

# Aurora Property Buy-Write Income Trust Performance Report - March 2013

ASX Code: AUP

## Summary

- The Trust returned -0.95% for March compared to the S&P/ASX200 Property Accumulation Index (AREIT Index) which returned -2.68%.
- Since inception, the Trust has outperformed the S&P/ASX200 Property Accumulation Index by 7.56% per annum.



## Performance<sup>1</sup>

	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	-0.95%	2.93%	8.60%	18.04%	9.72%	6.74%	-0.09%	11.72%
S&P/ASX200 Property Accumulation Index	-2.68%	5.20%	12.42%	30.74%	11.69%	-3.66%	-7.65%	22.20%

## 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 a specialist Asia Pacific real estate fund manager, 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.

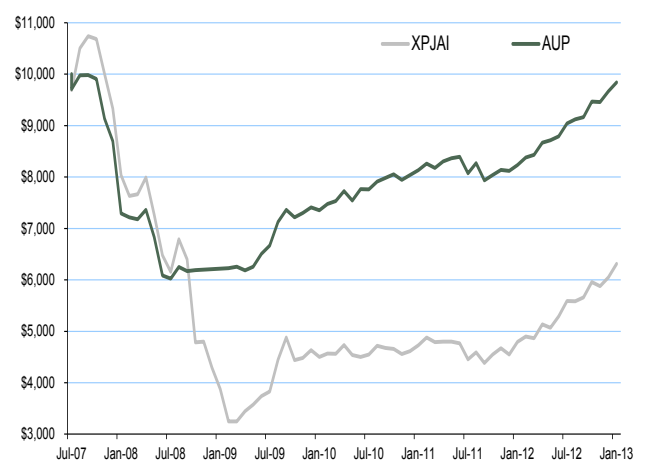
APN FM has a long held belief that investment in commercial property is primarily an investment in an income stream. Long term property leases also provide protection from the short term business cycle reflected in the market value of other asset classes. A commitment to the income benefits from property 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 Performance<sup>1</sup>



## 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

Trust Size	\$12.8 million
Net Assets Value per Unit	\$5.4434
NAV including distributions (since inception) <sup>1</sup>	\$9.6669

## Commentary

The Aurora Property Buy-Write Income Trust (AUP) was down -0.95% for the month ended 31 March 2013, outperforming the S&P/ASX 200 Property Trust Accumulation Index (AREIT Index) by 1.73% for the month. Since inception AUP has outperformed the AREIT Index by 7.56% per annum over the same period. The Trust outperformed over the month due to the Buy-Write strategy (writing calls over existing stock positions).

The Diversified sector was down 3.2% over the month. GPT (down 5.6%) and Stockland Trust Group (SGP) (down 2.9%) were the two key stocks influencing the sectors weakness.

The Office sector was up 1.0% over the month with Commonwealth Property Office Fund (CPA) (down 0.4%) the key drivers.

The Retail sector was down 3.4% with WDC (down 3.1%) and Westfield Retail Trust (WRT) (down 5.0%) the two significant detractors over the month.

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

- WDC sold 49.9% interests in six US malls, realising US\$700m and subsequently resumed its buyback which it had halted in the run-up to the announcement.
- Investa Office Fund (IOF) acquired a 50% interest in Leighton's 55,000 sqm 567 Collins Street development in Melbourne for \$464m on a yield of 6.7%.
- GPT raised \$250m in its inaugural US debt issuance to public markets across 12 and 15 year maturities at an average 170 basis point margin.
- SGP announced a \$115m redevelopment of Hervey Bay Shopping Centre scheduled to start in April.
- Australand Property Group (ALZ) opened a data-room and confirmed it has been contacted by a number of parties interested in buying part or the whole of its business.
- Charter Hall Retail (CQR) sold its interest in its last US joint venture with Regency Centers for US\$49m, realising circa A\$11m in net proceeds.
- GMG sold an industrial site in Mascot, Sydney to residential developer Meriton for \$100m.

## Top 5 Portfolio Holdings (as at 31 March 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%
31 Mar 13	\$0.1080	7.85%
Total	\$3.1751	

## 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

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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.

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