200 Index (the A-REIT index) tracks the performance of A-REITs and mortgage REITs. The A-REIT index returned 10.0% over the past two years, outperforming the broader market index (S&P/ASX 200 Index) by 2%, as illustrated in the figure opposite.

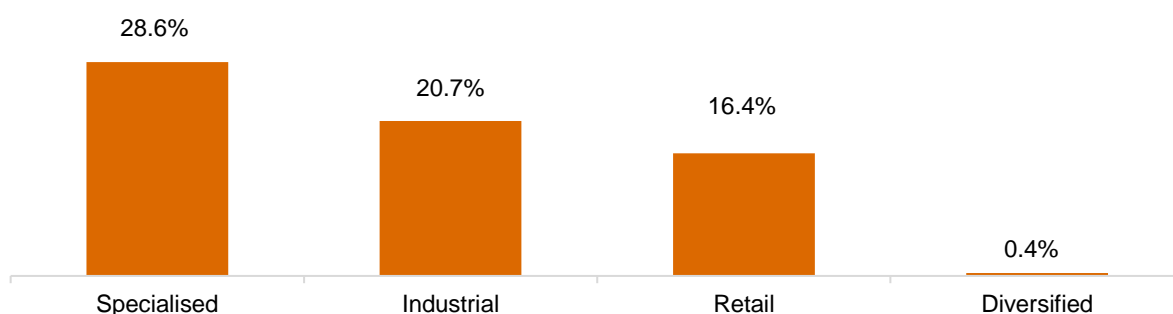
Figure 3: ASX 200 vs. A-REIT index price return



Source: S&P Capital IQ

93. There are a number of subsectors within the A-REIT industry. The returns for each of these subsectors between 2020 and 2022 are illustrated in Figure 3 below.

Figure 4: Subsector price returns (2020 to 2022)



Source: S&P CapitalIQ

- (a) **Industrial:** overall demand for industrial facilities has increased due to demand from e-commerce growth and supply chain pressures. As occupier confidence returns to the market and the economy improves from the COVID-19 pandemic induced lows, market rents are projected to rise. Increase in online shopping due to closure of retail shops has boosted demand for warehousing, transport and logistics facilities. Moreover, business confidence coupled with low interest rates encouraged investment in more geared investments such as industrial property. Restrictions imposed by the Federal Government have limited downstream industrial property tenants' operations and demand leading to rental negotiations or lease terminations from less profitable tenants. Private investors have historically been attracted to industrial A-REITs due to comparatively high investment yields and investment metrics such as the longer weighted average lease expiries (WALE) compared with commercial buildings.
- (b) **Retail:** sector has been severely affected by the COVID-19 pandemic, specifically lower foot traffic has limited profits and given cause for rental negotiations between tenants and property owners. Certain retailers, such as supermarkets, have bolstered sales during sporadic lockdowns by shifting to non-contact services and capitalising on consumers' inability to eat at restaurants. Property owners are predicted to refine their tenant selection criteria as they seek to maximise their respective WALE. Low interest rates have increased capital expenditures by property operators, which in-turn increased supply of lettable retail space over FY21. This has adversely affected rental yields due to an oversupply of rental space. The COVID-19 pandemic induced closures of non-essential businesses were overcome and retail trade improved after the mandatory closure policies were lifted and the Federal Government implemented business support packages and wage subsidies. Federal support packages and monetary policy have increased consumer demand for retail trade, thus increasing revenues for retailers. The December 2020 and March 2021 quarters

saw a marginal recovery in retail A-REITs as news of the pending vaccine rollout spread throughout Australia. Although, this was somewhat negated by the forced closure of non-essential businesses forcing property operators into rental and lease negotiations with tenants.

- (c) **Office:** The COVID-19 pandemic led to interesting trends in the office sector of the A-REITs industry. Social distancing restrictions constrained industry demand as employees began working from home and employers were forced to adopt flexible working conditions for most of the workforce. Continually low RBA cash rates have driven transaction volumes and capital investment by industry operators, and investment by institutional investors such as superannuation funds rose over FY21 as capital markets recovered from the effects of the COVID-19 pandemic. Federal and state government implemented social distancing and work from home policies intended to limit the spread of the COVID-19 pandemic which resulted in many office facilities continuing to be partially operational during FY21, especially in Sydney and Melbourne. Tenants were able to leverage this in rental negotiations, which affected industry revenue. Lease terms were also the subject of negotiations in attempts to reduce costs. Australia's economy has gradually shifted from a manual labour and industry-based economy to a service-based economy. This trend has driven demand for office spaces as most service economies do not own their office space. Although higher vacancy rates and lower rental yields during FY21 and FY20 due to the COVID-19 pandemic have hindered profitability over the short term. Despite these changes, prime office locations in areas such as Sydney and Melbourne have experienced price growth throughout FY21. This, compounded with declining commercial building vacancy rates due to the number of non-manual labour employees in Australia rising, has contributed to expected increases in industry revenue forecasts.

## 2.3. Regulatory landscape

### 94. Legal form

- There are no specific REIT rules in Australia. Australian REITs can be sector specific (including industrial, office, retail and others) or diversified funds.
- In 1998, the Managed Investment Scheme (MIS) rules were introduced into the Corporations Law. The MIS rules govern investment vehicles in Australia, including REITs. The rules deal with regulatory issues such as licensing and board composition for the manager, rather than specific tests that must be satisfied to qualify as a REIT.
- From an income tax perspective, most REITs are classified as a Managed Investment Trust (MIT). A MIT is a trust that satisfies certain ownership, management and activity requirements. From 1 July 2016, certain MITs have been able to apply the Attribution MIT (AMIT) tax regime. Where a trust elects into the AMIT regime, the trust may not be subject to certain restrictions that would otherwise apply to MITs.
- The majority of listed REITs are now in the form of stapled entities, which involves two or more entities being contractually bound together. Stapled entities cannot be traded separately, though the entities retain their separate legal character and continue to be treated separately for income tax purposes. Therefore, REITs are commonly employing these stapled structures with the 'taxable' side of the staple undertaking non-investment activities and the 'flow-through' side of the staple investing in real estate.
- While the use of stapled structures by REITs has been prominent, the tax landscape for these structures has recently been changed and some stapled structures may produce income which even if derived by a MIT or AMIT will be subject to a higher tax rate of 30% rather than 15%. Whilst not limited to any asset class, it is expected the impact will be most notable for investment in the residential and agricultural land sectors. The majority of unlisted REITs tend to be standalone MITs or AMITs.

### 95. Capital requirements

- There are no capital requirements for a REIT (if listed, however, it must meet ASX requirements). There are, however, capital requirements for the manager.

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96. **Listing requirements**

- There are no listing requirements. A REIT can be listed or unlisted.

97. **Restrictions on investors**

- There are no investment restrictions on investors. However, in order to qualify as a MIT, a foreign individual must not hold a 10% or greater interest in the REIT (directly or indirectly).

98. **Asset/income/activity tests**

- Public unit trusts investing in land must do so for the purpose, or primarily for the purpose, of deriving rental income ('eligible investment business'). Public unit trusts that carry on a trading business such as developing land for sale, will not receive flow through treatment. Eligible investment business includes other passive, investment-type activities such as loans, portfolio share investment, derivatives, and others.

99. **Distribution requirements**

- Undistributed income or gains may be taxed at the highest marginal tax rate (currently 49%). However, to mitigate this it is standard practice to distribute 100% of the taxable income of the REIT.

100. **Withholding tax on distributions**

- Domestic: None
- Foreign: 30% or generally reduced amount of 15% if investing in a MIT or AMIT via certain countries. The reduction to 15% will not apply to certain real property classes such as residential and agricultural land. A further reduction to 10% may apply in respect of certain newly constructed 'green buildings'.
- Treaty access: if fund payments are made to a foreign resident in a country which has an effective tax exchange information agreement (TIEA) with Australia that helps both countries exchange their respective tax information relevant to respective domestic tax laws, depending upon exact treaty wording, individuals receiving fund payments may be eligible to be taxed at a reduced rate or exempt. Limitations can arise if treaty requires beneficial ownership (due to trust legal form). Note that REIT distributions are not dividends and not covered under dividend articles.

## 3. Overview of APW

### 3.1. Profile of APW

101. APW is a part of a broader diversified financial services and investment group (the AIMS Group). APW is a diversified real estate securities fund that invests across a range of unlisted and listed real estate related trusts and companies. APW is managed by the Responsible Entity and is listed on the ASX and SGX.
102. The Responsible Entity is a specialist in the investment management of direct property, real estate securities and mortgage assets, and is a subsidiary of GWFG, which is a part of the AIMS Group.
103. The AIMS Group manages funds including the AIMS APAC REIT, AIMS Total Return Fund, AIMS Commercial Mortgage Fund, and AIMS Property Securities Fund. The AIMS Group also owns the Sydney Stock Exchange.

