



AIMS

# AIMS PROPERTY SECURITIES FUND

*FY16 Annual Results Presentation*

APW.ASX

# IMPORTANT INFORMATION



This presentation has been prepared and issued by AIMS Fund Management Limited (ABN 79 004 956 558) (AFSL 258052) as responsible entity for the AIMS Property Securities Fund (ARSN 111 442 150). This presentation should be read in conjunction with the Annual Financial Report of AIMS Property Securities Fund for the financial year ended 30 June 2016 and any public announcements made during the year.

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

# TABLE OF CONTENTS



- ▶ Financial Highlights
- ▶ Portfolio Update
- ▶ Fund Strategies
- ▶ AIMS Investments Update

# FINANCIAL HIGHLIGHTS

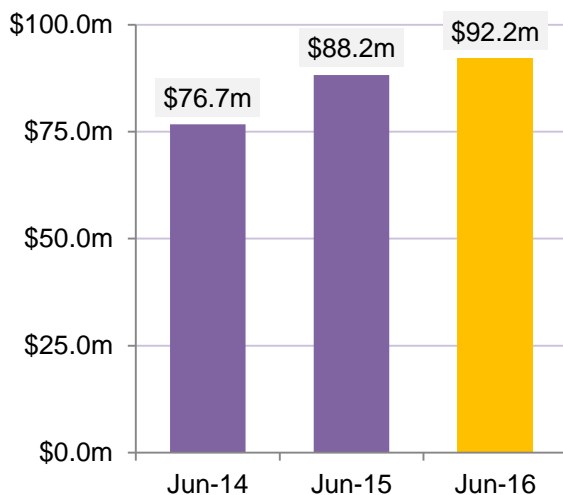
as at 30 June 2016



INVESTMENT PORTFOLIO  
DISTRIBUTION INCOME (\$'million)

**+23.0%**

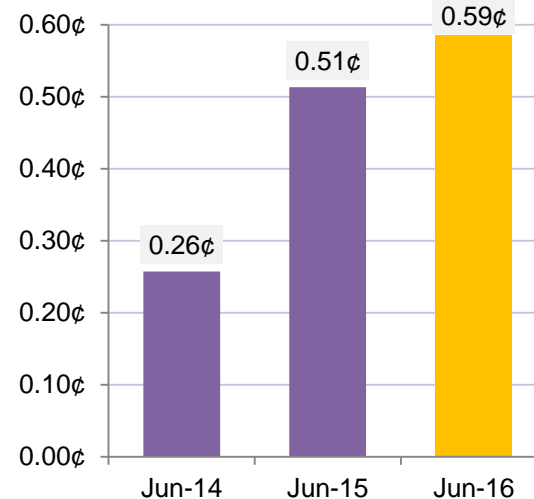
Increase compared to FY15



NET ASSET VALUE  
(\$'million)

**+4.5%**

Increase compared to FY15



ANNUAL DISTRIBUTION PER  
UNIT (cents)

**+14.1%**

Increase compared to FY15

# FINANCIAL HIGHLIGHTS

as at 30 June 2016



<i>Income Statement (\$'000)</i>	<i>30 June 2016</i>	<i>30 June 2015</i>
Distribution income	4,671	3,799
Interest income	42	709
Change in fair value of investments	3,124	10,589
<b><i>Net Investment Income</i></b>	<b>7,837</b>	<b>15,097</b>
Responsible entity fees	427	385
Administration expenses	471	535
<b><i>Total Expenses</i></b>	<b>898</b>	<b>920</b>
Net Gain before Finance Costs	6,939	14,177
Finance costs – distributions to unitholders	2,644	2,337
<b><i>Change in Net Assets Attributable to Unitholders</i></b>	<b>4,295</b>	<b>11,840</b>

