



AIMS

AIMS PROPERTY SECURITIES FUND

Investor Presentation

APW.ASX

IMPORTANT INFORMATION



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Investment decisions should not be made upon the basis of its past performance as this may vary.

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I. Introduction



Established in 1991, AIMS Financial Group (AIMS) is a diversified financial services and investment group, active in the areas of mortgage lending, securitisation, investment banking, funds management, property investment and high-tech ventures. AIMS has also strategically invested in the Sydney Stock Exchange (SSX).

Since 1999, AIMS has raised approximately A\$4.0 billion in funds from the capital markets. Of this, AIMS has issued approximately A\$3.0 billion residential mortgage-backed securities, with a majority rated AAA by both Standard & Poor's and Fitch Ratings. AIMS has also originated over A\$8.0 billion of high quality prime home loans since 1991.

AIMS has actively introduced a number of international investors into the Australian market and to date has attracted over A\$1.0 billion of investments into Australia from overseas investors.

AIMS is also the investment manager for AIMS' funds, which amount to circa A\$2 billion as at 30 June 2016. Since 2009, AIMS Group has had a total acquisition and investment total of over A\$2.0 billion in assets.

AIMS' head office is in Sydney, Australia, with global operations in 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 FUNDS MANAGEMENT OVERVIEW



AIMS Funds Management is a member of the AIMS Financial Group (AIMS), which specialises in the investment management of direct property, real estate securities and mortgage assets.

AIMS manages funds of circa A\$2.0 billion on behalf of over 20,000 Investors/borrowers as at 30 June 2016 and are the investment manager for AIMS Property Securities Fund, AIMS Commercial Mortgage Fund and a number of unlisted direct property funds.

AIMS also manage, in joint venture with AMP Capital, the AIMS AMP Capital Industrial REIT in Singapore.

The AIMS Property Securities Fund is listed on the ASX and the Singapore Exchange.

The AIMS AMP Capital Industrial REIT is listed on the Singapore Exchange.



MACARTHURCOOK TURN AROUND 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 outcomes improved for investors. Some examples include:

- 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 first securing finance. 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% by AIMS and AMP Capital, AA-REIT has grown significantly with a market capitalisation S\$932.4 million and S\$1.5 billion total assets as at 30 June 2016.
- B. 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.
- C. The AIMS Property Securities Fund (APW) (formerly known as MacarthurCook Property Securities Fund), which is listed on the ASX and SGX. Since the takeover of MacarthurCook, through AIMS management, APW has been able to significantly reduce its debt from A\$44.5 million (gearing ratio of 38%) to nil as at 31 May 2013. APW is now uniquely positioned to access the capital markets in Australia and Asia through its dual listing on the ASX and SGX. Under AIMS' management, the Fund, observing prudent, conservative and patient investment principles, has invested in a portfolio of assets that have not only provided a stable income stream but have demonstrated increases in capital value, with further potential upside. Since June 2013 the fund has maintained a debt free position. The total asset value has grown from A\$59.5 million in June 2013 to A\$93.1 million in June 2016.

In August 2009 when AIMS took over MacarthurCook, APW was exposed to too many poorly managed unlisted trusts and small listed property trusts with little liquidity. This was disastrous:

- APW only held a minority interest in each fund and was ineffective in being able to influence the strategy and direction of the trust or fund;
- The fund managers of the unlisted trusts and funds themselves did not hold material interest in the syndicates/funds and were motivated to increase funds under management, so as to charge more fees. This resulted in reckless borrowing by the fund managers;
- Debt at the APW level was already 38% before considering the debt incurred at the asset level. Look-through debt in some instances was over 100%;
- As the GFC hit and the credit crunch occurred, many of the underlying assets in APW were facing bank foreclosures and as a consequence a wind up of the syndicates/funds; and
- APW with its minority interest in these syndicates/funds was powerless to either exit or effect any change.

Learning from this lesson, AIMS has carefully followed its prudent, conservative and patient investment approach, focusing not only on income but also capital growth potential. To this end:

- APW must where possible, hold material or majority interests in its unlisted investments, so as to enable influence over the strategy and direction of the investment;
- APW will invest in funds where the fund manager holds a material interest in the fund, to ensure that the fund manager's interests are aligned with APW;
- There must be acceptable liquidity if the investment is listed;
- Underlying assets must typically be in good locations, with value add or long-term development potential. The assets ideally produce an income stream to service conservative borrowings and have potential for rental increases through active management; and
- APW has maintained zero gearing since 2013 and also monitors the underlying investments' gearing, so as to sustain a conservative look-through gearing level.



