AIMS

MACARTHURCOOK
A Member of AIMS Financial Group

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ASX Announcement

MacarthurCook Property Securities Fund

Fund Update

FOR IMMEDIATE RELEASE

MacarthurCook Fund Management Limited (**RE**) as responsible entity of MacarthurCook Property Securities Fund (**Fund**) is pleased to update investors on the increased media interest in the Fund and we attach a recent article from The Edge Singapore dated 19 August 2013 (**Article**).
We believe the Article is a helpful summary of the Fund's current status and provides information that is useful for investors.

However, the Article contains some errors and may not be fully reflective of comments made by Mr George Wang and Mr Michael Goldman to the reporter.

The Board of the RE wishes to clarify the following in relation to the errors identified in the Article:

1. At the time MacarthurCook was purchased by AIMS, MacarthurCook was not insolvent but was in financial difficulty.
2. The current Reserve Bank of Australia cash rate is 2.5% p.a. However, this is different to the borrowing rates, which would currently have a margin on top of the cash rate.
3. Some, but not all, of the requisitioning unitholders mentioned in the Article substantially invested into the Fund recently during the rights issue conducted in May 2012.
4. To the extent that this Article refers to the financial position of the Fund for the financial year ended at 30 June 2013, please be aware that the annual financial report which has now been released provides more updated and accurate financial information on the Fund.

If you have any question in relation to this announcement, please feel free to contact Michael Goldman on +61 2 9217 2727 or at michael.goldman@macarthurcook.com.
Yours faithfully

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CORPORATE

George Wang's new triumph

The China-born Australian businessman, who turned around what is now AIMS AMP Capital Industrial REIT, is close to rehabilitating the MacarthurCook Property Securities Fund. Can its units keep climbing?

| BY GOOLA WARDEN |

George Wang is feeling pretty good about the gamble he took four years ago with the purchase and privatisation of ASX-listed **MacarthurCook**, a then-troubled property funds management company.

"I think I paid A$10 million for MacarthurCook, but it had A$10 million debt," says the China-born Australian businessman. Even after kicking in an additional A$10 million to settle that debt, Wang still had to foot a slew of other expenses. "When we bought it, we were liable for legal fees as well because MacarthurCook was insolvent. Then, we had to pay staff salary and bonuses."

Wang declines to reveal how much the purchase of MacarthurCook ultimately cost him. However, the acquisition, which Wang orchestrated through his privately held mortgage lending and property securitisation firm AIMS Financial Group, put him in control of at least three other depressed public-listed entities as well as 10 unlisted funds from which he has unlocked substantial value.

Of these, investors in Singapore would be most familiar with **AIMS AMP Capital Industrial REIT** (AA REIT). When Wang appeared on the scene, it was known as MacarthurCook Industrial REIT, and had a depressed market value of just $60 million, because of looming liabilities and an inability to raise debt financing. Braving a shareholder rebellion, Wang managed to push through a dilutive rights issue and placement, and recapitalised the REIT.

Since then, AA REIT has also refocused its portfolio, emphasising ramp-up warehouses and logistics facilities, which have been in hot demand. Today, AA REIT has a relatively low debt-to-asset ratio of 25.4% and a market value of $770 million. Its units are down 2% this year, which is less than the FTSE REIT Index's decline of 6%. They offer a forward yield of 8%. AIMS Financial Group owns a 50% stake in AA REIT's manager and an 8% stake in the trust.

Now, Wang is close to completing the turnaround of another public-listed entity, the **MacarthurCook Property Securities Fund** (MPS), which holds a portfolio of listed and unlisted property securities. Units in the fund trade on both SGX and ASX.

When AIMS Financial Group acquired MacarthurCook, MPS had assets of A$110 million and debt of A$50 million, according to Wang. It has been bleeding red ink for the last three years as Wang and his team rehabilitated it. For 1HFY2013 ended Dec 31, 2013, the fund reported a net loss of A$3.32 million ($3.87 million), owing largely to the downward revaluation of APN Champion Retail Fund to zero, from more than A$3 million.