#### 3.1.1. Company history

104. The AIMS Group was established in 1991, with a focus in mortgage lending, securitisation, investment banking, funds management, property investment, biomedicine investment and high-tech investment.
105. Since 1999, the AIMS Group has raised approximately A\$4.0 billion in funds from capital markets. Of this, the AIMS Group has issued approximately A\$3.0 billion residential mortgage-backed securities, with most of them rated AAA by both Standard & Poor's and Fitch Ratings and has originated over A\$9.0 billion in mortgages since 1991.
106. Since 2009, after the Global Financial Crisis (GFC), the AIMS Group had a total acquisition and capital raisings amounting to approximately A\$3 billion assets.

#### 3.1.2. Strategy

107. APW's investment objective is to provide investors with regular quarterly income and the potential for long-term capital growth. As at the Announcement Date, APW holds investments in a portfolio of property, real estate and mortgage related securities, diversified by property sectors and geographic locations.

#### 3.1.3. Investments

108. As summarised in Table 4, APW owns a broad portfolio of unlisted and listed property funds, some of which have exposure to overseas properties and markets, and actively manages its capital structure, while optimising yield from its existing portfolio.

Table 4: APW key investments

Portfolio Table	Portfolio overview	% interest held	% Of Total Portfolio	Amount held (\$m)	Units held (m)
AIMS APAC REIT (SGX:O5RU)	29 properties in total, 24 industrial and warehouse properties, 1 business park and 1 office in Singapore. 3 business parks in Australia, including the Woolworths HQ in Bella Vista NSW.	0.59	4.9%	5.8	4.1
Blackwall Limited (ASX:BWF)	15 commercial properties across 5 Australian states and the ACT, with 13 including accommodation for WOTSO Limited.	4.09	1.6%	1.9	2.8
WOTSO Limited (ASX:WOT)	19 office and co-working sites across Australia.	0.43	0.8%	1.0	0.7

Arena REIT (ASX:ARF)	256 social infrastructure properties across Australia, 245 of which are Early Learning facilities and 11 Healthcare facilities.	NM	0.0%	0.0	0.0
<b>Total Listed Property Securities</b>			<b>7.3%</b>	<b>8.7</b>	<b>7.6</b>
AIMS Property Fund (Laverton)	1 industrial site in Melbourne, Australia.	99.69	34.4%	41.2	1.0
AIMS Property Fund (St Kilda Road)	1 office building located in Melbourne, Australia.	93.17	22.9%	27.4	40.7
AIMS Real Estate Opportunity Fund	Investments in real estate related securities.	99.25	22.5%	26.9	25.1
AIMS Property Fund (Felix St)	1 office building located in Brisbane, Australia.	99.47	5.2%	6.2	1.0
AIMS Total Return Fund	1 office building located in Spring Hill, Australia and investments in listed real estate related securities.	41.8	4.9%	5.8	10.8
Waratah Hotel Group	5 hotels and motels located across Queensland, New South Wales and the Northern Territory.	N/A	2.9%	3.4	1.9
<b>Total Unlisted Property Securities</b>			<b>92.7%</b>	<b>110.9</b>	<b>80.4</b>
<b>Total Property Securities</b>			<b>100.0%</b>	<b>119.6</b>	<b>88.1</b>

Note 1: Table may not sum due to rounding;

Note 2: Interest held in Waratah Hotel Group not available;

Note 3: Interest held in Blackwall Limited, WOTSO Limited and Arena REIT calculated based on shares outstanding as at 15 August 2022 per S&P Capital IQ.

Source: 30 June 2022 Management Accounts

## 3.2. Financial information

### 3.2.1. Profit and loss

109. The reported operating performance of APW for the three financial years ended 30 June 2019, 2020, 2021, half year ended 31 December 2021 and for the year ended 30 June 2022 (unaudited), is summarised in Table 5.

Table 5: APW historical profit and loss statements

AUD in millions	Audited Jun 19	Audited Jun 20	Audited Jun 21	Reported Dec 21	Unaudited June 2022
Distribution income	2.8	2.4	1.3	0.7	0.1
Interest income	0.1	0.1	0.2	0.1	0.0
Other income	-	0.0	-	-	-
Net gains on financial assets held at fair value	8.5	(5.4)	12.6	1.7	1.9
Net gains on foreign exchange	0.0	(0.0)	(0.0)	0.0	0.0
<b>Net investment income</b>	<b>11.4</b>	<b>(2.9)</b>	<b>14.0</b>	<b>2.5</b>	<b>2.0</b>
Responsible Entity fees	-	-	-	-	-
Administration expenses	1.5	1.3	1.2	0.7	0.1
Borrowing costs	-	-	-	-	-
Transaction costs	-	-	-	-	-
<b>Total expenses</b>	<b>1.5</b>	<b>1.3</b>	<b>1.2</b>	<b>0.7</b>	<b>0.1</b>
<b>Net profit for the year before finance costs</b>	<b>9.9</b>	<b>(4.3)</b>	<b>12.8</b>	<b>1.8</b>	<b>1.9</b>

Note: Table may not sum due to rounding

Source: APW Management Accounts – June 2022

110. APW's financial performance is largely driven by the net gains or losses on the listed and unlisted investments held. YTD22 has seen modest growth in the value of underlying investments compared to FY21 on the back of a slowdown in investment and transaction activity in the overall Australian property market, partially as a result of rising interest rates and debt costs.



111. Historically, APW only incurs administration expenses, largely relating to expense reimbursements and professional fees, as well as various share registry, listing and custodian fees.
112. The Responsible Entity does not currently charge APW a management fee, however it has received reimbursement/cost recovery of expenses from APW (e.g. A\$995,000 in expenses were reimbursed in FY21).

### 3.2.2. Statement of financial position

113. The summary of APW's financial position as at 30 June 2019, 2020 and 2021, 31 December 2021 and 30 June 2022 (unaudited) is set out in Table 6.

Table 6: APW historical statement of financial position

AUD in millions	Audited Jun 19	Audited Jun 20	Audited Jun 21	Reported Dec 21	Unaudited June 2022
<b>Current Assets</b>					
Cash and cash equivalents	2.6	1.7	2.0	1.8	1.9
Trade and other receivables	1.2	0.5	0.5	0.7	0.8
Financial assets held at fair value through profit or loss	4.0	0.0	0.0	0.0	0.0
<b>Total Current Assets</b>	<b>7.8</b>	<b>2.2</b>	<b>2.5</b>	<b>2.5</b>	<b>2.6</b>
<b>Non-Current Assets</b>					
Trade and other receivables	1.2	0.6	0.6	0.6	0.0
<i>Financial assets held at fair value through profit or loss:</i>					
Listed property securities	10.2	6.3	8.6	8.8	8.7
Unlisted property securities	93.0	96.4	106.5	108.0	110.9
<i>Other financial assets:</i>					0.0
Loan to Felix St Fund	4.0	4.0	4.0	4.0	4.0
<b>Total Non-Current Assets</b>	<b>108.4</b>	<b>107.3</b>	<b>119.7</b>	<b>121.5</b>	<b>123.6</b>
<b>Total Assets</b>	<b>116.2</b>	<b>109.5</b>	<b>122.2</b>	<b>124.0</b>	<b>126.3</b>
<b>Current Liabilities</b>					
Trade and other payables	0.4	0.2	0.1	0.1	0.0
<b>Total Current Liabilities</b>	<b>0.4</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>
<b>Total Liabilities</b>	<b>0.4</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>
<b>Net assets</b>	<b>115.8</b>	<b>109.3</b>	<b>122.1</b>	<b>123.9</b>	<b>126.2</b>
<b>Key Balance Sheet Ratios</b>	<b>Jun 19</b>	<b>Jun 20</b>	<b>Jun 21</b>	<b>Dec 21</b>	<b>Jun 22</b>
NTA / \$ per unit	\$2.60	\$2.46	\$2.74	\$2.78	\$2.84
Debt to equity	0%	0%	0%	0%	0%

Note: Table may not sum due to rounding  
Source: APW Management Accounts – June 2022

114. APW's net assets decreased in FY20 as a result of the COVID-19 pandemic's impact on the Australian property and equity market, however the net assets rebounded strongly in FY21 and were slightly higher again as at 30 June 2022.
115. We note that the NAVs of the investments have not moved significantly from December 2021 to June 2022, with a 1.5% decline in the values of listed property securities and 2.7% increase in the values of the unlisted property securities.



## 3.3. Capital structure

### 3.3.1. Unitholders

116. As at the Announcement Date, APW had a total of approximately 44.5 million units on issue and 1.7m deferred units on issue (Deferred Units). The Deferred Units were issued to the Responsible Entity at A\$0.00001 per unit and were to be converted into ordinary units (for nil consideration) if the Responsible Entity met certain performance hurdles. However, the supplemental deed (December 2016) of APW's constitution removed the payment of management and performance fees to the Responsible Entity, and as such, the Deferred Units will no longer be converted and will instead likely be cancelled. We have not taken into account the Deferred Units for the purpose of our assessment undertaken in this IER.
117. APW does not currently have any options outstanding.
118. Table 7 summarises the "Substantial" (i.e. greater than 5% interest) Unitholders as at June 2022.