II. Performance Highlights



The Fund, observing prudent, conservative and patient investment principles, has endeavoured to maximise returns to investors. Key performance achievements include:

- ▶ ***Growth in Net Asset Value (NAV) and Net Tangible Asset (NTA) per Security***
Since 2013, NAV has grown from \$59m to \$92m (56% increase) and NTA per security increased by 75%.
- ▶ ***Debt and gearing – prudential capital management***
Since June 2013, the fund has maintained a debt free position.
- ▶ ***Reduced share price discount to Net Tangible Asset (NTA)***
Share price discount to NTA decreased from 72% in June 2009 to 23% in December 2016. Share price increased by 134% since 2013.
- ▶ ***Increased total return***
As of November 2016, the fund's total return significantly outperformed the S&P/ASX 200 A-REIT total return index.
- ▶ ***Stable enhanced distributions***
The fund distributes the net operating income at a target payout ratio of 80%. Annualised distribution yield has increased from nil in 2013 to 5.14% in September 2016 (which implies a potential annualised rate of 6.42% at the full payout rate).

*Past performance should not be taken as a guide or indication of potential future performance.

PERFORMANCE – NET ASSET VALUE INCREASED BY 56%



- ▶ Net Asset Value has grown strongly from \$59m to \$92m, representing an annual growth of 16% (total increase of 56%). The fund has been debt free since 2013.



PERFORMANCE – NET TANGIBLE ASSET (NTA) PER SECURITY INCREASED BY 75%

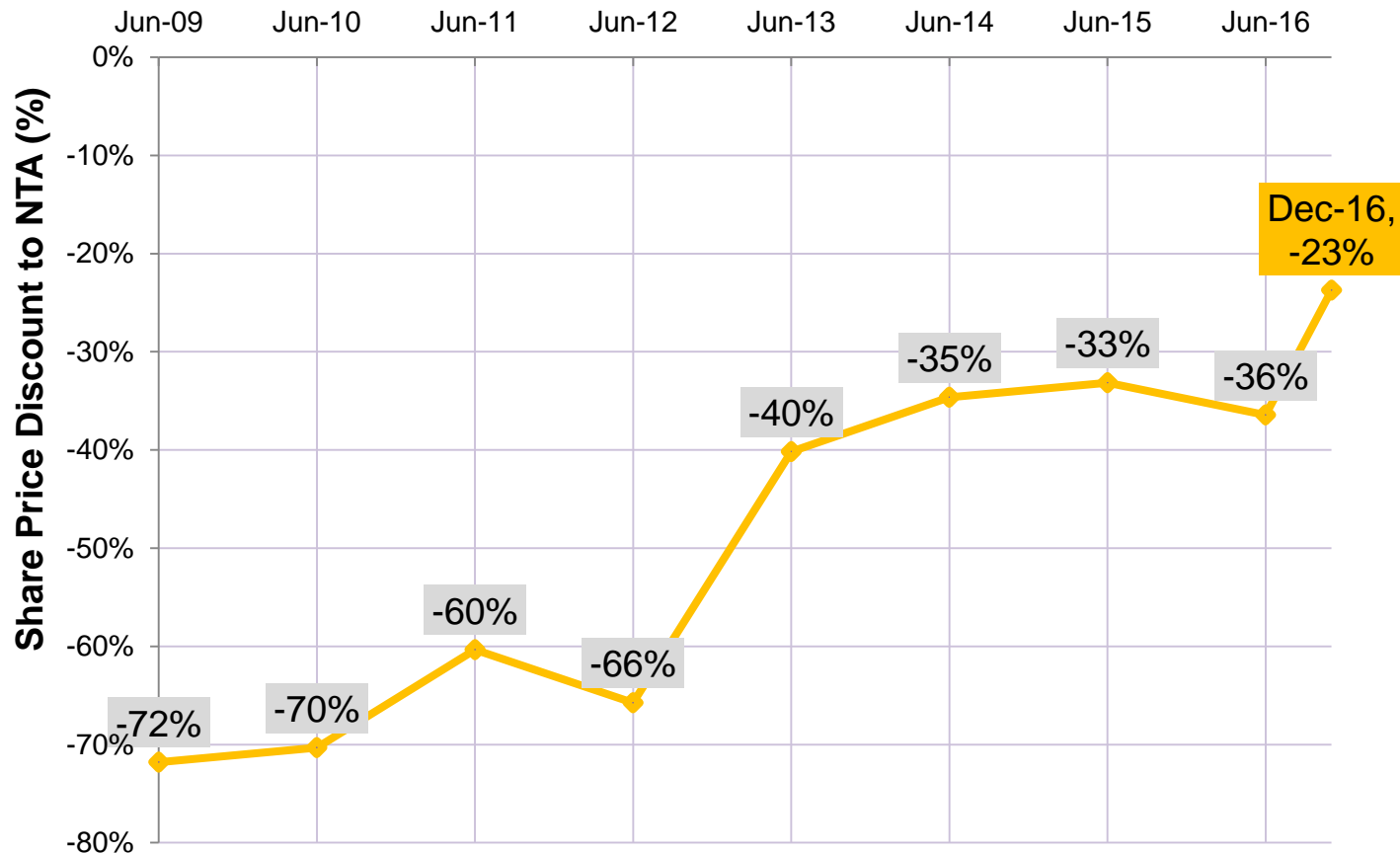


* The NTAs have been adjusted for unit consolidation.

