

Aurora Property Buy-Write Income Trust

ARSN 125 153 648

Interim Financial Report

For the half-year ended 31 December 2020

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Director's Report

The directors of Aurora Funds Management Limited (AFML) (ABN 69 092 626 885), in its capacity as the responsible entity of Aurora Property Buy-Write Income Trust ("the Trust"), present their half-year report together with the financial statements of the Trust for the six months ended 31 December 2020, and the auditor's report thereon.

Principal activities

On 22 March 2018, as a consequence of its investment in the then ASX listed RNY Property Trust (RNY), the trust expanded its Investment Strategy to allow investments in unlisted property related equity and debt instruments, specifically in relation to RNY's existing North American assets. The Trust primarily invests in these unlisted property related equity and debt instruments.

The Trust did not have any employees during the half-year.

There were no significant changes in the nature of the Trust's activities during the half-year.

The Trust is currently listed on the Australian Security Exchange (ASX: AUP). The securities of the Trust have been suspended from quotation since 2 April 2020.

Directors

The following persons held office as directors of Aurora Funds Management Limited during the half-year and up to the date of this report, unless otherwise stated:

John Patton
Victor Siciliano
Anthony Hartnell AM

Units on issue

	31 December 2020	30 June 2020
Units on issue	2,027,801	2,027,801

Review and results of operations

During the half-year, the Trust continued to invest in accordance with the target asset allocations as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Constitution and Trust updates announced on the ASX.

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID – 19) as a pandemic, which continues to spread globally. The spread of COVID-19 has caused significant volatility in Australian and international markets. There is considerable uncertainty regarding the breadth and duration of the business disruptions related to COVID-19. The Trust continues to monitor the performance of its investments closely, and in-particular the investment in units issued by RNY Property Trust ("RNY"), and loans receivable from RNY and RNY Australia Operating Company LLC ("RAOC"). RNY and RAOC have specific exposure to the United States Commercial Property Market. The underlying five (5) US commercial properties held by RNY Property Trust ("RNY") were reassessed by independent third party valuation experts at 30 June 2020, noting no decline in valuation. RNY owns 100% of RNY Australia LPT Corp, which in turn owns 75% of RAOC.

Financial results for the half-year

The performance of the Trust, as represented by the results of its operations, was as follows:

	Half-year ended	
	31 December 2020 \$	31 December 2019 \$
Operating profit/(loss) before finance costs attributable to unitholders	(494,447)	106,757
Distributions paid and payable	-	-
<i>Distributions</i>		
Distribution (cents per unit) 31 December	-	-

Director's Report

Financial results for the half-year (continued)

The operating loss for the half-year was largely attributable to the strengthening of the \$A against the \$US, resulting in a foreign exchange loss of \$465K.

The Trust distributes all its net income each year to unitholders. AUP pays its distributable taxable income on a semi-annual basis (in respect of the periods ended 30 June and 31 December each year) up to 1.0% of NAV per period (up to 2.0% per annum). It is at the discretion of the board whether a distribution will be paid. For the half year ended 31 December 2020 no distribution was paid.

Financial position

Net Tangible Assets (NTA) per unit as disclosed to the ASX are shown as follows:

	31 December 2020 \$	30 June 2020 \$
At reporting period	3.2269	6.3496
High during period	6.2575	6.6260
Low during period	3.2269	6.2455

Information on underlying performance

The performance of the Trust is subject to the performance of the Trust's underlying investment portfolio. There has been no change to the investment strategy of the Trust during the half-year, and the Trust continues to invest in accordance with target asset allocations as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Constitution and any Trust updates on the ASX.

Strategy and future outlook

The Trust primarily invests in ASX listed and unlisted property companies, and property related debt instruments. This is expected to continue. As markets are subject to fluctuations, it is imprudent to provide a detailed outlook statement or statement of expected results of operations. The Trust provides regular updates, including monthly NTA announcements, which can be found in the announcement section of the Australian Securities Exchange website.