Table 7: Substantial APW Unitholders

Name	Units (m)	% held
ACME Co No2 Pty Ltd ATF Long Term Capital Growth Plus Income Fund	8.9	20.0%
AIMS Investment Group Holdings Pty Ltd (the Bidder)	6.1	13.7%
Li Li	4.4	9.9%
AIMS Real Estate Funds Limited ATF AIMS Total Return Fund	4.2	9.5%
Baauer Pty Ltd ATF The Baauer Family Trust (and Associates)	3.0	6.8%
Chi San Liu	3.0	6.7%
<b>Total</b>	<b>29.6</b>	<b>66.6%</b>

Source: APW Management (June 2022)

Note: Table may not sum due to rounding

119. We understand that ACME Co No2 Pty Ltd (ACME), is an associated entity of the Bidder. The Bidder and ACME, together with AIMS Real Estate Funds Limited ATF AIMS Total Return Fund, hold a 43.17% relevant interest in the total units outstanding of APW.

### 3.3.2. Director interests

120. As at the date of this Report, Mr Wang and the Independent Directors hold c.19.7m APW Units and have not acquired or disposed of any APW Units in the four months prior to the date of this IER.

### 3.3.3. Debt

121. From July 2013, and as at the Announcement Date, APW has not held any debt instruments.

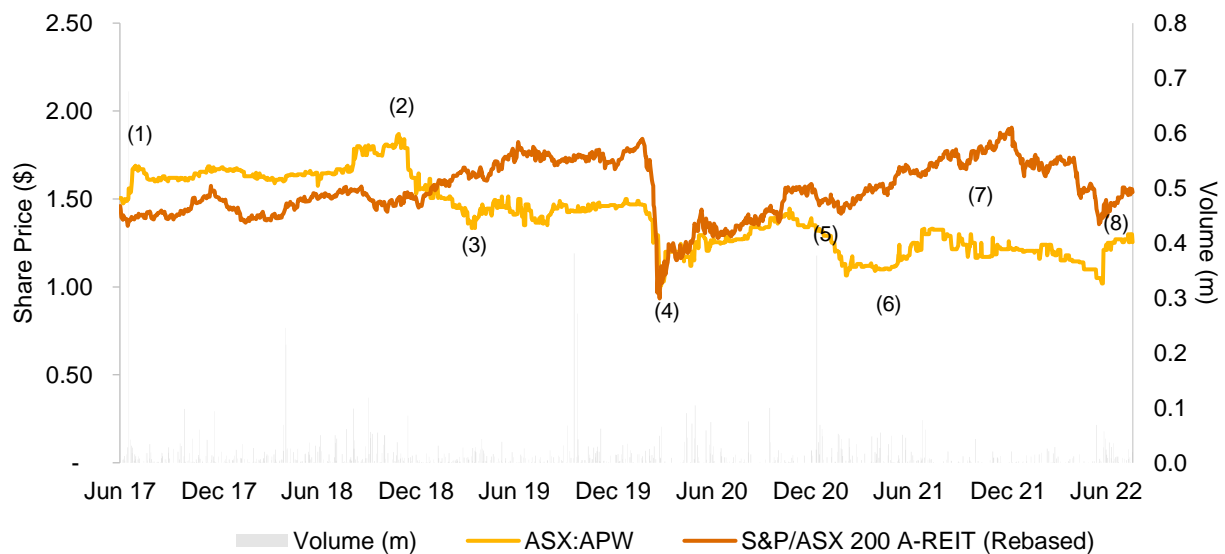
### 3.3.4. Contingent liabilities

122. We have confirmed with Management of the Responsible Entity that there are no contingent liabilities as at the Announcement Date.

### 3.4. Unit price performance

123. Figure 6 illustrates the trading performance of APW Units from 30 June 2017 to 15 August 2022, compared with the A-REIT Index, including historical volumes and key influencing items. The A-REIT Index has been rebased to allow comparability.

Figure 6: APW Unit price trading performance



Source: S&P CapitalIQ, PwCS analysis

124. Table 8 summarises the key influencing items identified in the above figure with corresponding number notes.

Table 8: Key influencing items

1	14 Jul 2017	Sandon Capital (SNC) and its associated entities became a substantial holder of equity interest in APW through Sandon Capital's acquisition c. 2.4m APW Units (5.3% equity interest) on 14 July 2017.
2	7 Dec 2018	On 29 October 2018, SNC and Samuel Terry Asset Management called for unitholder meeting to vote on a wind up of APW given the continued trading of APW Units below its NTA value. The results of the unitholder meeting were announced on 7 December 2018 whereby the motion to wind up the APW fund was not carried out.
3	28 Feb 2019	APW releases its half yearly report for the period ended 31 December 2018, where net income for the period attributable to unitholders decreased by c. \$1.4m (from \$2.55m in FY17 to \$1.13m in the half year period).
4	March 2020	Onset of COVID-19 pandemic.
5	29 Dec 2020	APW announces the change in interests of substantial holder relating to AIMS Investment Group Holdings Pty Ltd acquisition of an additional c. 1.3m units (change in equity interest from 39.79% to 42.78%).
6	24 Feb 2021	APW releases its half yearly report for the period ended 31 December 2020, where net income for the period attributable to unitholders decreased by c. \$1.2m (from \$1.10m in FY20 to a net loss of \$0.13m in the half year period).
7	31 Aug 2021	APW releases its FY21 Annual Report where net income for the period attributable to unitholders increased by c. \$17m (from a net loss of c. \$4m in FY20 to a net profit of c. \$13m in FY21).
8	23 Jun 2022	AIMS Investment Group Holdings Pty Ltd announces its intention to make an off-market takeover offer to acquire all of the units in APW for cash consideration of A\$1.25 per unit.

Source: APW ASX Announcements, PwCS Analysis

### 3.4.1. Liquidity

125. As illustrated in Table 9, there is a low level of liquidity in the trading of APW Units on the ASX. In the 12 months prior to the Announcement Date:

- APW Units have traded 105 days out of 256 trading days on the ASX. No APW Units were traded on the other 151 days.
- 0.95m units out of c. 45m units outstanding in APW were traded, representing approximately 2% of the total units on issue in APW.

Table 9: Liquidity analysis prior to the Announcement Date

ASX	VWAP	# units traded ('000s)	% traded	# inactive days
1 month	\$1.06	82	0.19%	1
3 months	\$1.12	188	0.42%	36
6 months	\$1.16	362	0.81%	75
12 months	\$1.21	828	1.86%	151

Source: S&P Capital IQ

SGX	VWAP	# units traded ('000s)	% traded	# inactive days
1 month	\$1.28	1	0.00%	21
3 months	\$1.28	1	0.00%	57
6 months	\$1.15	27	0.06%	120
12 months	\$1.13	83	0.19%	239

Source: S&P Capital IQ

### 3.4.2. Distributions

126. In May 2020, APW announced that due to uncertain market conditions as a result of the COVID-19 pandemic, in the best interest of Non-Associated Unitholders, distributions would cease from the June 2020 quarter onwards. We have confirmed with Management that this position remains unchanged as at the Announcement Date.

## 4. Valuation of APW

### 4.1. Summary

127. PwCS has assessed the value of an APW Unit to be in the range of \$1.98 to \$2.41, on a controlling interest basis, as summarised in Table 10.

Table 10: Summary of valuation assessment

	Section	Unit	Low	High
<b>Primary methodology – Adjusted NTA</b>	4.3	<b>A\$</b>	<b>1.98</b>	<b>2.41</b>
<i>Cross-check – Quoted Market Price</i>	4.4	A\$	1.53	2.12

Source: PwCS Analysis, APW Management

128. Our assessment was undertaken using the Adjusted NTA method as our primary valuation methodology. We cross-checked the results of our Adjusted NTA assessment using the Quoted Market Price (QMP) valuation methodology. Our cross-check confirmed the reasonableness of our Adjusted NTA assessment.
129. Our Net Assets and QMP assessments are set out below.

### 4.2. Primary methodology – Adjusted NTA

130. We have selected the Adjusted NTA methodology as our primary methodology, having regard to the business activities performed by APW, the nature of assets held and the available information. Our assessment has been undertaken based on the premise of a going concern. Our Adjusted NTA assessment is summarised in Table 11.

