



SAMUEL TERRY
ASSET MANAGEMENT

SANDON CAPITAL

MEDIA RELEASE

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Samuel Terry calls unitholder meeting to wind up AIMS Property Securities Fund

Sandon Capital and Samuel Terry have agreed to work together

- APW units consistently trade at an excessive discount to NAV – currently 26%
- Weak corporate governance with non-disclosure of fees and related party investments
- Deteriorating financial performance
- Unitholders could receive cash of (at least) \$2.37 per unit, the NAV, versus the current price of \$1.75, via an orderly wind up.

Samuel Terry Asset Management (“Samuel Terry”), the largest independent unitholder in the AIMS Property Securities Fund (ASX.APW or “the Fund”) owning over **13%**, has today called a meeting to vote on an orderly wind-up of the Fund and return the net proceeds to unitholders.

Samuel Terry has A\$10.4m invested in APW and is its largest independent unitholder, owning over 13.3% of the trust. We are long-term investors in APW, having owned units for more than 5 years.

Sandon Capital has agreed to work with Samuel Terry with respect to the meeting of APW members. Sandon Capital has A\$4.2m invested in APW and is its second-largest independent unitholder, owning over 5.3% of the trust. Sandon has a proven track record of creating shareholder value through activism, and has agreed to work with Samuel Terry to realise value for APW unitholders.

This is the third time an APW unitholder has sought to wind up the fund, and the second time Samuel Terry has taken action. The motion to wind up APW is due to the failure of AIMS, as the manager of APW, to demonstrate proper corporate governance or to effectively address the excessive trading discount to Net Asset value (NAV), which is now more than 26%.

On each previous occasion, AIMS has voted its 32% direct holding as well as 9% held by MacarthurCook Office Property Trust, to protect the fees it earns despite a clear conflict of interest.

APW has traded at an excessive discount to the Net Asset Value (NAV) of its portfolio for more than 10 years. Despite previous promises to close the gap, Units are currently trading at \$1.75 against a NAV of \$2.37, representing an unacceptable 26% discount.

Under AIMS control, APW has allocated more than 80% of unitholder funds to other investment products AIMS manages in order to maximise the fees payable to AIMS. It is these fees – the quantum of which is unclear because APW refuses to disclose them – that are largely responsible for the fund continually trading well below its NAV.

In addition, APW’s investment performance has deteriorated substantially. APW’s distribution per unit is down more than 50% year on year and is amongst the worst in class at 1.2%¹.



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With the property market at a high point in the cycle – a point AIMS Chairman George Wang himself acknowledgesⁱⁱ – now may be the last opportunity for unitholders to realise full value through an orderly wind up of the fund.

Commenting on the decision to call a unitholder meeting, Samuel Terry Managing Director Fred Woollard said:

“For years we have had very serious concerns about APW’s persistent underperformance and significant trading discount to Net Asset value (NAV) – currently more than 25%. Yet APW’s managers have repeatedly ignored unitholder concerns and failed to address the discount. We believe an orderly wind-up of APW is the best outcome for all unitholders, representing a low risk way to achieve a potential 26% value uplift to from the current price of \$1.75 to the NAV of \$2.37 per unit.”

Sandon Capital Managing Director, Gabriel Radzynski, said:

“Without urgent action, APW’s performance will continue to decline and AIMS could gain irrevocable control over all unitholder funds. When coupled with the fact asset prices in the property market are at the top of the cycle, this could be the last chance for unitholders to receive full value. We are calling this meeting at our own expense and are dedicating significant resources to ensure the best outcome for all unitholders.”

The APW unitholders meeting is scheduled for Monday 10 December, 2018 in Sydney. Samuel Terry has formally requested a copy of the unitholders register from AIMS and plans to engage directly with unitholders prior to the meeting.

If the resolution is passed, AIMS, as the responsible entity, will remain bound by its statutory and fiduciary obligations to act in the best interests of APW unitholders and will have a duty to sell APW’s assets in a manner that maximises the return to unitholders.

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For further information call Alan Jury, Domestique Consulting, 0418 833 149

About Samuel Terry

Samuel Terry is fund management firm based in Sydney. We manage a single fund, the Samuel Terry Absolute Return Fund, which has total assets of A\$123m. Our fund has generated total returns (net of fees) over 28% p.a over the past 5 years, and over 16% p.a since inception almost 15 years ago. We have achieved these returns without borrowing any money. We usually hold a high proportion of our fund (average 18%) in cash. We run a concentrated portfolio and pride ourselves on plain communication and transparency. For more information about us please visit: www.samuelterry.com.au



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About Sandon Capital

Sandon Capital is an Australian-based activist investment firm. We devise and implement active engagement strategies that seek to unlock value inherent in listed companies, securities and trusts in our investment portfolios. Sandon Capital is the investment manager of the ASX-listed Sandon Capital Investments Limited, an unlisted investment company and two other wholesale funds. We have the sole focus of generating attractive risk-adjusted returns for our investors using the combination of our devised activist engagement strategies and our 'deep value' investment philosophy. For more information about us please visit: www.sandoncapital.com.au

ⁱ Calculated by dividing the cumulative value of the last four announced quarterly distributions by the NAV.

ⁱⁱ "We believe the real estate cycle is at a high point, with many factors looking to tip it over the edge." Chairman's Report, AIMS Property Securities Fund Annual Report 2018