"We've had a lot of work to do, repairing this fund," Wang says. The fund raised cash partly through divesting of assets and partly through two rights issues. "We sold some assets and recycled some. Some funds sold the property and gave the money back."

Now, the fund is close to an inflection point. For one thing, following its recapitalisation exercises, it has recently gone into a net cash position. "The most significant change to the fund is that it is debt-free as of May 31," says Michael Goldman, fund manager of MacarthurCook Property Management. As at end-December, the fund had net debt of A$4.7 million, representing a gearing ratio of 6.8%.

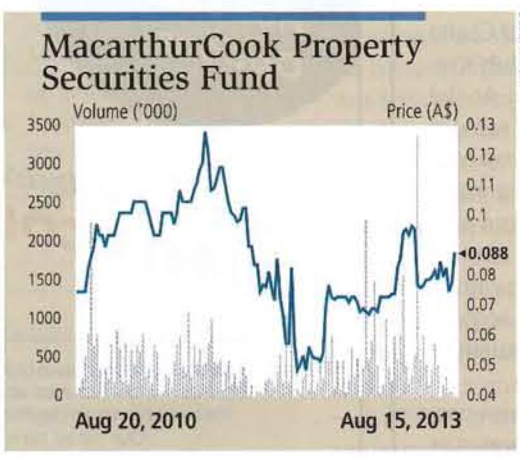
Moreover, its net asset value (NAV) has been expanding. About 24% of the fund's portfolio consists of listed property securities, while the remaining 76% consists of unlisted securities. The securities currently have a market value of about A$50 million. In addition, the fund holds some cash. "The pro forma NAV post rights entitlement is about 11.6 cents [a unit]; and the fund's unaudited net assets are around A$59 million [as at May 31] compared with A$52.8 million for the same period last year," Goldman adds.

Wang: We've had a lot of work to do, repairing [MPS]

Perhaps more importantly, the fund is now on its way to generating stronger cash flows in the year ahead. "The fund is likely to receive reliable cash flows from its income-producing assets in [FY2014]," Goldman says.

That will enable the fund to start delivering value to its investors. "We are going to announce a [cash distribution] for the last quarter of this year," Wang says. "We should be making A$2.5 million to A$3 million income before tax." On Aug 12, the manager of MPS said it would spend some A$3.5 million to buy back up to 10% of its units from the market, starting in September.

Wang says MPS will now also focus on growing its portfolio, taking advantage of lower interest rates in Australia. On Aug 7, the Reserve Bank of Australia cut interest rates by five basis points to 2.5%, citing falling commodity prices, slower growth, moderating inflation and a China slowdown. "Interest rates are at their lowest in 30 years," Wang observes. "We can actually acquire a decent Grade B building with property yields of 8% to 10%." With borrowing costs at 2.5%, that would make the building yield-accretive immediately, he adds.



Units in MPS are up 22% this year. They are still trading at a 24% discount to its proforma post-rights NAV of 11.6 cents.

Shareholder action

Wang faces several risks, though. For one, a group of investors in MPS have banded together to requisition a general meeting to push for the wind-up of MPS and return cash to shareholders. Holding just over 5% of the fund, Michiel Geerdlink, Excalibur Trading Pty and Idyll Super Fund are introducing a resolution to amend the constitution of MPS, terminate MPS and replace MacarthurCook Property Management as manager of the fund with their One Management Investment Funds. The date of the EGM is Sept 4.

The independent directors of MacarthurCook Property Management are recommending that unitholders of MPS vote against the resolutions. Their position is that winding up the fund would prevent the manager from implementing its strategy to reinvest capital in new opportunities as market conditions improve, and would prevent unitholders from sharing in potential gains.

Wang is not sweating yet. The way he sees it, the dissident investors essentially want a return on their holdings in the fund. With the steep rise in the market value of the fund's units recently, they are already getting what they want. "These unitholders invested only very recently, during the first rights issue," he points out. "They're in the money."

