

**CHARTER HALL MAXIM PROPERTY SECURITIES FUND  
(FORMERLY FOLKESTONE MAXIM A-REIT SECURITIES FUND)**

ARSN 116 193 563

**Annual financial report  
for the year ended 30 June 2019**

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**Charter Hall Maxim Property Securities Fund  
(formerly Folkestone Maxim A-REIT Securities Fund)  
Directors' Report  
for the year ended 30 June 2019**

**Directors' Report**

The directors of One Managed Investment Funds Limited (ABN 47 117 400 987), ("OMIFL" or the "Responsible Entity") the responsible entity of Charter Hall Maxim Property Securities Fund (formerly Folkestone Maxim A-REIT Securities Fund) (ARSN 116 193 563) (the "Fund") present their report, together with the financial report of the Fund for the year ended 30 June 2019 (the "reporting period"). The comparative information encompasses the period 1 July 2017 to 30 June 2018.

**Responsible Entity**

The registered office and principal place of business of the Responsible Entity is Level 11, 20 Hunter Street, Sydney, NSW 2000, Australia.

The following persons held office as directors and company secretaries of the Responsible Entity from 1 July 2018 to 30 June 2019:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Sarah Wiesener	Executive Director and Company Secretary (appointed as a director on 26 October 2018)
Justin Epstein	Non-executive Director from 1 January 2019 (Executive Director to 31 December 2018)
Elizabeth Reddy	Non-executive Director (resigned on 26 October 2018)

**Principal Activities**

The Fund is a registered managed investment scheme domiciled in Australia.

The principal activity of the Fund is to invest funds in predominantly Australian listed real estate investment trusts (A-REITS) and property related securities in accordance with its investment objectives and guidelines as set out in the current Product Disclosure Statement ("PDS") and in accordance with the provisions of the Constitution.

The Fund did not have any employees during the year.

There has been no significant change in its activities other than disclosed in this report.

**Review and Results of Operations**

**Results**

The results of the operations of the Fund are disclosed in the Statement of Profit or Loss and Other Comprehensive Income in this report. The Fund's net operating profit for the current year was \$16,587,691 (2018: \$4,551,879).

Distributions paid or payable in respect of the financial year were:

	Year ended			
	30 June 2019 \$	30 June 2019 CPU	30 June 2018 \$	30 June 2018 CPU
Distribution paid 30 September	445,665	0.54	263,167	0.77
Distribution paid 31 December	717,857	0.76	344,356	0.79
Distribution paid 31 March	1,031,024	1.04	334,383	0.63
Distribution payable 30 June	936,881	0.73	683,509	0.98
	<b>3,131,427</b>	<b>3.07</b>	1,625,415	3.17

The Fund's Indirect Cost Ratio ("ICR") was 0.91% (2018: 0.90%).

## **Directors' Report (continued)**

### **Review of Operations (continued)**

#### **Net Value of the Fund's Assets**

The Fund's net assets were valued at \$133,723,888 as at 30 June 2019 (2018: \$62,862,487). The net asset value of the Fund is calculated by deducting the value of the liabilities of the Fund units on a daily basis from the value of the Fund's gross assets (excluding net assets attributable to unitholders).

The value of the Fund's assets as at the end of the financial year is disclosed in the Statement of Financial Position as total assets and the basis of valuation is included in Note 2 of the financial statements.

#### **Management Fees Paid and Payable**

As stated in the PDS, the Responsible Entity charges a management fee of 0.95% of the gross asset value of the Fund up to and including \$50 million plus 0.85% of the gross asset value of the Fund in excess of \$50 million (inclusive of GST and net of any RITC). The fee accrues daily and is payable monthly in arrears out of the assets of the Fund to the investment manager of the Fund, Charter Hall Property Securities Management Limited ("Investment Manager").

The following management fees were paid or payable out of the Fund's assets during the year ended 30 June 2019:

- Management fees of \$803,792 were incurred during the year (30 June 2018: \$365,816);
- Management fees of \$93,680 were payable as at 30 June 2019 (30 June 2018: \$45,131).

The costs of providing responsible entity, investment management, custodian, administration and registry services to the Fund are paid out of the management fees referred to above.

#### **Interests Held in the Fund by the Responsible Entity or its Associates**

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the year are disclosed in Note 14 of the financial statements.

#### **Changes in State of Affairs**

On 22 August 2018, the Responsibility Entity was notified that Charter Hall Group (ASX:CHC) ("Charter Hall") and Folkestone Limited (ASX:FLK) ("Folkestone") announced that a Scheme Implementation Agreement had been entered into for Charter Hall to acquire Folkestone ("Scheme") which in addition to other assets, would include the Investment Manager of the Fund. Folkestone shareholders voted in favour of the Scheme Implementation Agreement and it became legally effective as of Wednesday, 7 November 2018. As a result of the acquisition, the Investment Manager changed its name from Folkestone Maxim Asset Management Limited to Charter Hall Property Securities Management Limited. A new Product Disclosure Statement and Additional Information Booklet (together the "PDS") were issued for the Fund dated 8 November 2018.

In the opinion of the directors of the Responsible Entity there were no other significant changes in the state of affairs of the Fund that occurred during the financial year under review.