Table 11: Summary of Adjusted NTA assessment

	Unit	Low	High
<b>NTA as at 30 June 2022</b>	<b>A\$m</b>	<b>126.2</b>	<b>126.2</b>
Non-contingent transaction costs	A\$m	(0.3)	(0.2)
<b>Pro-forma NTA</b>	<b>A\$m</b>	<b>125.9</b>	<b>126.0</b>
Total APW units on issue	Units (m)	44.5	44.5
<b>Pro-forma NTA per Unit</b>	<b>A\$</b>	<b>2.83</b>	<b>2.83</b>
Premium / (Discount) to Pro-forma NTA	%	(30%)	(15%)
<b>Assessed value per APW Unit</b>	<b>A\$</b>	<b>1.98</b>	<b>2.41</b>

Source: PwCS Analysis, APW Management

131. The Adjusted NTA methodology is a Net Assets based approach and, in our experience, is the most common methodology used to value investment funds, REITs and other asset rich companies. The Adjusted NTA methodology determines the value of a company based on the sum of its underlying assets, less the sum of its liabilities. Our Adjusted NTA assessment has been undertaken based on the premise of a going concern, not taking into account realisation costs.
132. We have not adjusted our NTA to reflect the cost structure of APW (i.e. capitalised overheads) on the basis that these costs are taken into account in the premium or discount to NTA that is applied.
133. The key steps we have undertaken in our Adjusted NTA assessment include:
- (a) Assessing the pro-forma NTA; and
  - (b) Selecting an appropriate premium / discount to apply to the NTA.

## 4.3. Pro-forma NTA

134. Table 12 summarises our assessed pro-forma NTA.

Table 12: Pro-forma NTA

	Unit	Low	High
<b>NTA as at 30 June 2022</b>	<b>A\$m</b>	<b>126.2</b>	<b>126.2</b>
Non-contingent transaction costs	A\$m	(0.3)	(0.2)
<b>Pro-forma NTA</b>	<b>A\$m</b>	<b>125.9</b>	<b>126.0</b>

Source: PwCS Analysis, APW Management

135. Our assessed pro-forma NTA is based on the latest reported NTA balance presented in APW's unaudited management accounts as at 30 June 2022, and reflects an adjustment for non-contingent transaction costs related to the Offer as discussed below.

### 4.3.1. Non-contingent Transaction Costs

136. Non-contingent transaction costs related to the Offer are estimated to be between \$200,000 to \$300,000 by Management. We have deducted these transaction costs from the NTA.

## 4.4. Premium / discount to NTA

137. The NTA of a fund does not always reflect the market value of the fund. The market value of the fund may reflect a discount or premium to the NTA, having regard to factors including:

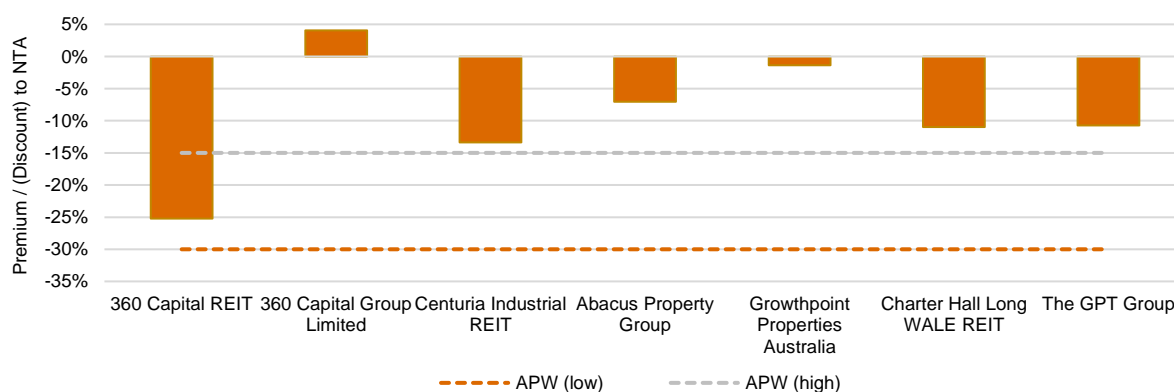
- The investment performance of the fund
- Costs incurred to manage the fund
- Whether dividends are being paid
- Size and diversification of the fund
- Whether the company has operations (e.g. third party property management) that are not fully reflected in the NTA.

138. We have selected an appropriate discount of between 15% and 30% to apply to our assessed pro-forma NTA for APW, having regard to the trading price of listed A-REITs relative to their NTA, and consideration of specific factors associated with APW.

139. Figure 7 presents the implied premium / discount to NTA of listed A-REITs based on their trading price, adjusted to incorporate a control premium of 20% (further detail on the selected control premium is set out below).

140. All premiums and discounts presented in Figure 7 are based on the latest reported NTA figures in the respective companies' December 2021 annual reports (excluding Charter Hall Long WALE REIT for which the June 2022 annual report is available), and the market capitalisation of each company as at 15 August 2022. Although most of the comparable trading company premium/discounts are based on NTA's reported in December 2021, we consider it appropriate to apply the discounts to our pro-forma NTA for APW on the basis that the NTA has not changed significantly since December 2021.

Figure 7: Listed A-REITs Premium / (Discount) to NTA % (including control premium)



Note: Premium / discounts to NTA calculated using market data as 15 August 2022

Source: S&P Capital IQ

141. Our selected discount to NTA for APW of between 15% and 30% is at the high end of the discounts implied from our comparable trading company analysis. We consider our selected discount range to be appropriate on the basis that, relative to the trading companies, APW is:
- smaller in size and scale
  - less diversified in respect of the geographic location and class of its underlying investments
  - unique in nature, being a fund of funds compared to an A-REIT that directly invests in real properties and has full control over them. This structure of investing in funds, as opposed to the properties directly, may also potentially result in a duplication of costs incurred by both APW and the invested fund
  - less transparent in its structure due to the majority of its portfolio are currently invested in related party entities
  - paying lower dividends, having not paid any distributions since May 2020
  - invested primarily in unlisted funds on a control basis, however one of APW's unlisted investments represents a minority interest. We would expect a minority interest to attract a higher discount compared to a controlling interest
  - an investment holding company that does not have any other operations that are not fully reflected in the NTA.
142. We have applied a control premium of 20% to the trading price of the listed A-REITS in our trading company analysis. A control premium represents the amount that a buyer is willing to pay above the trading price of a company to acquire a controlling interest.
143. In accordance with the requirements of RG 111, our assessment is required to be undertaken on a controlling interest basis. The trading prices of the A-REITs represent minority interest prices, because they are based on transactions involving minority interest parcels of securities. In order to convert the minority trading price of the A-REITs to a controlling interest basis, we have applied a control premium.
144. The premium for control observed varies widely depending on the circumstances and may, in some circumstances, include an element reflecting a strategic premium paid by purchasers. Publicly available research indicates that the average equity control premium in Australia across all industries for full control is typically in the range of 15% to 45%. The range observed in comparable transactions and market studies for real estate companies across the ASX within the previous decade leading up to June 2022 was 20%, based on data from MergerStat and the Q1 2022 Business Valuation Review Control Premium Study.
145. In addition to our trading company analysis, we have also considered the prices paid for target companies in broadly comparable transactions involving A-REITs and Australian investment funds, relative to their NTA, as set out in Table 15.

146. In determining our range of applied premium / discounts, we have placed less reliance on the transactions analysis on the basis that:

- The range of premium / discounts is wide, ranging from a discount of 36% to a premium of 45%.
- The transactions include varying levels of synergies which may be incorporated in the transaction price.
- The majority of the identified transactions were undertaken more than five years ago.
- The outlook for the property market in Australia is currently more subdued compared to the previous years when the identified transactions were undertaken. In particular, there has been a change in outlook and general market sentiment for the Australian property market in recent months, largely as a result of increasing interest rates, as discussed in Section 2 of this IER. In our opinion, the current subdued outlook is likely to result in a greater discount to NTA than those implied by the comparable transactions.

Table 15: Transaction detail (A-REITs and Australian Investment Funds)

Date closed	Target	Transaction Value (AUD m)	Percent Sought	Offer price (\$ per share)	NTA (\$ per share)	Offer premium / (discount) to NTA (%)
29/01/2021	Irongate Group	\$78.6	100%	\$1.72	\$1.54	12%
8/03/2019	Propertylink Group	\$1,165.5	100%	\$1.20	\$1.17	3%
14/12/2018	Investa Office Fund (nka:Oxford Investa Property Partners)	\$4,106.8	90%	\$5.60	\$5.48	2%
8/06/2017	Generation Healthcare REIT	\$669.3	77%	\$2.24	\$1.54	45%
24/10/2016	Unity Pacific Group	\$14.1	84%	\$0.47	\$0.42	12%
23/09/2016	Growthpoint Metro Office Fund	\$414.0	100%	\$2.50	\$2.35	6%
21/11/2014	Mirvac Industrial Trust	\$187.7	100%	\$0.21	\$0.19	15%
4/09/2014	Australand Holdings Limited (nka:Frasers Property AHL Limited)	\$4,277.2	100%	\$4.48	\$3.68	22%
25/09/2012	Thakral Holdings Group	\$945.2	100%	\$0.81	\$0.96	(16%)
14/02/2011	Challenger Wine Trust	\$181.6	72%	\$0.24	\$0.33	(28%)
29/03/2011	ING Industrial Fund	\$2,845.7	100%	\$0.55	\$0.56	(3%)
25/08/2009	Mirvac REIT (MRZ)	\$200.0	100%	\$0.54	\$0.85	(36%)
<b>Quartile 1</b>						<b>(6%)</b>
<b>Median</b>						<b>5%</b>
<b>Average</b>						<b>3%</b>
<b>Quartile 3</b>						<b>13%</b>

## 4.5. Valuation Cross-check – Quoted Market Price

147. As a high-level cross-check to our assessed value of APW, we have had regard to the Quoted Market Price method (QMP). The QMP method values the APW Units by reference to recent price at which the APW Units have traded on the ASX.
148. Our QMP assessment is summarised in Table 16. The values derived from the QMP cross-check support the values assessed using our primary valuation methodology.