The key is for other unitholders to now realise that the management already in place has succeeded in rehabilitating the fund and is preparing to grow it. "We are in the best position to grow the fund and its underlying assets and to realise the potential for value accretion," Wang maintains. "We look after all our unitholders. We see the opportunity to make back the money. We don't want to wind up the fund."

Court wrangles

The manager of MPS has faced shareholder revolts before. In May last year, the fund raised A$5.9 million at a 39% discount to the prevailing price of the units at the time. Pelorus Property Investments, which had held a significant stake in MPS, raised this stake to as high as 10%, with the intention of voting out the manager.

"Pelorus is of the view that the rights issue is a means by which AIMS is attempting to acquire a controlling stake in MPS for its own financial gain and to entrench its management rights," Pelorus stated in an announcement in May last year, when it launched court proceedings. "AIMS has admitted that it is hopeful of growing its holding to 57%. In doing so, it would acquire A$24.1 million of NTA [net tangible assets] for an outlay of approximately A$5 million."

Wang took defensive action. He raised his stake in the fund, but continued pressing ahead with his rehabilitation plans. In April this year, MPS announced another rights issue, the second one since AIMS Financial Group took control of the manager and the fund. This was not fully subscribed, but still raised A$8.7 million, enough to retire its loans and leave MPS debt-free.

It appears that Pelorus might have since given up its opposition to the management of MPS. Nothing has come of its legal case, and no date has been set for a hearing. Moreover, it has reduced its stake in MPS to less than 5%. On the other hand, AIMS Financial Group currently owns 26.3% of MPS, up from 19.9% before last year's rights issue.

"They wanted to vote us out by increasing their stake in MPS," Wang says. "So, I raised my stake too. Pelorus is now selling."

Separately, MPS was involved in litigation against an entity called P-REIT, which is managed by a unit of Pelorus. The Australian courts have ruled in favour of MPS and awarded it A$17.7 million plus costs. However, the case has yet to be settled, as P-REIT is appealing the decision. "They've appealed and the judge will be giving his decision any time," Wang notes.

A decision in favour of MPS would boost its NAV by a further A$17 million, or 3.3 Australian cents a unit. That would widen the discount to NAV at which units in MPS are currently trading to 40.9%.

Lessons learnt

Besides AA REIT and MPS, the other listed unit that AIMS Financial Group ended up controlling after its takeover of MacarthurCook was the **MacarthurCook Industrial Property Fund**. In 2009, it was trading at distressed levels of 16 Australian cents. Less than a year later, after attempting to repair the portfolio and reducing vacancy rates in the portfolio, AIMS Financial Group and minority unitholders accepted an offer of 44 Australian cents for each of their units from a US fund.

Looking back on his investment in MacarthurCook and its various entities, Wang says he is being more careful to ensure AIMS Financial Group and its various units are not caught in a bind when another financial crisis hits. "If there is one thing I have learnt, it is not to invest in a property fund over which you have no control," he muses. "We need to either be in control of what we invest in or invest in something very liquid." E

About MacarthurCook:

MacarthurCook Fund Management Limited (MacarthurCook) 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.

MacarthurCook and 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 REITs). At the time of the AIMS acquisition of MacarthurCook, MI-REIT was in distress and within three months, MI-REIT had to refinance S$225million plus S$91million obligation to purchase a property which previous management had entered into in 2007 without finance in place. At the time, MI-REIT's market capitalisation was approximately S$60million and S$544million funds under management. Since that time, AIMS has stabilised MI-REIT which has grown significantly with a market capitalisation S$647million and S$975million funds under management as at September 2012.

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$44.5million with a gearing ratio of 38% to A$7.8million with a gearing ratio of 12.8% as at June 2012. 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 A$0.16. AIMS reduced vacancy in the MIF portfolio and improved the WALE 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% premium to the pre-announcement trading price.