

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

## Performance Report - 31 March 2010

### Summary

- The Trust returned +0.75% for March compared to the S&P/ASX200 Property Accumulation Index which returned -0.05%
- The Trust has announced a change of distribution policy. Distributions will now be made on a quarterly basis and will be for a minimum cash value of 2.0% of Net Asset Value per Unit
- The Trust announced a distribution of \$0.11 per Unit for the three months ending 31 March 2010, representing an annualised yield of 8.2%



### 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 | 0.75%  | 1.65%  | 2.32%  | 20.44%  | 2.42%        | -10.03%                |
| S&P/ASX200 Property Accumulation Index | -0.05% | -1.51% | -7.07% | 40.55%  | -22.83%      | -25.36%                |

### 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         | Quarterly   |
| Distribution policy            | At least 2.0% of Net Asset Value <sup>2</sup> 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                                     | \$18.0 million |
| Net Assets Value per Unit                     | \$5.2521       |
| NAV plus distributions paid (since inception) | \$7.1572       |

### Trust distributions (per Unit)

| Period    | Cash     | Yield at NAV (p.a) |
|-----------|----------|--------------------|
| 31 Dec 07 | \$0.4670 | 10.5%              |
| 30 Jun 08 | \$0.4781 | 11.3%              |
| 31 Dec 08 | \$0.3000 | 11.1%              |
| 30 Jun 09 | \$0.2500 | 9.7%               |
| 31 Dec 09 | \$0.3000 | 11.6%              |
| 31 Mar 10 | \$0.1100 | 8.2%               |
| Total     | \$1.9051 |                    |

## Investment Manager Commentary

by APN Funds Management Limited

The Trust delivered a return of +0.75% compared to the Index which delivered a return of -0.05% for March 2010. Since inception the Trust returned -10.03% p.a. compared to the Index that returned -25.36% p.a.

The relatively flat AREIT market performance over March can be attributed to the following:

- The aftermath of a fairly benign reporting season in February;
- Broader equity market preference for growth stocks (as evidenced by the rally in energy and resource stocks);
- A perception of less cyclical upside available from AREITs relative to global REITs keeping offshore investors out of the market;
- A rise (for the second month in a row) of the 10 year Bond yield (plus 35 bps to 5.78%); and
- The fact that the sector remained a net seller of assets over the month (as accretive acquisitions remain elusive).

Aurora is also the Issuer and/or 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 March 2010)

|                        | ASX Code |
|------------------------|----------|
| CFS Retail             | CFX      |
| Dexus                  | DXS      |
| GPT Group              | GPT      |
| Westfield              | WDC      |
| Challenger Diversified | CDI      |

Source: APN Funds Management

## 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 Funds Management

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1. This number 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.

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