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AIMS Funds Management
A Member of AIMS Financial Group

19 November 2018

ASX & SGX Announcement

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

Re: Independent Director's Letter & Brief Fund Presentation

Dear Unitholders,

As you may know, AIMS Fund Management Limited (**AIMS**) the responsible entity of AIMS Property Securities Fund (**Fund**) has called a meeting of Unitholders on Friday, 7 December 2018.

The Independent Directors have put together their view on the resolutions being addressed at that meeting.

For your review and consideration, please find attached the following documents:

1. Independent Director's letter; and

2. Brief Fund Presentation.

These two documents have already been mailed to Unitholders, along with the Notice of Meeting and proxy form.

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

Yours sincerely,

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

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AIMS Property Securities Fund (APW | BVP)
Long Term Upside
Excellent Performance

LETTER FROM **INDEPENDENT DIRECTORS**

Dear Unitholders,

It is with great pleasure that we write to you about the exciting initiatives being undertaken by AIMS Fund Management Limited (**Responsible Entity or AIMS**), who has worked tirelessly to achieve the track record of the AIMS Property Securities Fund (**Fund**).

The Responsible Entity would like to call a meeting of Unitholders (the Notice of Meeting is attached) to vote on two resolutions. The first is to approve a series of exciting initiatives designed to create further value for Unitholders and seek to reduce the discount (**Discount**) between the trading price per Unit on the Australian Stock Exchange (**ASX**) and Singapore Exchange Securities Trading Limited (**SGX**) and the underlying Net Tangible Asset (**NTA**) value per Unit. We strongly recommend that you vote **FOR** this resolution, as it is in the best interests of all Unitholders. The second resolution deals with winding up the Fund, which we strongly recommend you vote **AGAINST**, as passing this resolution may forgo the potential for the Fund to realise outstanding returns in the future, which may be detrimental to the interests of all Unitholders.

In summary, our recommendation is to:

1. Vote **FOR** the first resolution to approve the Strategic Initiatives; and

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

1. What are the Strategic Initiatives?

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

(a) The Responsible Entity be directed to seek to arrange to have the Fund rated by an appropriate rating agency appointed by the Responsible Entity.

(b) The Responsible Entity be directed to undertake a strategic review of the investment strategy and investment policy for the Fund to determine whether there are opportunities for the Fund to create further value for Unitholders through:

(i) new investment opportunities in the current and anticipated future domestic and regional property market; and

(ii) further investment in overseas assets that may be at a cyclical low when compared to domestic investment.

2. Why do the Independent Directors recommend you vote <u>FOR</u> the first resolution to adopt the Strategic Initiatives?

(a) AIMS has the requisite skills, experience and expertise to continue to accomplish the investment objectives and strategy of the Fund.

(b) AIMS has a demonstrated track record of creating value for the Fund and we believe that if implemented, the adoption of the Strategic Initiatives will likely help reduce the Discount and create further value for Unitholders while allowing the Fund to remain listed on the ASX and SGX.

(c) AIMS intends to continue to act as the Responsible Entity and manager of the Fund.

(d) AIMS remains committed to managing the Fund to generate value for Unitholders.

3. What is the second resolution?

This is a resolution to wind up the Fund, pursuant to section 601NE(1)(b) of the Corporations Act 2001 (Cth).

We are of the strong view that if this resolution where to pass, it would not be in the best interest of all unitholders.

As such, the independent directors recommend that Unitholders vote **<u>AGAINST</u>** the second resolution to wind up the Fund.

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4. Why do the Independent Directors recommend you vote AGAINST the second resolution to wind up the Fund?

There are several reasons that we recommend you vote **AGAINST** the second resolution to wind up the Fund:

1. The turn around story of the Fund;
2. Great track record of the Responsible Entity;
3. Significant loss of future opportunity; and
4. Weakening of value through fire sale.

1. Turn Around Story

0% Fees	0% Debt
AIMS does not charge a funds management fee or performance fee for managing the Fund	Repaid $47.5 million of debt in June 2013 and debt has remained at zero since that time

When AIMS took over management of MacarthurCook in late 2009, AIMS was of the view that the Fund was severely distressed, with a poor investment strategy that required more experience. The look-through gearing was very high and appeared significantly over the lending criteria set by the bank. Making matters more difficult, most of the underlying assets were challenging to liquidate, as a majority were in unlisted vehicles, where the Fund only held a minority interest.

