

Aurora Property Buy-Write Income Trust Performance Report - February 2012

ASX Code: AUP

Summary

- The Trust returned 1.78% for February compared to the S&P/ASX200 Property Accumulation Index (AREIT Index) which returned 2.22%
- The Trust has returned 10.38% p.a. in the last three years whilst the AREIT index has returned 0.37% p.a. over the same period



Performance¹

	1 mth	3 mths	6 mths	12 mths	3 yrs (p.a.)	Since inception (p.a.)	Standard deviation
Aurora Property Buy-Write Income Trust	1.78%	2.93%	1.31%	1.42%	10.38%	-3.78%	12.6%
S&P/ASX200 Property Accumulation Index (XPJAI)	2.22%	4.90%	6.72%	0.42%	0.37%	-14.37%	23.6%

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 (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.

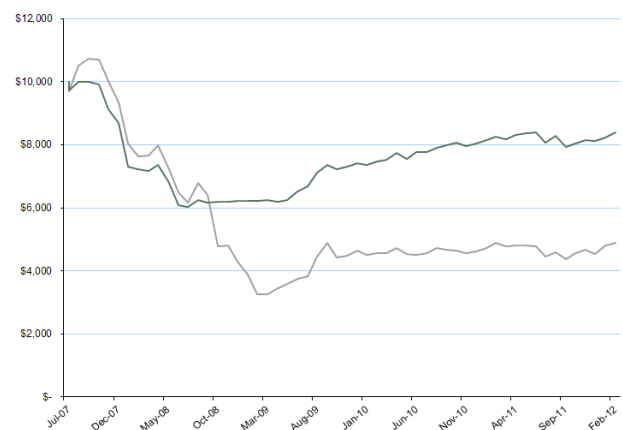
APN FM has a long held belief that investment in commercial property is primarily an investment in an income stream. Long term property leases also provide protection from the short term business cycle reflected in the market value of other asset classes. A commitment to the income benefits from property 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 Performance¹



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

Trust Size	\$13.4 million
Net Assets Value per Unit	\$5.0558
NAV plus distributions paid (since inception) ³	\$7.7169

Commentary

During February, the Trust achieved a return of 1.78% whilst the S&P/ASX 200 Property Accumulation Index (AREIT Index) delivered a return of 2.22% for the same period. The return of the Trust for the last 12 months was 1.42% whilst the return of the AREIT Index was 0.42%. The underperformance of the Trust during the month was due to strong moves by Westfield Group, which the Trust is underweight. The strategy of writing covered calls over liquid stocks such as Westfield also contributed to the underperformance. This strategy has led to outperformance in the long term as evidenced by the Trust's long term track record.

The AREIT Index outperformed the broader equities market (as measured by the S&P/ASX 200 Accumulation Index) by 0.2% over February 2012, adding to last month's strong performance (up 5.40%).

The **Industrial sector** was up 7.8% over the month due to the strong performance of Goodman Group (GMG).

The **Retail sector** was up 4.8% with Westfield Group (WDC) (up 6.3%) and Westfield Retail Trust (WRT) (up 2.7%) the two significant drivers over the month.

The **Office sector** returned 0.3% over the month. The key contributors were Commonwealth Property Office Fund (CPA) (up 0.5%) and Investa Office Fund (IOF) (down 1.6%).

The **Diversified sector** was down 1.7% over the month. Stockland Trust Group (SGP) (down 5.7%) and Mirvac Group (MGR) (down 2.8%) were the main factors.

Results from the reporting season for the six months period ending 31 December 2011 dominated news flow this month. In line with pre-reporting season expectations, the results support a positive long term outlook for the AREIT sector. AREIT sector earnings per share (EPS) grew by around 3.1% over the period. This came despite the much publicised weakness in retailing and residential markets and illustrated the durability of well diversified AREITs. Retail stocks outperformed over the month (up 4.8%) reflecting renewed confidence in the sector following solid reporting results. Retail AREITs have delivered the lowest volatility of returns of all sectors over the last three years.

Top 5 Portfolio Holdings (as at 29 February 2012)

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

Source: Aurora Funds Management

Aurora Funds Limited

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Trust Distributions (per Unit)

Period	Cash	Yield at NAV (p.a)
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%
30 Jun 11	\$0.1100	8.16%
30 Sep 11	\$0.1060	8.03%
31 Dec 11	\$0.1000	8.02%
Total	\$2.6611	

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 \$430 million in funds under management and administration, and provides asset management and responsible entity/trustee services for over 2,500 Australian and New Zealand investors.

Aurora is also the Issuer of:

- 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)
- van Eyk Blueprint Alternatives Plus
(ASX code: VBP)

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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