

FOLKESTONE MAXIM A-REIT SECURITIES FUND

ARSN 116 193 563

Interim financial report for the period 1 July 2017 to 31 December 2017

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Directors' Report

The directors of One Managed Investment Funds Limited (ABN 47 117 400 987, AFSL 297042), ("OMIFL" or the "Responsible Entity") the responsible entity of Folkestone Maxim A-REIT Securities Fund (ARSN 116 193 563) (the "Fund") present their report, together with the interim financial report of the Fund for the period 1 July 2017 to 31 December 2017.

Responsible Entity

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

Information about the Directors and Senior Management

The names of the directors and company secretaries of the Responsible Entity, in office during the period were:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Justin Epstein	Executive Director
Elizabeth Reddy	Non-executive Director
Sarah Wiesener	Company Secretary

Principal Activities

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

The principal activity of the Fund is to invest funds 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 period.

There were no significant changes in the nature of the Fund's activities during the period.

Review and Results of Operations

Results

The results of the operations of the Fund are disclosed in the Statement of Comprehensive Income in this interim financial report. The profit attributable to unitholders for the period ended 31 December 2017 was \$3,331,301 (2016: loss \$92,877).

Distributions

Distributions paid or payable in respect of period ended 31 December 2017 and 31 December 2016 were:

	Period ended		31 December	
	31 December	2017	2016	2016
	\$	cent/unit	\$	cent/unit
Distribution paid 30 September	263,167	0.77	336,762	1.39
Distribution payable 31 December	344,356	0.79	269,058	1.00
	607,523	1.56	605,820	2.39

Directors' Report (continued)

Review and Results of Operations (continued)

Net Value of the Fund's Assets

The Fund's net assets were valued at \$39,257,813 as at 31 December 2017 (30 June 2017: \$25,459,886). The Fund calculates the net asset value of Fund units on a daily basis. The net asset value of the Fund is calculated by deducting the value of the liabilities of the Fund excluding net assets attributable to unitholders from the value of the Fund's gross assets.

The value of the Fund's assets as at the end of the period 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.

Investment management fees are paid monthly in arrears to the investment manager of the Fund, Folkestone Maxim Asset Management Limited ("Investment Manager").

The following management fees were paid or payable out of the Fund's resources during the period ended 31 December 2017:

- Management fees of \$144,979 (31 December 2016: \$97,471) were incurred during the period;
- Management fees of \$30,382 (30 June 2017: \$20,296) were payable as at 31 December 2017.

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.

Changes in State of Affairs

During the period there were no significant changes in the state of affairs of the Fund.

Rounding of amounts to the nearest dollar

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded to the nearest dollar in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

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 4.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.



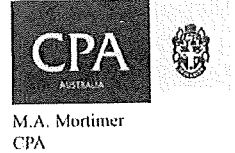
Frank Tearle
Director
One Managed Investment Funds Limited
Sydney

9 March 2018

Bondy Mortimer & Co

CPA Practice

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9th March 2018

The Directors

One Managed Investment Funds Limited As Responsible Entity of Folkestone Maxim A-REIT Securities Fund ARSN 116 193 563

**Level 11, 20 Hunter Street
SYDNEY NSW 2000**

8th March 2018

Dear Directors

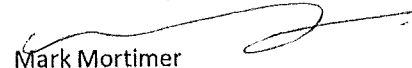
Auditor's Independence Declaration to the directors of One Managed Investment Funds Limited As Responsible Entity of Folkestone Maxim A-REIT Securities Fund ARSN 116 193 563

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 acting as Responsible Entity for Folkestone Maxim A-REIT Securities Fund ARSN 116 193 563.

