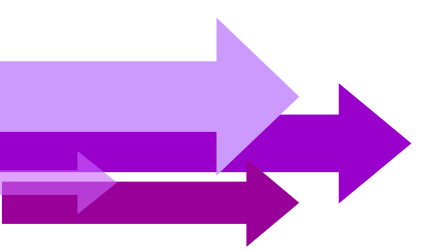




AIMS Property Securities Fund (APW or the Fund)  
AIMS Fund Management Limited (AIMS or the Responsible Entity)

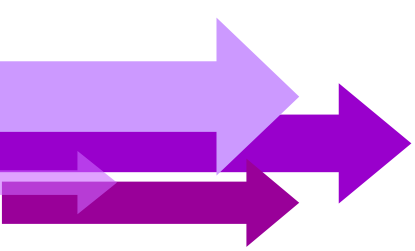
Annual Results Presentation  
August 2014





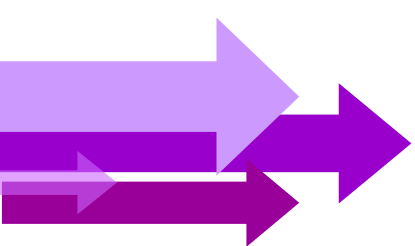
# Content

- Review of financial year 2013/14
- Fund comparison to prior year
- Financial position of the Fund
- NTA Reconciliation
- Distribution & Buy-Back
- Litigation
- Significant Portfolio Events
- Fund Strategy
- Portfolio Analysis
- Investment Portfolio
- Disclaimer



# Review of Financial Year 2013/14

- The Australian economy recorded growth around 2.5% in FY2013/14 compared to long term average of 3.25%.
- This has resulted in lower consumer spending and business investment however dwelling starts, retail sales, asset prices and confidence has started to improve in response to lower interest rates.
- Direct property has a compelling investment case and is strongly positioned given the spread between property yields and the cost of debt, long lease and sensible debt and liquidity structures.
- Australian investors purchased \$16.1 billion of property in Australia in 2013, an increase from \$13.7 billion in 2012. This strong flow of funds was matched by offshore groups seeking to buy Australian properties.
- The Fund recorded a net profit \$23.671 million for the financial year to 30 June 2014 compared to a net loss of \$2.012 million for the previous financial year.
- The Fund has completed its first year as a debt free vehicle since AIMS took over the management of the Fund in 2009 when it had debts of \$44.5 million.
- The Fund recommenced paying regular income distributions. The Fund paid income distributions of 0.2071 cents per unit and a capital distribution of 0.051 cents per unit.
- The Fund completed a buy-back of 10% of the Funds issued capital.
- The Fund's Net Assets per Unit increased to 16.83 cents as at 30 June 2014 compared to 11.66 cents as at 30 June 2013.
- As at 30 June 2014, the Fund had \$23.857 million in cash available to invest in new opportunities.



# Fund Comparison to Prior Year

	30 June 2014	30 June 2013
Operating profit/(loss)	22.392 million	(\$2.0) million
ASX Closing Unit Price	\$0.11	\$0.067
52 Week Hi/Low Unit Price	\$0.11/\$0.07	\$0.0801/\$0.034
Number of Units on Issue	455,658,183	506,286,870
NTA per Unit	16.83 cents	11.66 cents
Market Capitalisation	\$56.96 million <sup>1</sup>	\$33.92 million
% of unlisted investments	40.4%	75.8%
Value of unlisted investments	\$31.17 million	\$38.15 million
% of listed investments	27.5%	24.2%
Value of listed investments	\$21.23 million	\$12.13 million
Total Assets	\$76.95 million	\$59.536 million
Gearing (interest bearing liabilities/total assets)	-	-
Net Assets attributable to Unitholders	\$76.685 million	\$59.034 million
Management fees paid and payable by the Fund	\$289,197	\$258,849