## **Directors' Report (continued)**

### **Likely Developments**

The Fund will continue to be managed in accordance with its investment objectives and guidelines as set out in the current PDS and in accordance with the provisions of the Constitution.

Further information about likely developments in the operation of the Fund and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Fund.

### **Environmental Regulation**

The Fund's operations are not subject to any significant environmental regulation under either Commonwealth, State or Territory legislation.

### **Interests in the Fund**

The movement in units on issue in the Fund during the year is disclosed in Note 6 of the financial statements.

The value of the Fund's assets and liabilities is disclosed in the Statement of Financial Position and derived using the basis set out in Note 2 of the financial statements.

### **Events Subsequent to Balance Date**

There have been no matters or circumstances that have significantly affected or may significantly affect the Fund.

### **Indemnification and insurance of officers and auditors**

During or since the financial year, the Fund has not indemnified or made a relevant agreement to indemnify an officer of the Responsible Entity or auditor of the Fund or any related corporate body against a liability incurred by an officer of the Responsible Entity or auditor of the Fund. In addition, the Fund has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer of the Responsible Entity or auditor of the Fund.

### **Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under s.307C of the *Corporations Act 2001* is included at page 5.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s298(2) of the *Corporations Act 2001*.

On behalf of the directors



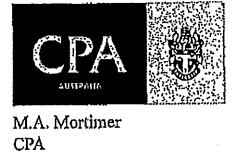
Frank Tearle  
Director  
One Managed Investment Funds Limited

23 September 2019

# Bondy Mortimer & Co

CPA Practice

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23 September 2019

**The Directors of One Managed Investment Funds Limited (ABN 47 117 400 987)  
As Responsible Entity of Charter Hall Maxim Property Securities Fund  
(formerly Folkestone Maxim A-REIT Securities Fund (ARSN 116 193 563)  
Level 11  
20 Hunter Street  
SYDNEY NSW 2000**

Dear Sirs

**Auditor's Declaration of Independence to One Managed Investment Funds Limited (ABN 47 117 400 987) as Responsible Entity of Charter Hall Maxim Property Securities Fund (formerly Folkestone Maxim A-REIT Securities Fund)**

In accordance with Section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of One Managed Investment Funds Limited as Responsible Entity of Charter Hall Maxim Property Securities Fund, (formerly Folkestone Maxim A-REIT Securities Fund).

As lead auditor for the audit of the financial statements of Charter Hall Maxim Property Securities Fund (formerly Folkestone Maxim A-REIT Securities Fund) for the ended 30 June 2019, I hereby declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001*, in relation to the audit: and
- (ii) Any applicable code of professional conduct in relation to the audit.

Yours sincerely



Mark Mortimer

BONDY MORTIMER & CO

**Charter Hall Maxim Property Securities Fund  
(formerly Folkestone Maxim A-REIT Securities Fund)  
Statement of Profit or Loss and Other Comprehensive Income  
for the year ended 30 June 2019**

**Statement of Profit or Loss and Other Comprehensive Income**

	Note	Year ended	
		30 June 2019 \$	30 June 2018 \$
<b>Income</b>			
Dividend and trust distribution income		4,564,075	2,026,870
Interest income		35,221	18,650
Net change in fair value of financial assets	3	11,790,251	3,377,408
Net realised gains/(losses) on sale of financial assets	3	1,340,112	(332,209)
Other income		12,832	34
<b>Net income</b>		<u>17,742,491</u>	<u>5,090,753</u>
<b>Expenses</b>			
Management and administration fees	14	803,792	365,816
Transaction costs		344,509	171,323
Other operating expenses		6,499	1,735
<b>Operating expenses</b>		<u>1,154,800</u>	<u>538,874</u>
<b>Net profit from operating activities</b>		<u>16,587,691</u>	<u>4,551,879</u>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<u>16,587,691</u>	<u>4,551,879</u>

*The Statement of Profit or Loss and Comprehensive Income should be read in conjunction with the notes to the Financial Statements.*

Charter Hall Maxim Property Securities Fund  
(formerly Folkestone Maxim A-REIT Securities Fund)  
Statement of Financial Position  
As at 30 June 2019

**Statement of Financial Position**

	Note	30 June 2019 \$	30 June 2018 \$
<b>Assets</b>			
Cash and cash equivalents	12(a)	3,715,444	2,363,816
Financial assets at fair value through profit or loss	7	127,467,223	60,850,898
Balance due from brokers	8	3,516,052	-
Receivables	9	1,615,059	904,195
<b>Total assets</b>		<b>136,313,778</b>	<b>64,118,909</b>
<b>Liabilities</b>			
Distributions payable	5	936,881	683,509
Balance due to brokers	10	1,559,329	527,782
Payables	11	93,680	45,131
<b>Total liabilities</b>		<b>2,589,890</b>	<b>1,256,422</b>
<b>Net assets attributable to unitholders - equity</b>	6	<b>133,723,888</b>	<b>62,862,487</b>

*The Statement of Financial Position is to be read in conjunction with the notes to the Financial Statements.*



Charter Hall Maxim Property Securities Fund  
(formerly Folkestone Maxim A-REIT Securities Fund)  
Statement of Cash Flows  
for the year ended 30 June 2019

