

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

ASX Code: AUP



### Summary

- For the 12 months to the end of September, the Trust returned -0.58% whilst the S&P/ASX200 Property Accumulation Index returned -6.24%
- The Trust announced a cash distribution of \$0.1060 for the three months ending 30 September 2011, which represents an annualised yield of 8.03%

### 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>	-4.03%	-5.44%	-2.91%	-0.58%	8.75%	-5.38%	13.2%
S&P/ASX200 Property Accumulation Index (XPJAI)	-4.50%	-8.01%	-8.48%	-6.24%	-0.34%	-17.89%	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 \$2.45 billion 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.

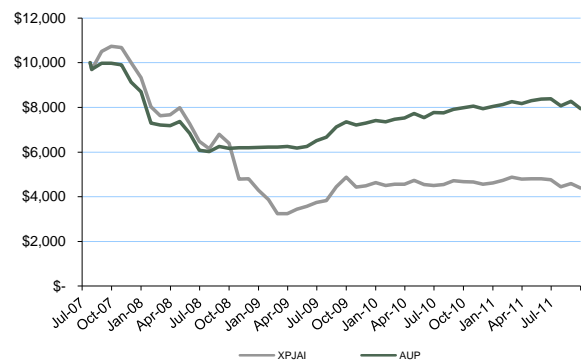
APN FM has a long held belief that investment in commercial property is primarily an investment in an income stream. Long term property leases also provide protection from the short term business cycle reflected in the market value of other asset classes. A commitment to the income benefits from property 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	\$14.1 million
Net Asset Value per Unit	\$4.8868
NAV plus distributions paid (since inception) <sup>3</sup>	\$7.4479

## 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%
30-Sep-11	\$0.1060	8.03%
Total	\$2.5611	

## Investment Commentary

During a turbulent September, the Trust achieved a return of -4.03% whilst the S&P/ASX 200 Property Accumulation Index (AREIT Index) delivered a total return of -4.50% for the same period. The total return of the Trust for the last 12 months was -0.58% whilst the total return of the AREIT Index was -6.24%. For the month, the broader equities market represented by the All Ordinaries fared worse than the AREIT Index by returning -6.86%.

During September, global equity markets continued to fall on concerns that the European Union would fail to resolve the peripheral debt crisis plunging Greece into default. Volatility was elevated as markets whipsawed on news and speculation about the strength of the European Financial Stability Facility (EFSF). The markets also faced downgrades to the credit ratings of two major French banks and to the sovereign rating of Italy.

In the local AREIT space, the Retail sector fared poorly with Westfield Group falling 4.8% and Westfield Retail Trust down 7.6%. The Diversified sector was 2.9% weaker whilst the Office sector also fell 2.4%. The Industrial sector was particularly weak, down 11.5% over the month. Key REIT news for September included Westfield opening a £1.5 billion mall in Stratford City, London and the Mirvac Group (MGR) selling 50% of its Hoxton Park Project for \$97.4 million. In addition, Charter Hall Office (CQO) settled the first of its US Asset sales to Beacon Capital Partners.

The Trust's best performing positions were option premium positions, written against the major names of the sector including: Westfield Retail Trust (WRT), Westfield Group (WDC), Charter Hall Retail REIT (CQR) and the Commonwealth Property Office Fund (CPA).

The worst performing positions for the fund were its holdings in WRT and WDC. Positions in Abacus Property Group (ABP) and CPA also detracted from performance this month.

## Top 5 Portfolio Holdings (as at 30 September 2011)

	ASX Code
Westfield Retail Trust	WRT
CFS Retail Property Trust	CFX
Westfield Group	WDC
Charter Hall Retail REIT	CQR
Stockland Property Group	SGP

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)

## 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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