PERFORMANCE – SHARE PRICE DISCOUNT TO NTA REDUCED FROM 72% TO 23%



- ▶ Reduced share price discount to Net Tangible Asset (NTA) from 72% in June 2009 to 23% in December 2016 (5 Day VWAP - 1/12/16).



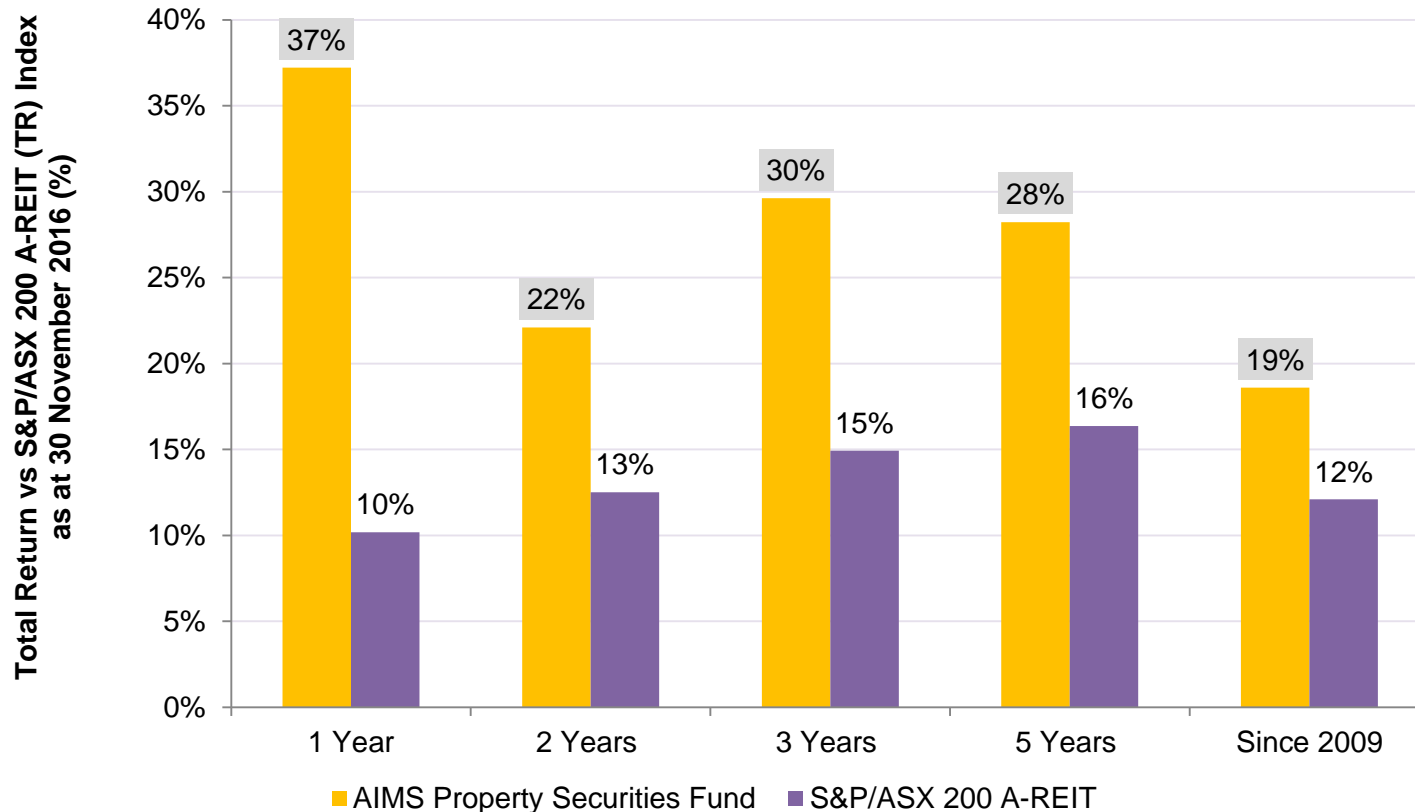
PERFORMANCE – SHARE PRICE INCREASED BY 134%



Share Price increased by **134%** since 2013

* Historical share prices have been adjusted for unit consolidation.