**Statement of Cash Flows**

	Note	Year ended	
		30 June 2019 \$	30 June 2018 \$
<b>Cash flows from operating activities</b>			
Dividends and trust distributions received		3,866,076	1,470,743
Interest received		35,016	18,553
Management and administration fees paid		(767,903)	(349,028)
Transaction costs paid		(344,509)	(171,323)
Other expenses paid		(6,499)	(1,735)
Other income received		12,832	34
<b>Net cash inflow from operating activities</b>	12 (b)	<u>2,795,013</u>	<u>967,244</u>
<b>Cash flows from investing activities</b>			
Purchase of investments		(101,122,188)	(54,364,844)
Proceeds on sale of investments		45,151,721	22,085,163
<b>Net cash outflow from investing activities</b>		<u>(55,970,467)</u>	<u>(32,279,681)</u>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders		71,123,309	38,329,534
Payments for redemptions to unitholders		(13,801,129)	(3,902,376)
Distributions paid		(2,795,098)	(1,074,470)
<b>Net cash inflow from financing activities</b>		<u>54,527,082</u>	<u>33,352,688</u>
<b>Net increase in cash and cash equivalents</b>		<u>1,351,628</u>	<u>2,040,251</u>
Cash and cash equivalents at the beginning of the financial year		<u>2,363,816</u>	<u>323,565</u>
<b>Cash and cash equivalents at the end of the financial year</b>	12 (a)	<u>3,715,444</u>	<u>2,363,816</u>
<b>Non-cash financing activities</b>	12 (c)	<u>82,957</u>	<u>48,979</u>

*The Statement of Cash Flows is to be read in conjunction with the notes to the Financial Statements.*

Charter Hall Maxim Property Securities Fund  
(formerly Folkestone Maxim A-REIT Securities Fund)  
Statement of Changes in Equity  
for the year ended 30 June 2019

**Statement of Changes in Equity**

	Note	Year ended	
		30 June 2019	30 June 2018
		\$	\$
<b>Total equity at the beginning of the financial year</b>		<b>62,862,487</b>	-
Reclassification due to AMIT tax regime implementation*		-	25,459,886
<b>Comprehensive income for the year</b>			
Net profit for the year	6	<b>16,587,691</b>	4,551,879
Total comprehensive income		<b>16,587,691</b>	4,551,879
<b>Transactions with unitholders</b>			
Applications	6	<b>71,123,309</b>	38,329,534
Redemptions	6	<b>(13,801,129)</b>	(3,902,376)
Reinvestment of distributions	6	<b>82,957</b>	48,979
Distributions paid and payable	6	<b>(3,131,427)</b>	(1,625,415)
<b>Total transactions with unitholders</b>		<b>54,273,710</b>	32,850,722
<b>Total equity at the end of the financial year</b>		<b>133,723,888</b>	62,862,487

\*Effective from 1 July 2017, the Fund's units were classified as equity and not a financial liability. Refer to Note 1 and Note 6 for further detail. As a result, equity transactions, including distributions have been disclosed in the above statement for the year ended 30 June 2019 and 30 June 2018.

*The Statement of Changes in Equity is to be read in conjunction with the notes to the Financial Statements.*

## **1 General Information**

These financial statements cover Charter Hall Maxim Property Securities Fund (formerly Folkestone Maxim A-REIT Securities Fund) (ARSN 116 193 563) (the "Fund") as an individual entity. The Fund is a registered managed investment scheme, constituted on 5 August 2005. The Fund was registered on 23 September 2005.

The responsible entity of the Fund is One Managed Investment Funds Limited (ABN 47 117 400 987) ("OMIFL" or the "Responsible Entity"). The Responsible Entity's registered office is Level 11, 20 Hunter Street, Sydney, NSW 2000.

The Responsible Entity is incorporated and domiciled in Australia.

The financial statements are for the period from 1 July 2018 to 30 June 2019 (the "reporting period"). The comparative information period encompasses the period from 1 July 2017 to 30 June 2018.

The financial report is presented in Australian dollars.

The financial statements were authorised for issue by the directors on the date the Directors' Declaration was signed. The directors of the Responsible Entity have the power to amend and re-issue the financial report.

## **2 Summary of Significant Accounting Policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

### **(a) Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia.

The Fund is a for-profit entity for the purposes of preparing the financial statements.

The financial report is prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

*Compliance with International Financial Reporting Standards*

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

### **(b) Financial Instruments**

#### *(i) Classification*

- Financial assets

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The Fund classifies its assets based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Fund's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities (listed property securities), the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

## **2 Summary of Significant Accounting Policies (continued)**

### **(b) Financial Instruments (continued)**

#### *(i) Classification (continued)*

For cash and cash equivalents and receivables, these assets are held in order to collect the contractual cash flows. The contractual terms of these assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (due to brokers, distributions payable, management fees payable, applications received in advance, audit and tax fees payable, administration fees payables and custodian fees payable).

#### *(ii) Recognition*

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial assets are recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed or the contract is a derivative contract not exempted from the scope of AASB 139.

#### *(iii) Measurement*

Financial instruments are measured initially at fair value (transaction price) plus, in the case of a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent to initial recognition, all instruments classified at fair value through profit and loss are measured at fair value with changes in their fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Financial assets and liabilities, other than those at fair value through profit and loss, are measured at amortised cost using the effective interest rate.

