

## Aurora Property Buy-Write Income Trust Performance Report - July 2011

ASX Code: AUP



### Summary

- The Trust returned -3.80% for July, compared to the S&P/ASX 200 Property Accumulation index which returned -6.59%
- The Trust paid a cash distribution of \$0.11 for the three months ending 30 June 2011, which represents an annualised yield of 8.16%
- For the 12 months to the end of July, the Trust returned 4.02% whilst the S&P/ASX 200 Property Accumulation Index returned -2.13%

### Performance

	1 mth	3 mths	6 mths	12 mths	3 yrs (p.a)	Since Inception (p.a)	Standard deviation
Aurora Property Buy-Write Income Trust <sup>1</sup>	-3.80%	-2.75%	-0.75%	4.02%	10.25%	-5.19%	13.4%
S&P/ASX200 Property Accumulation Index (XPJAI)	-6.59%	-7.26%	-5.80%	-2.13%	-0.29%	-18.25%	25.6%

### 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 Property Group Limited (APN) is one of Australia's leading real estate investment managers, with a strong and consistent record of investment performance. APN Property Group Limited is listed on the Australian Securities Exchange (ASX code: APD).

APN Funds Management Limited (APN FM) is a fully owned subsidiary of APN Property Group and has been appointed as the Investment Adviser of the Aurora Property Buy-Write Income Trust. APN FM is responsible for the active management of the Trust's investment strategy.

Established in 1996, APN Property Group manages a range of property funds on behalf of corporate and public superannuation funds, high net worth and individual investors. Collectively, APN FM manages \$2.35 billion (as at 30 June 2011) of real estate and real estate securities.

### Investment Philosophy

APN FM is an active investment manager with a concentrated focus on income and the fundamentals of real estate.

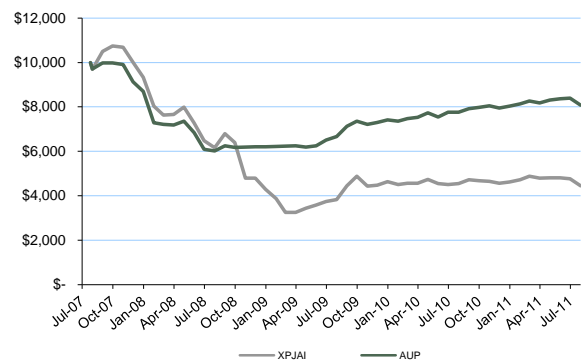
APN FM has a long held belief that investment in commercial property is primarily an investment in an income stream. Long term property leases also provide protection from the short term business cycle reflected in the market value of other asset classes. A commitment to the income benefits from property coupled with a lower level of risk (as measured by volatility) is reflected in APN FM's style of investment which focuses on well managed property assets that hold long leases to strong tenants.

### Expertise

The APN FM investment team comprises a group of highly experienced real estate investment professionals who possess a deep understanding of real estate markets gained over several cycles.

APN FM's conservative style is underpinned by rigorous research, a proven investment process utilising a "top down" and "bottom up" approach, wide industry networks and assessment of market fundamentals. The investment team apply their judgement against the backdrop of broader domestic and global economic factors.

### Investment Performance



### Trust Features

Unit pricing	Monthly
Distribution frequency	Quarterly
Distribution policy <sup>2</sup>	At least 2.0% of Net Asset Value per Unit
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

Fund Size	\$15.1 million
Net Asset Value per Unit	\$5.0793
NAV plus distributions paid (since inception) <sup>3</sup>	\$7.5344

## Trust distributions (per Unit since June 2008)

Period	Cash	Yield at NAV (pa)
30-Jun-08	\$0.4781	11.30%
31-Dec-08	\$0.3000	11.10%
30-Jun-09	\$0.2500	9.69%
31-Dec-09	\$0.3000	11.55%
31-Mar-10	\$0.1100	8.17%
30-Jun-10	\$0.1100	8.21%
30-Sep-10	\$0.1100	8.13%
31-Dec-10	\$0.1100	8.07%
31-Mar-11	\$0.1100	8.18%
30-Jun-11	\$0.1100	8.16%
Total	\$2.4551	

## Investment Manager Commentary

During July, the Trust achieved a return of -3.80% whilst the S&P/ASX 200 Property Accumulation Index (AREIT Index) delivered a total return of -6.59% for the same period. The total return of the Trust for the last 12 months was 4.02% whilst the total return of the AREIT Index was -2.13%. For the month, the broader equities market represented by the All Ordinaries fared better than the AREIT Index by returning -3.42%.

During July, the markets were driven primarily by investor pessimism over the rancorous debate in Washington over the US debt ceiling and the possible contagion in Europe of debt problems in Greece, Spain and Italy. Locally, in the AREIT space, the Office sector performed well in the face of market volatility by returning 1.1% whilst the Diversified and Retail sectors were both down over 7%. The Industrial sector was down 3.5% for July.

Value in the sector continues to increase with the Charter Hall Office REIT (CQO) reporting a 1.7% increase in valuations as at 30 June 2011 however Westfield Group (WDC), Stockland Trust (SGP) and Westfield Retail Trust (WRT) underperformed due to weakness in consumer sentiment. For the month the Trust continued to benefit from its call option positions in Westfield Retail Trust (WRT), Westfield Group (WDC), Stockland Trust (SGP) and put option positions against the broader index.

## Top 5 Portfolio Holdings (as at 31 July 2011)

	ASX Code
Westfield Retail Trust	WRT
Westfield Group	WDC
CFS Retail Property Trust	CFX
Dexus Property Group	DXS
Challenger Diversified Property Group	CDI

Source: Aurora Funds Management

## About Aurora

Aurora Funds Limited ('Aurora', ASX Code: AFV) was listed on the ASX in July 2010. Aurora comprises the merged businesses of Aurora Funds Management Limited, Fortitude Capital Pty Ltd and Sandringham Capital Pty Ltd.

The combined group has in excess of \$500 million in funds under management and administration, and provides asset management and responsible entity/trustee services for over 3,000 Australian and New Zealand investors.

Aurora is also the Issuer and/or distributor of the:

- Aurora Fortitude Absolute Return Fund (APIR: AFM0005AU)
- Aurora Global Income Trust (ASX code: AIB)
- Aurora Absolute Return Fund (ASX code: ABW)
- Aurora Sandringham Dividend Income Trust (ASX code: AOD)
- CORALS Commodities Fund (APIR: AFM0004AU)
- van Eyk Blueprint Alternatives Plus (ASX code: VBP)

## Aurora Funds Limited

Level 2, 350 George Street, Sydney NSW 2000 PO Box R1695, Royal Exchange NSW 1225

Telephone: 1300 553 431, Visit: [www.aurorafunds.com.au](http://www.aurorafunds.com.au), or Email: [enquiries@aurorafunds.com.au](mailto:enquiries@aurorafunds.com.au)

1. This represents a cumulative return and assumes reinvestment of distributions. 2. The Trust intends to always distribute at least 2.0% of NAV, excluding any franking credits, per quarter regardless of Trust performance. This means that if the Trust has insufficient net income in a given quarter, investors may receive a partial (or full) return of capital. 3. Total NAV plus reinvested distributions.

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