Notes

1. Based on closing price of 12.5 cents per unit as at 26 August 2014.

# Financial Position of the Fund



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## Capitalisation Metrics

Closing Unit Price (26 August 2014)	\$0.125
x Units on Issue	455.658m
<b>Equity Market Capitalisation</b>	<b>\$56.957m</b>
Add: Total Debt	-
Less: Cash (as at 26 August 2014)	\$24.702m
<b>Total Enterprise Value</b>	<b>\$32,255m</b>

## Unitholder Register (as at 26 August 2014)

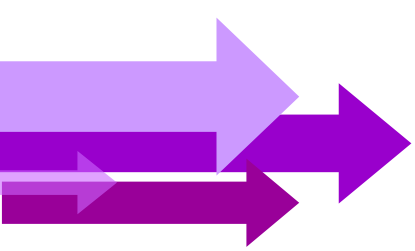
AIMS capital Management Limited	30.09%
The Central Depository Limited	16.40%
MacarthurCook Office Property Trust	4.97%
Lanyon Australia Value Fund	4.25%
HSBC Custody Nominees (Australia) Ltd	3.60%
Mr Michel Geerdnik	2.64%
Mr Warwick Sauer	1.50%
Noonbah Pty Ltd	1.36%
<b>Top 20 Holders</b>	<b>63.83%</b>
<b>Other Unitholders</b>	<b>36.17%</b>

## Income Statement (\$'000) (as at 30 June 2014)

Distribution income	2,946
Interest income	284
Change in fair value of investments	5,188
Other income	17,175
<b>Net Investment Income</b>	<b>25,593</b>
Responsible entity fees	289
Administration expenses	1,633
<b>Total Expenses</b>	<b>1,922</b>
Net gain	23,671
Distribution to unitholders	1,279
<b>Change in net assets</b>	<b>22,392</b>

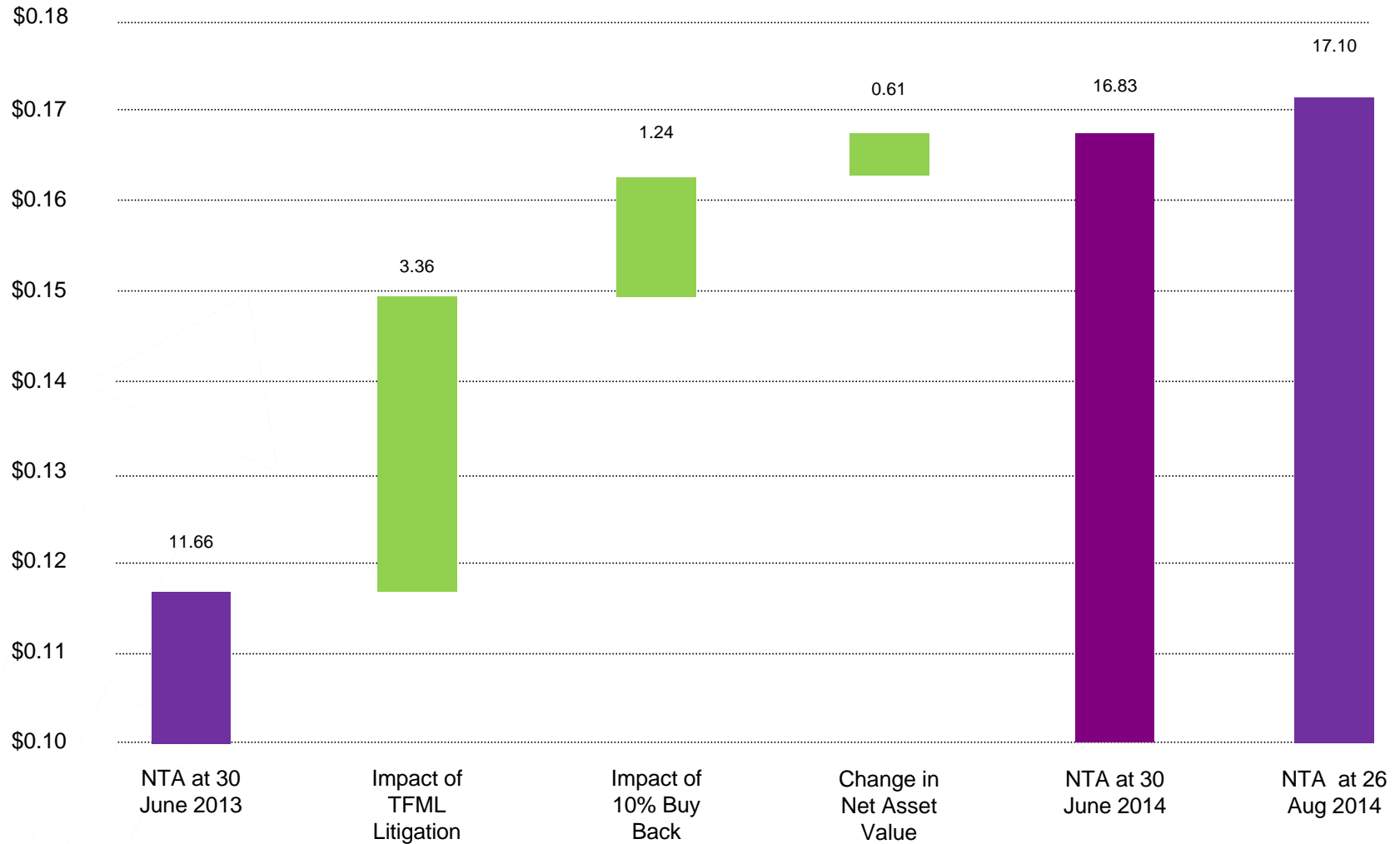
## Balance Sheet (\$'000) (as at 26 August 2014)