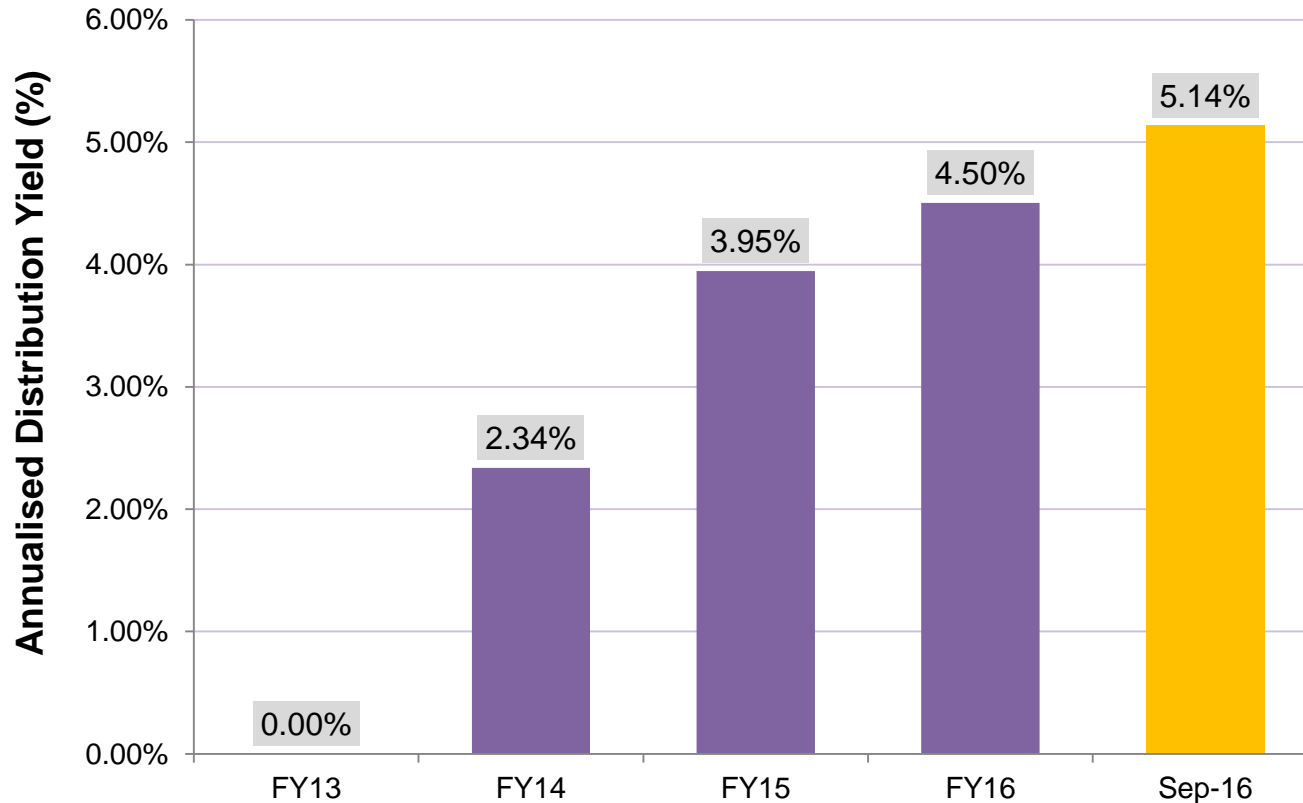
- ▶ Total return has outperformed the S&P/ASX 200 A-REIT total return index as of November 2016.



*The figures are annualised, based on the assumptions that distributions were reinvested and rights issues were fully taken-up.



- ▶ Annualised distribution yield increased from nil in 2013 to 5.14% in September 2016 at a target payout ratio of 80%.



* APW's distribution yields are in line with other property groups: (Goodman 3.57%, Westfield 3.80%, Investa 4.34%, Dexus 4.60%, GPT 4.75% and Mirvac 4.83% as at December 2016)



III. Portfolio Update



PORTFOLIO UPDATE

as at 31 October 2016



<i>Portfolio summary</i>	<i>30 June 2016</i>	<i>30 June 2013</i>
Total assets	\$93.1m	\$59.5m
Number of securities	9	19
Listed securities	5	5
Listed securities (% by value)	29%	24%
Number of fund managers	5	13

<i>Investment position</i>	<i>30 June 2016</i>	<i>30 June 2013</i>
AIMS Property Fund (St Kilda Road)	\$19.2m	\$1.1m
MacarthurCook Office Property Trust	\$6.4m	\$3.2m
AIMS Australia Property Investment Fund	\$13.4m	-
AIMS Property Fund (Laverton)	\$16.1m	-
Pelathon Pub Group	-	-
Blackwall Limited	\$1.7m	\$0.4m
Blackwall Property Trust	\$7.4m	\$3.6m
APN Regional Property Fund	\$2.3m	\$0.6m
AIMS AMP Capital Industrial REIT	\$5.8m	\$0.6m
Arena REIT	\$5.8m	\$6.9m
Redeemed Investments*	-	\$33.8m
Cash and Receivables	\$15.1m	\$9.3m
<i>Total assets</i>	<i>\$93.1m</i>	<i>\$59.5m</i>

* Since 30 June 2013, the redeemed capital from these investments was recycled and invested into opportunities that have added value and delivered enhanced returns, such as 492 St Kilda Road, 10 Felix St and Laverton.

