



**AIMS Funds Management**  
A Member of AIMS Financial Group

**27 February 2014**

**ASX Code: APW**  
**SGX Code: AIMS Property**

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**ASX Announcement**

**AIMS Property Securities Fund**

**Half Year Results to 31 December 2013**

AIMS Fund Management Limited, the Responsible Entity of the AIMS Property Securities Fund, announces the Fund's results for the half year ended 31 December 2013.

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**AIMS Funds Management**  
**AIMS Fund Management Limited**  
ABN 79 004 956 558 AFS Licence No: 258052  
**AIMS Investment Managers Limited**  
ABN 45 099 054 074 Licence No: 225357 SEC No: 801-66388  
**AIMS Real Estate Funds Limited**  
ABN 32 126 766 167 AFSL No: 318261

### **About AIMS Fund Management Limited:**

*AIMS Fund Management Limited (formerly known as MacarthurCook Fund Management Limited) is a wholly owned subsidiary of the AIMS Financial Group (AIMS), which specialises in the investment management of direct property, real estate securities and mortgage assets.*

*AIMS manage approximately A\$1.5 billion on behalf of over 20,000 Investors/borrowers as at 21 December 2012 and are the investment managers for MacarthurCook Office Property Trust, MacarthurCook Mortgage Fund, Advance Mortgage Fund and MacarthurCook Property Securities Fund. AIMS also manages, in a joint-venture arrangement with AMP Capital, the AIMS-AMP Capital Industrial REIT in Singapore.*

*The MacarthurCook Property Securities Fund is listed on the ASX and the Singapore Exchange. The AIMS-AMP Capital Industrial REIT is listed on the Singapore Exchange.*

### **About AIMS Financial Group:**

*Established in 1991, AIMS Financial Group (AIMS) is a diversified financial services and investment group with a solid track record and enviable reputation in the mortgage lending, fund management and securitisation markets in Australia, active in the areas of lending, securitisation, investment banking, funds management, property investment, stock exchange ownership and high-tech investment.*

*Since 1999, AIMS has raised approximately A\$4 billion in funds from the capital markets. Of this, AIMS has issued approximately A\$3 billion residential mortgage-backed securities, with most of them rated AAA by both Standard & Poors and Fitch Ratings, and has originated over A\$5 billion of high quality prime home loans since 1997.*

*AIMS has actively introduced a number of international investors into the Australian markets and to date. AIMS has also attracted over A\$1 billion of investments into Australia from overseas investors.*

*AIMS is also the investment manager for AIMS' funds, which amount to approximately A\$1.5 billion fund as at 1 November 2012.*

*AIMS' head office is in Sydney, Australia, and it has businesses across Australia, China, Hong Kong and Singapore. Our highly qualified, professional and experienced cross-cultural teams enable AIMS to bridge the gap between Australia and China across various sectors.*

### **AIMS Financial Group Expands During GFC**

*During the global financial crisis, AIMS expanded its business in a time when many other businesses were experiencing immense difficulties.*

*In October 2008, AIMS acquired the Asia Pacific Stock Exchange (APX), which is the only Western Securities Exchange 100% owned by a private company.*

*In April 2009, AIMS became the largest shareholder (15.8%) of the ASX listed fund manager, MacarthurCook Limited (MCK). In August 2009, AIMS' holding increase to 54% and by November 2009, AIMS' became the 100% owner of MCK which was subsequently delisted from the ASX.*

### **MacarthurCook Turnaround Story**

*At the time of acquisition, MacarthurCook's fund management business was severely distressed with each of the 4 listed funds and a number of unlisted funds starved of capital and management expertise. Under AIMS' leadership, MacarthurCook's funds have been turned around, stabilised and improved outcome for investors, for example:*

*A. The MacarthurCook Industrial REIT (MI-REIT) listed on the SGX (now known as AIMS AMP Capital Industrial REIT). At the time of the AIMS acquisition of MacarthurCook in 2009, MI-REIT was a vehicle which was in distress. MI-REIT had an obligation to refinance S\$220.8million and purchase a S\$90.2million property which previous management had entered into in 2007 without finance in place. As at 31 March 2009, MI-REIT's market capitalisation was approximately S\$60.2 million and total assets were S\$544.0 million. In December 2009, MI-REIT*

