

# Aurora Property Buy-Write Income Trust ASX Code: AUP

## Performance Report - 31 January 2010

### Summary

- The Trust returned -0.76% for January compared to the S&P/ASX200 Property Accumulation Index which returned -2.87%.
- The Trust returned +18.26% for the year to January, compared to the S&P/ASX200 Property Accumulation Index which returned +16.10%



### Performance<sup>1</sup>

	1 mth	3 mths	6 mths	12 mths	2 yrs (p.a.)	Since inception (p.a.)
Aurora Property Buy-Write Income Trust	-0.76%	1.87%	10.29%	18.26%	0.43%	-11.48%
S&P/ASX200 Property Accumulation Index	-2.87%	1.43%	17.93%	16.10%	-25.14%	-27.15%

### Investment objective

The Aurora Property Buy-Write Income Trust (the Trust) is an ASX listed investment trust that aims to generate income from an active strategy of selling call options over a portfolio of ASX listed Australian Real Estate Investment Trusts (AREIT).

### Investment Adviser

APN Funds Management Limited (APN FM) has been appointed as the Investment Adviser with responsibility to actively manage the Trust's investment strategy.

Established in 1998, APN FM currently manages a broad range of property securities funds with total assets under management of approximately \$2.7 billion (as at 31 December 2009). APN FM has established a strong track record and market reputation for managing domestic real estate securities with a particular focus on income returns. APN FM's expertise is widely recognised in the property funds management industry, as evidenced by the following awards:

- AFR Smart Investor Blue Ribbon Award 2008 - Australian Listed Property;
- Morningstar Fund Manager of the Year 2007 - Listed Property;
- Investor Web Research Property Securities Fund Manager of the Year for 2002, 2003 and 2004;
- Property Investment Research – Property Securities Manager of the Year 2005, 2006 and 2008; and
- Monitor Money Skilled Manager of the Year 2002-2003

An active investment management style combined with a concentrated focus on the fundamentals of commercial property investments lies at the heart of APN Funds Management's philosophy. APN FM is a leader in real estate which is driven by the investment team's longstanding experience and expert knowledge of property markets and research capability.

### Trust features

Unit pricing	Monthly.
Distribution frequency	Half yearly.
Distribution policy	The Trust will distribute 100% of its net realised gains each year.
Distribution Reinvestment Plan	Available.
Applications	Investors may acquire Units on the ASX or via the current Product Disclosure Statement.
Redemptions	On market by selling on the ASX or off-market at the end of each month.

### Trust valuations

Market capitalisation	\$17,830,719
Net Asset Value (NAV)	\$19,246,148
Units on issue	3,676,437
Net Assets Value per Unit	\$5.2350
NAV plus distributions paid (since inception)	\$7.0301

### Trust distributions (per Unit)

Period	Cash	Total	Yield at NAV (p.a.)
31 Dec 07	\$0.4670	\$0.4670	10.5%
30 Jun 08	\$0.4781	\$0.4781	11.3%
31 Dec 08	\$0.3000	\$0.3000	11.1%
30 Jun 09	\$0.2500	\$0.2500	9.7%
31 Dec 09	\$0.3000	\$0.3000	11.6%
Total	\$1.7951	\$1.7951	

## Investment Manager Commentary

by APN Funds Management Limited

The Trust delivered a return of -0.76% compared to the Index which delivered a return of -2.87% for January 2010. The total return of the Trust over the 12 months to 31 January 2010 was +18.26% compared to the Index that returned +16.10%.

After a tumultuous couple of years, the AREIT market looks set to continue along the road back to normality. Most industry observers agree that the last few years have been atypical for the sector, a traditionally defensive asset class which has acted anything but defensively throughout 2008/2009. The Global Financial Crisis (GFC) shook the nerves of some of the most experienced market participants and dealt a particularly brutal blow to the real estate sector.

We've since seen a steady rebound of the AREIT Index from its low point in March (546 points), by around 60% to 31 January 2010 which saw the AREIT Index close at 871 points. This has occurred in tandem with the re-financing of the AREIT sector as \$17 billion of new equity was raised to repair and strengthen balance sheets throughout 2009. The direct real estate market has also significantly repriced and there is growing consensus that we are at or near the cyclical bottom.

The beginning of 2010 has seen the AREIT sector outperform the broader market by 3.3% in January. The general equities market experienced a rough start to the New Year, which returned -6.2% in January, the worst monthly performance since November 2008 amid concerns over the Chinese economy and the domestic profit-reporting season. We believe there are two key factors underpinning an improved sentiment in the AREIT sector – the predominantly strong macroeconomic news (stronger than expected employment and retail sales); and stabilising asset valuations (several trusts reported only minimal declines in their portfolios for the December quarter).

The property sector's outlook is certainly brighter than it was 12 months ago. The sector has confronted the unprecedented period of global financial market upheaval, recalibrated itself and is now on a more sustainable footing. Credit markets are also starting to normalise and many general economic indicators are beginning to reflect positive signals.

## About Aurora

Aurora Funds Management (Aurora) is an investment management and distribution group owned and operated by a group of professionals with considerable experience in retail funds management, stockbroking, margin lending, corporate advisory and investment banking.

Aurora aims to source, package and distribute carefully researched investment strategies that are managed by specialist wholesale investment managers.

Aurora is also the Issuer and distributor of the:

- Aurora Global Infrastructure Income Trust (ASX code: AIB)
- Aurora Sandringham Australian Equity Income Trust (ASX code: ABW)
- Aurora Sandringham Dividend Income Trust (ASX code: AOD)
- Aurora Sandringham Global Income Trust (ARSN 131 291 499)
- CORALS Commodities Fund (ARSN 131 196 882)
- van Eyk Blueprint Alternatives Plus (ASX code: VBP)

## Top 5 Portfolio Holdings (as at 31 January 2010)

	ASX Code
Westfield	WDC
Dexus	DXS
CFS Retail	CFX
ING Office Fund	IOF
Macquarie Office Trust	MOF

Source: APN Funds Management

## Aurora Funds Management

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1. This number represents a cumulative return and assumes reinvestment of distributions.

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