#### *(iv) Impairment*

At each reporting date, the Fund shall measure the loss allowance on financial assets at amortised cost (cash, due from broker and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

#### *(v) Fair Value Measurement Principles*

The Fund values listed investments at the last bid (ask) share price.

If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

## **2 Summary of Significant Accounting Policies (continued)**

### **(b) Financial Instruments (continued)**

#### *(v) Fair Value Measurement Principles (continued)*

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the Statement of Financial Position date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the Statement of Financial Position date. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

#### *(vi) Derecognition*

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with AASB 139.

The Fund uses the weighted average method to determine realised gains and losses on derecognition of financial assets not at fair value.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or

#### *(vii) Specific Instruments*

### **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand, current deposits with banks and bank overdrafts. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

### **(c) Income and Expenses**

#### **Revenue**

Revenue is brought to account on an accruals basis except where stated.

#### **Distribution and Dividend Income**

For all listed and some unlisted securities, distribution and dividend income is recognised as at the date the securities are quoted ex-distribution. For other unlisted securities, where income is earned based on the number of days invested, distribution and dividend income is recognised on an accruals basis.

#### **Interest Income**

Interest income is recognised in the Statement of Profit or Loss and Other Comprehensive Income as it accrues, using the effective interest rate method and if not received at balance date, is reflected in the Statement of Financial Position as a receivable.

#### **Expenses**

All expenses including management fees and administration costs are brought to account on an accruals basis.

### **(d) Receivables**

Receivables include accrued distribution income, interest income and placement fee income. Sales of securities are recorded at trade date and normally settle within three business days.

### **(e) Due from/to Brokers**

Amounts due from/to brokers represent payables for securities purchased and receivables for securities sold that have been contracted for but not yet delivered by the end of the period.

## 2 Summary of Significant Accounting Policies (continued)

### (f) Payables

Payables include liabilities, which are accrued expenses owed by the Fund and any distributions declared which are unpaid as at the end of the reporting period.

The distribution amount payable to investors as at year end is recognised separately in the Statement of Financial Position. Purchases of securities are recorded on trade date and normally settle within three business days. Purchases of securities that are unsettled at reporting date are included in payables.

### (g) Distributions and Taxation

Under current legislation the Fund is not subject to income tax provided it attributes the entirety of its taxable income (including assessable realised capital gains) to its unitholders. The Fund will fully distribute its distributable income, calculated in accordance with the Fund's Constitution and applicable taxation legislation, to the unitholders who are presently entitled to the income under the Constitution.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

The Fund may distribute its distributable income, in accordance with the Fund's Constitution, to unitholders by cash or reinvestment. The distributions are recognised in the Statement of Changes in Equity.

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any current or future realised capital gains. If realised capital gains exceed realised capital losses the excess is distributed to the unitholders.

### (h) Net assets attributable to unitholders

Units are redeemable at the unitholders' option; however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units can be put back to the Fund at any time for cash based on the redemption price. The redemption price is based on unit price accounting outlined in the Fund's Constitution and Product Disclosure Statement.

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Fund.

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial Instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

As at 30 June 2019 and 30 June 2018, net assets attributable to unitholders are classified as equity.

## **2 Summary of Significant Accounting Policies (continued)**

### **(i) Change in Net Assets Attributable to Unitholders**

Income not distributed is included in net assets attributable to unitholders. Where the Fund's units are classified as financial liabilities, movements in net assets attributable to unitholders are recognised in the Statement of Profit or Loss and Other Comprehensive Income as finance costs.

These items are included in the determination of distributable income in the period for which they are assessable for taxation purposes.

### **(j) Goods and Services Tax**

Management fees and other expenses are recognised net of the amount of goods and services tax ("GST") recoverable from the Australian Taxation Office ("ATO") as a reduced input tax credit ("RITC").

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis.

### **(k) New and amended standards adopted by the Fund**

The Fund had to change some of its accounting policies as a result of new and revised accounting standards which became effective for the first time in the current reporting period. The affected policies are:

- AASB 9 *Financial Instruments* (and applicable amendments) (effective from 1 January 2018)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. Under the new requirements the four current categories of financial assets have been replaced with two measurements categories: fair value and amortised cost, and financial assets will only be measured at amortised cost where specific conditions are met. The derecognition rules have not been changed from the previous requirements. The adoption of AASB 9 did not have a significant impact on the recognition and measurement of the Fund's financial instruments as these continue to be measured at fair value through profit or loss.

AASB 9 also included new hedge accounting requirements and an expected-loss impairment model that requires credit losses to be recognised on a more timely basis. The Fund does not apply hedge accounting and there was no material impact on adoption from the application of the new impairment model.

- AASB 15 *Revenue from Contracts with Customers* (effective from 1 January 2018)

AASB 15 replaced AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The Fund's main sources of income are interest, dividends and distributions, and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, AASB 15 did not have a material impact on the Fund's accounting policies nor the amounts recognised in the financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

**Charter Hall Maxim Property Securities Fund  
(formerly Folkestone Maxim A-REIT Securities Fund)  
Notes to the Financial Statements  
for the year ended 30 June 2019**

**2 Summary of Significant Accounting Policies (continued)**

**(l) New standards and interpretations not yet adopted**

There are no new standards or interpretations which are yet to be adopted by the Fund.