<i>Balance Sheet (\$'000)</i>	<i>30 June 2016</i>	<i>30 June 2015</i>
Cash and cash equivalents	14,005	760
Trade and other receivables	1,080	753
<b><i>Total Current Assets</i></b>	<b>15,085</b>	<b>1,513</b>
Listed property securities	22,862	25,139
Unlisted property securities	55,170	62,110
<b><i>Total Non-Current Assets</i></b>	<b>78,032</b>	<b>87,249</b>
<b><i>Total Assets</i></b>	<b>93,117</b>	<b>88,762</b>
Trade and other payables	925	520
Total Liabilities	925	520
<b><i>Net Assets attributable to Unitholders</i></b>	<b>92,192</b>	<b>88,242</b>

# FINANCIAL HIGHLIGHTS

as at 30 June 2016



<i>Key metrics - earning results</i>	<i>30 June 2016</i>	<i>30 June 2015</i>
Investment distribution income	\$4.67m	\$3.80m
Change in fair value of investments	\$3.12m	\$10.59m
Fund expenses	\$0.90m	\$0.92m
<b><i>Net income for the year</i></b>	<b><i>\$6.94m</i></b>	<b><i>\$14.18m</i></b>
<b><i>Distribution per unit</i></b>	<b><i>0.59¢</i></b>	<b><i>0.51¢</i></b>

<i>Key metrics - financial position</i>	<i>30 June 2016</i>	<i>30 June 2015</i>
Total assets	\$93.12m	\$88.76m
Net asset value	\$92.19m	\$88.24m
Market capitalisation	\$58.62m	\$58.98m
<b><i>Net Tangible Assets (NTA) per unit</i></b>	<b><i>\$0.20</i></b>	<b><i>\$0.19</i></b>
Unit trading price	\$0.13	\$0.13
Price discount to NTA	35%	32%
Units on issue	450.91m	453.71m
Balance sheet gearing	Nil	Nil

- ▶ Investment distribution income increased by **23%** to \$4.67m;
- ▶ Investment fair value increased by **\$3.12m** (including realised and unrealised gain);
- ▶ Distribution to unitholders increased by **14%** to 0.59 cents per unit;
- ▶ Total assets, net asset value and NAV per unit increased by approximately **5%**;
- ▶ The Fund's investment in AAREIT, St Kilda Road, Felix St and Laverton contributed \$2.6m (**\$1.5m** increase compared to FY15) in investment distribution income.

# PORTFOLIO UPDATE

as at 30 June 2016



## Key Investment Updates

- ▶ Divestment of the entire investment in Australian Unity Office Property Fund
- ▶ Partial divestment of investment in Arena REIT
- ▶ Increase in the valuation of AIMS Property Fund (St Kilda Road) and APN Regional Property Fund
- ▶ Updates on Blackwall Limited and Blackwall Property Trust

<i>Portfolio summary</i>	<i>30 June 2016</i>	<i>30 June 2015</i>
Total portfolio value	\$78.03m	\$87.25m
Number of securities	9	11
Listed securities	5	5
Listed securities (% by value)	29.3%	28.8%
Number of fund managers	5	6

<i>Investment position</i>	<i>30 June 2016</i>	<i>30 June 2015</i>
Australian Unity Office Property Fund	Redeemed	\$6.45m
AIMS Property Fund (St Kilda Road)	\$19.21m	\$18.31m
MacarthurCook Office Property Trust	\$6.43m	\$6.58m
AIMS Australia Property Investment Fund	\$13.41m	\$13.98m
AIMS Property Fund (Laverton)	\$16.11m	\$16.78m
Arena Office Fund	Wind-up	\$0.02m
Blackwall Limited	\$1.66m	\$0.91m
Blackwall Property Trust	\$7.37m	\$7.13m
APN Regional Property Fund	\$2.26m	\$1.95m
AIMS AMP Capital Industrial REIT	\$5.79m	\$5.89m
Arena REIT	\$5.79m	\$9.25m
<b><i>Total portfolio value</i></b>	<b><i>\$78.03m</i></b>	<b><i>\$87.25m</i></b>

## ***Divestment of Australian Unity Office Property Fund (ASX Code: AOF)***

The Fund's request to withdraw all of its units in AOF has been processed and paid in full from the AOF's IPO proceeds. The Fund received approximately \$5.9 million redeemed fund from the Withdrawal Offer, which equals to the NTA of the units held after the transaction costs. The Fund is benefited from the exit in the Withdrawal Offer. The AOF's trade volume has been low since the IPO (average volume 228,175), which makes it difficult to divest large investment position.

