

Aurora Property Buy-Write Income Trust Performance Report - February 2015

ASX Code: AUP

Summary

- The Trust returned 1.12% for February compared to the S&P/ASX200 Property Accumulation Index (AREIT Index) which returned 3.70%.
- The Buy-Write strategy has resulted in outperformance of the Trust since inception with lower volatility.



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	1.12%	5.06%	5.67%	11.98%	12.26%	9.65%	2.26%	10.51%
S&P/ASX200 Property Accumulation Index	3.70%	16.72%	17.88%	35.37%	23.33%	15.00%	-1.11%	20.35%

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 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 institutional and retail investors. Collectively, APN manages over \$2.1 billion (as at 31 December 2104) 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.

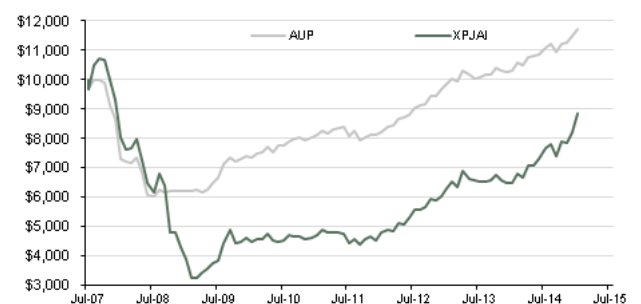
APN FM has a long held belief that investment in commercial property is primarily an investment in an income stream. Long term property leases also provide protection from the short term business cycle reflected in the market value of other asset classes. A commitment to the income benefits from property 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	\$11.9 million
Net Assets Value per Unit	\$5.6390
Exit Price Value per Unit	\$5.6277
NAV including distributions (since inception) ¹	\$11.51

Commentary

The Aurora Property Buy-Write Income Trust ("the Trust") provided a total return of 1.12% for the month ended February 2015, underperforming the S&P/ASX 200 Property Accumulation Index (AREIT Index). Since inception (July 2007), the Trust has outperformed the AREIT Index by 3.37% pa over the same period. The Trust underperformed over the month due to the Buy-Write strategy (writing calls over existing stock positions) which caps upside gains on significant price appreciation. The strategy has been instrumental in enhancing returns in flat, moderately rising and bear markets. Moreover the strategy of buying put options reduces capital risk. The Buy-Write strategy has resulted in outperformance of the Trust since inception with lower volatility.

The Diversified sector was up 5.8% over the month. The two main factors influencing performance were Mirvac Group (MGR.ASX) up 7.8% and Stockland Group (SGP.ASX) up 7.1%.

The Office sector was up 4.0% over the month with Cromwell Property Group (CMW.ASX) up 10.4% and Investa Office Fund (IOF.ASX) up 4.1% the key influencers.

The Retail sector was up 2.8% with Westfield Corporation (WFD.ASX) up 1.1% and Federation Centres (FDC.ASX) down 1.7% the key factors contributing to the sub sectors relative underperformance.

In the news:

- Federation Centre (FDC.ASX) and Novion Property Group (NVN.ASX) announced a merger agreement where it was proposed FDC will acquire NVN with an all scrip offer. NVN's largest holder, Gandel Group (21.6%), has advised of its intention to vote in favour of the merger in the absence of a superior offer.
- Morgan Stanley has commenced a process to sell Investa Property Group (IPG.ASX), the owner of Investa Office and Investa Land. The former incorporates a c.\$2bn investment portfolio and the management entity of \$8.9bn of assets across Investa Office Fund (IOF.ASX).
- Westfield Corporation (WFD.ASX) sold a 47.4% interest in three US assets for US\$438m to O'Connor Capital Partners, roughly in line with book value on an exit yield of ~6.3%.
- The Federal government is proposing a \$5,000 fee payable on foreigners purchasing housing valued under \$1m, and \$10,000 for over \$1m, as well as a further \$10,000 for every additional million dollars.
- Mirvac Group (MGR.ASX) has seven office and retail assets with book value of \$367m on the market yielding well above 7% reflecting lower asset quality

Top 5 Portfolio Holdings (as at 28 February 2015)

	ASX Code
Scentre Group	SCG
Stockland	SGP
Novion Property Group	NVN
Charter Hall Retail REIT	CQR
Dexus Property Group	DXS

Source: Aurora Funds Management

Trust Distributions (per Unit)

Period	Cash	Yield at NAV (p.a)
CY 07-09	\$1.7951	-
31 Mar 10	\$0.1100	8.34%
30 Jun 10	\$0.1100	8.38%
30 Sep 10	\$0.1100	8.29%
31 Dec 10	\$0.1100	8.23%
31 Mar 11	\$0.1100	8.35%
30 Jun 11	\$0.1100	8.38%
30 Sep 11	\$0.1060	8.03%
31 Dec 11	\$0.1000	8.19%
31 Mar 12	\$0.1000	8.16%
30 Jun 12	\$0.1000	8.02%
30 Sep 12	\$0.1020	8.00%
31 Dec 12	\$0.1040	7.98%
31 Mar 13	\$0.1080	8.01%
30 Jun 13	\$0.1090	8.01%
30 Sep 13	\$0.1080	8.01%
31 Dec 13	\$0.1090	8.15%
31 Mar 14	\$0.1060	8.04%
30 Jun 14	\$0.1057	8.00%
30 Sep 14	\$0.1078	8.00%
31 Dec 14	\$0.1088	8.20%
Total	\$3.9294	

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 \$220 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 Dividend Income Trust (Managed Fund)
(ASX code: AOD), (APIR code: AFM0010AU)

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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