This Fund, through AIMS' prudential and careful management, has been able to significantly reduce its debt to zero. It is now uniquely positioned to access the capital markets in Australia and Asia through its dual listing on the ASX and SGX. Under AIMS' management, the Fund, 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. Since June 2013 the fund has maintained a debt free position. The net asset value has grown from $59 million in June 2013 to $106 million in June 2018.

2. Great Track Record

Unit Price	NTA per Unit
UP 170%	**UP 103%**
The Fund's unit price has increase from $0.67 to $1.80 (30 June 2013 to 7 November 2018)	Increase in NTA per Unit from $1.17 to $2.37 (30 June 2013 to 30 June 2018)

NAV	Net Assets
UP 79%	**UP $12.7m**
Increase in Net Asset Value (NAV) from $59 million to $106 million (2013 to 2018)	Net assets attributable to unitholders increased from $93.1 million to $105.8 million (2017 to 2018)

(a) Since 30 June 2013, the Fund's Unit price has increased from $0.67 to $1.80 (as at 7 November 2018) (representing a 170% increase).

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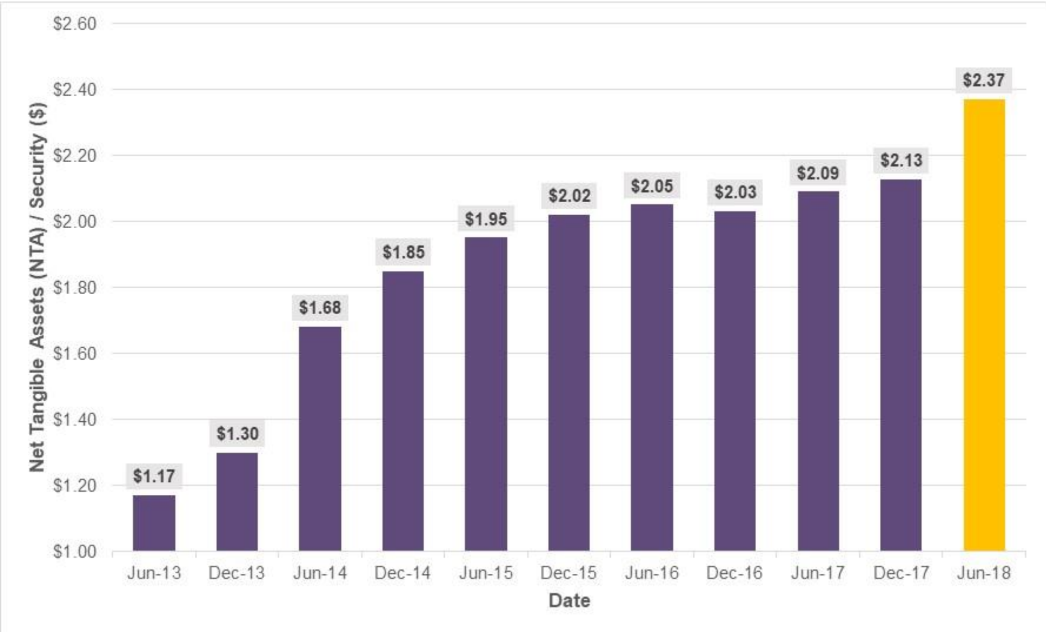
(b) Distributions were reintroduced in FY 13/14, having been zero in the previous years.

