



AIMS Funds Management
A Member of AIMS Financial Group

Corporate Governance Statement

Introduction

AIMS Property Securities Fund is a listed managed investment scheme whose units are traded on the Australian Securities Exchange (ASX) and the Singapore Exchange (SGX). AIMS Commercial Mortgage Fund, AIMS Property Fund (St Kilda Rd) and MacarthurCook Office Property Trust are unlisted managed investment schemes (“the Funds”). The funds have no employees and its day-to-day functions and investments are managed by the Responsible Entities, AIMS Fund Management Limited and AIMS Real Estate Funds Limited. The parent company of the Responsible Entities is Great World Financial Group Pty Ltd (“the Group”).

The directors of the Responsible Entities (“the Board”) recognise the importance of good corporate governance. The Funds’ corporate governance framework, policies and practices are designed to ensure the effective management and operations of the Funds and will remain under regular review.

A description of the Funds’ practices in respect of the 8 Principles and Recommendations from the ASX Corporate Governance Council’s Revised Corporate Governance Principles and Recommendations (ASX Recommendations) are set out below. This statement is accurate and up to date as at 30 June 2019 and has been approved by the board.

Principle 1. Lay solid foundations for management and oversight

1.1 Functions of Board and senior executives

Primary responsibility for the management and oversight of the Responsible Entities rests with the Board, whose overall role is to build long term sustainable value for the Fund’s Unitholders, while respecting the interests of all stakeholders. In meeting its responsibilities, the Board undertakes the following functions:

- The Board is responsible for the overall corporate governance of the Responsible Entities, including formulating its strategic direction and monitoring the business objectives. The Board delegates day to day management of the Responsible Entities’ affairs to the Executive Chairman and senior executives.
- The structure, roles and functions of the Board are set out in a Board Charter, but in broad terms, the Board Charter clarifies the respective roles of the Board and senior management.
- To assist in the execution of its oversight and management responsibilities, the Board has established an Audit, Risk and Compliance Committee. This committee has its own written mandate, which is reviewed on a

regular basis and it reports back to the Board on their activities through the presentation of reports and minutes of committee meetings.

- The Board holds regular three monthly meetings, plus strategy meetings and extraordinary meetings at such times as may be required during the year.
- An agenda for the meetings is determined to ensure that certain standing information is addressed and other items which are relevant to reporting deadlines and/or regular review are scheduled when appropriate.

Each Director has the right to access all relevant information in respect of the Responsible Entities and to make appropriate enquiries of senior management. Subject to prior consultation with the Executive Chairman, a Director may seek independent professional advice from a suitably qualified advisor.

Non-Executive Directors have been appointed under a formal letter which sets out the key terms and conditions of that appointment, including the term, time commitment, remuneration, requirement to disclose directors' interests, the requirement to comply with key corporate policies, when independent professional advice may be sought, the circumstances in which the office of director may become vacant, indemnity and insurance arrangements, rights of access to corporate information, and ongoing confidentiality obligations.

For an Executive Director or other senior executive, the formal letter should also include a description of their position, duties and responsibilities, the person or body to whom they report, the circumstances in which their service may be terminated, the circumstances in which their service may be terminated, and any entitlements on termination.

The Responsible Entities Secretary plays a critical role in supporting the effectiveness of the Board and its Committees, advising the Board and its Committees on governance matters, monitoring the Board and Committees policy and procedures are followed, co-ordinating the timely completion and dispatch of the Board and Committees papers, ensuring the business at Board and Committees meetings is accurately captured in the minutes, and helping to organise and facilitate the induction and professional development of directors.

The Responsible Entities Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

The appointment and removal of the Responsible Entities Secretary is a matter for decision by the Board as a whole.

1.2 Diversity

As the Responsible Entities and the Funds do not employ any employees the principle of diversity is not applicable to the Responsible Entities or the Funds.

1.3 Evaluation performance of senior executives

The performance of senior executives is reviewed annually against certain criteria. Non-Executive Independent Directors may meet periodically without any executive management to ensure that there is full and frank discussion amongst Directors of issues affecting the Responsible Entities.

Principle 2. Structure the Board to add value

2.1 Board Composition

The composition of the Board is structured to maintain a mix of directors from difference backgrounds with complementary skills and experience. Details of each director at the date of this report are given in the Director's report, including the period in office, skills, experience, and expertise relevant to the position of the director.

The table below sets out the current skills and experience that the Board considers necessary or desirable and the extent to which they are represented on the Board.