Investment Updates

▶ **Pelathon Pub Group (PPG)**

The Fund's investment in Blackwall Property Trust made an in-specie distribution to unitholders as a return of capital of 16 cents per unit, from which the Fund received 14,512,161 PPG stapled securities.

In August 2016, PPG announced a 1 for 3 non-renounceable rights issue at a price of 6.8 cents per stapled security with a discount from the estimated NTA of 8.5 cents per stapled security prior to the offer. The Fund participated in the rights issue, investing an additional 4,837,387 PPG stapled securities at \$328,942, which increases the holding of PPG to approximately \$1.6 million. The offer closed over-subscribed and raised approximately \$3.1 million. PPG has reduced its gearing from 54% to 43.6% post rights issue.

▶ **Blackwall Property Trust (ASX Code: BWR)**

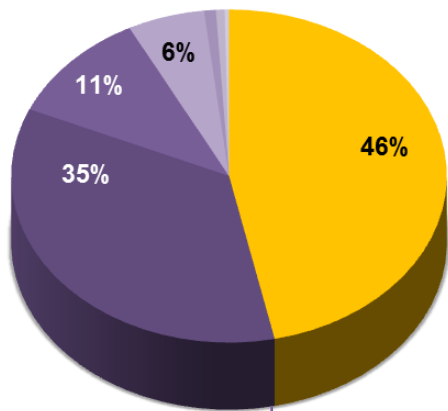
On 19 October 2016, BWR announced a capital raising of approximately \$12 million through private placement (\$8 million) and 1 for 17 non-renounceable rights issue (\$4 million) at \$1.20 per unit. The fund raised will be invested in a call option transaction, Pymont Bridge Road and Woods Action Centre. The Fund did not participate in this rights issue.

PORTFOLIO UPDATE

as at 31 October 2016



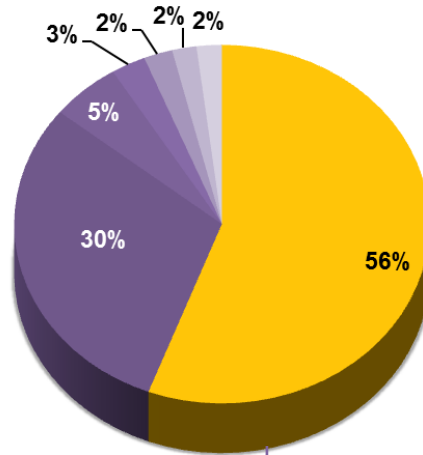
Portfolio by Region



VIC & QLD
81%

- VIC
- QLD
- NSW
- Singapore
- ACT
- WA
- SA/NT/TAS

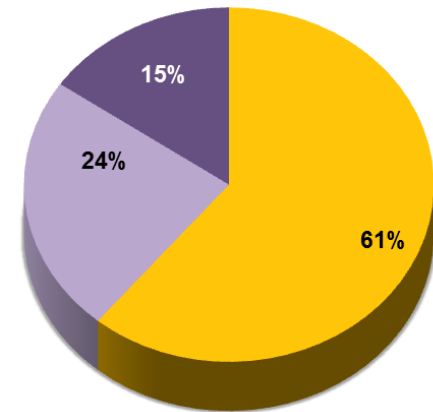
Portfolio by Sector



OFFICE
56%

- Office
- Industrial
- Childcare
- Retail
- Bulky Retail
- Healthcare
- Others

Portfolio by Assets



UNLISTED
61%

- Unlisted Property
- Listed Property
- Cash and Receivables

The background of the slide is an aerial photograph of a city skyline, featuring several tall skyscrapers. A dark purple diagonal shape is overlaid on the image, extending from the top left towards the bottom right. The text is centered within this purple area.

IV. Prudential Investment Management

Learning from our experience in the GFC, AIMS has carefully followed its prudent, conservative and patient investment approach, focusing not only on income but also capital growth potential.

I. APW'S POWER AS INVESTOR

APW must where possible, hold material or majority interest in its unlisted investments, such that it is able to influence the strategy and direction of the investment.

II. ALIGNMENT OF INVESTOR AND FUND MANAGER'S INTEREST

APW will invest in funds where the fund manager holds a material interest in the fund to ensure that the fund manager's interests are aligned with APW.

III. SUFFICIENT LIQUIDITY FOR LISTED INVESTMENTS

There must be acceptable liquidity if the investment is listed.

IV. INVESTMENT DIRECTION

Underlying assets must typically be in good locations, with value add or long-term development potential. The assets should ideally produce an income stream, to service conservative borrowings and have potential for rental increases through active management.

V. CONSERVATIVE GEARING

APW has maintained zero gearing since 2013 and also monitors the underlying investments' debt facilities, so as to sustain a conservative look-through gearing level.

Investment Highlights

▶ **Capital Growth Potential**

- a. Prime location with distance to Melbourne CBD of approx. 4km;
- b. Surrounding parkland and water provides premium views and environment;
- c. St Kilda Road precinct is recognised as a favoured address for residents seeking luxury inner-city apartment with lots of upmarket developments; and
- d. Development upside potential.