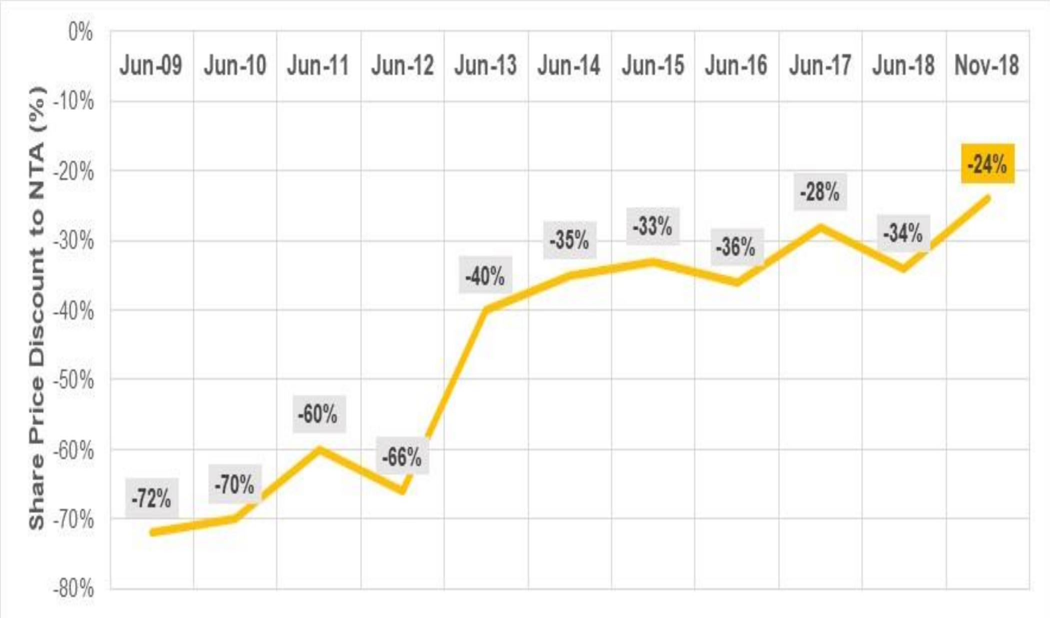
(c) Debt was reduced from $47.5 million at the head trust level in 2009 (when AIMS took over management) to zero in 2013. External debt has remained at that level since that time.

(d) Over the past 5 years to 30 June 2018, the Fund's compound total return p.a. has significantly outperformed the S&P/ASX 200 A-REIT's compound total return index p.a. (22.1% for the Fund vs 12.0% for the index).

(e) NTA per Unit has increased from $1.17 (as at 30 June 2013) to $2.37 (as at 30 June 2018), representing a total return of 103%.



(f) In June 2009, the Fund Unit price traded at a 72% discount to NTA. Since then the Responsible Entity has significantly reduced this gap to its current level of 24% (as at 7 November 2018).



(g) The Responsible Entity, observing prudent, conservative and patient investment principles, has invested in a portfolio of assets that have not only provided a stable income stream but have demonstrated increases in capital value with further potential upside. This has been achieved in tandem with reducing the Fund's debt to zero in 2013 and not engaging in any capital raisings.

(h) AIMS Capital Management Pty Ltd (**AIMS Capital**), an associated company of the Responsible Entity, is the major Unitholder in the Fund. AIMS Capital did not receive any of its Units at a discount and has paid for each and every Unit at market prices. AIMS Capital believes in the future of the Fund. This underpins the fact that the Responsible Entity's interests are fully aligned with the interests of Unitholders.

3. Significant Loss of Future Opportunity

(a) A wind up of the Fund may result in a loss of a huge opportunity to realise development upside and value add potential from underlying assets held by the trusts in which the Fund invests.

(b) In addition to development upside, some of the underlying assets held by the trusts in which the Fund invests have great value add potential, which would not be able to be realised, if the Fund is wound up.

4. Weakening Value Through Fire Sale

(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.

(b) A wind up of the Fund will prevent Unitholders sharing in potential gains that should be realised as the property market moves through its cycles. Winding up the Fund will prevent long term investors in the Fund from recovering the maximum potential return of their initial investment.

(c) An immediate winding up of the Fund will result in additional transaction costs, reducing the proceeds available to Unitholders and the overall pool of funds available to be distributed to Unitholders.

(d) The costs of undertaking the process of winding up the Fund will be significant and will substantially impact final distributions to Unitholders.

(e) 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.

(f) An immediate winding up of the Fund may lead to adverse tax consequences to certain Unitholders (particularly those who have held their investments for less than 12 months). The immediate winding up of the Fund may also cause Unitholders to forfeit the benefit of any unrealised tax losses in the Fund (which would otherwise be an intangible asset for the benefit of Unitholders) and to forfeit any capital gains tax concessions which might be available if Unitholders held their Units for a longer period.

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For these reasons, we believe it is in the best interests of all unitholders to vote **FOR the first** resolution and support the Strategic Initiative and to vote **AGAINST the second** resolution to wind up the Fund.

Yours faithfully,

Richard Nott	**John Love**
Independent Director	**Independent Director**
AIMS Fund Management Limited	**AIMS Fund Management Limited**

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AIMS PROPERTY SECURITIES FUND

APW.ASX

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AIMS FUND MANAGEMENT LIMITED | 2018

IMPORTANT INFORMATION

The information in this document (**Presentation)** has been prepared by AIMS Fund Management Limited (ACN 004 956 558) **(AIMS)** as the responsible entity for the AIMS Property Securities Fund (ARSN 111 442 150) **(Fund)** as at 15 November 2018.