Skills and experience	Number of Directors/Board representation (out of 3)
Leadership – organisational, including senior executive leadership experience	3
Strategy – experience in developing and implementing strategic business plans	3
Financial acumen – senior experience in finance, including in financial accounting and reporting	2
Real estate – experience in real estate management, leasing, development, design and construction	1
Retail and consumer marketing – experience in retail (including physical and digital) and in customer service and management strategies	1
Capital management – senior experience in capital management strategies, corporate finance, capital markets and funds management	3
Governance – experience with governance in the listed sector	3
Human resources – senior experience in people management and human resources policy	1
Innovation – experience in transforming business models and processes including in relation to technology and digital platform	3

The Board may comprise up to ten individual Directors with a minimum of three. Directors will be classified as Independent, Non-Executive or Executive. The Board assessed the independence of its Non-Executive Independent Directors according to the definition contained within the Principles and concluded that two of the members of the Board were independent.

Name	Position	Independent (Yes/No)
George Wang	Chairman	No
Richard Nott	Director	Yes
John Love	Director	Yes

Details of the background, particular qualifications, expertise and period of service of each Director are set out in the Directors' Report section of the Schemes' Annual Report.

When a Board vacancy exists, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the existing Board selects a candidate with the appropriate experience and expertise. Appropriate checks of the potential candidates will be undertaken including but not limited to reference checks, national police checks and bankruptcy checks.

2.2 Independent chair

The Chairman of the Board is Mr George Wang, who is not independent according to the criteria set out in the Principles. The position of Chairman for the purposes of Board meetings may however rotate on a regular basis. Given the independence of the Board, it is not considered necessary at this stage for the Chairman to be independent.

2.3 Roles of Chairman and Fund Manager

The roles of Chairman of the Board and Fund Manager are not held by the same individual.

2.4 Nomination Committee

Given the size and structure of the AIMS, the Board does not have a Nomination Committee. Some of the roles and responsibilities (where practical) are undertaken by the Board or some of its members.

2.5 Performance evaluation processes

The Board is responsible for reviewing the performance of Directors.

Principle 3 - Act ethically and responsibly

The Board actively promotes ethical and responsible decision making.

3.1 Code of conduct

The Board has adopted a Code of Conduct which can be viewed on the website of AIMS. The Code of Conduct applies to all Directors, and staff of the Responsible Entities. The Code sets out the core values of the Responsible Entities and the expectations for how employees should conduct their business affairs including:

- acting in the best interests of unitholders over and above their own interests.
- acting honestly and with high standards of personal integrity.
- complying with the laws, regulations and internal policies, including in relation to the conflicts of interest.
- not knowingly participate in any illegal or unethical activity.
- preserving unitholder confidentiality and not misusing information at all times.
- protecting and promoting the integrity of the market.
- avoiding and/or disclosing any real or perceived conflicts of interest.

The Code of Conduct is discussed with each new employee as part of their induction training.

3.2 Share trading policy

The Board has adopted a Share Trading Policy, which can be viewed on the website of AIMS. Directors and staff (including their immediate family or any entity for which they control investment decisions) must ensure that any trading in securities issued by the Funds is undertaken within the framework set out in this Policy.

The Policy reflects the insider trading provisions of the Corporations Act 2001, such that Directors and management are prohibited from trading in securities of any fund controlled by the Responsible Entities whilst in possession of unpublished price sensitive information. Subject to any knowledge or circumstances that impose a specific prohibition on some or all Directors and management trading, as a general policy, price sensitive information is deemed to be in the public domain once a reasonable time (generally 48 hours) has elapsed following an announcement to allow the market to absorb the contents of the announcement. For reporting of financial results under the ASX's periodic disclosure requirements, the general rule adopted by the Responsible Entities is to restrict trading by Directors and staff for a period of two weeks before the announcement of the results.

Principle 4 - Safeguard integrity in financial reporting

4.1 Audit Committee

The Board has established an Audit, Risk and Compliance Committee, which provides assistance to the Board in fulfilling its corporate governance responsibilities in relation to the Responsible Entities' financial reporting, internal controls structure, risk management systems and external audit functions.

The Audit, Risk and Compliance Committee review the performance of the external auditors on an annual basis and meets with them during the year to review findings. The Committee has full access to all books, records, facilities and personnel of the Responsible Entities, as well as the authority to engage independent counsel and other advisers it determines necessary to carry out its duties.

4.2 Structure of the Audit Committee

Due to the size and nature of the Board and the magnitude of the Funds operations, there are only two members of the Audit, Risk and Compliance Committee are non-executive directors. For details of the relevant qualifications and experience of the members of the committee, please refer to Board of Directors section of the Annual Report.

The members of the Audit, Risk and Compliance Committee are Mr Richard Nott – Chairman and Mr John Love.

