

Aurora Property Buy-Write Income Trust Performance Report - February 2013

ASX Code: AUP

Summary

- The Trust returned 2.11% for February compared to the S&P/ASX200 Property Accumulation Index (AREIT Index) which returned 3.52%.
- Since inception, the Trust has outperformed the S&P/ASX200 Property Accumulation Index by 7.23% per annum.



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 | 2.11% | 6.24% | 10.14% | 19.92% | 10.35% | 6.84% | 0.08% | 11.80% |
| S&P/ASX200 Property Accumulation Index | 3.52% | 11.19% | 17.02% | 33.41% | 12.69% | -3.05% | -7.31% | 22.40% |

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 over \$1.6 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.

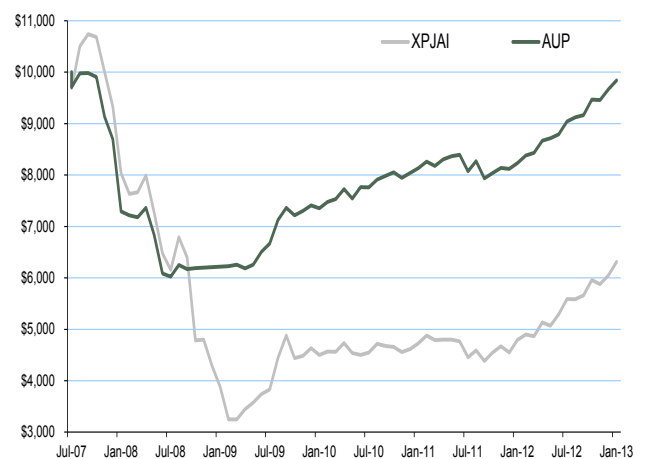
APN FM has a long held belief that investment in commercial property is primarily an investment in an income stream. Long term property leases also provide protection from the short term business cycle reflected in the market value of other asset classes. A commitment to the income benefits from property 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 | \$13.3 million |
| Net Assets Value per Unit | \$5.6049 |
| NAV including distributions (since inception) ¹ | \$9.7601 |

Commentary

The Aurora Property Buy-Write Income Trust (AUP) was up 2.11% for the month ended 28 February 2013, underperforming the S&P/ASX 200 Property Trust Accumulation Index (AREIT Index). Since inception AUP has outperformed the AREIT Index by 7.23% over the same period. The Trust underperformed over the month due to an overweight position in Westfield Retail Trust (WRT) and an underweight position in Stockland Group (SGP). The Buy-Write strategy (writing calls over existing stock positions) also contributed to the underperformance for the month. The Buy-Write strategy has resulted in outperformance of the Trust since inception with lower volatility.

The Diversified sector was the strongest performer up 5.3% over the month. GPT Group (GPT) (3.7%) and Stockland Trust Group (SGP) (9.0%) were the two key stocks influencing the sector's relative strength.

The Office sector returned 0.5% over the month with Commonwealth Property Office Fund (CPA) (up 0.5%) the key driver.

The Retail sector was up 2.7% with WDC (up 2.4%) and Westfield Retail Trust (WRT) (up 2.1%) the significant drivers over the month.

2013 Half year reporting season

The Australian Real Estate Investment Trust (AREIT) reporting season for the 6 months to 31 December 2012 demonstrated that AREITs are back in expansion mode - securities are priced around net tangible asset (NTA) value, debt costs are low and balance sheets are in check.

Key highlights:

- Results were typically in line with guidance for most AREITs with some increasing expectations for the coming year.
- Over the last 6 months, the Office sector was the best performing asset class with the highest comparable net operating income (NOI) growth of 4.5%. The Retail sector followed with 2.6% growth, whilst the Industrial sector grew comparable income by 1.9%. Importantly over the reporting period, retail AREITs continued to deliver the highest occupancy rate in the market at 99.6%.
- Asset value growth was a hot topic. Positive capitalisation rate movements were still largely concentrated at the prime end albeit valuation uplifts were marginal. The market expects 25 to 50 basis points of capitalisation rate compression over the next 12 to 24 months.
- Gearing levels on average remain low at circa 28% debt to gross assets. Management strategies remain conservative.

Top 5 Portfolio Holdings (as at 28 February 2013)

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

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% |
| 31 Dec 12 | \$0.1040 | 7.83% |
| Total | \$3.0671 | |

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 Ltd, 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 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

Level 2, 350 George Street, Sydney NSW 2000 PO Box R1695, Royal Exchange NSW 1225
Telephone: 1300 553 431, Visit: www.aurorafunds.com.au, or Email: 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.

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