As lead reviewer of the half-yearly financial statements of Folkestone Maxim A-REIT Securities Fund for the six months ended 31st December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) The audit independence requirements of the Corporations Act 2001 in relation to the audit review undertaken recently in respect of the half-year financial statements for the period ended 31st December 2017; and
- (ii) Applicable code of professional conduct in relation to the review; and

Yours sincerely


Mark Mortimer
BONDY MORTIMER & CO

Bondy Mortimer & Co

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M.A. Mortimer
CPA

Independent Auditor's Review Report to the Unit Holders of FOLKESTONE MAXIM A-REIT SECURITIES FUND ARSN 116 193 563

We have reviewed the accompanying half-year financial report of the Folkestone Maxim A-Reit Securities Fund, which comprises the statement of financial position as at 31st December 2017, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of One Managed Investment Funds Limited (ABN 47 117 400 987) as Responsible Entity of the fund, are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31st December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Folkestone Maxim A-REIT Securities Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

An review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence Declaration

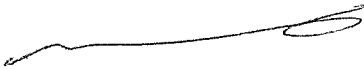
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of One Managed Investment Funds Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Opinion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Folkestone Maxim A-REIT Securities Fund is not in accordance with the Corporations Act 2001 including:

- a. Giving a true and fair view of the Fund's financial position as at 31st December 2017 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 Interim Financial Reporting and *Corporations Regulations 2001*.

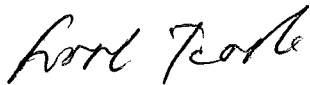
Mark Mortimer
BONDY MORTIMER & CO
Dated this


9th March 2018

Directors' Declaration

1. In the opinion of the directors of One Managed Investment Funds Limited, the Responsible Entity of Folkestone Maxim A-REIT Securities Fund (the "Fund"):
 - (a) the financial statements and notes set out on pages 8 to 17 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 31 December 2017 and of its performance, as represented by the results of its operations and its cash flows, for the period 1 July 2017 to 31 December 2017; 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 of the Responsible Entity, One Managed Investment Funds Limited.



Frank Tearle
Director
One Managed Investment Funds Limited

Sydney
9 March 2018

Statement of Comprehensive Income

		Period end	
		31 December	31 December
	Note	2017	2016
		\$	\$
Income			
Change in value of financial instruments held at fair value through profit or loss	3	2,758,263	(645,636)
Dividend and trust distribution income		764,425	681,040
Interest income		5,548	1,612
Other income		-	5,500
Net income		3,528,236	42,516
Expenses			
Management and administration fees		144,979	97,471
Transaction costs		51,034	37,102
Other expenses		922	820
Operating expenses before finance costs		196,935	135,393
Net profit/(loss) from operating activities		3,331,301	(92,877)
Finance costs			
Distribution attributable to unitholders	4	(607,523)	(605,820)
Change in net assets attributable to unitholders	5	(2,723,778)	698,697
Net profit/(loss) for period		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-

The Statement of Comprehensive Income should be read in conjunction with the notes to the financial statements.

Statement of Financial Position

	Note	31 December 2017 \$	30 June 2017 \$
Assets			
Cash and cash equivalents		1,983,320	323,565
Financial assets held at fair value through profit or loss	6	38,572,000	25,109,388
Balance due from brokers		-	15,642
Receivables	7	452,735	339,924
Total assets		<u>41,008,055</u>	<u>25,788,519</u>
Liabilities			
Distributions payable	4	344,356	181,543
Balance due to brokers		1,375,504	126,794
Payables	8	30,382	20,296
Total liabilities (excluding net assets attributable to unitholders)		<u>1,750,242</u>	<u>328,633</u>
Net assets attributable to unitholders' liability	5	<u>39,257,813</u>	<u>25,459,886</u>