## ***Partial Divestment of Arena REIT Units***

The Fund completed transactions of selling half of the position in Arena REIT at weighted average price of \$1.95 per unit during the financial year, with realised gain of approximately \$1.3 million. The Fund divested the position mainly through one block trade (3,000,000 units), which minimized the downward pressure on the investment's unit price. Arena REIT unit is currently traded at \$2.22 as at 15 August 2016.

## ***Increase in the Valuation of Underling Properties***

The Fund's position of AIMS Property Fund (St Kilda Road) and APN Regional Property Fund (NSX Code: APR) increased due to the uplift in the valuation of the underling assets. St Kilda Road's property valuation went up to \$35.5 million from \$34.2 million in 2015. As at 31 December 2015, APR's property portfolio valuation grew by 9.6% compared to the prior reporting period.

## ***Updates on Blackwall Limited (ASX Code: BWF) and Blackwall Property Trust (ASX Code: BWR)***

Blackwall Limited and Blackwall Property Trust have all of the resolutions approved in the investor meetings held on 24 June 2016. Key transactions, which are expected to increase the gross assets of Blackwall Property Trust from \$130m to \$168m, include:

- ▶ Blackwall Property Trust acquired securities in Pelathon Pub Group (PPG) from Blackwall Limited and Pelorus Private Equity Limited by issuing new units. Blackwall Property Trust then made a in-specie distribution of PPG securities to its unitholders as a return of capital of 16 cents per unit;
- ▶ Blackwall Property Trust is progressing offers to acquire all of the units in Blackwall Telstra House Trust and Bakehouse Quarter Trust.