**(m) Comparative revisions**

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

**3 Changes in the Fair Value/Net Market Value of Investments**

	Year ended	
	30 June 2019 \$	30 June 2018 \$
Net unrealised gain on financial instruments at fair value through profit or loss	11,790,251	3,377,408
Net realised gain/(loss) on financial instruments at fair value through profit or loss	1,340,112	(332,209)
	<b>13,130,363</b>	<b>3,045,199</b>

**4 Auditors Remuneration**

During the year the following fees were paid or payable (exclusive of GST) for services provided by the auditors of the Fund. These fees were paid by Charter Hall Property Securities Management Limited (formerly Folkestone Maxim Asset Management Limited) and were not paid by the Fund:

	Year ended	
	30 June 2019 \$	30 June 2018 \$
Assurance services	3,400	3,300
Audit services	16,100	10,800
	<b>19,500</b>	<b>14,100</b>

**5 Distributions Paid and Payable**

	Year ended			
	30 June 2019 \$	30 June 2019 CPU	30 June 2018 \$	30 June 2018 CPU
Distribution paid 30 September	445,665	0.54	263,167	0.77
Distribution paid 31 December	717,857	0.76	344,356	0.79
Distribution paid 31 March	1,031,024	1.04	334,383	0.63
Distribution payable 30 June	936,881	0.73	683,509	0.98
	<b>3,131,427</b>	<b>3.07</b>	<b>1,625,415</b>	<b>3.17</b>



**Charter Hall Maxim Property Securities Fund  
(formerly Folkestone Maxim A-REIT Securities Fund)  
Notes to the Financial Statements  
for the year ended 30 June 2019**

**6 Net Assets Attributable to Unitholders**

Under AASB 132 Financial Instruments: Presentation, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund classifies a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions set out in the relevant accounting standard.

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

	Year ended			
	30 June 2019	30 June 2019	30 June 2018	30 June 2018
	No.	\$	No.	\$
Opening balance	70,065,319	62,862,487	30,753,038	25,459,886
Applications	73,388,342	71,123,309	43,851,307	38,329,534
Units issued upon reinvestment of distribution	88,770	82,957	56,749	48,979
Redemptions	(14,537,250)	(13,801,129)	(4,595,775)	(3,902,376)
Distributions paid and payable	-	(3,131,427)	-	(1,625,415)
Profit for the year	-	16,587,691	-	4,551,879
Closing balance	<b>129,005,181</b>	<b>133,723,888</b>	70,065,319	62,862,487

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

Units are redeemed on request at the unitholder's option. However, it is recommended that unitholders retain their unitholding for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

*Capital risk management*

The Fund manages its net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders.

The Fund monitors the level of daily applications and redemptions relative to the liquid assets in the Fund. The ratio of liquid assets to net assets attributable to unitholders at 30 June 2019 and 30 June 2018 were as follows:

	Year ended	
	30 June 2019	30 June 2018
	\$	\$
Liquid assets of the Fund	131,182,667	63,214,714
Net assets attributable to unitholders	<b>133,723,888</b>	<b>62,862,487</b>
Ratio of liquid assets to net assets attributable to unitholders	<b>98.10%</b>	<b>100.56%</b>

Charter Hall Maxim Property Securities Fund  
(formerly Folkestone Maxim A-REIT Securities Fund)  
Notes to the Financial Statements  
for the year ended 30 June 2019

**7 Investments**

	30 June 2019	30 June 2018
	\$	\$
<b>Financial Assets at Fair Value through Profit or Loss:</b>		
<i>Designated at fair value through profit or loss upon initial recognition:</i>		
Australian equity securities listed on a prescribed stock exchange	127,467,223	60,850,898
<b>Total financial assets designated at fair value through profit or loss upon initial recognition</b>	<b>127,467,223</b>	<b>60,850,898</b>
<b>Total financial assets at fair value through profit or loss</b>	<b>127,467,223</b>	<b>60,850,898</b>

The Fund aims to generate income returns and capital growth over the long term, as per the objectives stated in the Product Disclosure Statement by investing primarily in listed Australian property related securities and listed real estate investment trusts (A-REITs).

As a result of a re-classification between the value of listed and unlisted securities held by the Fund, the comparative amount of \$1,210,000 disclosed in the Financial Report issued 30 June 2018 in respect of "Unlisted securities - shares in an international real estate investment platform" has been included in "Australian equity securities listed on a prescribed stock exchange" in this Report.