Table 16: QMP Crosscheck

	Unit	Low	High
QMP Crosscheck APW Unit Price (illiquid, minority)	\$	1.02	1.22
Premium to account for lack of liquidity in APW Units	%	25%	45%
Control Premium adjustment	%	20%	20%
<b>QMP Cross-check APW Unit Price (liquid, control)</b>	<b>\$</b>	<b>1.53</b>	<b>2.12</b>

Source: S&P CapitalIQ, PwCS Analysis

149. APW Units traded between \$1.02 to \$1.22 in the 12 months prior to the Announcement Date, as illustrated in Section 3.4. The trading price of APW Units represents a minority interest price. In order to convert the minority interest price to a control basis, we have applied a control premium of 20%.
150. In addition to the control premium adjustment, we have also adjusted the trading price of APW Units to take into account the lack of liquidity, as discussed in the following section.

### 4.5.1. Adjustment for lack of liquidity / marketability

151. APW Units have a low level of liquidity, having only traded 105 days out of the past 256 trading days on the ASX. During this time, only 0.95m units were traded, representing approximately 2% of the total units on issue in APW.
152. It is widely accepted that investors value liquidity. Securities that have a low level of liquidity will trade a discount to securities that have a high level of liquidity.
153. We have adopted a discount for lack of marketability (DLOM) of 20% to 30%, based on consideration of restricted stock studies. We have grossed-up the trading price of APW Units by 25% to 45%, based on the inverse of the discounts implied from the restricted stock studies to arrive at a hypothetical, liquid unit price for APW.

#### 4.5.1.1. Restricted stock studies

154. A number of restricted stock studies have been completed in the past in order to assess the discount that investors apply due to a lack of liquidity or marketability. As illustrated in Table 17, the restricted stock studies indicate a DLOM in the range of around 20% to 30%.

Table 17: Restricted Stock Studies

Name	Observation Start	Observation End	Observed Discount
SEC Overall Average	1966	1969	25.8%
SEC Nonreporting OTC Companies	1966	1969	32.6%
Milton Gelman	1968	1970	33.0%
Robert Trout	1968	1972	33.5%
Robert Moroney	1969	1972	33.6%
J. Michael Mather	1968	1973	35.4%
Standard Research Consultants	1978	1982	45.0%
Willamette Management Associates	1981	1984	31.2%
Hertzel & Smith	1980	1987	13.5%



William L Sillber	1981	1988	33.8%
Baja, Denis, Ferris and Sarin	1990	1995	22.2%
Johnson Study	1991	1995	20.0%
Management Planning Inc.	1980	1996	27.0%
FMV Options	1980	1997	22.1%
Columbia Financial Advisors	1996	1997	21.0%
Columbia Financial Advisors	1997	1998	13.0%
LiquiStat	2005	2006	32.8%
Management Planning Inc.	2000	2007	18.7%

Source: PwCS Analysis

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## 5. Evaluation of the Offer and conclusion

### 5.1. Assessment of fairness

155. We have assessed the value of an APW Unit to be in a range of \$1.98 to \$2.41 on a controlling interest basis.
156. The all-cash consideration per APW Unit is \$1.25.
157. On the basis that the Offer Price is lower than the range of our estimated value of an APW Unit, it is our opinion that the Offer is not fair.

### 5.2. Assessment of reasonableness

158. In accordance with RG 111, despite not being fair, the Offer may still be reasonable to Non-Associated Unitholders after considering other significant factors.
159. Set out below is our analysis of the likely advantages, disadvantages and other factors associated with the Offer. In our opinion, the advantages of the Offer are not a compelling enough reason, on balance, for Non-Associated Unitholders to accept the Offer, having regard to our fairness assessment and the disadvantages of the Offer. Accordingly, in our opinion, the Offer is not reasonable to Non-Associated Unitholders.

#### 5.2.1. Advantages

##### **The Offer provides Non-Associated Unitholders with liquidity**

160. The Offer provides Non-Associated Unitholders with a liquidity event, providing a high degree of certainty with respect to the timing to realise the value of their APW Units. If the Offer is accepted, Non-Associated Unitholders will be paid A\$1.25 cash for each APW Unit traded on the ASX and SGX, by the earlier of:
  - 1 month after the date that the Offer becomes unconditional; and
  - 21 calendar days after the Offer Close.
161. In contrast, if the Offer is not accepted, the timing for APW Unitholders to realise the value of their APW Units may be uncertain. APW Units have historically been very thinly traded on the ASX and SGX-ST. In the 12 months prior to the Announcement Date:
  - APW Units have traded 105 days out of 256 trading days on the ASX. No APW Units were traded on the other 151 days.
  - 0.95m units out of c. 45m APW outstanding units were traded, representing approximately 2% of APW Units.
162. The Bidder and its Associates currently have an interest in approximately 43.17% of the total units outstanding for APW. Should the Bidder be successful in increasing its ownership interest through the Offer, the liquidity of APW Units is likely to reduce further, making it more difficult for Non-Associated Unitholders to realise the value of their APW Units.
163. We note that APW ceased paying dividends in 2020 due to the impact of the COVID-19 pandemic. It is possible that APW will re-commence the payment of dividends in the future, in which case Non-Associated Unitholders would be able to realise some returns from their APW Units.

**The Offer Price is at a premium to the historical trading price of APW Units prior to the Announcement Date**

164. The Offer Price of A\$1.25 (equivalent to approximately S\$1.22)<sup>2</sup> per APW Unit represents a premium to recently observed trading prices of APW Units on the ASX and SGX.

165. As illustrated in Figure 8, the Offer Price represents a premium of:

- 22.5% to the last sale price on the ASX prior to the Announcement Date, of A\$1.02 on 20 June 2022.
- 17.6% to the one-month VWAP of ASX listed APW Units prior to the Announcement Date, of A\$1.06.
- 11.3% to the three-month VWAP of ASX listed APW Units prior to the Announcement Date, of A\$1.12.
- 7.8% to the six-month VWAP of ASX listed APW Units prior to the Announcement Date, of A\$1.16.
- 3.1% to the 12-month VWAP of ASX listed APW Units prior to the Announcement Date, of A\$1.21.

Figure 8: Implied premium of the Offer Price to APW recent trading (ASX)



Source: S&P Capital IQ, PwCS Analysis

166. As illustrated in Figure 9, the Offer Price also represents a premium to the observed trading prices of APW Units on the SGX prior to the Announcement Date.

<sup>2</sup> Based on an average Australian dollar/Singapore dollar exchange rate of AUD 1.0000 : SGD 0.9796

Figure 9: Implied premium of the Offer Price to APW recent trading (SGX)



Source: S&P Capital IQ, PwCS Analysis

167. We note that APW units are especially illiquid on the SGX with around 1,000 units (or 0.00% of the units on issue) traded on the SGX in the last three months.

#### The Offer delivers certainty with respect to the value of APW Units

168. The Offer represents an all-cash off-market takeover offer. The cash consideration offers a high degree of certainty with respect to value.

169. In contrast, if the Offer is not accepted, the amount which Non-Associated Unitholders will be able to realise for their APW Units may be uncertain. The trading price of APW Units has historically been volatile and the last trading price on the ASX prior to the Announcement Date was A\$1.02.

170. The value certainty that the Offer provides may be attractive to Non-Associated Unitholders given the risks and uncertainties in the broader macroeconomic environment, including but not limited to the long-term impacts of the COVID-19 pandemic on APW, geopolitical tensions and rising interest rate and equity market risks.

#### No brokerage or stamp duty will be payable to transfer APW Units under the Offer

171. Non-Associated Unitholders will not incur any brokerage or stamp duty on the transfer of their APW Units to the Bidder under the Offer.

#### In the absence of the Offer, the APW Unit price may fall

172. The trading price of APW Units will continue to be subject to market volatility. The trading price of APW Units was A\$1.02 prior to the Announcement Date and has increased significantly since then, trading in a range of \$1.21 to \$1.30<sup>3</sup>.

