



AIMS Funds Management
A Member of AIMS Financial Group

7 December 2016

ASX Code: APW

SGX Code: AIMS Property

ASX Announcement

AIMS Property Securities Fund

Notice of Unitholder Meeting

FOR IMMEDIATE RELEASE

AIMS Fund Management Limited (**AIMS**) as the responsible entity (**RE**) of AIMS Property Securities Fund (**APW**) refers to the ASX announcement made on 21 November 2016 and attaches the Notice of Meeting together with, Explanatory Memorandum, Statement from Requesting Member and pro forma Proxy Form.

The meeting of Unitholders has been convened in accordance with section 252B of the *Corporations Act 2001 (Cth)*.

The Notice of Meeting together with an Explanatory Memorandum and Proxy Form will be dispatched to Unitholders today.

Unitholders should read the Notice of Meeting, Explanatory Memorandum and Statement from Requesting Member carefully.

If you have any questions in relation to this announcement, please contact Peter Gan on +61 2 9217 2727 or at trust@aims.com.au

Yours sincerely

AIMS Fund Management Limited as the responsible entity of AIMS Property Securities Fund

Peter Gan
Company Secretary
AIMS Fund Management Limited

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AIMS Fund Management Limited
ABN 79 004 956 558 AFS Licence No: 258052
AIMS Investment Managers Limited
ABN 45 099 054 074 Licence No: 225357 SEC No: 801-66388
AIMS Real Estate Funds Limited
ABN 32 126 766 167 AFSL No: 318261

VOTE AGAINST THE RESOLUTION TO WIND UP

AIMS Property Securities Fund

ARSN 111 442 150

ASX Code: APW
SGX Code: AIMS Property

Notice of General Meeting to be held on Tuesday, 3 January 2017

Explanatory Memorandum for the Notice of General Meeting

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

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

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

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

**THE DIRECTORS OF AIMS FUND MANAGEMENT LIMITED AS
RESPONSIBLE ENTITY OF AIMS PROPERTY SECURITIES FUND
RECOMMEND THAT UNITHOLDERS**

VOTE AGAINST

THE RESOLUTION TO WIND UP THE FUND

**NOTICE OF GENERAL MEETING TO BE HELD AT
THE OFFICES OF K&L GATES, LEVEL 31, 1 O'CONNELL STREET, SYDNEY NSW 2000
9.00AM (AUSTRALIAN EASTERN DAYLIGHT TIME), ON TUESDAY, 3 JANUARY 2017**

**TO BE VALID, FORMS OF PROXY FOR USE AT THE GENERAL MEETING MUST BE COMPLETED AND RETURNED TO THE
RESPONSIBLE ENTITY BY NO LATER THAN
9.00AM (AUSTRALIAN EASTERN DAYLIGHT TIME) ON SUNDAY, 1 JANUARY 2017**

PROTECT YOUR LONGTERM INTERESTS – VOTE AGAINST THE RESOLUTION TO WIND UP

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Section A – Letter to Unitholders

2 December 2016

Dear Unitholders,

AIMS Fund Management Limited (ACN 004 956 558) (**AIMS**) in its capacity as responsible entity (**Responsible Entity**) of AIMS Property Securities Fund (ARSN 111 442 150) (**APW** or **Fund**) has been requisitioned by WO Nominees A/C Pty Ltd ACN 601 942 330 as custodian for Samuel Terry Asset Management Pty Ltd ACN 108 611 785 as trustee for the Samuel Terry Absolute Return Fund (**Requesting Unitholder**) to hold a meeting of the Fund's Unitholders to consider and vote on an extraordinary resolution to direct the Responsible Entity to wind up the Fund.

Unitholders should be aware that the Resolution is not being put to Unitholders voluntarily by AIMS and has not been proposed or endorsed by AIMS.

The Directors unanimously recommend that you

vote AGAINST

the Resolution to direct the responsible entity to wind up the Fund

The meeting will be held at the offices of K&L Gates, Level 31, 1 O'Connell Street, Sydney NSW 2000 on Tuesday, 3 January 2017 at 9.00AM (Australian Eastern Daylight Time).

What will happen if the Resolution is passed?

If the Resolution is passed, AIMS as Responsible Entity of the Fund will be obliged to wind up the Fund in accordance with the Corporations Act. The assets of the Fund would be sold. The sale proceeds, net of transaction costs and the payment of other expenses and liabilities, would be distributed to the Fund's Unitholders. A wind up does not guarantee a specific price in respect of the extinguishment of a Unitholder's interests in the Fund.