*was renamed to AIMS AMP Capital Industrial REIT (AA-REIT). Under the new management of AIMS AMP Capital Industrial REIT Management Limited, a joint venture REIT management company owned 50 percent each by AIMS and AMP Capital, AA-REIT has grown significantly with a market capitalisation S\$707.8 million and S\$1.06 billion total assets as at 31 March 2013.*

*B. The MacarthurCook Property Securities Fund (MPS) which is listed on the ASX and SGX. Since the takeover of MacarthurCook, through AIMS management, MPS has been able to significantly reduce its debt from A\$44.5 million with a gearing ratio of 38% to nil as 31 May 2013. MPS is now uniquely positioned to access the capital markets in Australia and Asia through its dual listing on the ASX and SGX.*

*C. The privatisation of the MacarthurCook Industrial Property Fund (MIF) which was formerly listed on the ASX and was distressed at the time of acquisition. The share price of the fund at the time AIMS took over MacarthurCook was \$0.16. AIMS reduced vacancy in the MIF portfolio and improved the weighted average lease expiry to more than 5 years. In October 2010, unitholders voted in favour of accepting an offer from a US fund at A\$0.44 per unit representing a 42.0% premium to the pre-announcement trading price.*

**AIMS PROPERTY SECURITIES FUND  
(FORMERLY KNOWN AS MACARTHURCOOK  
PROPERTY SECURITIES FUND)  
ABN 79 004 956 558**

**APPENDIX 4D – PRELIMINARY FINAL REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**Results for announcement to the market**

	<b>Change from Previous Period (\$'000)</b>	<b>Change from Previous Period (%)</b>	<b>Half-year to 31 December 2013 (\$'000)</b>	<b>Half-year to 31 December 2012 (\$'000)</b>
Revenue from ordinary activities	Up \$7,865	Up 461%	6,159	(1,706)
Income/(Loss) from ordinary activities before tax attributable to unitholders	Up \$8,708	Up 262%	5,381	(3,327)
Income/(Loss) from ordinary activities after tax attributable to unitholders	Up \$8,708	Up 262%	5,381	(3,327)
Net income/(loss) for the period attributable to shareholders	Up \$8,708	Up 262%	5,381	(3,327)
Basic income/(loss) per unit - cents	n/a	n/a	n/a	n/a
Diluted income/(loss) per unit - cents	n/a	n/a	n/a	n/a
Net Tangible Assets per security (After unrealised losses and adjustment for tax)			0.13	0.14

A distribution of 0.15 cents (\$0.0015) was announced on 18 December 2013 for the 31 December 2013 quarter. The current proposed payment date will be on or around 21 March 2014, which may be subject to change at the RE's discretion. No part of the distribution contains foreign conduit income.

**Explanation of Revenue**

Revenue from ordinary activities of \$1,290,000 for the half-year ended 31 December 2013, consists entirely of the Fund's investment activities and are made up as follows:

	(\$'000)
Distribution revenue from investment funds	1,153
Interest revenue from cash at bank	137
<b>Revenue from operating activities</b>	<u>1,290</u>

This report is based on the half-year Financial Report which has been subject to audit by the Auditors. All the documents comprise the information required by Listing Rule 4.2A

**Attachments forming part of Appendix 4E**

Attachment 1 – Half-year report, including Director's Report

**AIMS PROPERTY SECURITIES FUND  
(FORMERLY KNOWN AS MACARTHURCOOK  
PROPERTY SECURITIES FUND)  
ABN 79 004 956 558**

**APPENDIX 4D – PRELIMINARY FINAL REPORT**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**Commentary on results**

**Significant features of operating performance**

**1. Performance Review**

The comprehensive profit attributable to unitholders for the year ended 30 December 2013 is \$5,381,000 (2012: \$3,327,000 loss). This result includes an unrealised gain on investments of \$4,749,000 (2012: \$3,321,000 loss). The Fund is in a stronger position compared to the last period with total assets of \$64 million and no borrowings.