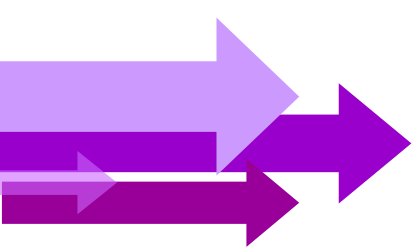
Total Assets	\$78.157m
Total Liabilities	\$0.252m
Cash at bank	\$26.552m
Total Debt	-
Net Asset	\$77.905m
<b>NTA per Unit (cents)</b>	<b>17.10</b>



# NTA Reconciliation

***46.7% increase in NTA per unit since 30 June 2013***





# Distributions & Buy Back

## Distributions

- The Responsible Entity announced the following distributions during the financial year:
  - December Distribution of approximately \$756,000 or 0.15 cents per unit comprising:
    - Income distribution of 0.099 cents per unit; and
    - Special distribution of 0.51 cents per unit;
  - March Distribution of approximately \$445,000 or 0.091 cents per unit; and
  - June Distribution of \$78,000 or 0.0171 cents per unit.
- Total distributions paid was 0.2572 cents per unit for the financial year ending 30 June 2014.

## Buy-Back Program

- The Fund completed the on-market unit buy-back of 10% of its issued capital calculated at the time of the commencement of the buy-back on 31 August 2013 (**Buy-Back**);
- At completion of the Buy-Back, the Fund bought back and cancelled 50,628,687 units (**Buy-Back Units**);
- The total consideration paid by the Fund for the Buy-Back Units was \$4,659,859 or an average of 9.2 cents per Buy-Back Unit.



# Litigation

## **Pelorus litigation**

- The litigation brought about by Pelorus Private Equity Limited (**Pelorus**) against APW and the Responsible Entity was settled between the parties on 6 May 2014;
- The settlement provided for the proceedings to be dismissed with each party bearing its own legal costs and a sum of \$400,000 (of which the Fund paid \$320,000 and the Responsible Entity paid \$80,000) to Pelorus.