Why a vote AGAINST the Resolution is important?

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

- 1. Predatory and short-term profit seeking behaviour by a select group of minority Unitholders, at the expense of ALL other Unitholders:**
 - (a) The Requesting Unitholder has only been invested in the Fund for a short period of time. The Requesting Unitholder and their associates are seeking to realise short-term financial returns, by forcing the winding up of the Fund at the expense of ALL Unitholders.
 - (b) In 2013, a similar request was made to wind up the Fund by associates of the Requesting Unitholder. Unsuccessful then, these Unitholders have now returned to employ the same techniques, only this time at a potentially much greater cost to ALL Unitholders.

2. The Responsible Entity has a demonstrated track record of creating value for the Fund. A wind up of the Fund forgoes the opportunity for further gain:

- (a) Since 2013, the Fund's Unit price has more than doubled (\$0.70 to \$1.57), Net Tangible Assets (NTA) have almost doubled (\$1.17 to \$2.05) and annual dividends have increased from 0% in FY13 to 4.5% in FY16. Annualised Total Return of the Fund has been double the performance of the S&P/ASX 200 A-REIT Index for the same period.
- (b) In June 2009, the Fund Unit price traded at a 72% discount to NTA. Since then the Responsible Entity has significantly reduced this gap to its current level of 23% (December 2016).
- (c) The Responsible Entity, observing prudent, conservative and patient investment principles, has invested in a portfolio of assets that have not only provided a stable income stream but have demonstrated increases in capital value with further potential upside. This has been achieved in tandem with reducing the Fund's debt to zero.
- (d) AIMS Capital Management Pty Ltd (**AIMS Capital**), an associated company of the Responsible Entity, is the major Unitholder in the Fund. AIMS Capital did not receive any of its Units free of charge and has paid for each and every Unit at market prices. It believes in the future of the Fund. This underpins the fact that the Responsible Entity's interests are fully aligned with the interests of Unitholders.

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

- (a) A wind up of the Fund will be public information and any disposals initiated by such a wind up would be treated by the market as a fire sale. This will significantly erode the realisable value of the Fund's assets and any profit which the Requesting Unitholder is hoping to gain from winding up the Fund.
- (b) The costs of undertaking the process of winding up the Fund will be significant and will substantially impact final distributions to Unitholders.

Notwithstanding the above, the Responsible Entity acknowledges the Unit price of the Fund has been trading at a discount to NTA. The Responsible Entity stresses however that since taking over management of the Fund in August 2009, it has succeeded in reducing the discount in NTA from 72% (June 2009) to 23% (December 2016) and will continue to implement strategies to improve on this performance, including share buy backs and increased promotion of the Fund.

The Responsible Entity is also committed to allaying the Requesting Unitholder's concerns regarding double fee charges and has elected to irrevocably forgo any management and performance fees from the Fund. The annual fees and performance fees payable to the Responsible Entity have now been removed from the Fund's Constitution.

For these reasons it is recommended that you

vote AGAINST the Resolution

What do I need to do?

Read the enclosed Notice of Meeting and Explanatory Memorandum carefully.

If you agree with the Directors and do not support a winding up of the Fund, you should do one of the following:

- (a) Sign the enclosed proxy form and put an X in the **AGAINST** voting box;
- (b) Sign the enclosed proxy form and do not put an X in any of the voting boxes; or
- (c) Do nothing.

Unitholders who complete and lodge a proxy form:

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

will appoint the Chairperson of the meeting as their proxy.

The Chairperson of the meeting will direct open proxies to be voted **AGAINST** the resolution.

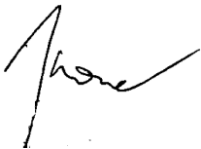
In accordance with section 252S(1) of the Corporations Act, the Responsible Entity will appoint a suitably qualified Chairperson of the Meeting. The name of the Chairperson appointed by the Responsible Entity will be communicated prior to the closing time for submission of proxies.

If you have any queries, please contact Peter Gan on +61 2 9217 2701.