**8 Due from Brokers – Receivable for Securities Sold**

	30 June 2019	30 June 2018
	\$	\$
Investments receivable (sales)	3,516,052	-
	<b>3,516,052</b>	<b>-</b>

**9 Receivables**

	30 June 2019	30 June 2018
	\$	\$
Interest receivable	302	97
Dividends and trust distributions receivable	1,590,339	892,340
GST receivable	24,418	11,758
	<b>1,615,059</b>	<b>904,195</b>

**10 Due to Brokers – Payable for Securities Purchased**

	30 June 2019	30 June 2018
	\$	\$
Investments payable (purchases)	1,559,329	527,782
	<b>1,559,329</b>	<b>527,782</b>

Charter Hall Maxim Property Securities Fund  
(formerly Folkestone Maxim A-REIT Securities Fund)  
Notes to the Financial Statements  
for the year ended 30 June 2019

**11 Payables**

	30 June 2019 \$	30 June 2018 \$
Management and administration fees payable	93,680	45,131
	<u>93,680</u>	<u>45,131</u>

**12 Notes to the Statement of Cash Flows**

**(a) Cash and Cash Equivalents**

	30 June 2019 \$	30 June 2018 \$
Current deposits with banks	3,715,444	2,363,816
	<u>3,715,444</u>	<u>2,363,816</u>

**(b) Reconciliation of Net Cash Provided from Operating Activities to Net Profit for the financial year**

	Year ended	
	30 June 2019 \$	30 June 2018 \$
Net profit for year	16,587,691	4,551,879
Add/(deduct) non-cash items:		
Changes in net fair value of investments	(11,790,251)	(3,377,408)
Net gain/(loss) on sale of investments	(1,340,112)	332,209
Changes in assets and liabilities during the financial year		
Increase in receivables	(710,864)	(564,271)
Increase in payables	48,549	24,835
Net cash provided by operating activities	<u>2,795,013</u>	<u>967,244</u>

**(c) Non-Cash Financing Activities**

	30 June 2019 \$	30 June 2018 \$
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan.	82,957	48,979

**13 Commitments and Contingent Assets and Liabilities**

There were no commitments and contingent assets and liabilities as at 30 June 2019 and 30 June 2018.

## 14 Related Parties

### Responsible Entity

Transactions with entities related to the Responsible Entity are disclosed below.

The Responsible Entity has contracted services to Charter Hall Property Securities Management Limited (formerly Folkestone Maxim Asset Management Limited) to act as investment manager for the Fund ("Investment Manager"). The contract is on normal commercial terms and conditions.

### Key Management Personnel

#### (a) Directors and Company Secretaries

Key management personnel who were directors and company secretaries of the Responsible Entity from 1 July 2018 to 30 June 2019 are as follows:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Sarah Wiesener	Executive Director and Company Secretary (appointed as a director on 26 October 2018)
Justin Epstein	Non-executive Director from 1 January 2019 (Executive Director to 31 December 2018)
Elizabeth Reddy	Non-executive Director (resigned on 26 October 2018)

#### (b) Other Key Management Personnel

Winston Sammut is a director of the Investment Manager. He is considered key management personnel through authorities given in the investment management agreement.

### Key Management Personnel Compensation

No key management personnel received any remuneration from the Fund.

### Key Management Personnel Unit Holdings

Key management personnel and their associates have held units in the Fund during the financial year as follows:

	Year ended June 2019				
	Number of units held	Interest held	Number of units acquired	Number of units disposed	Distributions paid/ payable by the Fund \$
Unitholder	units	%	units	units	
Larnpace Pty Ltd *	314,513	0.24%	10,884	-	9,506

\* Larnpace Pty Ltd is a related entity of Winston Sammut.

**Charter Hall Maxim Property Securities Fund  
(formerly Folkestone Maxim A-REIT Securities Fund)  
Notes to the Financial Statements  
for the year ended 30 June 2019**

**14 Related Parties (continued)**

	Year ended June 2018				
	Number of units held	Interest held	Number of units acquired	Number of units disposed	Distributions paid/ payable by the Fund \$
Unitholder	units	%	units	units	
Larnpace Pty Ltd*	303,629	0.43%	37,166	-	10,183
Winston Sammut and Margaret Sammut OAO Aidan Sammut	-	0.00%	298	(9,417)	349

\* Larnpace Pty Ltd is a related entity of Winston Sammut.

**Other Transactions with the Fund**

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund since the end of the previous year and there were no contracts involving any director's interests at year end.

**Key Management Personnel Loan Disclosures**

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to key management personnel or their personally-related entities at any time during the reporting period.

**Responsible Entity's/Investment Manager's Fees and Other Transactions**

	Year ended	
	30 June 2019 \$	30 June 2018 \$
Management fees and administration costs paid by the Fund (including fees paid for the provision of investment management, responsible entity, custodian, administration, registry and audit services, etc.)	<b>803,792</b>	365,816
Management fees and administration costs payable by the Fund at the end of the reporting period (including fees payable for the provision of investment management, responsible entity, custodian, administration, registry and audit services, etc.)	<b>93,680</b>	45,131

**Related Party Transactions**

All transactions with related parties are conducted on normal commercial terms and conditions. These transactions are subject to the same terms and conditions as those entered into by other Fund investors and are subject to corporate governance policies of the Responsible Entity and the Investment Manager.