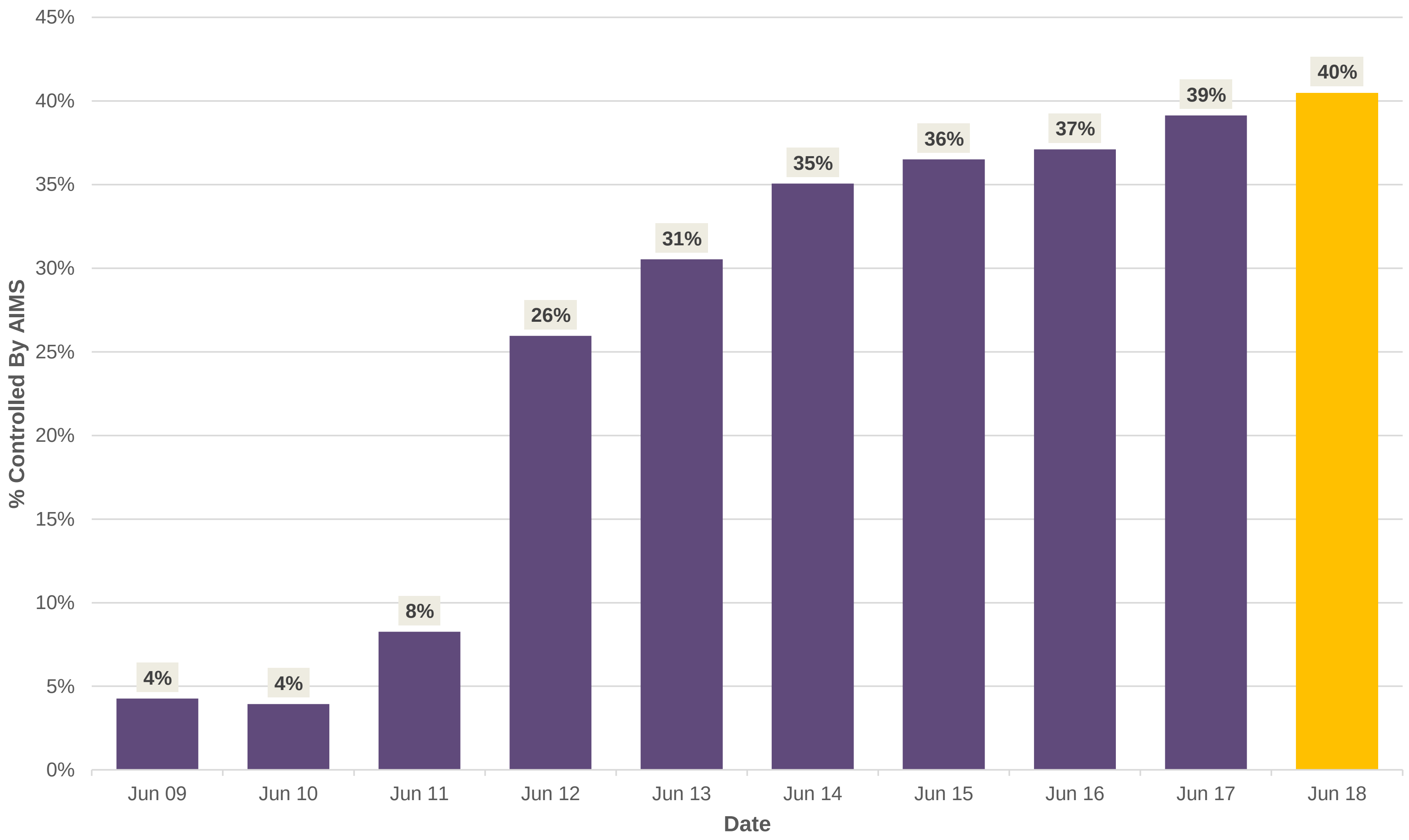
This Presentation has been provided for informational purposes only. It does not constitute a personal recommendation by AIMS or any of its affiliates, officers, employees or agents in relation to any financial product or service. This Presentation has been prepared without taking into account any person's particular investment objectives, financial situation or needs. Investors should seek their own professional advice with respect to the information in this Presentation. No person, including, but not limited to AIMS 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 Presentation by any person.