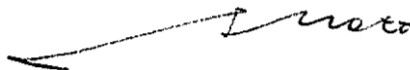
Yours faithfully,



Mr. George Wang
Director
AIMS Fund Management Limited



Mr. John Love
Director
AIMS Fund Management Limited



Mr. Richard Nott
Director
AIMS Fund Management Limited

Section B – Notice of General Meeting

NOTICE IS HEREBY GIVEN that a General Meeting of Unitholders of AIMS Property Securities Fund ARSN 111 442 150 will be held on Tuesday, 3 January 2017 at the offices of K&L Gates, Level 31, 1 O'Connell Street, Sydney, NSW at 9.00AM (AEDT).

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

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

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

BUSINESS

1. Extraordinary Resolution

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

"That in accordance with Section 601NB of the Corporations Act 2001 (Cth), the responsible entity of the AIMS Property Securities Fund (ARSN 111 442 150) is directed to wind up the AIMS Property Securities Fund."

2. Determination of Membership and Voting Entitlement

For the purpose of determining a person's entitlement to attend and vote at the General Meeting, in accordance with Regulation 7.11.37 of the Corporations Act, a person will be recognised as a member of the Fund and the holder of Units if that person is registered as a holder of those Units at 9.00AM (AEDT) on Sunday, 1 January 2017 (**Voting Record Date**).

Section 601NB of the Corporations Act requires if members of a registered scheme wish to wind up a scheme, they may request a meeting of members be called to consider and vote on an extraordinary resolution (i.e. a resolution which requires approval by Unitholders holding at least 50% of the Units eligible to vote on the Resolution whether or not they are present at the General Meeting).

Each Unitholder who is on the Register at the Voting Record Date is entitled to attend and vote at the Meeting either in person, by proxy, by attorney or, in the case of a body corporate, by its corporate representative appointed in accordance with section 253B of the Corporations Act.

It is intended that voting on the Resolution will be by poll. In a resolution of the Fund determined by poll, each Unitholder present in person or by proxy has one vote for every dollar of its total interest held in the Fund (held via Units). The value of a Unitholder's total interest in the Fund will be calculated by reference to the last sale price of Units on the ASX as at 30 December 2016.

3. CDP Account Holders

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

In order to vote, CDP Account Holders must provide their voting instructions to CDP by no later than **5.00PM (Singapore time) on Friday, 30 December 2016**. Instructions on how to lodge your voting instructions with CDP are included in the CDP Voting Instruction Form accompanying this Notice.

Each CDP Account Holder is permitted to attend the General Meeting in person, provided that by no later than **9.00AM (AEDT) (being 6.00AM Singapore time) on Sunday, 1 January 2017** the CDP Account Holder has:

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

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

4. Proxies

Please note that:

- (a) A member entitled to attend and vote at the General Meeting is entitled to appoint no more than two proxies;
- (b) An instrument appointing a proxy must be in the form of the proxy form attached to this Notice of Meeting;
- (c) Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. If a member appoints two proxies, and the appointment does not specify the proportion of the member's voting rights, each proxy may exercise one-half of the voting rights;
- (d) A proxy need not be a member of the Fund;
- (e) A proxy form may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where the proxy form so provides, the proxy is not entitled to vote on the Resolution except as specified in the proxy form;
- (f) A proxy has the authority to vote on the member's behalf as he or she thinks fit, on any motion to adjourn the General Meeting, or any other procedural motion, unless the member gives a direction to the contrary;

- (g) A valid proxy form will be deemed to confer authority to demand or join in demanding a poll;
- (h) To be valid, a proxy form must be signed by the member or the member's attorney or, if the member is a corporation, executed in accordance with the corporation's constitution and the Corporations Act (and may be signed on behalf of the corporation by its attorney); and
- (i) To be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be received at least 48 hours before the time of the Meeting, by no later than **9.00AM (AEDT) on Sunday, 1 January 2017**:

By the Fund:

- In person: AIMS Property Securities Fund
C/- Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
ABBOTSFORD VIC 3067
Australia
- By mail: AIMS Property Securities Fund
C/- Computershare Investor Services Pty Limited
GPO Box 242
MELBOURNE VIC 3001
Australia
- By facsimile: 1800 783 447(within Australia) or + 61 3 9473 2555 (outside Australia)

A form of proxy accompanies this Notice of Meeting.