▶ **One of the best sites in the precinct**

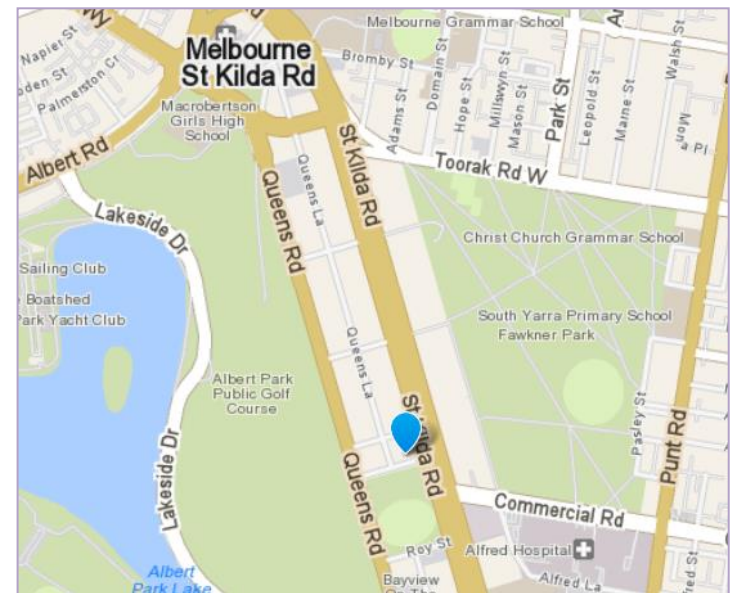
- a. Superior for residential conversion with site area of 2,243.3m² ;
- b. Located in the heart of St Kilda Road precinct;
- c. Wide open space around the building (advantage over surrounding sites);
- d. Greater access to the unparalleled views over parkland and water; and
- e. Valuation grew from \$24.5m in 2013 to \$35.5m (annual growth rate of 13%).



AIMS PROPERTY FUND (ST KILDA ROAD)



Property	492 St Kilda Road, Melbourne
Current Use	B Grade Office
Site Area	2,243.3m ²
Valuation	\$35.5m (30 June 2016) *Increased from \$24.5m in 2013 with growth rate of 13% p.a.
Occupancy	80%
WALE	1.8 years
Investment Proposition	<ul style="list-style-type: none"> - Prime location 4km to CBD - Capital value growth potential - Development upside (highly sought-after location for residential development)



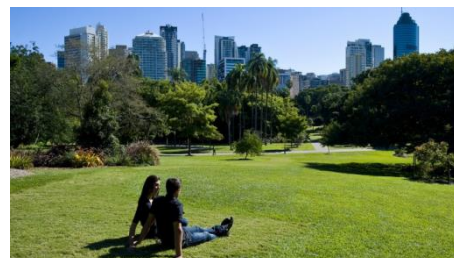
Investment Highlights

► **Capital Growth Potential**

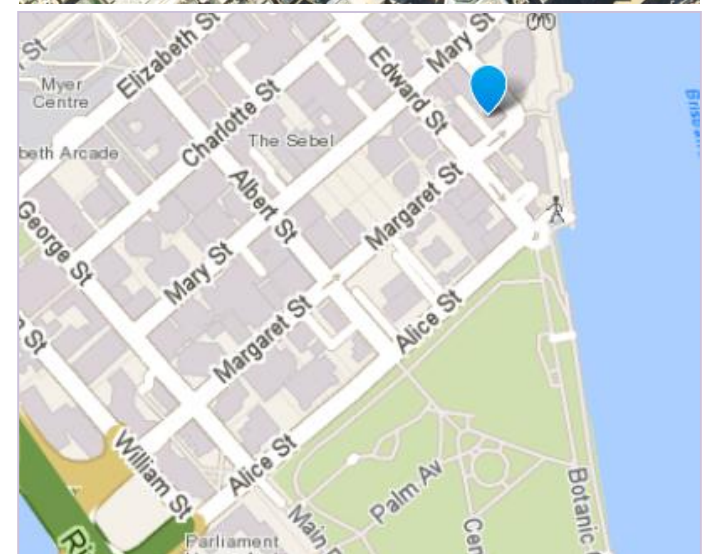
- a. Prime Brisbane CBD location at fringe of Golden Triangle, directly behind Waterfront Place;
- b. The parkland of Brisbane City Botanic Garden and the Brisbane River (25 metres to waterfront) provide premium views and environment;
- c. Brisbane city has less restriction on the height limit; and
- d. Long-term development upside potential.

► **Potential to improve the lease and rental income**

- a. The property has low occupancy rate of 76% at the time of the acquisition, which has potential to improve through active asset management; and
- b. The property's occupancy has improved to 90% within a year, under the difficult leasing environment of Brisbane post mining boom.



