

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

ASX Code: AUP



### Summary

- The Trust returned 0.90% for May, compared to the S&P/ASX 200 Property Accumulation Index which returned -0.01%
- For the 12 months to the end of May, the Trust returned 11.05% whilst the S&P/ASX 200 Property Accumulation Index returned 5.70%

### 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>	0.90%	1.40%	5.44%	11.05%	7.02%	-4.50%	13.6%
S&P/ASX200 Property Accumulation Index (XPJAI)	-0.01%	-1.63%	5.27%	5.70%	-0.37%	-17.36%	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 (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 \$2.3 billion (as at 31 December 2010) 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	\$16.27 million
Net Asset Value per Unit (ex distribution)	\$5.3798
NAV plus distributions paid (since inception) <sup>3</sup>	\$8.1374

## Trust distributions (per Unit)

Period	Cash	Yield at NAV (pa)
31-Dec-07	\$0.4670	10.53%
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%
Total	\$2.3451	

## Investment Manager Commentary

During May, the Property Buy-Write fund achieved a return of 0.90% whilst the S&P/ASX 200 Property Accumulation Index (AREIT Index) delivered a total return of -0.01% for the same period. The total return of the Trust for the last 12 months was 11.05% whilst the total return of the AREIT Index was 5.70%.

During May, REIT sector news was dominated by headlines featuring various activist hedge fund investors taking positions in REITs seeking a divestiture of their US portfolio positions. This is what happened when Charter Hall Office (CQO) confirmed it was selling its entire US portfolio valued at \$1.7bn at a price in excess of Net Tangible Asset (NTA). The parent/manager CQO saw a 2.8% rise for the month. The Fund benefitted from this position as well as positions in CFX, CQR and CQR call options.

Despite concerns in the broader market over the health of the retail sector, the REIT retail sector was up 1.3% with Westfield Group up 0.8% and Westfield Retail Trust up 0.4%. There was also concern about the state of the Australian residential market with potential interest rate rises but Mirvac and Stockland indicated activity has remained steady with exceptional activity in Sydney's Chatswood. The economic recovery of late 2010 continues in 2011 with flow through to property company earnings, improved real estate fundamentals, strong balance sheets and increased management confidence.

## Top 5 Portfolio Holding (as at 31 May 2011)

	ASX Code
Westfield Retail Trust	WRT
CFS Retail Property Trust	CFX
Dexus Property Group	DXS
Charter Hall Retail REIT	CQR
Challenger Diversified Property Group	CDI

## 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 3,500 Australian and New Zealand investors.

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

- Aurora Fortitude Absolute Return Fund (ARSN 145 894 800)
- Aurora Global Income Trust (ASX code: AIB)
- Aurora Absolute Return 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)

## Aurora Funds Limited

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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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