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

Statement of Cash Flows

	Period ended	
	31 December	31 December
	2017	2016
	\$	\$
Cash flows from operating activities		
Dividends and trust distributions received	652,726	612,290
Interest received	5,377	1,612
Management and administration fees paid	(134,893)	(93,304)
RITC received	(941)	(205)
Transaction costs paid	(51,034)	(37,102)
Other expenses paid	(922)	(820)
Other income received	-	5,500
Net cash inflow from operating activities	470,313	487,971
Cash flows from investing activities		
Purchase of investments	(16,308,706)	(10,689,164)
Proceeds on sale of investments	6,868,709	5,313,926
Net cash outflow from investing activities	(9,439,997)	(5,375,238)
Cash flows from financing activities		
Proceeds from applications by unitholders	13,776,019	6,105,372
Payments for redemptions to unitholders	(2,723,529)	(475,100)
Distributions paid	(423,051)	(545,187)
Net cash inflow from financing activities	10,629,439	5,085,085
Net increase in cash and cash equivalents	1,659,755	197,818
Cash and cash equivalents at the beginning of the period	323,565	165,234
Cash and cash equivalents at the end of the period	1,983,320	363,052
Non-cash financing activities	21,659	18,967

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

	Period ended	
	31 December 2017	31 December 2016
	\$	\$
Total equity at the beginning of the period	-	-
Profit/(loss) for the period	-	-
Other comprehensive income	-	-
Total recognised income and expense for the period	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the period	-	-

In accordance with AASB 132 'Financial Instruments: Presentation', net assets attributable to unitholders is classified as a liability rather than equity. As a result there was no equity at the start or end of the period.

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

1 General Information

The Interim financial report covers 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 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 principal activity of the Fund is disclosed in the Directors' Report.

The interim 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 reissue the interim 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) Statement of Compliance

This interim financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *'Interim Financial Reporting'*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *'Interim Financial Reporting'*. This interim report does not include all the notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

(b) Basis of Preparation

This general purpose interim financial report has been prepared using historical cost convention, except for the revaluation of investments in financial assets and liabilities, which have been measured at fair value.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months, except for certain investments in financial assets and net assets attributable to unitholders. The amounts expected to be received or settled in relation to these balances cannot be readily determined.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Fund's 2017 annual financial report for the financial year ended 30 June 2017.

All amounts are presented in Australian dollars as the functional and presentational currency of the Fund.

(c) Going concern

This financial report has been prepared on a going concern basis.

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

	Period ended	
	31 December 2017 \$	31 December 2016 \$
Net unrealised gain/(loss) on financial instruments designated at fair value through profit or loss	2,430,663	(1,145,293)
Net realised gain on financial instruments designated at fair value through profit or loss	327,600	499,657
	<u>2,758,263</u>	<u>(645,636)</u>

4 Distributions Paid and Payable

	Period ended			
	31 December 2017 \$	31 December 2017 CPU	31 December 2016 \$	31 December 2016 CPU
Distributions paid 30 September	263,167	0.77	336,762	1.39
Distributions payable 31 December	344,356	0.79	269,058	1.00
	<u>607,523</u>	<u>1.56</u>	<u>605,820</u>	<u>2.39</u>

5 Net Assets Attributable to Unitholders

	Period ended			
	31 December 2017 No.	31 December 2017 \$	31 December 2016 No.	31 December 2016 \$
Opening balance	30,753,039	25,459,886	20,448,640	17,668,971
Applications	15,775,188	13,776,019	7,004,923	6,079,265
Units issued upon reinvestment of distribution	25,701	21,659	22,108	18,967
Redemptions	(3,229,827)	(2,723,529)	(569,871)	(475,100)
Change in net assets attributable to unitholders	-	2,723,778	-	(698,697)
Closing balance	<u>43,324,101</u>	<u>39,257,813</u>	<u>26,905,800</u>	<u>22,593,406</u>

Capital risk management

The Fund manages its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. 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.

6 Investments

	31 December 2017	30 June 2017
	\$	\$
Financial Assets Held at Fair Value through Profit or Loss:		
Designated at fair value through profit or loss upon initial recognition:		
<i>(i) Equity securities:</i>		
Australian equity securities listed on a prescribed stock exchange	38,572,000	25,075,680
<i>(ii) Unlisted securities:</i>		
Shares in an international real estate investment platform	-	33,708
Total financial assets designated at fair value through profit or loss upon initial recognition	38,572,000	25,109,388
Total financial assets held at fair value through profit or loss	38,572,000	25,109,388

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 securities.