**2. Fund Investments**

The Fund manager has selected and invested in 19 funds which are a mixture of being listed and unlisted. These funds provide exposure across a number of property markets. As at 31 December 2013, the Fund approximately invested 86% of its total funds.

**Results of segments**

The Fund operates in Australia and has one business segment, that being investing in a portfolio of property related securities diversified by property sectors, geographic locations and fund managers.

**Trends in performance**

The Fund will not report on trends in performance as to do so would be inappropriate due to market fluctuations.

**Other factors that affected results in the period or which are likely to affect results in the future**

**1. Buy backs**

A buy back program was announced on 12 August 2013, with the intention to proceed with a \$3.5 million on market buy back of up to 10% of units in the Fund commencing no earlier than 31 August 2013. As at 31 December 2013, a total of 1,829,506 units have been bought and settled for a total of approximately \$141,000. This amount does not include 325,000 units bought back at 31 December 2013, but were settled subsequent to the period end.

**Matters Subsequent to the End of the Financial Year**

On 29 January 2014, a total of \$3,520,000 has been received by the fund for the redemption of all remaining units in the MPG Bulky Goods Retail Trust. The value returned approximates the carrying value at 31 December 2013. Stockland Direct Office Trust No.3 has also completed the sale of all remaining assets, and the final distribution is expected to be received at 6.325 cents per unit, which is comprised of 2.599 cents per unit of capital and 3.726 cents per unit of tax deferred income distribution.



Alan Wong  
Company Secretary

**Dated this 24 February 2013**

**AIMS PROPERTY SECURITIES FUND  
(FORMERLY KNOWN AS MACARTHURCOOK  
PROPERTY SECURITIES FUND)**

**ARSN 111 442 150**

**INTERIM FINANCIAL REPORT  
31 DECEMBER 2013**

**AIMS PROPERTY SECURITIES FUND  
ARSN 111 442 150**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

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**AIMS PROPERTY SECURITIES FUND  
ARSN 111 442 150**

**DIRECTORS' REPORT**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

The Directors of AIMS Fund Management Limited (formerly known as MacarthurCook Fund Management Limited), the Responsible Entity of AIMS Property Securities Fund ("the Fund"), (formerly known as MacarthurCook Property Securities Fund), present their report together with the interim Financial Report of the Fund for the half-year ended 31 December 2013.

The Responsible Entity's registered office and principal place of business is Level 16, Central Square, 323 Castlereagh Street, Sydney, NSW 2000.

**Directors**

The Directors of the Responsible Entity at any time during or since the end of the financial year are shown below. Directors were in office to the date of the report unless otherwise stated:

<b>Name</b>	<b>Title/Position Held</b>
Mr George Wang	Executive Chairman
Mr Richard Nott	Non-Executive Independent Director & Chairman of the Audit, Compliance and Risk Committee
Mr John Love	Non-Executive Independent Director

**Principal Activities**

The Fund is a registered management investment scheme domiciled in Australia. The Fund is listed on both the Australian Securities Exchange Limited (ASX) and the Singapore Exchange Limited (SGX). The investment objective of the Fund is to provide investors with regular quarterly income and the potential for long term capital growth. During the year, the Fund held investments in a portfolio of property related securities diversified by property sectors, geographic locations and fund managers.

**Results and Review of Operations**

*Operations*

The comprehensive income attributable to unitholders for the period ended 31 December 2013 is \$5,381,000 (2012: loss \$3,327,000). This result includes an unrealised gain on investments of \$4,749,000 (2012: unrealised loss \$3,321,000).