By order of the Board



Mr. Peter Gan
Company Secretary
AIMS Fund Management Limited

Dated: 2 December 2016

Section C – Explanatory Memorandum

1. Introduction

Purpose

This Explanatory Memorandum of the Fund outlines the background to the Resolution as set out in the Notice of Meeting. The purpose of the Explanatory Memorandum is to assist Unitholders to understand the business to be put to Unitholders for their consideration at the forthcoming General Meeting on Tuesday, 3 January 2017

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

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

Date of this Document

The Explanatory Memorandum has been prepared as at 2 December 2016 (the **Preparation Date**) based upon the information available and the facts and circumstances known at the Preparation Date by the Responsible Entity.

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

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

Independent Investment Decisions

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

All capitalised terms are defined in the Glossary in Section D of this Explanatory Memorandum.

2. Background

On 21 November 2016, AIMS, in its capacity as Responsible Entity of the Fund, announced that it had received on 17 November 2016, a requisition under Section 252B of the Corporations Act from the Requesting Unitholder to convene a meeting of the Fund's Unitholders to consider and vote on the Resolution.

As the Requesting Unitholder holds at least 5% of the votes it was entitled to requisition a meeting of Unitholders. In accordance with the Corporations Act, AIMS as Responsible Entity has convened a meeting of the Unitholders of the Fund to be held on Tuesday, 3 January 2017 to consider the Resolution.

Under section 601NB of the Corporations Act, if Unitholders of a registered scheme wish to wind up the registered scheme, they may take action under Division 1 of Part 2G.4 of the Corporations Act through the calling of a members' meeting to consider and vote on a resolution that the Responsible Entity wind up the Fund.

The Resolution requisitioned by the Requesting Unitholder to be put to the meeting of Unitholders is: *"That in accordance with Section 601NB of the Corporations Act 2001 (Cth), the Responsible Entity of the AIMS Property Securities Fund (ARSN 111 442 150) is directed to wind up the AIMS Property Securities Fund."*

Under section 601NE(1)(b) of the Corporations Act the kind of resolution that Unitholders must pass to compel the responsible entity to wind up the scheme is an extraordinary resolution.

An extraordinary resolution will be passed if at least 50% of the total votes that may be cast by Unitholders entitled to vote on the resolution (including Unitholders who are not present in person or by proxy).

In accordance with section 252B(9) of the Corporations Act, AIMS as Responsible Entity of the Fund is responsible for the expenses of calling and holding the Meeting and distributing this document and may meet those expenses from the assets of the Fund.

In the unanimous opinion of the Board of Directors of the Responsible Entity (being George Wang, John Love and Richard Nott), voting **AGAINST** the Resolution is considered the best course of action and is likely to deliver optimal results to Unitholders as a whole.

3. Further Information Relating to the Resolution

3.1 Directors' Opinion and Recommendation

The Directors unanimously recommend that Unitholders vote AGAINST the Resolution.

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

Since AIMS Capital acquired its stake in the Fund and AIMS became the Responsible Entity of the Fund, the debt of the Fund has been reduced and the Fund is now debt free. The Fund reinstated income distributions in the quarter ended 31 December 2013 and has made a number of new investments in line with the revised investment guidelines.

By amendment to the Constitution as announced on 1 December 2016, the payment of any management and performance fees to the Responsible Entity has been removed from the Constitution. The Responsible Entity will be entitled to be reimbursed proper and reasonable costs incurred on behalf of the Fund for the direct costs of engaging key persons to provide the necessary services for the management of the Fund. The Responsible Entity will not derive any benefit from the provision of the necessary services. The Responsible Entity will conduct regular reviews of the services provided and costs incurred to ensure the level of service and costs incurred are appropriate and reasonable for the proper management and promotion of the Fund.

Furthermore the Director's believe that:

- (a) The Resolution to direct the Responsible Entity to wind up the Fund imposes the will of the Requesting Unitholder and its associates who are focused on a short-term gain to the detriment of the remaining long-term Unitholders who wish the Fund to maintain exposure to the core investment strategy.

The Requesting Unitholders would force the Responsible Entity to sell the assets of the Fund in an attempt to obtain a short-term gain for Unitholders. A sudden and forced wind up prevents the opportunity for the Fund to continue through the market cycle and succeed in realising the expected benefits of the investment portfolio;

- (b) The Responsible Entity is committed to implementing its investment strategy in order to close the gap between Unit Price and NTA per Unit, as well as to maximise the value of the Fund's investments. The Fund will continue to buy back and cancel Units under its current 12 month on-market buy-back limit. There are currently 44,820,916 Units on issue. As at the close of trading on 1 December 2016, the volume weighted average price for the Fund's Units on the ASX for the preceding 5 trading days was \$1.57 per Unit;
- (c) Winding up of the Fund may result in the Fund being a forced seller of certain investments, which in turn will not maximise the proceeds to Unitholders of the Fund;
- (d) An immediate winding up of the Fund will result in additional transaction costs, reducing the proceeds available to Unitholders; and
- (e) An immediate winding up of the Fund may lead to adverse tax consequences to certain Unitholders (particularly those who have held their investments for less than 12 months).