7 Receivables

	31 December 2017	30 June 2017
	\$	\$
Dividends and trust distributions receivable	447,912	336,213
Interest receivable	171	-
GST receivable	4,652	3,711
	452,735	339,924

8 Payables

	31 December 2017	30 June 2017
	\$	\$
Management and administration fees payable	30,382	20,296
	30,382	20,296

9 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 31 December 2017 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)

9 Fair Value of Financial Assets and Liabilities (continued)

At 31 December 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
<i>Designated at fair value through profit or loss</i>				
Listed Australian securities on a prescribed stock exchange	38,572,000	-	-	38,572,000
Total financial assets	38,572,000	-	-	38,572,000
At 30 June 2017				
Assets				
<i>Designated at fair value through profit or loss</i>				
Listed Australian securities on a prescribed stock exchange	25,075,680	-	-	25,075,680
Unlisted securities - shares in an international real estate investment platform	33,708	-	-	33,708
Total financial assets	25,109,388	-	-	25,109,388

10 Related Parties

Responsible Entity

The responsible entity of the Fund is One Managed Investment Funds Limited ABN 47 117 400 987 ("Responsible Entity" or "OMIFL"). Accordingly, transactions with entities related to OMIFL are disclosed below.

The Responsible Entity has contracted services to 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 2016 to 31 December 2017 are as follows:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Justin Epstein	Executive Director
Elizabeth Reddy	Non-executive Director
Sarah Wiesener	Company Secretary

(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 receive any remuneration from the Fund.

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.

10 Related Parties (continued)

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

	31 December 2017	31 December 2016
	\$	\$
Management fees and administration costs paid by the Fund (including fees paid to OMIFL for the provision of responsible entity and custodian services)	144,979	97,471
	31 December 2017	30 June 2017
	\$	\$
Management fees and administration costs payable by the Fund at the end of the reporting period (including fees paid to OMIFL for the provision of responsible entity and custodian services)	30,382	20,296

At balance date an amount of \$30,382 (30 June 2017: \$20,296) owing to the Investment Manager was included in accounts payable.

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 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 entities during the period:

	December 2017			
	No. of units held opening (Units)	No. of units acquired (Units)	No. of units disposed (Units)	No. of units held closing (Units)
Folkestone Education Trust	400,000	366,974	166,974	600,000
Total	400,000	366,974	166,974	600,000
	June 2017			
	No. of units held opening (Units)	No. of units acquired (Units)	No. of units disposed (Units)	No. of units held closing (Units)
Folkestone Education Trust	370,000	30,000	-	400,000
Total	370,000	30,000	-	400,000

10 Related Parties (continued)

Units in the Fund Held by Key Management Personnel

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

Unitholder	December 2017				
	Number of units held	Interest held	Number of units acquired	Number of units disposed	Distribution paid/payable by the Fund
	units	%	units	units	\$
Larnpace Pty Ltd *	270,795	0.63	4,332	-	4,226
Winston Sammut and Margaret Sammut OAO Aidan Sammut	9,267	0.02	148	-	145

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

Unitholder	June 2017				
	Number of units held	Interest held	Number of units acquired	Number of units disposed	Distribution paid/payable by the Fund
	units	%	units	units	\$
Larnpace Pty Ltd*	266,463	0.87	13,045	-	10,183
Winston Sammut and Margaret Sammut OAO Aidan Sammut	9,119	0.03	446	-	349

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

11 Events Subsequent to Reporting Date

No significant events have occurred since the end of the period which would impact on the financial position of the Fund as disclosed in the Statement of Financial Position as at 31 December 2017 or on the results and cash flows of the Fund for the period 1 July 2017 to 31 December 2017.

12 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2017 and 30 June 2017.