*Performance*

The performance of the Fund is represented by the aggregation of the percentage capital growth and percentage distribution of income to Australian registered Unitholders and Singapore registered Unitholders respectively, in the following table:

	<b>ASX listed Units</b>		<b>SGX listed Units</b>	
	<b>Half-year ended 31 December 2013 %</b>	<b>Half-year ended 31 December 2012 %</b>	<b>Half-year ended 31 December 2013 %</b>	<b>Half-year ended 31 December 2012 %</b>
Distribution Return	0.02	-	1.67	-
Growth Return	11.43	20.00	(10.00)	16.67
<b>Total Return</b>	<b>11.43</b>	<b>20.00</b>	<b>(10.00)</b>	<b>16.67</b>



**AIMS PROPERTY SECURITIES FUND**  
**ARSN 111 442 150**

**DIRECTORS' REPORT**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**Results and Review of Operations (cont.)**

*Performance (cont.)*

The distribution return is calculated on the basis of the gross distribution to Unitholders before deducting any withholding tax which may be applicable. The growth return relates to the movement between closing trade prices on the respective ASX and SGX at 31 December 2013 and the closing trade prices on 30 June 2013. The market price of the Fund's Units (as represented by the closing trade price) on the ASX at 31 December 2013 was \$0.078 (30 June 2013: \$0.07). The market price of the Fund's units on the SGX at 31 December 2013 was SGD\$0.081 (30 June 2013: SGD\$0.09).

Returns have been calculated after fees and assuming reinvestment of distributions within Australia, in accordance with IFSA Standard 6.00 *Product Performance - calculation and presentation of returns*. Reinvestment of distributions is not available to Singaporean Unitholders whose registered address with The Central Depository (Pte) Limited is outside Australia.

*Value of the Fund's assets*

The Fund's total assets were valued at \$64,438,000 as at 31 December 2013 (30 June 2013: \$59,536,000) in accordance with the accounting policies set out in Note 1 of the interim Financial Report. The net tangible asset value was 12.59 cents per ordinary unit (30 June 2013: 11.66 cents per unit). The net tangible asset calculation excludes the Deferred Units on issue.

**Distributions Paid or Recommended**

On 18 December 2013, the Fund made a market announcement for the Estimated Distribution at an amount of 0.15 Australian cents (A\$0.0015) per unit for the quarter ending 31 December 2013. The total distribution amount will be confirmed in February 2014.

**Significant Changes in State of Affairs**

Other than as noted in "Results and Review of Operations", there were no significant changes in the state of affairs of the Fund which occurred during the half-year ended 31 December 2013.

**After Balance Date Events**

On 29 January 2014, a total of \$3,520,000 has been received by the Fund for the redemption of all remaining units in the MPG Bulky Goods Retail Trust. The value returned approximates the carrying value at 31 December 2013. Stockland Direct Office Trust No.3 has also completed the sale of all remaining assets, and the final distribution is expected to be received at 6.325 cents per unit, which is comprised of 2.599 cents per unit of capital and 3.726 cents per unit of tax deferred income distribution.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Responsible Entity of the Fund, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

**AIMS PROPERTY SECURITIES FUND  
ARSN 111 442 150**

**DIRECTORS' REPORT**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**Auditor's Independence**

The auditor's independence declaration is set out on page 6 and forms part of the directors' report for the half-year ended 31 December 2013.

Signed in accordance with a resolution of the Directors of AIMS Fund Management Limited:

A handwritten signature in black ink, appearing to be 'G. Wang', written over a faint grid background.

Mr George Wang  
Executive Chairman

**Dated this 24<sup>th</sup> day of February 2014**



*Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001*

To: the directors of AIMS Fund Management Limited, the responsible entity of AIMS Property Securities Fund.