Property	10 Felix St, Brisbane (CBD)
Current Use	B Grade Office
Site Area	1,009m ²
Purchase Price	\$26,000,000 (February 2015)
Occupancy	90% (from 76% a year earlier)
WALE	1.6 years
Yield	6.9%
Investment Proposition	<ul style="list-style-type: none"> - Prime CBD location - Capital value growth potential - Value-add or development upside - Potential improvement of the lease



Investment Highlights

- ▶ **Stable and secured long term cash flows**
 - a. 10 years triple-net-lease;
 - b. Quality tenant Patrick Autocare, an subsidiary of Asciano;
 - c. Rental growth at 4% p.a.; and
 - d. 10 years average yield of approximately 8.2%.

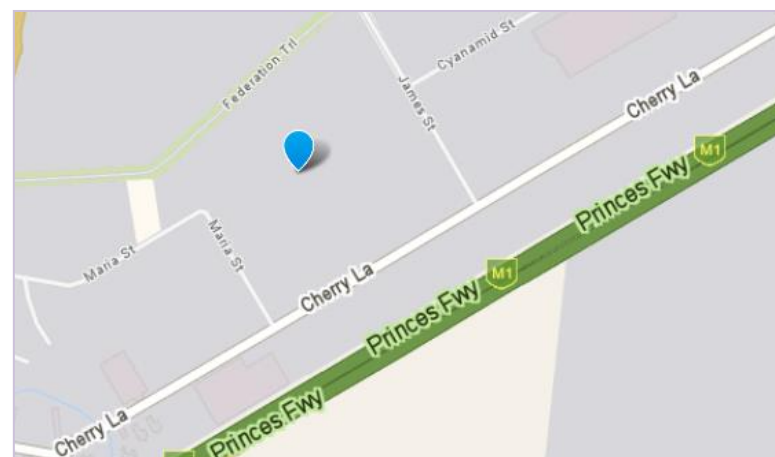
- ▶ **Prime industrial location**
 - a. Situated at the prime western industrial corridor of Melbourne;
 - b. 15km to Melbourne CBD and Port of Melbourne; and
 - c. Immediate access to Princes Freeway and near other major linkages such as Western Ring Road and West Gate Freeway.

- ▶ **Strategic use of large land holding**
 - a. Large land holding of 238,070m²; and
 - b. Excellent development upside on this large parcel of land.

AIMS PROPERTY FUND (LAVERTON)



Property	78-118 Cherry Lane & 3 James Street, Laverton North VIC
Current Use	Industrial
Site Area	238,070m ²
Purchase Price	\$35,500,000 (June 2016)
Occupancy	100%
WALE	8.5 years
Yield	8.2% (10 Years Average)
Investment Proposition	<ul style="list-style-type: none"> - Stable and secured long-term cash flows with quality tenant (Patrick Autocare an Asciano Subsidiary) and 10 years triple net lease; - 15km from Melbourne CBD and Port of Melbourne; - Development potential





V. Management Update





George Wang , BE
Executive Chairman

George is the founding CEO of AIMS Financial Group and an active participant in both the Australian and Chinese financial services industries. George came to Australia from China about 30 years ago and founded AIMS Financial Group two years later. Since inception, AIMS has evolved into a diversified financial services group, active in the areas of lending, securitisation, investment banking, real estate funds management and property, resources, high-tech and infrastructure investment.

In the course of developing AIMS Financial Group into a significant financial services group in Australia, George has developed a strong skill base in the areas of lending, securitisation, real estate funds management, structured finance and innovative financial product development.

George has developed an extensive business network in both Australia and China. In China, George is active in the Chinese financial sector. He is an advisor for a number of Chinese Government bodies and Government agencies.

In Australia, George is the President of the Australia-China Finance & Investment Council. As the President of Australia-China Finance & Investment Council, George has been laying the foundation for the financial bridge between Australia and China for many years.

George was appointed as director since 14 July 2009 and Executive Chairman since 7 August 2009.

During the past four years has acted as a non-executive director or director of the following entities:

- AIMS Financial Group
- AIMS AMP Capital Industrial REIT
- Asia Pacific Exchange Limited
- AIMS Fund Management Limited



Richard Nott AM
BSc (Hons), MCom, MBA, MIRM
Non-Executive Independent Director

Richard Nott is a former General Manager and Chief Executive of CGU Lenders Mortgage Insurance Ltd, General Manager Corporate Banking at Standard Chartered Bank Australia Ltd, General Manager Banking and Associate Director at Australian Bank, plus a twenty six year career with National Australia Bank throughout Australia and England.

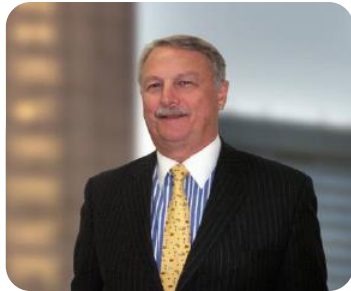
Qualifications include a Bachelor of Science (Hons), Master of Business Administration, Master of Commerce and Master of Insurance and Risk Management. He is a Fellow of Australian and New Zealand Institute of Insurance and Finance, Chartered Insurance Institute (UK) and Chartered Institute of Bankers (UK), plus the Accounting, Chartered Secretaries, HR and Management Institutes. He is also a Senior Fellow and life member of FINSIA.