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

3.2 Why you should vote **AGAINST** the Resolution

- (a) **Predatory and short-term profit seeking behaviour by a select group of minority Unitholders, at the expense of ALL other Unitholders:**

- i. The Requesting Unitholder has only been invested in the Fund for a short period of time. The Directors believe that the Requesting Unitholder and its associates (Fred Woollard and Therese Cochrane as trustees of the Woollard Superannuation Fund, Warwick Sauer and Giles Cameron Craig and Vicki Patricia Craig ATF The Craig Family Superannuation Fund), are seeking to realise a short term financial return by forcing the winding up of the Fund with the overall effect not being in the best interests of long-term Unitholders of the Fund.
- ii. In September 2013, a similar resolution by associates of the Requesting Unitholder was put to investors, who overwhelmingly voted **AGAINST** the wind up. Since then:

- a) **The Unit price has increased from \$0.70 (30 September 2013) to \$1.57 (5 day value weighted average price). This return equates to an annual compound rate of 29.3%;**

- b) The Net Tangible Assets (NTA) of the Fund rose from \$1.17 (adjusted for Unit consolidation) in September 2013 to \$2.05 in December 2016. This is a compound return of 19.5% per annum, which in dollar terms equates to a value of circa \$40 million in growth;
- c) The gap between Unit price and NTA closed from 40% in September 2013 to 23% in December 2016. From when the Responsible Entity began management of the Fund in August 2009, this gap has closed from 72% (June 2009) to 23% (December 2016); and
- d) Annualised distribution yield has risen from 0% in Jun-2013 to 5.1% in Sep-2016.

ALL Unitholders would have missed out on this creation of value by the Responsible Entity if they had not voted **AGAINST** the Resolution

- (b) The Responsible Entity has a demonstrated track record of creating value for the Fund. A wind up of the Fund forgoes the opportunity for further gain:
- i. Since 2013, the Fund's Unit price has more than doubled (\$0.70 to \$1.57), Net Tangible Assets (NTA) have almost doubled (\$1.17 to \$2.05) and annual dividends have increased from 0% in Jun-13 to 5.1% in Sep-16. Annualised Total Return of the Fund has been double the performance of the S&P/ASX 200 A-REIT Index for the same period;
 - ii. In June 2009, the Fund's Unit price traded at a 72% discount to NTA. Since then, the Responsible Entity has significantly reduced this gap to its current level of 23% (December 2016);
 - iii. The Responsible Entity, observing prudent, conservative and patient investment principles, has invested in a portfolio of assets that have not only provided a stable income stream but have demonstrated increases in capital value with further potential upside. This has been achieved in tandem with reducing the Fund's debt to zero;
 - iv. AIMS Capital Management Pty Ltd (AIMS Capital), an associated company of the Responsible Entity, holds 14,069,656 Units (approximately 31%) in the Fund and is the largest investor. AIMS Capital did not receive any of its Units free of charge and has paid for each and every Unit at market prices. It believes in the future of the Fund. This underpins the fact that the Responsible Entity's interests are fully aligned with the interests of Unitholders. It would be imprudent of AIMS as Responsible Entity to undertake any investments, execute strategies or carry out operations that were not in the best interests of Unitholders, as AIMS Capital, would be the most affected; and