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2013 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Andrew Dickinson  
*Partner*

Sydney

24 February 2014

**AIMS PROPERTY SECURITIES FUND**  
**ARSN 111 442 150**

**CONDENSED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Note	31 Dec 2013 \$'000	31 Dec 2012 \$'000
Distribution income		1,153	1,592
Interest income		137	27
Placement fee income		-	8
Change in fair value of investments		4,869	(3,333)
<b>Net investment income</b>		<u>6,159</u>	<u>(1,706)</u>
Responsible Entity fees	5	140	130
Administration expenses		638	1,044
Borrowing costs		-	447
<b>Total expenses</b>		<u>778</u>	<u>1,621</u>
<b>Net gain/(loss) for the half-year attributable to Unitholders</b>		5,381	(3,327)
Other comprehensive income		-	-
<b>Total comprehensive gain/(loss) for the half-year attributable to Unitholders</b>		<u>5,381</u>	<u>(3,327)</u>

The Condensed Statement of Profit or Loss and other Comprehensive Income is to be read in conjunction with the notes to the interim financial statements

**AIMS PROPERTY SECURITIES FUND**  
**ARSN 111 442 150**

**CONDENSED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2013**

	Note	31 Dec 2013 \$'000	30 Jun 2013 \$'000
<b>Current Assets</b>			
Cash and cash equivalents		8,982	7,925
Trade and other receivables		505	1,333
<b>Total Current Assets</b>		9,487	9,258
<b>Non-Current Assets</b>			
Financial assets held at fair value through profit or loss:			
Listed property securities	2	18,146	12,130
Unlisted property securities	2	36,805	38,148
<b>Total Non-Current Assets</b>		54,951	50,278
<b>Total Assets</b>		64,438	59,536
<b>Current Liabilities</b>			
Financial liabilities held at amortised cost:			
Trade and other payables		951	502
<b>Total Current Liabilities</b>		951	502
<b>Total Liabilities (excluding net assets attributable to Unitholders)</b>		951	502
<b>Net Assets attributable to Unitholders</b>		63,487	59,034

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

**AIMS PROPERTY SECURITIES FUND  
ARSN 111 442 150**

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

The Fund's net assets attributable to Unitholders are classified as a liability under AASB132 Financial Instruments: Presentation. As such the Fund has no equity, and no changes in equity have been presented for the current or comparative period.

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

**AIMS PROPERTY SECURITIES FUND**  
**ARSN 111 442 150**

**CONDENSED STATEMENT OF CASH FLOWS**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	<b>Note</b>	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Distributions received		1,937	1,562
Interest received		137	27
Placement fees received		-	8
Management fees paid		(212)	(130)
Other expenses paid		(815)	(1,120)
<b>Net cash inflows from operating activities</b>		<b>1,047</b>	<b>347</b>
<b>Cash flows from investing activities</b>			
Proceeds from returns of capital		3,994	-
Proceeds from sale of investments		2,760	2,557
Acquisition of Investments		(6,573)	-
<b>Net cash inflows from investing activities</b>		<b>181</b>	<b>2,557</b>
<b>Cash flows from financing activities</b>			
Interest and other finance costs paid		-	(446)
Repayment of borrowings		-	(2,704)
Payments for share buyback		(141)	-
Unit issue costs paid		(30)	(313)
<b>Net cash flows (used in) financing activities</b>		<b>(171)</b>	<b>(3,463)</b>
Net increase/(decrease) in cash and cash equivalents		1,057	(559)
Cash and cash equivalents at beginning of the half-year		7,925	1,966
<b>Cash and cash equivalents at the end of the half-year</b>		<b>8,982</b>	<b>1,407</b>

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

**AIMS PROPERTY SECURITIES FUND  
ARSN 111 442 150**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**1. Basis of preparation of half-year report**

These interim financial statements for the interim half-year reporting period ended 31 December 2013 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures that the financial statements and notes also comply with International Financial Reporting Standard IAS 34: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Fund. It is therefore recommended that this interim financial report be read in conjunction with the annual financial statements of the Fund for the financial year ended 30 June 2013, together with any public announcements made during the half-year.

The financial statements were authorised for issue by the Board of Directors 24 February 2014.

The financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

**New or revised Standards and Interpretations that are first effective in the current reporting period**

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Fund's financial statements as at and for the year ended 30 June 2013. The following changes in accounting policies are also expected to be reflected in the Fund's financial statements as at and for the year ending 30 June 2014.

The Fund has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

*AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities:*

As an investment entity, the Fund shall not consolidate its subsidiaries or apply AASB 3 when it obtains control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit or loss in accordance with AASB 139 Financial Instruments: Recognition and Measurement.