For almost a decade Richard was President of the Australia-Britain Society and in recent years Chairman of the Australia-Britain Society Foundation. He is a member of the Cook Society and Fred Hollows Foundation. He was made a Member of the Order of Australia (AM) in 2012.

Richard was appointed as a Non-Executive Independent Director and Chairman of the Audit Committee on 5 August 2010.

During the past four years has acted as a non-executive director or director of the following entities:

- First American Title Insurance Company of Australia Limited
- Four Hats Financial Services Pty Ltd
- Mortgage Guarantee Insurance Corporation Australia
- Prime Insurance Group
- RHG Limited



John Love
BCom, MBA, MIRM, CPA
Non-executive Independent Director

John is currently the Chairman of Mortgage Guarantee Insurance Corporation Australia, and a Non-Executive Director, the Chairman and a Member of Audit, Governance & Risk Management Committee for The Australian Wine Society Co-operative Limited. He was previously the General Manager of an Australian mezzanine property finance company. John was also previously the Head of Corporate Banking Australia and Head of Credit at Standard Chartered Bank Australia Limited.

Qualifications include a Bachelor of Commerce (Qld), a Master of Business Administration (AGSM) and a Master of Insurance and Risk Management (Deakin). In addition, he is a Certified Practicing Accountant, a Fellow of the Tax Institute of Australia, a Fellow of the Chartered Institute of Secretaries, a Fellow of FINSIA, a Fellow of the Australian Institute of Company Directors, a Fellow of the Australian and New Zealand Institute of Insurance and Finance, Certified Insurance Professional and a Fellow of the Australian Mutuals Institute.

John was appointed as a Non-Executive Independent Director on 30 March 2011.

During the past four years has acted as a non-executive director or director of the following entities:

- Mortgage Guarantee Insurance Corporation Australia
- The Australian Wine Society Co-operative Limited



**Peter Gan, MBA, BE(Civil/Hon), GradDip(Econ)
Company Secretary and Executive General Manager – Strategy & Investment**

Peter has held CEO or COO roles over the last 15 years in publicly listed, companies, private equity and institutional fund companies, with in-depth experience in renewable and clean energy technology including wind, solar, clean coal, bio mass and hydro. Peter has significant understanding and experience in greenfield and brownfield project development, construction and commissioning and has managed both debt and equity capital raisings. He has led entities across various industries including energy, retailing, manufacturing and private equity in a number of geographical locations, including Australia, US, UK Netherlands, Ireland, China, Hong Kong and South East Asia.

Peter's qualifications include a Master of Business Administration (AGSM), a Bachelor of Engineering (Civil) (Hons)(UNSW) and a Graduate Diploma of Economics (UNSW). Peter is also a member of Engineering Australia.



Claud Chaaya, LLB, BComm
Director of Property Funds Management

Claud has over 10 years experience in the real estate sector, having worked in funds management, equity raisings, research, project management and transactions in both domestic and offshore capital markets. He has been involved in real estate transactions totaling over AU \$500 million, covering both multi-sector and multi-risk portfolios.

In his previous role at EG, Claud was part of the business development team, helping raise over half a billion dollars in equity from offshore and domestic capital, including the Australian Federal Government. His previous roles at EG have also seen him aid in the establishment of proprietary risk management software for real estate, a first of its kind in the industry.

His qualifications include a double degree in Law and Commerce, majoring in Finance. He has also completed qualifying subjects in Actuarial Studies and Computer Science. He has taught as a lecturer at the University of Technology Sydney (UTS) and is occasionally invited as a guest lecturer at the Universities of Sydney and New South Wales, given his specialist knowledge in real estate financial modelling.

He is also currently establishing the Australian division of a global charity, Mary's Meals International.


Claud was appointed as Director of Property Funds Management in November 2016.



VI. Outlook



- ▶ Value-add strategy is intended to drive the capital growth and total return of the portfolio and deliver high risk-adjusted return;
- ▶ Strong cash position allows the fund to capitalise on investment opportunities that arise out of changing market conditions;
- ▶ The fund endeavours to maximize the delivering to unitholders, including NAV growth, enhanced distributions, reduced share price discount to NTA and increased total return; and
- ▶ Experienced and prudent fund management team have superior execution of the investment strategies and are capable of delivering outstanding fund performance.

An aerial photograph of a city skyline, likely Sydney, Australia, featuring several prominent skyscrapers. The image is overlaid with a semi-transparent purple filter. A large, light purple diagonal shape is positioned on the right side of the image, partially overlapping the text area.

AIMS Fund Management Limited – Presents This Report

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