## **TFML litigation**

- On 16 May 2014, the High Court of Australia (**Court**) found against TFML Limited in the proceedings instituted by APW. The Court awarded damages in favour of APW as follows:
  - i.\$10,809,868 for the judgment debt (**Judgement Debt**);
  - ii.\$4,859,351 for the pre-judgment interest (**Interest**); and
  - iii.legal costs.
- On 30 June 2014, APW received \$16,869,219 from TFML Limited comprising of:
  - i.Judgement Debt;
  - ii.Interest; and
  - iii.\$1,200,000 for the legal costs associated with the TFML litigation.
- In addition, the Fund also received:
  - i.\$150,000 for the post-judgment interest; and
  - ii.A fee of \$171,207 for jointly underwriting the P-REIT Rights Issue.





# Significant Portfolio Events

- **Unlisted Property Securities**

- The Fund received a final cash distribution from APGF Real Estate Investment Trust of \$395,020 or 37.0 cents per unit following the wind up of the trust;
- The Fund increased its holding in AIMS Property Fund (St Kilda Rd)<sup>1</sup> from 18.95% to 49.9%<sup>2</sup>;
- The Fund redeemed its interest in the MAB International Retail Trust for \$1,601,460 or 25.42 cents per unit;
- The Fund redeemed its interest in the MPG Bulky Goods Retail Trust for \$3,520,000 or 80 cents per unit;
- The Fund disposed its holding in the Rimcorp Property Trust No.4 for \$2,760,000 or 92 cents per unit which represented a 14% premium to NTA;
- The Fund received a final cash distribution from Stockland Direct Office Trust No. 3 of \$253,000 or 6.325 cents per unit following the wind up of the trust;
- The Fund received a cash distribution from Toga Accommodation Fund of \$2,850,000 or 57.0 cents per unit following the sale of the Australia hotel portfolio; and
- The Fund also received a final cash distribution from Toga Accommodation Fund of \$1,850,000 or 37.0 cents per unit following the sale of the European hotel portfolio on 21 August 2014.

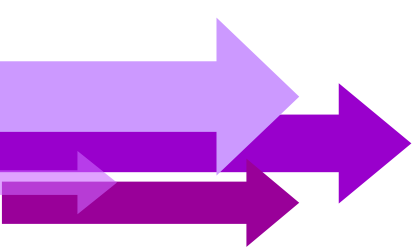
- **Listed Property Securities**

- The Fund increased its holding in the AIMS AMP Capital Industrial REIT from 420,615 units to 3,488,271;
- The Fund acquired 35,894,814 units in P-REIT via a Rights Issue at 3.5 cents per unit;
- The Fund received a fee of \$171,207 for jointly underwriting the P-REIT Rights Issue; and
- On a like for like basis, the Fund's portfolio of listed property securities has increased by 22.36% during FY13/14.

*Notes*

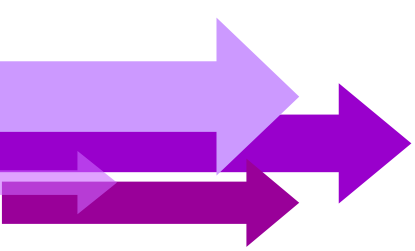
1. Formerly known as Austgrowth Property Syndicate No. 23.