**AASB 13 Fair Value Measurement:** AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Fund has included additional disclosures in this regard (see Note 4).

In accordance with the transitional provisions of AASB 13, the Fund has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Fund's assets and liabilities.



**AIMS PROPERTY SECURITIES FUND**  
**ARSN 111 442 150**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**2. Financial assets**

	31 Dec 2013 \$'000	30 Jun 2013 \$'000
<b>Financial assets at fair value</b>		
Listed property securities	18,146	12,130
Unlisted property securities	36,805	38,148
<b>Total financial assets at fair value</b>	<u>54,951</u>	<u>50,278</u>

The fair value of the unlisted property securities as at the end of the reporting periods are estimated based on the net tangible asset of the underlying funds. This represents the best estimate of fair value of investments in unlisted schemes. The valuation of the investments will vary in line with the changes in the net tangible asset value of the underlying schemes. The liquidity of the investments is subject to the underlying scheme's performance and/or their ability to sell down assets.

**3. Net assets attributable to unitholders**

	31 December 2013		31 December 2012	
	No. of Units '000	\$ '000	No. of Units '000	\$ '000
Opening balance	508,039	59,034	361,214	52,791
Units Issue Cost	-	(30)	-	(312)
Share buyback (*)	(1,830)	(141)	-	-
Change in net assets attributable to Unitholders	-	5,381	-	(3,327)
Distribution accrued	-	(758)	-	-
<b>Closing balance</b>	<u><b>506,209</b></u>	<u><b>63,487</b></u>	<u><b>361,214</b></u>	<u><b>49,152</b></u>

All Ordinary Units in the Fund carry equal rights and each unit represents a right to the underlying assets of the Fund. Deferred Units in the Fund carry no right to participate in any distribution of the Fund. Deferred Units are converted to ordinary units on the terms set out in the Fund's constitution. At 31 December 2013, 1,752,605 (2012: 1,752,605) Deferred Units were on issue. These are included in the totals above.

(\*) A buy back program was announced on 12 August 2013, with the intention to proceed with a \$3.5 million on market buy back up to 10% of units in the Fund commencing no earlier on 31 August 2013. As at 31 December 2013, a total of 1,829,506 units have been bought and settled for a total of approximately \$141,000. This amount does not include 325,000 units bought back at 31 December 2013, but were settled subsequent to the period end.

**AIMS PROPERTY SECURITIES FUND**  
**ARSN 111 442 150**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**4. Financial Instruments – Fair value measurement**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

<b>31 December 2013</b>		<b>Fair Value (\$'000)</b>		
		Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>				
Listed property securities	2	18,146	-	-
Unlisted property securities	2	-	-	36,805
		18,146	-	36,805

**Valuation technique and significant unobservable inputs**

The following table shows the valuation techniques used in measuring Level 1 and 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Listed property securities	Market price: Quoted market bid prices at the reporting date	Not applicable	Not applicable
Unlisted property securities	Net Tangible Asset: Investments in unlisted managed investment schemes are recorded at the Net Tangible Asset (NTA) price as reported by the managers of such schemes at the reporting date	As the underlying funds are unlisted and frozen for redemptions, it is uncertain that the investments can be realised at NTA	The estimated fair value would increase/ (decrease) if the NTA of the underlying funds increases/(decreases)

**Transfers between Level 1 and 2**

There have been no transfers between level 1 and 2 during the period.

**Level 3 fair values**

The following table shows reconciliation from the opening balances to the closing balances for Level 3 fair values.

<b>Level 3 Reconciliation</b>	<b>Unlisted property securities (\$'000)</b>
Balance at 1 July 2013	38,148
Change in fair value - unrealised	639
Change in fair value - realised	121
Acquisitions	4,653
Disposals including returns of capital	(6,756)
Balance at 31 December 2013	36,805

**AIMS PROPERTY SECURITIES FUND**  
**ARSN 111 442 150**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**4. Financial Instruments – Fair value measurement (cont.)**

**Sensitivity analysis**

For the fair values of unlisted property securities, reasonably possible changes to the NTA, holding other inputs constant, would have the following effects.

