

Aurora Property Buy-Write Income Trust Performance Report - August 2011

ASX Code: AUP



Summary

- The Trust returned 2.43% for August, compared to the S&P/ASX 200 Property Accumulation index which returned 3.12%
- For the 12 months to the end of August, the Trust returned 4.50% whilst the S&P/ASX 200 Property Accumulation Index returned -2.71%

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 ¹	2.43%	-1.17%	0.11%	4.50%	9.77%	-4.53%	13.2%
S&P/ASX200 Property Accumulation Index (XPJAI)	3.12%	-4.35%	-5.91%	-2.71%	-0.35%	-17.29%	24.5%

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 ²	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	\$15.2 million
Net Asset Value per Unit	\$5.2027
NAV plus distributions paid (since inception) ³	\$7.6578

Trust distributions

Period	Cash	Yield at NAV (pa)
31-Dec-07	\$0.4670	10.50%
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 August, the Trust achieved a return of 2.43% whilst the S&P/ASX 200 Property Accumulation Index (AREIT Index) delivered a total return of 3.12% for the same period. The total return of the Trust for the last 12 months was 4.50% whilst the total return of the AREIT Index was -2.71%. For the month, the broader equities market represented by the All Ordinaries fared worse than the AREIT Index by returning -2.90%.

During August, the markets were especially volatile and prone to fluctuations driven by major global macroeconomic concerns. The month started off poorly for the broader market (All Ords down 7.5% for the first week of August), following a downgrade of US government debt by a major credit ratings agency. Locally, in the AREIT space, the AREIT index was off 4.82% for the first week in August but staged a rally to finish the month strongly. The Office sector was down slightly (0.7%) whilst the Diversified sector was up 1.1%. The standout for the sector was the Retail sector which finished the month up 6.5% with strong performances from Westfield Retail Trust up 11.3% and Westfield Group up 5.5%. The Industrial sector was down 4.4% for August.

Several local AREIT names reported full year results to 30 June 2011. The sector as a whole delivered 5.3% earnings per share (EPS) growth. The sector's growing strength and resilience in volatile market conditions can be seen in the fact that each of the property asset classes delivered net operating income (NOI) growth: Retail 4.4%, Office 2.9%, Industrial 3.4% and Residential earnings up 15.4%. Capital management initiatives were a feature of August with five AREITs including: Charter Hall Retail, Challenger Diversified and GPT Group all announcing buybacks. In addition, REITs continue to be attractive acquisition candidates as evidenced by a cash offer for Charter Hall Office REIT being announced.

Consistent with their strong performances for the month, the Trust's best performing positions the major names of the sector including Westfield Retail Trust and Westfield Group. In addition, the Trust benefited from positions in: CFS Retail Property Trust, Charter Hall Retail REIT, Mirvac Group and the Cromwell Property Group.

Top 5 Portfolio Holdings (as at 31 August 2011)

	ASX Code
Westfield Retail Trust	WRT
Westfield Group	WDC
CFS Retail Property Trust	CFX
Charter Hall Retail REIT	CQR
Mirvac	MGR

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 \$400 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 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)

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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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