- v. **Winding up the Fund will prevent Unitholders sharing in potential gains that should be realised as the property market moves through its cycle. Winding up the Fund will prevent long term investors in the Fund from recovering the maximum potential return of their initial investment, especially when the Fund is now debt free and in a position for growth.**
- (c) **A wind up of the Fund will result in a fire sale and realisable value will be significantly less than expected:**
 - i. Should the Resolution to wind up the Fund be passed by the Unitholders, AIMS would be required to realise the assets and investments of the Fund. The nature of such a process may result in the realisation of assets being lower than otherwise would be achieved in the normal course of operation. The Requesting Unitholder claims that approximately 27% of the Fund's listed assets will be easy to sell on the stock market. Even if this is the case, it leaves the remaining 73%, a very significant proportion that is illiquid and not likely to realise full value in the event of a wind up. The reasons for liquidation of the investments will be publicly known and widely circulated. As such, the market (i.e. potential buyers) will treat disposals initiated by wind up on a fire-sale basis and are likely to place offers, which are at a discount to true value;
 - ii. A forced sale of the Fund's assets and the winding up of the Fund generally, may result in unexpected transaction costs reducing the sale proceeds and the overall pool of funds available to be distributed to Unitholders; and
 - iii. Whilst the Fund's investments are structured in a tax-effective manner, it is not possible to eliminate all adverse tax consequences arising from a forced-asset sale. The magnitude or nature of adverse tax consequences that may arise will be dependent upon how the assets, and the interests in those assets, are disposed. The immediate winding up of the Fund may also cause Unitholders to forfeit the benefit of any unrealised tax losses in the Fund (which would otherwise be an intangible asset for the benefit of Unitholders) and to forfeit any capital gains tax concessions which might be available if Unitholders held their Units for a longer period.

Despite any implied or express assertions made by the Requesting Unitholder's statement, AIMS intends to continue to act as the Responsible Entity and Manager of the Fund and has the requisite skills, experience and expertise to continue to accomplish the investment objectives and strategy of the Fund.

This remains its sole and primary objective as the Responsible Entity of the Fund. The Responsible Entity has removed all entitlement to management and performance fees under the Constitution. The Responsible Entity on behalf of the Fund has engaged, on fixed-term contracts, key persons who will provide the necessary management services to the Fund.

Some of the key personnel are outlined on the following page.

Peter Gan, MBA, BE(Civil/Hon), GradDip(Econ)
Company Secretary and Executive Director – Funds Management

Peter has held CEO or COO roles over the last 15 years in publically listed, private equity and institutional fund companies. Peter spent the early years of his career at Accenture, as Strategy Manager and has since led entities across various industries including energy, retailing, manufacturing and private equity in a number of geographical locations, including Australia, US, UK, Netherlands, Ireland, China, Hong Kong and South East Asia.

Peter's qualifications include a Master of Business Administration (AGSM), a Bachelor of Engineering (Civil) (Hons) (UNSW) and a Graduate Diploma of Economics (UNSW).

Claud Chaaya, LLB, BCom
Director of Property Funds Management

Claud has over 10 years' experience in the real estate sector, having worked in funds management, equity raisings, research, project management and transactions in both domestic and offshore capital markets. He has been involved in real estate transactions totalling over AU \$500 million, covering both multi-sector and multi-risk portfolios.

In his previous roles at other firms, Claud was part of the business development team, helping raise over half a billion dollars in equity from offshore and domestic capital, including the Australian Federal Government.

His qualifications include a double degree in Law and Commerce, majoring in Finance. He has also completed qualifying subjects in Actuarial Studies and Computer Science. He has taught as a lecturer at the University of Technology Sydney (UTS) and is occasionally invited as a guest lecturer at the Universities of Sydney and New South Wales, given his specialist knowledge in real estate financial modelling.

3.3 Reasons to Vote for the Resolution

Reasons for voting in favour of the Resolution are given in the statement by the Requesting Unitholder which is contained in Section E of this Notice of Meeting.

Even though the Directors recommend that Unitholders vote **AGAINST** the Resolution directing the Responsible Entity to wind up the Fund, some Unitholders may wish to vote in favour of the Resolution for the following reasons:

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

4. Consequence if the Resolution is Passed

If the Resolution is validly passed by the requisite majority, AIMS as Responsible Entity will be directed to wind up the Fund in accordance with the Constitution of the Fund and the Corporations Act. AIMS will wind up the Fund in a manner that is consistent with the best interests of Unitholders and the Constitution.

Winding up would require AIMS as Responsible Entity to realise all of the assets of the Fund as soon as practicable and distribute the net proceeds (after payment of all reasonable winding up costs) of realisation on a pro rata basis to Unitholders.

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

Due to the uncertainties associated with selling all of the Fund's assets (including the unlisted securities), AIMS as Responsible Entity cannot accurately determine how long it would take for Unitholders to receive their wind up proceeds. Based on current information, AIMS as Responsible Entity estimates that in the most likely realisation strategy, it may take up to 18 months before all of the net proceeds can be distributed to Unitholders. Pro rata distributions of net proceeds may be made progressively.