<b>Impact on profit or (loss)</b>	<b>2013</b>
	<b>\$ '000</b>
+1.00% (100 basis points) of the NTA	368
-1.00% (100 basis points) of the NTA	(368)

**5. Related parties**

***Responsible Entity Fees and other transactions***

	<b>31 December 2013</b>	<b>31 December 2012</b>
	<b>\$</b>	<b>\$</b>
Management fee expense	140,495	130,119
Fund expenses reimbursed to the Responsible Entity	64,416	60,193

Total accrued Responsible Entity fees included in trade and other payables as at 31 December 2013 is \$113,143 (30 June 2013: \$184,476).

***Related party investments held by the Fund***

The Fund may purchase and sell units in other approved funds managed by the Responsible Entity in the ordinary course of business at application and redemption prices calculated in accordance with the constitution of those Funds. Details of the Fund's investments in other funds operated by the Responsible Entity are set out below.

<b>Entity</b>	<b>No. of units ('000)</b>	
	<b>31 December 2013</b>	<b>30 June 2013</b>
MacarthurCook Office Property Trust (Wholesale units)	10,258	10,258
AIMS AMP Capital Industrial REIT Management Ltd	1,919	421
AIMS Property Fund (St. Kilda Road)	22,491	3,500

The Fund participated in a non-renounceable 15 for 10 entitlement offer by AIMS Property Fund (St. Kilda Road) and took up the entitlement units as well as additional units, bringing the ownership to 49.9%. The newly issued units carry preferential rights to annualised distributions at a rate of 8.5% per annum from the date of issue to 31 December 2015.

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**5. Related parties (cont.)**

***Units in the Fund held by related parties***

Details of holdings in the Fund by the Responsible Entity, other funds operated by the Responsible Entity and other related parties are set out below:

Entity	Relationship	No. of units ('000)	
		31 December 2013	30 June 2013
MacarthurCook Office Property Trust	Other related party	21,435	21,435
AIMS Group Holdings Pty Ltd	Responsible Entity's parent company	-	132,466
AIMS Capital Management Limited (formerly known as AIMS Funds Management Limited)	Other related party	134,650	-

At 31 December 2013, the Responsible Entity also held 1,752,605 Deferred Units (2012: 1,752,605) issued at \$0.00001 per unit. A Deferred Unit carries no voting rights and no right to participate in any distribution from the Fund until it converts into an Ordinary Unit. The Deferred Units will only convert into Ordinary Units on the terms set out in the Fund's Constitution. Performance fees are paid to the Responsible Entity by converting a number of Deferred Units into Ordinary Units.

**6. Capital commitments and contingent liabilities and assets**

On 3 September 2013, the Court of Appeal delivered judgment in the litigation between the Responsible Entity and TFML Ltd and Zhaofeng Funds Management Ltd. The Court of Appeal decision has the effect that the Responsible Entity's judgment against TFML for \$17,764,204 plus costs is set aside and the Responsible Entity is to pay TFML's cost<sup>(\*)</sup> of the proceedings in the Court below and of the appeal.

The Responsible Entity filed an application for special leave to appeal against the decision of the Court of Appeal in the High Court. The special leave was granted by the High Court in a hearing dated 14 February 2014 and therefore the appeal will be heard in the High Court. As the directors believe it is probable that the appeal will succeed, no provision has been made in the interim financial report for the period ended 31 December 2013 for the judgment against the Responsible Entity in the Court of Appeal. The Fund incurred \$85,813 of legal costs for the half year ended 31 December 2013 (2012: \$438,344), which were recorded in administrative expenses.

Other than the matter disclosed above, the Responsible Entity and the Fund are aware of a claim against the Responsible Entity and the Fund brought by Pelorus Private Equity Limited. The Responsible Entity and the Fund will defend the claim and at the date of drafting, the matter is yet to be heard in the Supreme Court. The Fund incurred \$250,956 of legal costs for the half year ended 31 December 2013 (2012: \$67,460), which were recorded in administrative expenses.