173. Although there are many factors that may influence the price of APW Units on the ASX and SGX, there is a risk that the price of APW Units may fall below the value of the Offer once the Offer lapses.

### 5.2.2. Disadvantages

#### The Offer is a significant discount to NTA compared to precedent transactions

174. The Offer Price represents a significant discount of 56% to the pro-forma NTA per APW Unit of A\$2.82, which is a larger discount to NTA than other precedent transactions.

175. Other transactions in the same space have transacted at between a discount of 36% to a premium of 45% to NTA, with a median of 5% premium.

<sup>3</sup> Based on closing prices for APW Units

### **There is potential for a superior proposal to emerge**

176. It is possible that a superior proposal may be made for APW Units in the foreseeable future. This may include a takeover offer or alternative transaction proposal that could deliver a total consideration to APW Unitholder in excess of the Offer Price.
177. We note that post the announcement of the Offer, on 7 July 2022, the Responsible Entity announced that three Unitholders have requested to call and arrange a meeting of unitholders to consider and vote on a proposed extraordinary resolution (Unitholder Meeting) that in accordance with Section 601NB of the Corporations Act that the Responsible Entity is directed to wind up APW (Proposed Wind Up). In our opinion, Non-Associated Unitholders in a wind-up scenario may realise a greater value for their APW Units than under the Offer.
178. The likelihood of a wind up occurring is uncertain given the following factors:
- While the three Unitholders have requested a Unitholder Meeting regarding the Proposed Wind Up, the Responsible Entity must consider the validity for a Unitholder Meeting to be held. The Responsible Entity has two months to call and arrange a meeting of unitholders to consider and vote on a proposed extraordinary resolution;
  - If the Unitholder Meeting is held, the Proposed Wind Up will not proceed unless at least 50% of the APW Unitholders vote in favour;
  - There have previously been proposals to wind up APW in 2017 and 2018, which were unsuccessful.
179. Further, assets are typically sold at a discount to their Market Value under a wind-up scenario and there are associated transaction costs, therefore the returns to Non-Associated Unitholders under a wind-up scenario is uncertain.

### **The Offer Price may be considered to be inadequate by Non-Associated Unitholders**

180. Non-Associated Unitholders may believe that the Offer Price is inadequate and not, individually, in their respective interests, having regard to their views as to various factors, including future market and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position.

### **Unable to participate in any future growth of APW**

181. If the Offer is accepted, Non-Associated Unitholders will cease to be unitholders in APW and will lose the ability to participate in any potential upside and future growth of APW, assuming the Bidder is successful in obtaining a 100% interest in APW Units.
182. In the event that the Bidder obtains an interest in less than 100% of the APW Units, APW will continue trading on the ASX, in which case Non-Associated Unitholders may be able to repurchase APW Units following the completion of the Offer. However, this may be challenging given the liquidity constraints, which will only be worse if the Bidder is able to increase its interest in APW Units.
183. We note that the implied discount to NTA for APW Units is higher than for other investment funds and listed A-REITs, which we consider to be a result of a number of factors, including the low liquidity of APW Units and the relative size and scale of APW. Non-Associated Unitholders may believe that the discount to NTA for APW Units may reduce in the future. In this regard, APW ceased paying dividends in 2020 as a result of the impact of the COVID-19 pandemic, it is possible that dividend payments re-commence in the future which may result in the APW Unit price increasing and the discount to NTA reducing.

### **The taxation implications of the Offer may not be suitable to individual APW Unitholders' financial circumstances or position**

184. If the Offer is accepted, there may be tax consequences for APW Unitholders, some of which may be adverse.
185. Tax consequences may vary from unitholder to unitholder. If Non-Associated Unitholders are in any doubt as to the action they should take in relation to the Offer, they may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist in this assessment.

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## 5.3. Conclusion

186. Having regard to our fairness and reasonableness assessments above, in our opinion, the Offer is not fair and not reasonable to Non-Associated Unitholders, in accordance with the principles of RG 111.

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# Appendix A. - Qualifications and declarations

## A.1. Qualifications

187. PwCS is beneficially owned by the Partners of PricewaterhouseCoopers Australia (PwC). PwC is a member firm of a network of firms of chartered accountants and business advisors. PwCS holds an Australian Financial Services Licence under the Corporations Act.
188. Meredith Chester is an Affiliate Member of CAANZ and holds the Chartered Financial Analyst Designation and is Business Valuations Specialist Accredited, CAANZ. She also holds a Bachelor of Business (Accounting) and a Bachelor of Mathematics from Queensland University. She has more than 15 years' experience providing expertise and skills in valuations, mergers and acquisitions, financial investigations and the provision of valuation services for financial reporting and taxation purposes. She is a Partner of PwC and an Authorised Representative of PwCS.
189. Richard Stewart OAM is a Senior Fellow of the Financial Services Institute of Australasia, Chartered Accountants in Australia and New Zealand (CAANZ) and the Society of Certified Practising Accountants in Australia. He is also an adjunct Professor in Business Valuation at the University of Technology, Sydney and is Business Valuations Specialist Accredited, CAANZ. He holds a Bachelor of Economics and a Master of Business Administration. He has 35 years' experience with PwC and extensive experience in preparing valuations and independent expert reports as well as providing merger and acquisition advice. He is also a Partner of PwC and is an Authorised Representative of PwCS.
190. Meredith Chester and Richard Stewart were assisted by Evan Wright, Robert Wang and Ashleigh Zhu in the preparation of this Independent Expert's Report.

## A.2. Declarations

191. Prior to accepting this engagement, we considered our independence with respect to ASIC Regulatory Guide 112 (Independence of Experts). Accordingly, we considered the extent and nature of other service mandates with the Bidder and APW, and noted no assignments related to this transaction or that were material to the interests of any PwC firm. In our opinion, we are independent of APW and the outcome of the Offer.
192. Neither PwCS nor PwC has any interest in the outcome of the Offer. PwCS is entitled to receive a fee for the preparation of this Independent Expert's Report based on time spent at our normal hourly rates for this type of work and will be reimbursed for out-of-pocket expenses incurred. The fee payable to us is payable regardless of the outcome of the Offer. None of PwCS, PwC, Richard Stewart, and Ms Chester hold securities in APW and have not held any such beneficial interest in the previous two years.
193. A draft of this report was provided to the Responsible Entity for a review of factual accuracy. No changes to our opinion arose as a result of the factual accuracy review.

## A.3. Purpose of report

194. This Independent Expert's Report has been prepared at the request of the Directors of the Responsible Entity and should not be used for any other purpose. In particular, it is not intended that this Independent Expert's Report should serve any purpose other than an expression of our opinion on whether the Offer is fair and reasonable to Non-Associated Unitholders. This Independent Expert's Report has been prepared solely for the benefit of the Directors of the Responsible Entity and for the benefit of the existing Non-Associated Unitholders.

## A.4. Special note regarding forward-looking statements and forecast financial information

195. Certain statements in this Independent Expert's Report may constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may



cause the actual results, performance and achievements of APW to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

196. Such factors include, among other things, the following:

- General economic conditions.
- The future movements in interest rates and taxes.
- The impact of global pandemics such as the COVID-19 pandemic, terrorism and other related acts on broader economic conditions.
- Changes in laws, regulations or governmental policies or the interpretation of those laws or regulations to APW in particular.
- Other factors referenced in this Independent Expert's Report.

## A.5. Indemnity

197. In preparing this Independent Expert's Report, APW and the Responsible Entity have indemnified PwCS, PwC and its employees, officers and agents against any claim, liability, loss or expense, cost or damage, including legal costs on a solicitor client basis, arising out of reliance on any information or documentation provided by APW or the Responsible Entity which is false and misleading or omits any material particulars or arising from a failure to supply relevant documentation or information.

198. In addition, APW and the Responsible Entity have agreed that if it makes any claim against PwC or PwCS for loss as a result of a breach of our contract, and that loss is contributed to by its own actions, then liability for its loss will be apportioned having regard to the respective responsibility for the loss, and the amount APW and the Responsible Entity may recover from PwCS will be reduced by the extent of its contribution to that loss.

## A.6. Consent

199. PwCS has consented in writing to this report in the form and context in which it appears being included in the Target's Statement which will be issued by the Directors of the Responsible Entity and which will be distributed to Non-Associated Unitholders.

200. Neither PwCS nor PricewaterhouseCoopers has authorised or caused the issue of all or any part of the Target Statement other than this report. Neither the whole nor any part of this report nor any reference to it may be included in or with or attached to any other document, circular, resolution, letter or statement without the prior consent of PwCS to the form in which it appears.