2. The average purchase price per unit is 36.2 cents



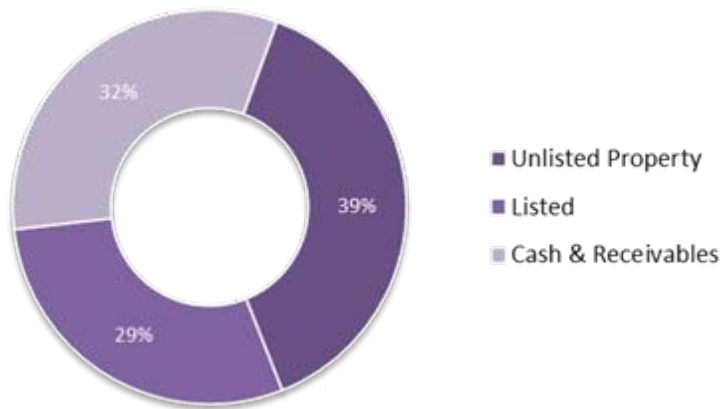
# Fund's Strategy

- Over the past few years the Fund's strategy has been focused mainly on:
  - Becoming a debt free vehicle;
  - Redeeming investments whenever possible;
  - Disposing of non-performing investments;
  - Reinstating regular income distributions; and
  - Winning the TFML litigation.
- Having successfully implemented that strategy, the Fund has a strong balance sheet including approximately \$24.0 million in cash and no debt;
- As a result, the Fund is in a strong position to:
  - Increase income distributions; and
  - Make new investments to create value for Unitholders.
- The Responsible Entity's main objective for the Fund is to provide regular income with the potential for capital growth and maintain a conservative capital structure.