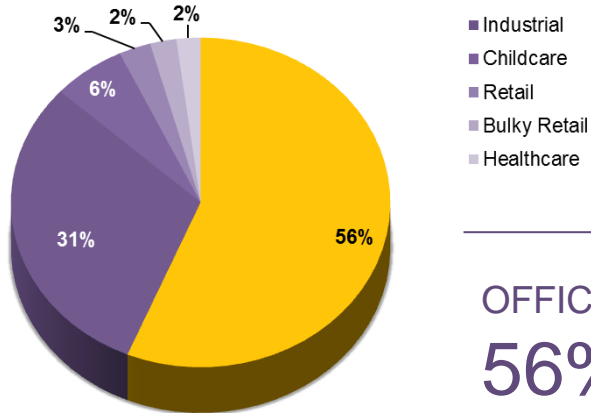


# PORTFOLIO UPDATE

as at 30 June 2016

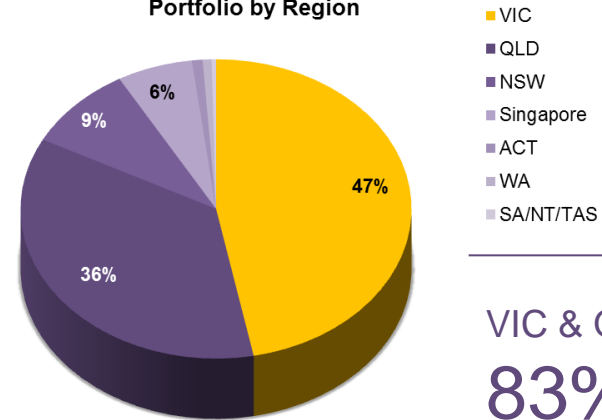


Portfolio by Sector



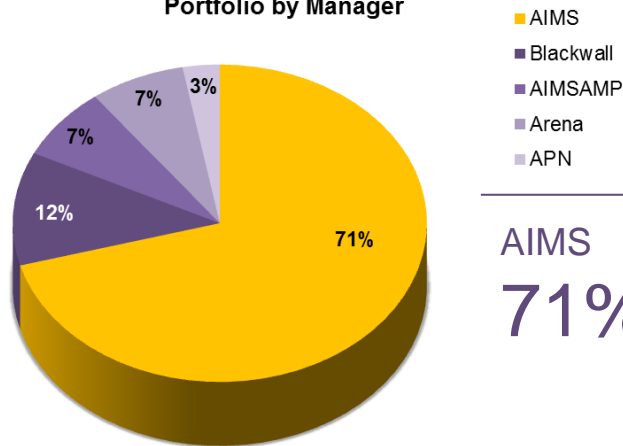
OFFICE  
56%

Portfolio by Region



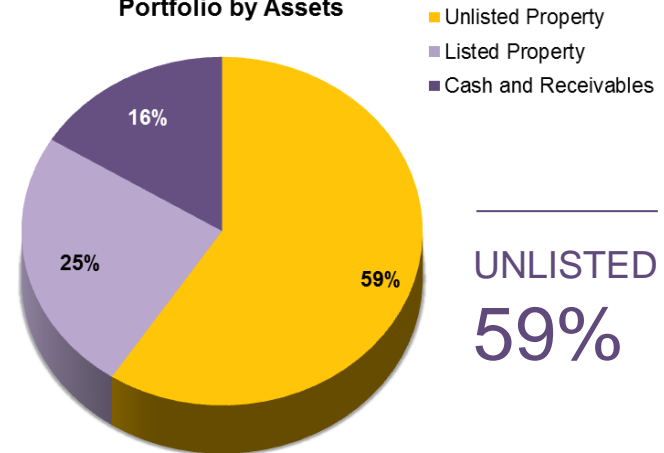
VIC & QLD  
83%

Portfolio by Manager



AIMS  
71%

Portfolio by Assets



UNLISTED  
59%

## *Redeem the Fund's Investment and Deploy Capital to New Investment Opportunities*




The Fund has been successfully redeeming the underperformed investments and invest the fund to new investments that would add value and deliver outstanding returns, in the best interest of unitholders.

## *Focus on Value-add Type Investment Opportunities*

The Fund has an investment style focusing on value-add assets. These assets include 492 St Kilda Road, Melbourne in AIMS Property Fund (St Kilda Road) and 10 Felix St, Brisbane in AIMS Property Fund (Felix St) (investing through AIMS Australian Property Investment Fund).

## *Continue Regular Income Distribution at a Target Payout Ratio of above 80%*

The Fund has a portfolio of stable income generating securities, with 93% of the portfolio assets delivering regular quarterly or half-yearly distributions. The net income will be distributed to unitholders at a target payout ratio of above 80% each quarter.

Property	Fund Name	Valuation or Purchase Price	LVR	Occupancy Rate	WALE	Other Updates
	AIMS Property Fund (St Kilda Road)	\$35.5 million	43%	81%	2.2 years	<ul style="list-style-type: none"> <li>▶ St Kilda Road's core market yield compressed by 20bps to 7.1%;</li> <li>▶ St Kilda Road has more than 24,000m<sup>2</sup> office space withdrawal for residential development over the year to May 2016.</li> </ul>
	AIMS Property Fund (Felix St) <i>Invested through AIMS Australian Property Investment Fund</i>	\$26.0 million*	55%	90%	1.8 years	<ul style="list-style-type: none"> <li>▶ The property's occupancy rate improved to 90% (2015: 76%);</li> <li>▶ Brisbane CBD's leasing activity is trending upward with 117,437m<sup>2</sup> recorded, up 27% on the 12 months prior.</li> </ul>
	AIMS Property Fund (Laverton)	\$35.5 million*	60%	100%	8.9 years	<ul style="list-style-type: none"> <li>▶ Melbourne's industrial investment was led by West Region (incl. Laverton), accounting for 40% of all industrial transactions totaling \$464.1m during the past 12 months;</li> <li>▶ Both prime yield and secondary yield of Melbourne industrial compressed over the year to April 2016 (by 72bps and 47bps).</li> </ul>

\* These are the purchase price of properties in 2015.

An aerial view of a city skyline, likely Sydney, Australia, featuring several prominent skyscrapers. A large, semi-transparent purple shape is overlaid on the right side of the image, extending from the top to the bottom. The text is positioned on the left side of this purple area.

## **AIMS Fund Management Limited Present this Report**

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