

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

ASX Code: AUP

Summary

- The Trust returned 3.33% for October compared to the S&P/ASX200 Property Accumulation Index (AREIT Index) which returned 5.30%.
- Since inception, the Trust has outperformed the S&P/ASX200 Property Accumulation Index by 8.33%.



Performance¹

	1 mth	3 mths	6 mths	12 mths	3 yrs (p.a.)	5 yrs (p.a.)	Since inception (p.a.)	Standard deviation
Aurora Property Buy-Write Income Trust	3.33%	4.74%	9.21%	17.81%	9.46%	-0.90%	-1.03%	12.08%
S&P/ASX200 Property Accumulation Index	5.30%	6.59%	16.08%	30.94%	10.31%	-11.01%	-9.36%	22.72%

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 \$2.1 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.

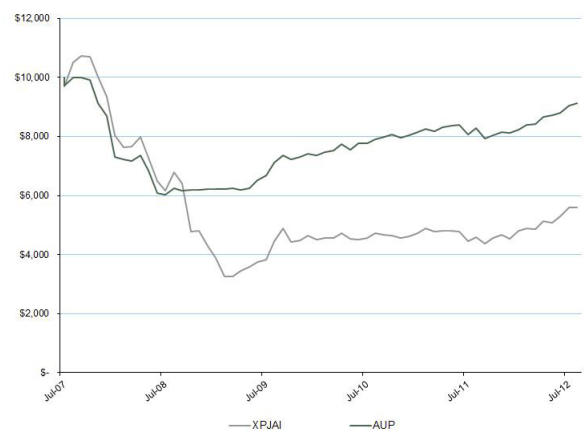
APN FM has a long held belief that investment in commercial property is primarily an investment in an income stream. Long term property leases also provide protection from the short term business cycle reflected in the market value of other asset classes. A commitment to the income benefits from property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



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	\$13.2 million
Net Assets Value per Unit	\$5.3840
NAV plus distributions paid (since inception) ³	\$8.3471

Commentary

The AREIT Index delivered a total return of 5.3% in October 2012, outperforming the broader market (as measured by the S&P/ASX 200 Accumulation Index) by 2.3% over the month.

The **Office** sector was up 3.7% over the month with Commonwealth Property Office Fund (CPA) (up 4.3%) and Investa Office Fund (IOF) (up 2.8%) the two key contributors.

The **Diversified** sector was up 4.7% over the month. GPT Group (GPT) (up 6.1%) and Mirvac Group (MGR) (up 5.2%) were the key factors influencing the sectors outperformance.

The **Retail** sector was up 4.9% with WDC (up 4.9%) and WRT (up 7.3%) the significant drivers over the month.

The Trust delivered a return of 3.33% for the month, underperforming the index due to the covered call strategy.

In the news:

Corporate activity continued over the month reinforcing a positive long term outlook for the sector:

- Charter Hall Retail (CQR) became the first ASX 200 REIT to raise equity since Bunnings Warehouse Property Trust (BWP) in March 2011, when it fully equity-funded a \$100m portfolio acquisition at a 2.1% premium to net tangible asset value.
- ALE Property Group raised \$40m in equity at a 9% premium to its pre-transaction net tangible asset value and issued \$40m in debt to pay out up to \$112m in CPI hedge liabilities.
- Activity in debt markets continued with WRT issuing \$150m 7 year 5.0% fixed rate notes at a margin of 190bps and IOF issuing \$125m 5 year 5.4% notes at a margin of 210bps.
- WDC and WRT completed a \$1.8bn asset swap with AMP. WDC acquired management rights of Knox, Warringah and Casey Central and "design and construct" roles at the AMP managed Macquarie, Pacific Fair and Booragoon. WRT announced a \$200m buyback with excess proceeds from the asset swap.
- CPA secured Ashurst (a prominent legal firm) to a 44% pre-commitment for its 5 Martin Place, Sydney project.
- SGP held its Annual General Meeting and projected FY13 EPS to be down ~10% on FY12 (29.3¢) due to margin decline in the residential business.

Top 5 Portfolio Holdings (as at 31 October 2012)

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

Source: Aurora Funds Management

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%
31 Mar 12	\$0.1000	8.00%
30 Jun 12	\$0.1000	7.87%
30 Sep 12	\$0.1020	7.85%
Total	\$2.9631	

About Aurora

Aurora Funds Limited ('Aurora', ASX Code: AFV) was listed on the ASX in July 2010. Aurora comprises the combined businesses of Aurora Funds Management Limited, and Fortitude Capital Pty Ltd. The combined group has in excess of \$540 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)
- Aurora Dividend Income Trust (APIR code: AFM0010AU)
- 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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