The Trust continues to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust's Constitution.

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Trust and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Trust.

Director's Report

RNY Property Trust (ASX:RNY)

As at 31 December 2020, Aurora's total ownership is 68.23% of which AUP owns 67.15% of the units in RNY.

Since 2 July 2018, AFML in its capacity as the Investment Manager of RNY, has been actively working to create value from its investment in RNY including working with the US lender of the underlying five (5) US commercial properties held by RNY and the property sub-manager to attract new tenants and working with various stakeholders to improve the properties.

On 6 October 2020, Huntley Management Limited ("Huntley"), as responsible entity for RNY, announced that the Amended and Restated Senior Loan Agreement ("Loan Agreement") with its US lender, ACORE Capital, had been executed. The term of the Loan Agreement is three years, comprising an initial 6-month term, one 6-month extension and two 12-month extension terms following the initial term.

For the half-year ended 31 December 2020, the Trust has adopted significant judgements and estimates to calculate the fair of this investment. The key sources of estimation uncertainty and fair value measurement in relation to RNY are outlined in Note 3.

In the opinion of the Directors, other than the matters already referred to in this report, there were no significant changes in the state of affairs of the Trust that occurred during the financial year.

Product Disclosure Statement

On 27 April 2017, the Trust's Product Disclosure Statement (PDS) was withdrawn for new off-market retail applications. The PDS is currently being updated and the Trust will re-commence accepting off-market retail applications once the PDS has been lodged with Australian Securities and Investments Commission.

Matters subsequent to the end of the half year

On 20 January 2021, Huntley Management Limited (Huntley), as responsible entity of RNY, announced that unitholders had passed a resolution to remove RNY from the Official List of the ASX. As a consequence of RNY's voting results, RNY was removed from the Official List of the ASX on 25 January 2021.

Other than the changes mentioned above, no other matters or circumstances have arisen since 31 December 2020 that have significantly affected, or may significantly affect:

- (i) the operations of the Trust in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Trust in future financial years.

Indemnity and insurance of Aurora Funds Management Limited

No insurance premiums have been paid for out of the assets of the Trust in relation to insurance cover provided to either the officers of Aurora Funds Management Limited or the auditors of the Trust. So long as the officers of Aurora Funds Management Limited act in accordance with the Trust Constitution and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

Indemnity of auditors

The auditors of the Trust are in no way indemnified out of the assets of the Trust.

Director's Report

Cost recovery and interests held in the Trust by the Responsible Entity or its associates

Costs recovered by the Responsible Entity and its associates out of Trust property during the year are disclosed in the Statement of Profit or Loss and Other Comprehensive Income.

No fees were paid out of Trust property to the Directors of the Responsible Entity during the year.

The number of interests in the Trust held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 9 to the financial statements.

Interests in the Trust

The movement in units on issue in the Trust during the year is disclosed in Note 5 of the financial statements.

The values of the Trust's assets and liabilities are disclosed in the Statement of Financial Position and derived using the accounting policies set out in Note 2 to the financial statements.

Environmental regulation

The operations of the Trust are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Trust or intervene in any proceedings to which the Trust is a party for the purpose of taking responsibility on behalf of the Trust for all or any part of those proceedings. The trust was not a party to any such proceedings during the half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



John Patton
Managing Director
2 August 2021
Melbourne

Auditor's Independence Declaration

To the Directors of Aurora Funds Management Limited as the responsible entity of Aurora Property Buy-Write Income Trust

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Aurora Property Buy-Write Income Trust for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 2 August 2021

Financial Statement

Condensed Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2020

	Note	Half-year ended	
		31 December 2020 \$	31 December 2019 \$
Investment income			
Interest income		122,955	280,559
Foreign exchange Gain/(Loss)		(465,739)	9,274
Total net investment income/(loss)		(342,784)	289,833
Expenses			
Management fees		37,794	61,801
Operating expenses	10	113,869	121,275
Total operating expenses		151,663	183,076
Operating profit/(loss) for the half-year		(494,447)	106,757
Finance costs attributable to unitholders			
Decrease/(Increase) in net assets attributable to unitholders	5	494,447	(106,757)
Profit/(loss) for the half-year		-	-
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year		-	-
Earnings/(loss) per unit (basic/ diluted)		(0.244)	0.053