In considering information in this Presentation regarding past performance, investors should note that past performance is not necessarily indicative of future performance. All investments carry risk. The level of risk for each person will vary depending on a range of factors including investment time frames and risk tolerance. The value of an investment in the Fund may go up or down. Investment returns are not guaranteed and you may lose money on any investment you make. Nothing in this Presentation is or should be relied upon as a promise or representation as to future results.

AIMS believes the information contained in this publication to be reliable, however its accuracy, reliability or completeness is not guaranteed. Any opinions reflect the judgment and assumptions of AIMS on the basis of information at the date of publication and may later change without notice.

The graphs used in this Presentation have been extracted from a presentation previously provided to investors on 18 October 2018, in connection with the Fund's Financial Statements for Year Ended 30 June 2018 and updated with more recent data. Please refer to the Fund's Financial Statements for Year Ended 30 June 2018 for further information.

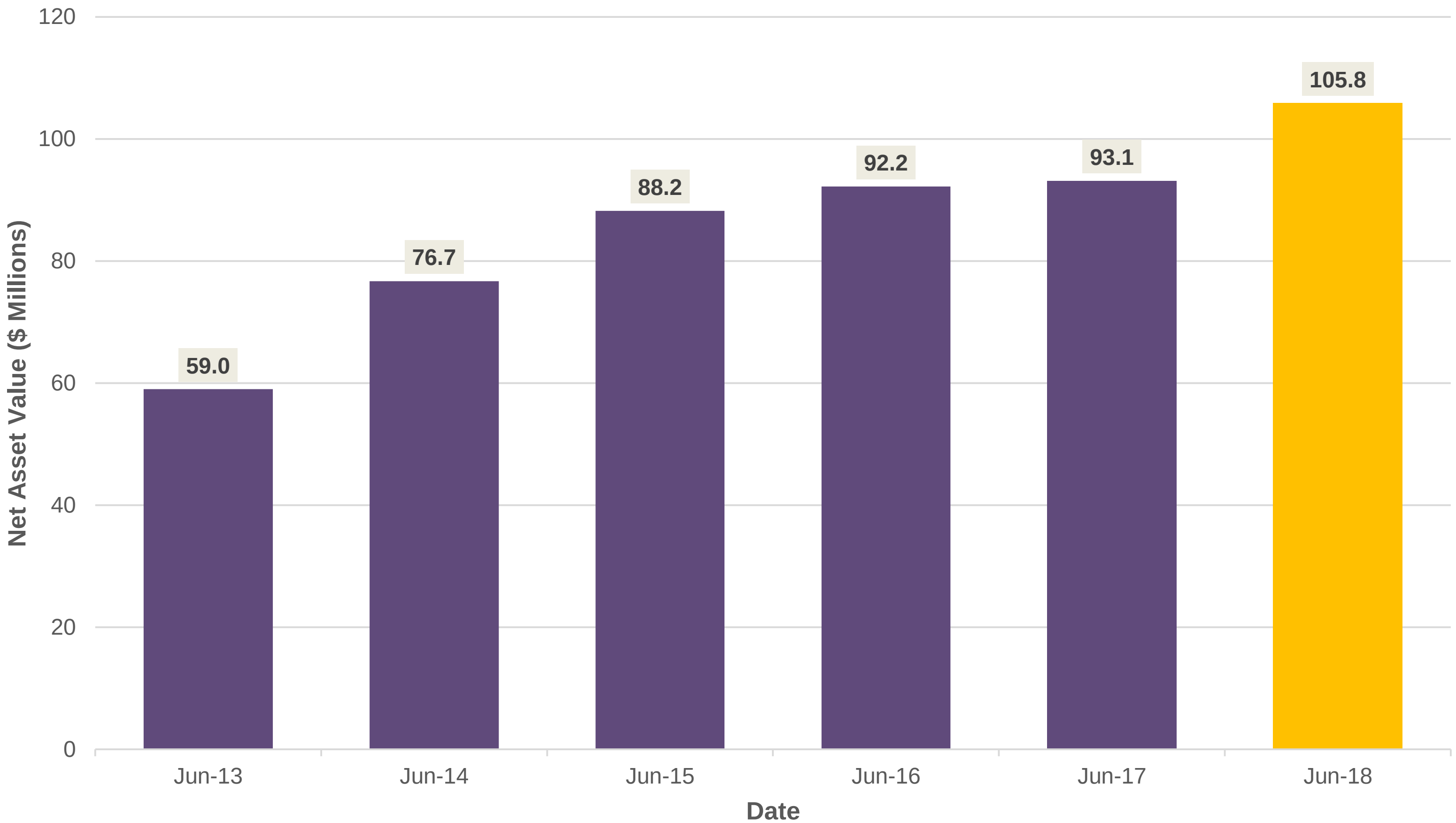
ALIGNMENT WITH THE UNITHOLDERS



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

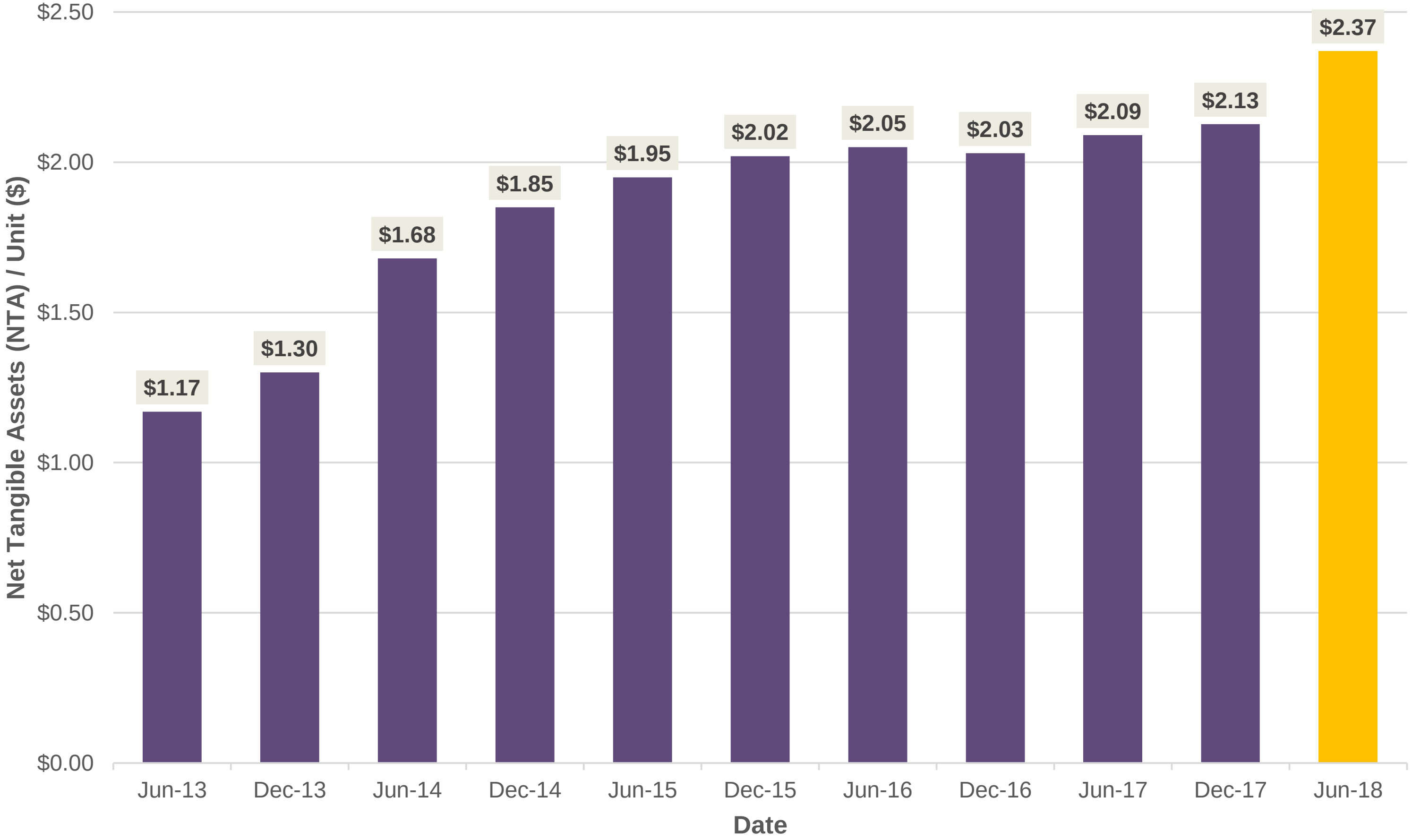
PERFORMANCE – NET ASSET VALUE INCREASED BY 79%