**Related Party Unitholdings in the Fund**

	Year ended 30 June 2019			
	No. of units held opening (Units)	No. of units acquired (Units)	No. of units disposed (Units)	No. of units held closing (Units)
Charter Hall Co Investment Trust	-	24,480,067	-	24,480,067
<b>Total</b>	-	<b>24,480,067</b>	-	<b>24,480,067</b>

Charter Hall Maxim Property Securities Fund  
(formerly Folkestone Maxim A-REIT Securities Fund)  
Notes to the Financial Statements  
for the year ended 30 June 2019

**14 Related Parties (continued)**

**Related Party Investments Held by the Fund**

The Fund made no investments in the Responsible Entity or the Investment Manager, but did acquire units in the following related party entity during the financial year:

	Year ended 30 June 2019			
	No. of units held opening (Units)	No. of units acquired (Units)	No. of units disposed (Units)	No. of units held closing (Units)
Charter Hall Education Trust (formerly Folkestone Education Trust)	1,000,000	483,000	(250,000)	1,233,000
Charter Hall Retail REIT	-	705,000	(30,000)	675,000
<b>Total</b>	<b>1,000,000</b>	<b>1,188,000</b>	<b>(280,000)</b>	<b>1,908,000</b>

	Year ended 30 June 2018			
	No. of units held opening (Units)	No. of units acquired (Units)	No. of units disposed (Units)	No. of units held closing (Units)
Charter Hall Education Trust (formerly Folkestone Education Trust)	400,000	600,000	-	1,000,000
<b>Total</b>	<b>400,000</b>	<b>600,000</b>	<b>-</b>	<b>1,000,000</b>

**15 Financial Risk Management**

The following disclosures in relation to the various risks of the Fund's portfolio have been based on the Fund's direct holdings. The Fund's investment portfolio comprises deposits with banks, long-term investments, accounts receivable and payable.

**(a) Market Risk**

The Fund's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Fund is exposed are market risk, credit risk and liquidity risk. The main purpose of non-derivative financial instruments is to generate returns on investments through distributions and changes in fair value. While derivative financial instruments are used to either reduce the market risk associated with the Fund's investment portfolio or to provide the Fund with its required exposure to investments without the need to purchase or sell those investments. No derivative instruments are used as part of the Fund's overall investment strategy.

Market risk embodies the potential for both losses and gains and includes price risk, currency risk and interest rate risk. The Fund's strategy on the management of investment risk is driven by the Fund's investment objective.

**Equity Price Risk**

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Equity price risk exposure arises from the Fund's investment portfolio.

## 15 Financial Risk Management (continued)

### (a) Market Risk (continued)

#### Price Risk

Price risk is the risk that the value of the Fund's investment portfolio will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Fund's financial instruments are carried at fair value with fair value changes recognised in the Statement of Profit or Loss and Other Comprehensive Income, all changes in market conditions will directly affect net investment income.

Price risk is mitigated by the construction of a diversified portfolio of investments by the underlying fund manager, real estate sector and geographically.

#### Price Sensitivity Analysis

The following table illustrates the effect on operating profit before finance costs attributable to unitholders and liabilities attributable to unitholders from possible changes in market prices that were reasonably possible based on the risk that the Fund was exposed to at reporting date:

	Change in equity price	Effect on net profit attributable to unitholders \$
2019	+10% / -10%	12,746,722 / (12,746,722)
2018	+10% / -10%	6,085,090 / (6,085,090)

#### Currency Risk

Whilst the Fund only invests in Australia, a number of the listed securities in which the Fund has an investment may hold direct securities outside Australia.

#### Interest Rate Risk

The majority of the Fund's financial assets are non-interest-bearing. Interest-bearing financial assets and interest-bearing financial liabilities mature or are repriced in the short-term, for no longer than twelve months.

The Fund's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below.

At 30 June 2019	Note	Floating interest rate \$	Fixed interest rate \$	Non- interest bearing \$	Total \$
<b>Financial assets</b>					
Cash and cash equivalents	12(a)	3,715,444	-	-	3,715,444
Investments	7	-	-	127,467,223	127,467,223
Balance due from brokers	8	-	-	3,516,052	3,516,052
Receivables	9	-	-	1,615,059	1,615,059
		<u>3,715,444</u>	<u>-</u>	<u>132,598,334</u>	<u>136,313,778</u>
<b>Financial liabilities</b>					
Distributions payable	5	-	-	936,881	936,881
Balance due to brokers	10	-	-	1,559,329	1,559,329
Payables	11	-	-	93,680	93,680
		<u>-</u>	<u>-</u>	<u>2,589,890</u>	<u>2,589,890</u>

**Charter Hall Maxim Property Securities Fund  
(formerly Folkestone Maxim A-REIT Securities Fund)  
Notes to the Financial Statements  
for the year ended 30 June 2019**

**15 Financial Risk Management (continued)**

**(a) Market Risk (continued)**

***Interest Rate Risk (continued)***

At 30 June 2018	Note	Floating interest rate \$	Fixed interest rate \$	Non- interest bearing \$	Total \$
Financial assets					
Cash and cash equivalents	12(a)	2,363,816	-	-	2,363,816
Investments	7	-	-	60,850,898	60,850,898
Receivables	9	-	-	904,195	904,195
		2,363,816	-	61,755,093	64,118,909
Financial liabilities					
Distributions payable	5	-	-	683,509	683,509
Balance due to brokers	10	-	-	527,782	527,782
Payables	11	-	-	45,131	45,131
		-	-	1,256,422	1,256,422

Cash and cash equivalents had a weighted average interest rate of 1.51% as at 30 June 2019 (30 June 2018: 1.23%).