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

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

5. What to do from here

The Directors unanimously recommend that Unitholders vote AGAINST the Resolution.

You should vote by using the attached proxy form, directing whether you vote in favour, **AGAINST** or abstain from voting on the Resolution or attend the General Meeting and vote in favour, **AGAINST** or abstain from voting on the Resolution.

5.1 Who is the Chairperson of the Meeting?

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

5.2 Voting Exclusion

Section 253E of the Corporations Act provides that AIMS as Responsible Entity and its Associates are not entitled to vote their interest on the Resolution if they have an interest in the Resolution or matter other than as a member of the Fund.

6. Contact Details

If you have any questions about the information contained in this Explanatory Memorandum or require any further information about the Resolution, please contact Peter Gan on +61 2 9217 2701.

Section D – Glossary

1. Definitions

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

AEDT means Australian Eastern Daylight Time.

AIMS means AIMS Fund Management Limited ACN 004 956 558.

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

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

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in Section 12 of the Corporations Act.

Business Day means a day which is not a Saturday, Sunday or public holiday in Sydney, New South Wales.

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

CDP means The Central Depository (Pte) Limited.

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

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

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

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

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

General Meeting or Meeting means the general meeting of Unitholders called under Section 252B of the Corporations Act to be held on 3 January 2017 pursuant to the Notice of Meeting.

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

NTA means the Fund's net tangible assets.

Requesting Unitholder means WO Nominees A/C Pty Ltd ACN 601 942 330 as custodian of Samuel Terry Asset Management Pty Ltd ACN 108 611 785 as trustee for the Samuel Terry Absolute Return Fund.

Resolution means the resolution set out in the Notice of Meeting to be considered by Unitholders at the General Meeting, being an extraordinary resolution to be passed by the requisite majority of Unitholders of the Fund (i.e. a resolution which requires approval by Unitholders holding at least 50% of the Units eligible to vote on the Resolution whether or not they are present at the General Meeting).

Responsible Entity means AIMS as responsible entity of the Fund.

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

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

Singapore Companies Act means The Companies Act, Chapter 50 of Singapore.

Singapore Depositor has the meaning given in section 130A of the Singapore Companies Act.

Singapore Depository Agents or Depository Agent has the meaning given in section 130A of the Singapore Companies Act.

Unit means a fully paid unit in the Fund.

Unitholder means a holder of a Unit.

2. Interpretation

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

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

Section E – Statement from Requesting Unitholder

The following section is a Statement from the Requesting Unitholder and does not reflect the views of the Directors.

AIMS did not prepare the Statement and takes no responsibility for its accuracy, completeness or compliance with the requirements of the law.

See attached.

MEMBERS' STATEMENT

17 NOVEMBER 2016

Vote IN FAVOUR of the Resolution

Dear Unitholder,

I am Managing Director of Samuel Terry Asset Management, the largest independent unitholder in the AIMS Property Securities Fund (**Fund or APW**). For some time, we have been concerned about APW's poor performance.

It is time for change. Consider the following:

- ⇒ According to its 2016 audited accounts, APW's Net Tangible Asset (NTA) Value per unit is \$2.04, but its units have consistently traded at a large discount to NTA. The recent unit price of \$1.39 represents a 32% discount to NTA whilst on average, A-REITs trade at above NTA.
- ⇒ APW's manager, AIMS Financial Group (**AIMS**) has done almost nothing to close APW's NTA discount. For instance in the last three years, less than 1% of APW's units have been bought back, a fraction of the 10% yearly maximum despite the clear potential benefits of buybacks.
- ⇒ Since AIMS became APW's manager, its unit price has underperformed the A-REIT sector despite APW's one-off \$15m windfall in 2014 from the litigation against TFML, which added 20-30% to APW's value. That windfall will not be repeated, but we fear APW's underperformance will be.

Unitholders' best course is to **wind up APW**. This will provide all investors with a meaningful return in the short to medium term, rather than being stuck with a substantial discount to NTA for the long term.

Background

AIMS changed the Fund's initial investment policy in January 2015, without consulting unitholders. Since implementation of the new Fund strategy, the APW investment portfolio is invested in:

- **less securities** – resulting in **concentration risk**
- **less liquid securities** – resulting in **liquidity risk**
- **more development assets** – resulting in **development risk**
- **more AIMS managed securities** – resulting in a **double layer of fees**

Concentration risk

The largest 3 investments accounted for 26% of the Fund's assets on 30 June 2014, and 52% on 30 June 2016. That has weakened the benefits contributed by diversification, which is meant to be a key reason for the Fund's existence.