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



*Past performance is not a reliable indicator of future performance

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

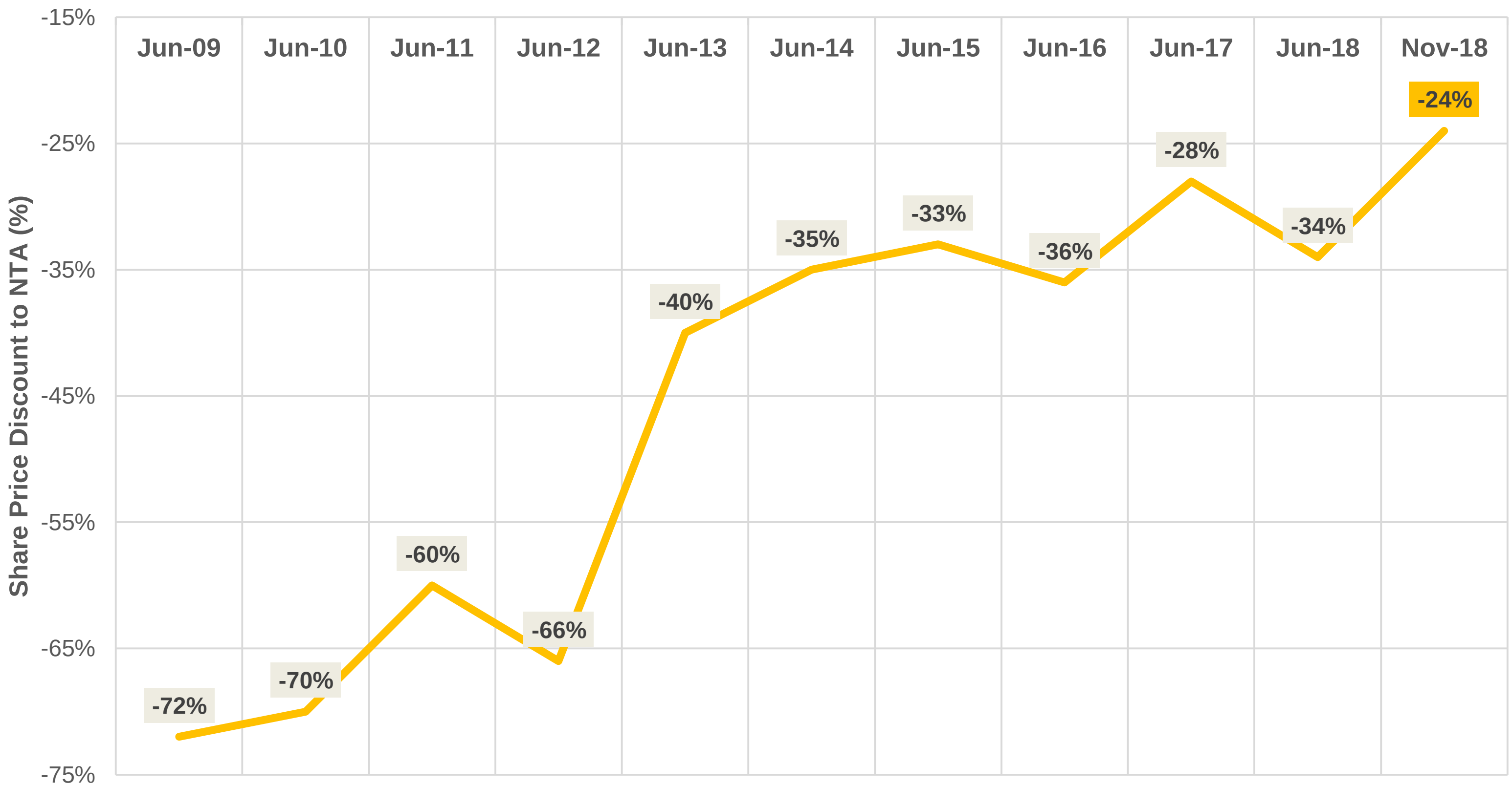


Net Tangible Asset per Unit (NTA) increased by **103**% since 2013**

* The NTAs have been adjusted for unit consolidation.
** Past performance is not a reliable indicator of future performance.

