



AIMS Funds Management
A Member of AIMS Financial Group

23 January 2017

ASX Code: APW

SGX Code: AIMS Property

ASX Announcement

AIMS Property Securities Fund

FOR IMMEDIATE RELEASE

Dear Unitholders,

Following the general meeting held on the 3rd of January 2017, I would like to thank you for your continued support of the AIMS Property Securities Fund (“**Fund**”). As you may know, unitholders overwhelmingly voted against the motion to wind up the Fund, allowing AIMS Fund Management Ltd (“**Manager**”) to continue fulfilling our proven investment strategy.

Unitholders rightly recognised that this Fund’s success resides in its long-term nature. Together, we have come a long way since the last attempt at a wind up in 2013. The unitholders at that time gave the Fund the opportunity to continue and this resulted in an increase of Net Asset Value (NAV) from \$59 million (June 2013) to \$92.2 million (June 2016) (total increase of 56%). This growth would not have been possible, had the Fund been wound up in 2013. Furthermore, unit price has more than doubled, Net Tangible Assets (NTA) have almost doubled, annual dividends have increased from 0% to 5.14% (September 2016) on an annualised basis, in line with industry peers and we continued to be debt free at fund level. After we took over management the unit price to NTA discount fell from 72% in June 2009 to 24% in January 2017. The Fund’s performance over the past 3 years has been double that of the S&P/ASX 200 A-REIT total return index (2013 – 2016).

The Manager has achieved these amazing results, while maintaining a portfolio of assets that have not only allowed for a dividend to increase from 0% to 5.14% (September 2016) but most importantly, a large increase in capital value with further potential upside. This total return performance demonstrates the core alignment between us and our unitholders.

Moving forward, the Fund intends to continue adding capital value and deriving solid income. Some of the assets also exhibit the potential to add capital value through planning, which is an outcome being thoroughly investigated and pursued by the Manager.

I would like to highlight that according to their website, the minority unitholder, a small fund (Samuel Terry Asset Management) who requested the wind up of our Fund, charges their investors an annual

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base management fee of 1.5% per annum and a 20% performance fee above 3.5% per annum (cash rate as at January 2017 plus 2.0% per annum). This high performance fee with such a low hurdle rate, may be a strong motivation for a short-term exit strategy. Compared to our Fund's annual fee, their fees are more than three times the base management fee, which was 0.45% per annum and has recently been removed and replaced with a basic cost recovery structure. We as the Manager, have to look after all our unitholders' interests and as such will not succumb to the short-term, quick profit seeking interests of minority unitholders, at the expense of the majority of our unitholders.

Over the next 2 to 3 years, the real estate market in Australia is likely to weaken, creating great opportunities for the Fund in the core investment sector. We are in a strong financial position, debt free and well suited to take advantage of this environment. It will be an excellent opportunity to prudently grow the Fund, through placement of capital in strategic investments. As we have performed in the past 3 years, we will endeavour to outperform for the future.

We are committed to more active marketing and communication of our Fund to existing unitholders and other investors. As part of this plan, we will be presenting a road show to existing investors in Sydney, Melbourne and Singapore, twice a year. We are here to listen.

Once again, I thank unitholders for their decision, to keep this successful Fund active and allow the Manager to continue its outstanding work.

For further information, please feel free to contact us on +61 2 9217 2727.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'George Wang', written in a cursive style.

George Wang
Chairman
AIMS Fund Management Limited