Further information usually required by AASB 137 provisions, contingent liabilities and contingent assets, is not disclosed on the grounds that it might be prejudicial to the Fund and the Responsible Entity.

(\*) Costs incurred by the Responsible Entity if any will be payable out of the Fund's assets.

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**7. Subsequent events**

On 29 January 2014, a total of \$3,520,000 has been received by the fund for the redemption of all remaining units in the MPG Bulky Goods Retail Trust. The value returned approximates the carrying value at 31 December 2013. Stockland Direct Office Trust No.3 has also completed the sale of all remaining assets, and the final distribution is expected to be received at 6.325 cents per unit, which is comprised of 2.599 cents per unit of capital and 3.726 cents per unit of tax deferred income distribution.

Other than the above, there has not been any event of a material and unusual nature likely in the opinion of the Responsible Entity, to significantly affect the operations of the Fund, the results of the operations, or the state of affairs of the Fund, in future financial years.

**AIMS PROPERTY SECURITIES FUND  
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**DIRECTORS' DECLARATION**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

The directors of the Responsible Entity for AIMS Property Securities Fund ("the Fund") declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- (b) In the directors' opinion, the attached interim financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Fund.

Signed in accordance with a resolution of directors of the Responsible Entity made pursuant to Section 303(5) of the *Corporation Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'G Wang', written over a faint horizontal line.

Mr George Wang  
Executive Chairman

**Dated this 24<sup>th</sup> day of February 2014**



## **Independent auditor's review report to the unitholders of AIMS Property Securities Fund**

### **Report on the financial report**

We have reviewed the accompanying interim financial report of AIMS Property Securities Fund, (the Fund) which comprises the condensed statement of financial position as at 31 December 2013, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the interim period ended on that date, notes 1 to 7 comprising a summary of accounting policies and other explanatory information and the directors' declaration.

#### *Directors' responsibility for the financial report*

The directors of AIMS Fund Management Limited (the Responsible Entity) are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the interim 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 interim 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 31 December 2013 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of AIMS Property Securities Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of AIMS Property 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 31 December 2013 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### **Emphasis of matters**

Without modifying our conclusion, we draw attention to the following matters:

#### *Uncertainty regarding the valuation of unlisted investments*

As disclosed in note 2, the amount of \$36.805 million as at 31 December 2013 represents the best estimate of fair value of investments in unlisted schemes. The valuation of the investments will vary in line with the changes in the net tangible asset value of the underlying schemes. The liquidity of the investments is subject to the underlying schemes' performance and/or their ability to sell down assets. As such, although the directors of AIMS Fund Management Limited, the Responsible Entity of the Fund, consider this amount to represent the best estimate of fair value as at 31 December 2013, it should be noted that uncertainty exists as to the timing of the cash flows and whether the full amount of the investments will be realised.

#### *Uncertainty regarding the legal claims*

As discussed in note 6, on 3 September 2013, the Court of Appeal delivered judgment in the litigation between the Responsible Entity, TFML Ltd and Zhaofeng Funds Management Limited. The Court of Appeal decision has the effect that the Responsible Entity's judgment against TFML for \$17,764,204 plus costs is set aside and the Responsible Entity is to pay TFML's costs of the proceedings in the Court below and of the appeal.





The Responsible Entity filed an application for special leave to appeal against the decision of the Court of Appeal in the High Court. The special leave was granted by the High Court in a hearing dated 14 February 2014 and therefore the appeal will be heard in the High Court. As the directors believe it is probable that their appeal will succeed, no provision has been made in the interim financial report for the period ended 31 December 2013 for the judgment against the Responsible Entity in the Court of Appeal. Should the appeal fail, the Fund would need to make a provision for these costs, which may have a material impact on the Fund's financial statements.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink, appearing to be 'A. Dickinson'.

Andrew Dickinson

*Partner*

Sydney

24 February 2014