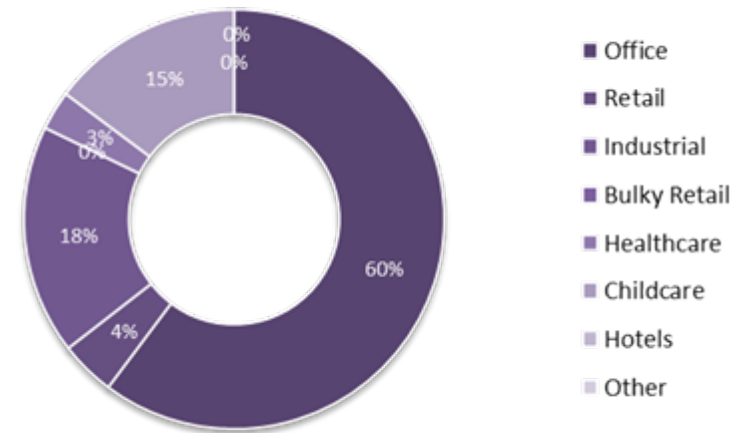


# Portfolio Analysis

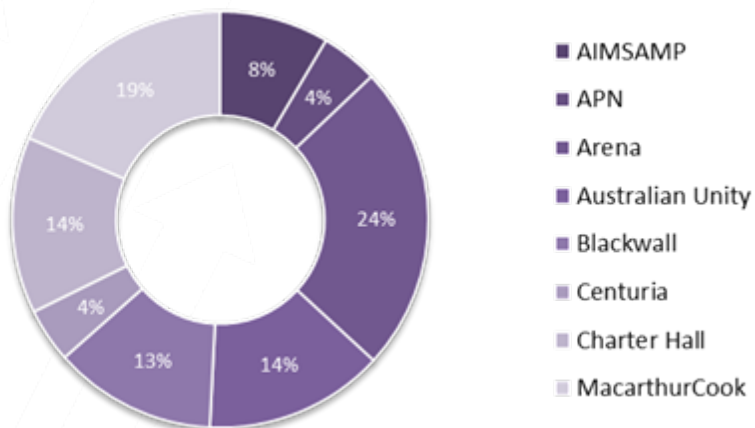
## Portfolio by Asset



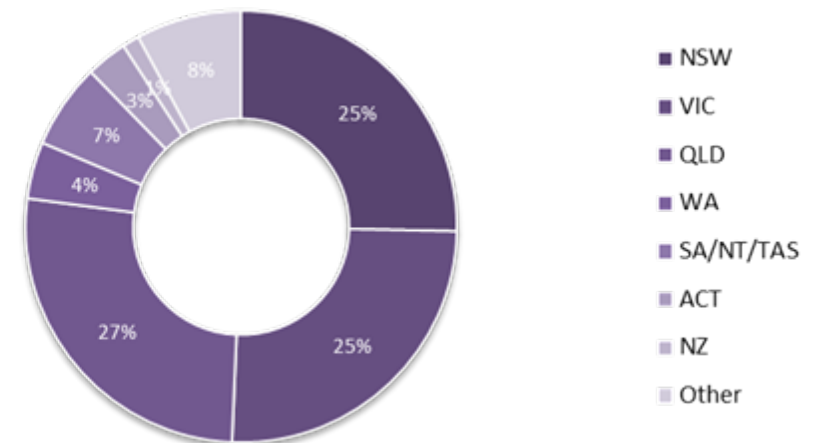
## Portfolio by Sector



## Portfolio by Manager



## Portfolio by Region



# Investment Portfolio – as at 30 June 2014

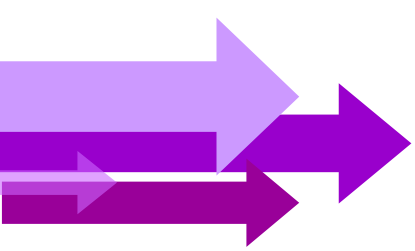


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Investment	Sector	Fund Size (\$m) 30 June 2014	Investment Allocation (%)	Ownership of Investment	Current Unit Price	Annualised Distribution Yield	Investment Value	Gearing (Debt/Total Assets)	Term Expiry	WALE by Income (years)
<b>Unlisted Securities</b>										
APN Champion Retail Fund	Retail	\$21.88	0.00%	14.4%	\$0.00	0.0%	\$0	100.0%	1-Oct-13	9.5
APN/UKA Poland Retail Trust	Retail	\$32.12	0.00%	18.5%	\$0.00	0.0%	\$0	100.0%	1-Dec-16	4.8
Arena Office Fund	Office	\$343.00	6.22%	1.7%	\$0.65	3.8%	\$3,257,000	46.2%	31-Dec-15	4.4
AIMS Property Fund (St Kilda Road) <sup>1</sup>	Office	\$28.07	11.46%	49.9%	\$0.27	7.7%	\$6,007,446	57.4% <sup>2</sup>	21-Dec-15	1.38
Australian Unity Office Property Fund	Office	\$365.13	13.77%	3.9%	\$0.82	8.5%	\$7,215,104	47.9%	Open-ended	4.76
Centuria Direct Property Fund	Industrial	\$14.92	4.17%	18.0%	\$0.28	0.0%	\$2,184,000	19.7%	1-Aug-13	0
MacarthurCook Office Property Trust	Office	\$16.09	6.84%	35.1%	\$0.35	0.0%	\$3,584,277	35.2%	Open-ended	2.84
PFA Diversified Property Trust	Diversified	\$322.00	13.50%	4.5%	\$0.71	10.2%	\$7,072,300	49.2%	Open-ended	3.7
Toga Accommodation Fund <sup>3</sup>	Hotels	\$58.10	3.53%	3.7%	\$0.37	5.4%	\$1,850,000	63.1%	31-Dec-12	N/A
<b>Total Unlisted Investments</b>			<b>59.5%</b>				<b>\$31,170,127</b>			
<b>Listed Securities</b>										
Blackwall Property Funds Limited	Diversified	\$16.63	1.32%	5.5%	\$0.25	7.2%	\$690,500	14.8%	Listed	N/A
P-REIT	Diversified	\$111.00	11.16%	12.5%	\$0.10	7.5%	\$5,847,669	45.1%	Listed	N/A
APN Regional Property Fund	Diversified	\$48.30	4.38%	9.8%	\$0.72	8.4%	\$2,297,143	43.7%	Listed	3.9
AIMSAMP Industrial REIT	Industrial	\$1,276.25	8.15%	0.6%	\$1.22	7.3%	\$4,271,679	31.7%	Listed	3.25
Arena REIT	Childcare	\$332.90	15.50%	3.2%	\$1.20	6.9%	\$8,121,983	32.0%	Listed	8.7
<b>Total Listed Investments</b>			<b>40.51%</b>				<b>\$21,228,974</b>			
<b>TOTAL INVESTMENTS</b>		<b>\$2,986.38</b>	<b>100%</b>				<b>\$52,399,101</b>			

## Notes

1. Formerly known as Austgrowth Property Syndicate No. 23
2. Refinance reduced the gearing of AIMS Property Fund (St Kilda Road) to 46% on 11 August 2014
3. Toga Accommodation Fund's final distribution of 37 cents per unit were received on 21 August 2014



# Disclaimer



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