Liquidity risk

According to its 2016 annual report, 59% of APW's assets is invested in unlisted securities, compared to 40% in 2014. Unlisted investments are less liquid than listed investments.

AIMS has chosen to invest in small, unlisted, single asset securities. Investors demand a liquidity premium when investing in illiquid assets, which may have had a negative effect on APW's unit price.

Development risk

Some of APW's assets are now exposed to development risk. This increases APW's risk profile and potentially reduces APW's ability to make distributions to unitholders because development assets often do not produce rental income.

Investment in other AIMS funds

Around 71% of APW's portfolio is invested in other funds managed by AIMS, compared to 18% in 2014. AIMS has chosen to invest the Fund's money in single asset securities it manages such as the 100% owned Laverton site. This unnecessary, costly, and complex investment structure brings with it a lack of disclosure / transparency for APW unitholders. Fee arrangements for some AIMS managed securities are unclear and undisclosed. AIMS appears to be double-dipping on fees, meaning that APW unitholders are effectively paying two layers of fees to AIMS.

What is the solution?

AIMS' flawed strategy has resulted in an underperforming unit price and a persistently wide unit price discount to the Fund's NTA of \$2.04 per unit.

The choice for unitholders is simple. Do you want to continue with AIMS managing your investment, and continue having APW units trade on ASX for far less than their underlying value? Or would you like to receive cash, soon, of around \$2.04 per unit, less costs of wind-up?

We believe it will be relatively simple for AIMS to realise the value from APW's portfolio, mainly because AIMS manages around 71% of APW's portfolio and APW is the largest unitholder of those assets. The remaining ~24% of APW assets that are listed will be easier to sell on the stock market. Sale of the listed investments should generate cash of about \$0.50 per unit. Adding APW's existing cash (at 30 June 2016) of about \$0.29 per unit, we expect a rapid payout of almost \$0.80 per unit if our resolution succeeds.

Who are we?

APW unit price ~32% below NTA – VOTE FOR WIND-UP!

This resolution has been proposed by APW's largest independent unitholder, Samuel Terry Asset Management, whose fund owns 7.7% of APW. We are one of Australia's top-performing fund managers. Our website is www.samuelterry.com.au

We and other unitholders have had many discussions with AIMS about improving the Fund and its unit price, but these have achieved little. It is time for action!

Your vote is important

Inaction by unitholders and continuation of the current strategy may result in the Fund's units continuing to trade at a large discount to NTA indefinitely. **This is your opportunity to fix the situation.**

Since AIMS has a special interest in the wind-up resolution, it would be a conflict of interest for it and its associates to vote on it. For this reason AIMS is prohibited from voting on it under the Corporations Act.

I look forward to your participation at the meeting and your **vote in favour** of the Resolution.

We can be contacted on 02 8002 4746 or at apwinvestors@gmail.com

Yours sincerely,

Fred Woollard



Director

Samuel Terry Asset Management Pty Ltd

Vote IN FAVOUR to increase your investment's value.



AIMS Fund Management Limited
ACN 004 956 558 is the Responsible Entity of the
AIMS Property Securities Fund (ARSN 111 442 150)

APW

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 9:00am (AEDT) Sunday, 1 January 2017

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of AIMS Property Securities Fund.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- ☒ Review your securityholding
- ☒ Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of AIMS Property Securities Fund hereby appoint

☐ the Chairperson
of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairperson of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairperson of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of AIMS Property Securities Fund to be held at Level 31, 1 O'Connell Street, Sydney, NSW 2000 on Tuesday, 3 January 2017 at 9:00am (AEDT) and at any adjournment or postponement of that meeting

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

The Directors of AIMS Fund Management Limited as responsible entity of AIMS Property Securities Fund recommend that Unitholders vote **Against** the resolution to wind up the Fund.

	For	Against	Abstain
1 Extraordinary Resolution	☐	☐	☐
That in accordance with Section 601NB of the Corporations Act 2001 (Cth), the responsible entity of the AIMS Property Securities Fund (ARSN 111 442 150) is directed to wind up the AIMS Property Securities Fund.			

The Chairperson of the Meeting intends to vote undirected proxies AGAINST the Extraordinary Resolution in Item 1 of Business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

APW

999999A

Computershare +