

Aurora Property Buy-Write Income Trust ASX Code: AUP

Performance Report - 30 September 2010

Summary

- The Trust returned 0.87% for September compared to the S&P/ASX200 Property Accumulation Index which returned -0.90%
- The Trust announced a cash distribution of \$0.11 per Unit for the three months ending 30 September 2010 which represented an annualised yield of 8.13%



Performance¹

	1 mth	3 mths	6 mths	12 mths	2 yrs (p.a.)	Since inception (p.a.)	Standard deviation
Aurora Property Buy-Write Income Trust	0.87%	2.80%	5.99%	8.45%	13.75%	-6.83%	14.5%
S&P/ASX200 Property Accumulation Index (XPJAI)	-0.90%	3.85%	2.45%	-4.15%	-14.50%	-21.24%	27.3%

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 \$2.5 billion (as at 30 June 2010). 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.

Investment Performance¹



Trust features

Unit pricing	Monthly.
Distribution frequency	Quarterly
Distribution policy	At least 2.0% of Net Asset Value ² 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	\$19.4 million
Net Assets Value per Unit	\$5.3434
NAV plus distributions paid (since inception)	\$7.4685

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%
30 Jun 10	\$0.1100	8.2%
30 Sep 10	\$0.1100	8.1%
Total	\$2.1251	

Investment Manager Commentary

by APN Funds Management Limited

The S&P/ASX 200 Property Accumulation Index (AREIT Index) delivered a total return of -0.90% in September 2010 compared to the Trust which delivered 0.87% over the month. The total return of the AREIT Index over the 12 months to 30 September 2010 was -4.15% whilst the Trust delivered a return of 8.45% over the same period. The AREIT market performance over September 2010 underperformed the broader equities market (as measured by the S&P/ASX 200 Accumulation Index) total return by 5.5%.

In the news

Acquisitions, sales and M&A activity dominated news flow for the property sector over September. After a dearth of transactions in the wake of the financial crisis, it's pleasing to see asset transactions and M&A activity are gaining momentum. These events are key indicators that the industry is trending in the right direction and supports a positive property outlook. Key transactions over the month:

- CFX successfully raised \$540m capital to fund the acquisition of a portfolio of factory outlet centres – representing its entry into a new sub-sector of the shopping centre market.
- Westfield Group (as manager of the Carindale Trust) set a 2010 start date for a \$300m expansion of its sole asset – Carindale Shopping Centre in Brisbane.
- The Goodman Group (GMG) acquired more IIF units – it now holds 7.1% of the ING managed industrial trust.
- Astro Japan Property Group sold two smaller assets at a strong premium to NTA and confirmed its plans to pay a dividend in FY11 that equates to a 14% yield on its September close. As a result it was one of the best performing REITs for the month, up 12%.
- The takeover of retirement owner/operator Aveum (by Stockland) gathered momentum as it lifted its bid and gained acceptances that now exceed 60%.

Global equities rallied strongly during the month. The US was the standout equity market, though Asia (ex Japan) and emerging markets also performed exceptionally well. The Australian market was one of the best performers in US dollar terms, courtesy of a rallying Australian dollar.

Top 5 Portfolio Holdings (as at 30 September 2010)

	ASX Code
Westfield	WDC
Dexus	DXS
CFS Retail	CFX
Mirvac	MGR
Challenger Diversified Property	CDI

Source: APN 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 (established in 2003), Fortitude Capital Pty Ltd (established in 2004) and Sandringham Capital Pty Ltd (established in 2005).

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 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)

Aurora Funds Management

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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.

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