The Audit, Risk and Compliance Committee is required to meet a minimum of four times per year. Both members of the committee attended all Audit, Risk and Compliance Committee meetings for FY2018-19.

The role and responsibilities, composition, structure, membership requirements and procedures for the Audit, Risk and Compliance Committee are set out in the Audit, Risk and Compliance Committee Charter, which can be viewed on the website of AIMS.

The Board relies on management for day to day monitoring of the internal controls within the Responsible Entities. Financial performance is monitored on a regular basis by management who report to the Board at the scheduled Board meetings and through Audit, Risk and Compliance Committee meetings.

4.3 Approval of Financial Statements

As the Responsible Entities do not have a CFO, the Finance Manager assume all the functions of CFO.

The CEO and the Finance Manager have declared in writing to the Board that, in their opinions, the financial records of the Funds and its Responsible Entities have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Funds and its Responsible Entities and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Principle 5 - Make timely and balanced disclosure

5.1 Disclosure policies

The Board is committed to the promotion of investor confidence by providing full and timely information to all Unitholders and market participants about the Responsible Entities activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the ASX Listing Rules.

The Responsible Entities have a Continuous Disclosure Policy to ensure that it meets the continuous disclosure obligations.

Principle 6 - Respect the rights of Unitholders

Information about the Funds and its governance arrangements (including copies of board charters and policies) are available on the AIMS website

6.1 Communications policy

AIMS communicates with Unitholders through releases on the Australian Securities Exchange (for listed schemes), direct correspondence and on the AIMS website:

AIMS's policies for communication with Unitholders are set out in its Communications Policy, which can be viewed on the website of AIMS. The aim of the Board is to ensure that investors are informed of all major developments affecting AIMS through:

- the annual report;
- disclosures made to the ASX in the form of market announcements and investor updates;
- notices and explanatory memoranda of annual general meetings and other Unitholder meetings;
- responses to enquiries from Unitholders; and
- occasional letters/updates from the Executive Chairman or the Fund Manager to specifically inform Unitholders of key matters of interest.

The Funds provides all unitholders with the option to receive communications from, and send communications to, the Funds and its security registry electronically

6.2 Meetings of security holders

The Funds may convene a unitholder meeting during the financial year at a time and place that is considered convenient for the majority of the Funds' unitholders. Unitholders will receive a notice of meeting and explanatory memorandum in relation to security holder meetings, copies of which will also be available on the Funds' website and released to ASX for listed schemes.

At any security holder meeting, the Chairman will ensure that a reasonable opportunity exists for security holders to ask questions in relation to the resolutions being voted on. Security holders are encouraged to attend all security holder meetings.

Principle 7 - Recognise and manage risk

7.1 Risk management Framework

The Board has primary oversight of risk management policies and practices and has adopted an appropriate risk management framework and policy.

In accordance with its Charter, the Audit, Risk and Compliance Committee has more direct responsibility for overseeing the risk management framework and risk management practice. AIMS has a Legal & Compliance team, who are responsible for reporting to the Board on compliance issues and recommending ways in which the Responsible Entities may improve its systems and compliance monitoring.

AIMS does not have a dedicated internal audit function due to its nature and scale of operations. The Board reviews the effectiveness of the risk management and internal control systems on an ongoing basis through regular certifications and review undertaken by the finance and compliance functions together with a formal annual review.

7.2 Executive risk management declaration

The Board requires the Executive Chairman and the Chief Financial Officer (or his/her equivalent) to report to it on the effectiveness of the Responsible Entities' management of its material business risk in conjunction with the review of the half year and full year financial results. The Board also receives assurances from the Executive Chairman and the Chief Financial Officer (or his/her equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal controls and that the system is operating effectively in all material respects in relation to the financial reporting of risks.

The Funds does not have any material exposure to economic, environmental and social sustainability risks.

Principle 8 - Remunerate fairly and responsibly

8.1 Remuneration committee

Due to the size and structure of AIMS, the Board does not have a Remuneration Committee. The role and responsibilities of the Remuneration Committee are carried out by the Executive Chairman in conjunction with the Human Resources Manager.

AIMS also reviews and approves senior executive total remuneration packages and terms of employment annually, having regard to performance, relevant comparative information and, where relevant, independent expert advice.

8.2 Remuneration structure

The Executive Chairman and senior executives receive salary packages which may include performance based components designed to reward and motivate. Non-Executive Independent Directors receive fees agreed on an annual basis by the Board. There are no retirement schemes in place for Non-Executive Independent Directors.

The remuneration for the Board and senior executives is paid by the Responsible Entities and AIMS Group.