PERFORMANCE – UNIT PRICE DISCOUNT TO NTA REDUCED FROM 72% TO 24%

- Reduced share price discount to Net Tangible Asset (NTA) from 72% in June 2009 to 24% (as at 7 November 2018)*.



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

PERFORMANCE – UNIT PRICE INCREASED BY 170%

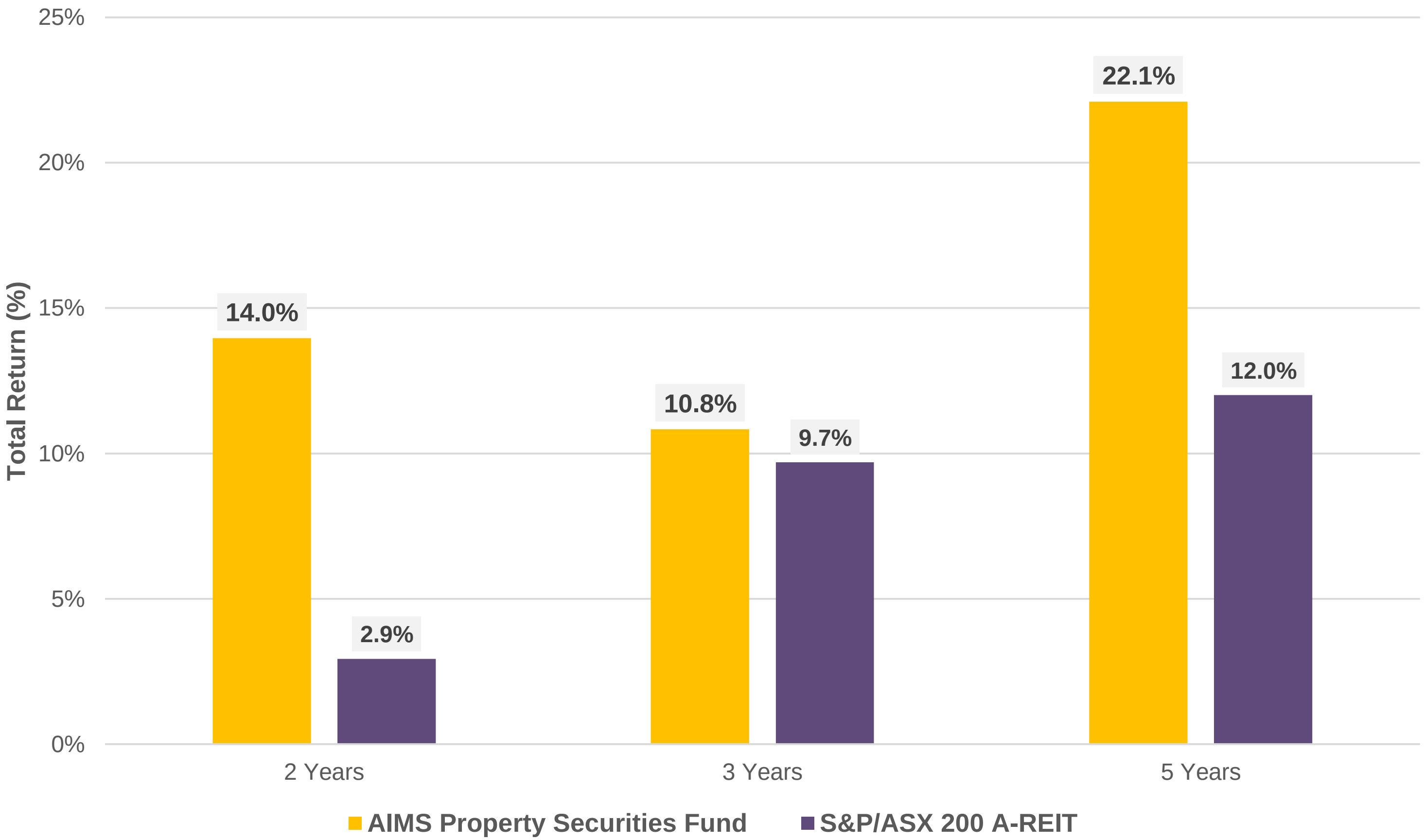
Unit Price increased by 170%

since 2013 (to 7 Nov 2018)**

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

PERFORMANCE – OUTPERFORMANCE TO THE BENCHMARK

- Total return* has significantly outperformed the S&P/ASX 200 A-REIT total return index over the past five years.



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