## A.7. APES 225 "Valuation Services"

201. This Independent Expert Report has been prepared in accordance with APES 225 'Valuation Services'.

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## Appendix B. - Sources of information

202. In preparing this Independent Expert's Report, we have had access to and relied upon major sources of information, including:
- ASX announcements for APW.
  - The Bidder's Statement
  - The Target's Statement
  - Information obtained from Bloomberg, Capital IQ, Mergerstat, Broker Reports and IBISWorld Industry Reports.
  - Other publicly available information including information from websites.
203. We have not performed an audit, review or any other verification of the information presented to us. Accordingly, we express no opinion on the reliability of the information supplied to us.
204. In forming our opinion PwCS has assumed that:
- matters such as compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed.
  - the information set out in the Target's Statement and Offer announcement by APW to the ASX is complete, accurate and fairly presented in all material aspects.
  - the publicly available information relied on by PwCS in its analysis was accurate and not misleading.
205. In addition, PwCS assumes no responsibility and offers no legal opinion or interpretation on any issue in respect of legal issues relating to assets, properties, or business interests or issues regarding compliance with applicable laws, regulations and policies.

# Appendix C. - Comparable listed companies

## C.1. Comparable company details

206. A brief overview of each of the comparable companies is provided below:

Company name	Subsector	Market Cap (AUDm)	Shares outstanding	Price per share	NTA per share	Premium / (discount) to NTA (%)
360 Capital REIT	Diversified	\$111.22	141.69	\$0.79	\$1.26	-25%
360 Capital Group Limited	Asset Mgmt.	\$186.15	219.00	\$0.85	\$0.98	4%
Centuria Industrial REIT	Industrial	\$1,930.19	634.93	\$3.04	\$4.21	-13%
Abacus Property Group	Diversified	\$2,579.12	892.43	\$2.89	\$3.73	-7%
Growthpoint Properties Australia	Diversified	\$2,886.05	771.67	\$3.74	\$4.55	-1%
Charter Hall Long WALE REIT	Diversified	\$3,260.53	722.96	\$4.51	\$6.08	-11%
The GPT Group	Diversified	\$8,677.57	1,915.58	\$4.53	\$6.09	-11%
Stockland	Diversified	\$9,200.91	2,383.65	\$3.86	\$4.23	10%
<b>Quartile 1</b>		<b>\$186.15</b>	<b>219.00</b>	<b>\$1.89</b>	<b>\$2.84</b>	<b>-13%</b>
<b>Median</b>		<b>\$2,579.12</b>	<b>722.96</b>	<b>\$3.04</b>	<b>\$4.21</b>	<b>-11%</b>
<b>Average</b>		<b>\$3,212.90</b>	<b>858.49</b>	<b>\$2.90</b>	<b>\$3.77</b>	<b>-10%</b>
<b>Quartile 3</b>		<b>\$3,260.53</b>	<b>892.43</b>	<b>\$3.86</b>	<b>\$4.55</b>	<b>-1%</b>

Note 1: Market capitalisation presented are inclusive of a 20% control premium

Source: S&P CapitalIQ, market data as at 15 August 2022, NTA based on 31 December 2022 Annual Report (Reports (with the exception of 30 June 2022 for Charter Hall Long WALE REIT) and listed announcements, PwCS Analysis

## C.2. Comparable company descriptions

207. A brief overview of each of the comparable companies (source: Capital IQ) is provided below.

Company	Description
360 Capital REIT	360 Capital REIT invests across the entire real estate capital stack to take advantage of varying market conditions in order to maximize risk adjusted returns for unit holders.
360 Capital Group Limited	360 Capital Group is an ASX-listed, investment and funds management group, focused on strategic and active investment management of alternative assets.
Centuria Industrial REIT	CIP is Australia's largest domestic pure play industrial REIT and is included in the S&P/ASX 200 Index.
Abacus Property Group	Abacus Property Group (ASX:ABP), is a diversified Australian REIT with an investment portfolio concentrated in the Office and Self Storage sectors.
Growthpoint Properties Australia	Growthpoint Properties Australia is an ASX-listed real estate investment trust (REIT). They invest in high-quality industrial and office properties across Australia.
Charter Hall Long WALE REIT	Charter Hall Long WALE REIT is an Australian Real Estate Investment Trust (REIT) listed on the ASX and investing in high quality Australasian real estate assets that are predominantly leased to corporate and government tenants on long term leases.
The GPT Group	The GPT Group is one of Australia's largest diversified property groups and a top 50 ASX listed company by market capitalisation.

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Stockland

Stockland (ASX:SGP) was founded in 1952 and has grown to become one of Australia's largest diversified property groups – owning, developing and managing a large portfolio of shopping centres, residential communities, workplace and logistic assets and retirement living villages.

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# Appendix D. - Comparable transactions

## D.1. Transaction detail

208. A brief overview of each of the companies acquired in the broadly comparable transactions are provided below:

Date closed	Target	Transaction Value (AUD m)	Percent Sought	Offer price (\$ per share)	NTA (\$ per share)	Offer premium / (discount) to NTA (%)
29/01/2021	Irongate Group	\$78.6	100%	\$1.72	\$1.54	12%
8/03/2019	Propertylink Group	\$1,165.5	100%	\$1.20	\$1.17	3%
14/12/2018	Investa Office Fund (nka:Oxford Investa Property Partners)	\$4,106.8	90%	\$5.60	\$5.48	2%
8/06/2017	Generation Healthcare REIT	\$669.3	77%	\$2.24	\$1.54	45%
24/10/2016	Unity Pacific Group	\$14.1	84%	\$0.47	\$0.42	12%
23/09/2016	Growthpoint Metro Office Fund	\$414.0	100%	\$2.50	\$2.35	6%
21/11/2014	Mirvac Industrial Trust	\$187.7	100%	\$0.21	\$0.19	15%
4/09/2014	Australand Holdings Limited (nka:Frasers Property AHL Limited)	\$4,277.2	100%	\$4.48	\$3.68	22%
25/09/2012	Thakral Holdings Group	\$945.2	100%	\$0.81	\$0.96	(16%)
14/02/2011	Challenger Wine Trust	\$181.6	72%	\$0.24	\$0.33	(28%)
29/03/2011	ING Industrial Fund	\$2,845.7	100%	\$0.55	\$0.56	(3%)
25/08/2009	Mirvac REIT (MRZ)	\$200.0	100%	\$0.54	\$0.85	(36%)
<b>Quartile 1</b>						<b>(6%)</b>
<b>Median</b>						<b>5%</b>
<b>Average</b>						<b>3%</b>
<b>Quartile 3</b>						<b>13%</b>

Note 1: Total transaction value has been calculated as the total consideration paid for the enterprise value of the target and includes any assumption of debt.

Source: S&P CapitalIQ, various Independent Expert's Reports, Target and Bidder Statements

## D.2. Target Description

209. A brief description of each target (source: S&P CapitalIQ) is provided below.

Company	Description
Irongate Group	Irongate Group has its origins as the Investec Group's Australian and New Zealand property investment and asset management business.
Propertylink Group	Propertylink is an A-REIT, listed on the Australian Stock Exchange under the code "PLG".
Investa Office Fund	Oxford Investa Property Partners is a real estate investment trust. The OIPP portfolio is comprised of over \$4.5 billion of investment grade office buildings and receives rental income from a tenant register comprising predominantly government and blue chip tenants.
Generation Healthcare REIT	Generation Healthcare REIT is property fund launched and managed by ING Real Estate Investment Management Australia.
Unity Pacific Group	Trinity Group engages in the investment and management of commercial, retail, industrial, and residential properties in Australia.
Growthpoint Metro Office Fund	As of September 23, 2016, Growthpoint Metro Office Fund was acquired by Growthpoint Properties Australia Ltd.
Mirvac Industrial Trust	As on December 10, 2014, Mirvac Industrial Trust was acquired by AustFunding Pty Ltd. Mirvac Industrial Trust is a real estate investment trust. It engages in property investment business in the United States.

Australand Holdings Limited	Frasers Property AHL Limited operates as an investment arm of Frasers Centrepoint Limited.
Thakral Holdings Group	As of September 25, 2012, Thakral Holdings Group was acquired by Brookfield Asset Management Inc. Thakral Holdings Group invests in hotel, retail, commercial, and residential properties primarily in Australia.
Challenger Wine Trust	Challenger Wine Trust offers capital solutions to wine industry participants in Australia and New Zealand.
ING Industrial Fund	ING Industrial Fund invests in real estate primarily in Australia, Canada, and western Europe.
Mirvac REIT (MRZ)	Mirvac is an Australian property group with a clearly defined purpose to reimagine urban life.