The following table illustrates the effect on operating profit before finance costs attributable to unitholders and assets/liabilities attributable to unitholders from possible changes in interest rates that were reasonably possible based on the risk that the Fund was exposed to at reporting date:

	Change in percentage	Effect on net profit attributable to unitholders \$
<b>2019</b>	<b>+10% / -10%</b>	<b>3,522 / (3,522)</b>
2018	+10% / -10%	1,865 / (1,865)

**(b) Liquidity Risk**

The Fund's Constitution provides for the daily application and redemptions of units and it is therefore exposed to the liquidity risk of meeting unitholder redemptions at any time.

The Fund's financial instruments include investments in equity investments.

The Fund's listed securities are considered to be readily realisable as they are mostly listed on major Australian stock exchanges.

***Maturity Analysis for Financial Liabilities***

Financial liabilities of the Fund comprise trade and other payables, distributions payable, and net assets attributable to unitholders.

Net assets attributable to unitholders are entirely payable on demand.



## 15 Financial Risk Management (continued)

### (c) Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

With respect to credit risk arising from the financial assets of the Fund, other than derivatives, the Fund's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values.

The Fund holds no collateral as security or any other credit enhancements. There are no financial assets that are past due or impaired, or would otherwise be past due or impaired except for the terms having been re-negotiated. The Fund minimises its exposure to credit risk on derivatives by only trading with top-tier financial institutions and has limits on the level of instruments that it holds with each counterparty.

Credit risk is not considered to be significant to the Fund.

## 16 Fair Value of Financial Assets and Liabilities

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

The table below presents the Fund's assets measured and recognised at fair value at 30 June 2019 by level of the following fair value measurement hierarchy:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

At 30 June 2019	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Assets</b>				
<i>Designated at fair value through profit or loss</i>				
Listed Australian securities on a prescribed stock exchange	127,467,223	-	-	127,467,223
<b>Total financial assets</b>	<b>127,467,223</b>	<b>-</b>	<b>-</b>	<b>127,467,223</b>
At 30 June 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Assets</b>				
<i>Designated at fair value through profit or loss</i>				
Listed Australian securities on a prescribed stock exchange	60,850,898	-	-	60,850,898
<b>Total financial assets</b>	<b>60,850,898</b>	<b>-</b>	<b>-</b>	<b>60,850,898</b>

As a result of a re-classification between the value of listed and unlisted securities held by the Fund, the comparative amount of \$1,210,000 disclosed in the Financial Report issued 30 June 2018 in respect of "Unlisted securities - shares in an international real estate investment platform" has been included in "Australian equity securities listed on a prescribed stock exchange" in this Report.

## 17 Events Subsequent to Reporting Date

No significant events have occurred since the end of the year which would impact on the financial position of the Fund as disclosed in the Statement of Financial Position as at 30 June 2019 or on the results and cash flows of the Fund for the year ended on that date.

**Charter Hall Maxim Property Securities Fund  
(formerly Folkestone Maxim A-REIT Securities Fund)  
Directors' Declaration  
for the year ended 30 June 2019**

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**Directors' Declaration**

1. In the opinion of the directors of the Responsible Entity of Charter Hall Maxim Property Securities Fund (formerly Folkestone Maxim A-REIT Securities Fund) (the "Fund"):
  - (a) the financial statements and notes set out on pages 6 to 24 are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the financial position of the Fund as at 30 June 2019 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
    - (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001*; and
  - (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
2. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors.



Frank Tearle  
Director  
One Managed Investment Funds Limited

23 September 2019

# Bondy Mortimer & Co

CPA Practice

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M.A. Mortimer  
CPA

## **Independent Auditor's Report to the UNITHOLDERS of CHARTER HALL MAXIM PROPERTY SECURITIES FUND (FORMERLY FOLKESTONE MAXIM A-REIT SECURITIES FUND) ARSN 116 193 563**

### **Opinion**

We have audited the financial report, of the Charter Hall Maxim Property Securities Fund, (formerly Folkestone Maxim A-REIT Securities Fund), (the "Fund"), which comprises the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position as at 30 June 2019, the Statement of Cash Flows, the Statement of Changes in Equity, for the year then ended, and Notes comprising a Summary of Significant Accounting Policies and other explanatory information, and the Directors' Declaration.

In our opinion, the accompanying financial report of Charter Hall Maxim Property Securities Fund, (formerly Folkestone Maxim A-REIT Securities Fund), is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the Fund's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*

### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001*, and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to directors of One Managed Investment Funds Limited, (the "Responsible Entity"), of Charter Hall Maxim Property Securities Fund (formerly Folkestone Maxim A-REIT Securities Fund), would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Information Other than the Financial Report and Auditor's Report Thereon**

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the Fund's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Financial Report**

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report, that gives a true and fair view, and is free from material misstatement whether due to fraud or error.

In preparing the financial report the directors of the Responsible Entity are responsible for assessing the ability of the Fund to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and are considered material if,

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

>Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion; forgery, intentional omissions, misrepresentations, or the override of internal control.

>Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

>Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures by the directors.

>Conclude on the appropriateness of the directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

>Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events, in a manner that achieves fair presentation.

>Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity, to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Fund audit. We remain solely responsible for our audit opinion.

Mark A. Mortimer

  
BONDY MORTIMER & CO

Dated the 23<sup>rd</sup> day of September 2019