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# Appendix E. - Valuation methodology

## E.1. Summary of approaches

210. There is no single generally accepted approach to determining value and the approach adopted depends upon the specific circumstances. PwCS has considered common market practices and the valuation methodologies guidance included in RG 111. The approaches PwCS has considered are discussed below:

### **Market based approaches:**

Market based approaches estimate the value of a company through reference to the market value of comparable companies and trading in the company's own securities. There are a number of variants including the following three approaches:

1. *Capitalisation of earnings:* This method is commonly used for the valuation of relatively mature businesses. It involves the application of earnings multiple (derived from an analysis of comparable companies and/or transactions) to an assessment of the future earnings of a business. The earnings must be maintainable by the business and must not include one-off gains or losses. Hence, this method is generally not appropriate for a business with fluctuating earnings. The method is appropriate for businesses with indefinite lives where stable earnings or trends in earnings are evident.
2. *NTA multiples approach:* This approach is often used in asset backed businesses and looks at the premium or discount at which other companies are trading to their NTA. To reflect this in a valuation, an appropriate premium or discount can be applied to the NTA of the company, which reflects the business' relative outlook, business risk, investor expectations, future growth and other specific factors.
3. *ASX market price valuation:* This valuation approach can be used at the prevailing spot price at the valuation date or VWAP across a given period up to the valuation date, such as 30, 60 or 90 days. This type of valuation is an indication of a non-controlling interest value if:
  - a. the securities are actively traded; or
  - b. the market is assumed to be efficient.

### **Asset based approach:**

This method analyses the value of the assets used in the business. This is done by separating the business into assets which can be readily sold and determining a value for each asset based on the net proceeds that could be obtained in the marketplace if the asset were sold. The value of the assets can be determined in the context of:

1. *Orderly realisation:* This method estimates the value by determining the net assets of the underlying business including any allowances or costs involved in carrying out the sale. This method is not a valuation under a forced liquidation where the value could be materially different from their market value.
2. *Liquidation:* This method is based on the premise of a forced sale in terms of liquidation. In this case, the price the assets could be sold at (and hence value) is typically materially lower than their market value.
3. *Going concern:* This method estimates the value of the net assets on a replacement cost basis, but does not consider realisation costs.

An asset based approach is typically used for asset rich companies, dormant companies or loss making companies. It is usually inappropriate for businesses in which intangible assets are significant, the value of which is usually best determined by reference to future income streams.

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**Discounted cash flow (DCF) approach:**

DCF approaches are premised directly on the principle that the value of a company is dependent upon the future economic benefits it can generate.

This method indicates the value of a business enterprise based on the present value of the free cash flows that the business is expected to generate in the future. Such cash flows are discounted at a discount rate (the cost of capital) that reflects the time value of money and the risks associated with the forecast cash flows.

This approach is typical for companies with:

- high levels of growth;
- reasonably accurate forecast cash flows (preferably 5 years);
- earnings or cash flows that are expected to fluctuate from year to year or are of a limited life; and / or
- irregular capital expenditure requirements.

211. Each methodology is appropriate in certain circumstances and the decision as to which methodology to apply generally depends on the nature of the business being valued, the maturity of the business, commonly adopted approaches used to value similar businesses and the availability of information.



# Appendix F. - Glossary

Term	Definition
Announcement Date	23 June 2022, being the date the Bidder announced the Offer
APES 225	Accounting Professional & Ethical Standards standard APES 225 <i>Valuation Services</i>
APW	AIMS Property Securities Fund
APW Unit	A fully paid unit in the capital of APW
ASIC	Australian Securities and Investments Commission
Associates	Entities associated with the Bidder
ASX	Australian Securities Exchange
ATO	Australian Tax Office
\$ or A\$ or AUD	Australian dollars
Bidder	AIMS Investment Group Holdings Pty Ltd
Bidder's Statement	Bidder's Statement lodged by the Bidder on 23 June 2022
Business day	A day that is not a Saturday, Sunday, public holiday or bank holiday in Sydney, Australia
CAANZ	Chartered Accountants Australia and New Zealand
Corporation Act	Corporations Act 2001 (Cth)
COVID-19	The ongoing pandemic related to the 2019 Novel Coronavirus
Consideration	The A\$1.25 cash offer for each APW Unit not currently owned by the Bidder and its Associates
DLOM	Discount for lack of marketability
Directors	Means the current directors of the Responsible Entity
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest and tax, depreciation and amortisation
EV	Enterprise value
FSG	Financial Services Guide
FY	Financial year
GWFG	Great World Financial Group Holdings Pty Ltd, the parent company of the Bidder
IBISWorld	IBISWorld Pty Ltd
IER or Report	This Independent Expert's Report opining on whether the Offer is fair and reasonable
Independent expert	PricewaterhouseCoopers Securities Limited ABN 54 003 311 617, holder of Australian Financial Service Licence No, 244572, the independent expert in respect of the Offer appointed by the Directors of the Responsible Entity
LTM	Last twelve months
m	Millions
Management	Management of the Responsible Entity
Market Value	Market Value is defined as the price which would reasonably be negotiated by an informed, willing but not anxious purchaser and an informed, willing but not anxious seller acting at arm's length and within a reasonable timeframe
Mr Wang	Mr George Wang, Executive Chairman of the Responsible Entity
N/A	Not available
Net Assets	The estimated net proceeds from an orderly realisation of assets

NM	Not meaningful
Non-Associated Unitholders	Unitholders in APW other than the Bidder and its Associates
NPAT	Net profit after tax
NRV	Net realisable value
NTA	Net tangible assets
NTM	Next Twelve Months
NWC	Net working capital
Offer	The Bidder's off-market takeover offer to acquire the remaining APW Units that it does not already have an interest in, for a cash consideration of A\$1.25 per APW Unit
Offer Price	The Offer's consideration of A\$1.25 per APW Unit
Proposed Wind Up	Proposal that in accordance with Section 601NB of the Corporations Act 2001 (Cth) that the Responsible Entity is directed to wind up APW
PwCS	PricewaterhouseCoopers Securities Ltd
QMP	Quoted Market Price
Responsible Entity	AIMS Fund Management Limited, the responsible entity of APW
RG 111	ASIC Regulatory Guide 111 <i>Content of expert reports</i>
RG 112	ASIC Regulatory Guide 112 <i>Independence of experts</i>
QMP	Quoted market price methodology
SGX	Singapore Exchange
Target's Statement	The Target's Statement in response to the Offer by the Bidder
Unitholder Meeting	Meeting of unitholders of APW to consider and vote on a proposed extraordinary resolution
VWAP	Volume weighted average price
WACC	Weighted average cost of capital

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# Appendix G. - Financial services guide

## G.1. PricewaterhouseCoopers Securities Ltd

212. This Financial Services Guide (FSG) is dated 17 August 2022.

## G.2. About us

213. PwCS (ABN 54 003 311 617, Australian Financial Services Licence No 244572) has been engaged by AIMS Property Securities Fund to provide a report in the form of an independent expert's report for inclusion in the Target's Statement.

214. You have not engaged us directly but have been provided with a copy of the Independent Expert's Report as a retail client because of your connection to the matters set out in the Independent Expert's Report.

## G.3. This financial services guide

215. This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about PwCS generally, the financial services we are licensed to provide, the remuneration PwCS may receive in connection with the preparation of the Independent Expert's Report, and how complaints against us will be dealt with.

## G.4. Financial services we are licensed to provide

216. Our Australian Financial Services Licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds and deposit products.

## G.5. General financial product advice

217. The Independent Expert's Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

218. You should consider your own objectives, financial situation and needs when assessing the suitability of the Independent Expert's Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

## G.6. Fees, commissions and other benefits we may receive

219. PwCS charges fees to produce reports, including this Independent Expert's Report. These fees are negotiated and agreed with the entity who engages PwCS to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on a fixed basis and are approximately \$75,000.

220. Directors, authorised representatives or employees of PwCS, PricewaterhouseCoopers (PwC), or other associated entities, may receive partnership distributions, salary or wages from PwC.

## G.7. Associations with issuers of financial products

221. PwCS and its authorised representatives, partners, employees and associates may from time to time have relationships with the issuers of financial products. For example, PwC may be the auditor of, or

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PwCS may provide financial advisory services to, the issuer of a financial product in the ordinary course of its business.

## G.8. Complaints

222. If, for any reason, you are not satisfied with the advice or service you receive from PwCS or from our authorised representatives, you are entitled to make a complaint. If you wish to make a complaint, please initially lodge your complaint with your adviser. We have established procedures to ensure all complaints are resolved quickly and fairly. A copy of our internal complaints handling procedure can be provided to you upon request.
223. If you do not receive a satisfactory outcome to your complaint, you have the right to contact the Australian Financial Complaints Authority (AFCA). AFCA provides independent financial services complaint resolution that is free to consumers.

Australian Financial Complaints Authority  
GPO Box 3, Melbourne VIC 3001  
Tel: 1800 931 678 (Free Call)  
E-mail: [info@afca.org.au](mailto:info@afca.org.au)  
Website: [www.afca.org.au](http://www.afca.org.au)

224. PwCS is a member of AFCA. You will not be charged for using the AFCA service

## G.9. Contact details

225. PwCS can be contacted by sending a letter to the following address:

Ms Meredith Chester  
Authorised Representative  
PricewaterhouseCoopers Securities Ltd  
GPO Box 2650  
SYDNEY NSW 2001