Financial Statement

Condensed Statement of Financial Position as at 31 December 2020

	Note	As at	
		31 December 2020 \$	30 June 2020 \$
Assets			
Cash and cash equivalents	6	170	61
Other Receivables		39,930	46,100
Interest Receivable		1,193,422	1,070,450
Loans Receivable	7	3,922,129	4,387,907
Financial assets held at fair value through profit or loss	8	1,945,769	1,945,769
Total assets		7,101,420	7,450,287
Liabilities			
Payables to the responsible entity		490,309	344,728
Other payables		67,654	67,654
Total liabilities (excluding net assets attributable to unitholders)		557,963	412,382
Net assets attributable to unitholders – liability		6,543,457	7,037,905
Liabilities attributable to unitholders		(6,543,457)	(7,037,905)
Net assets		-	-

Financial Statement

Condensed Statement of Changes in Equity for the half-year ended 31 December 2020

	Note	Half-year ended	
		31 December 2020 \$	31 December 2019 \$
Balance at the beginning of the financial year		-	-
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-
Transactions with unitholders in their capacity as unitholders		-	-
Total operating expenses		-	-
Total equity at the end of the period		-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as liability rather than equity. As a result, there was no equity at the start or end of the financial year.

Financial Statement

Condensed Statement of Cash Flows for the half-year ended 31 December 2020

	Note	Half-year ended	
		31 December 2020 \$	31 December 2019 \$
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		51	130,000
Purchase of financial instruments held at fair value through profit or loss		(57)	-
Transaction costs on sale and purchase of financial instruments		(5)	-
Dividends and distributions received/(paid)		-	(74,360)
Interest received		33	-
GST recovered/(paid)		6,170	(1,595)
Management fees paid		2,835	(76,468)
Performance fees paid		-	(34,678)
Other operating expenses paid		(8,918)	(232,838)
Net cash inflow/(outflow) from operating activities		109	(289,939)
Cash flows from investing activities			
Loan repaid from RAOC		-	350,000
Loan repaid to AFML		-	(66,263)
Net cash inflow/(outflow) from investing activities		-	283,737
Cash flows from financing activities			
Payments for redemptions by unitholders and/or DRP		-	6,072
Net cash inflow/(outflow) from financing activities		-	6,072
Net (decrease)/increase in cash and cash equivalents		109	(130)
Cash and cash equivalents at the beginning of the period		61	352
Cash and cash equivalents at the end of the period	6	170	222
Non-cash financing activities		-	-

Notes to Financial Statements

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Notes to Financial Statements

Note 1. General information

The condensed interim financial statements cover Aurora Property Buy-Write Income Trust ("the Trust") as an individual entity. The Trust commenced operations on 19 July 2007 and was admitted to the Australian Securities Exchange ("ASX") on 26 July 2007 and is domiciled in Australia.

The Responsible Entity of the Trust is Aurora Funds Management Limited (the "Responsible Entity"). The Responsible Entity's registered office is Suite 613, Level 6, 370 St Kilda Road, Melbourne VIC 3004. The condensed interim financial statements are presented in Australian currency.

It is recommended that these condensed interim financial statements are considered together with the Product Disclosure Statement (which is currently being refreshed) and in accordance with the provisions of the governing documents of the Trust, and any public announcements made by the Trust during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and ASX listing rules.

The principal activities of the Trust during the half-year was the investment of Trust monies in accordance with its investment strategy, the provisions of the Trust Constitution, the Product Disclosure Statement and any Trust updates.

The interim financial report has been prepared on the basis of a going concern. The Trust has a closing cash position of \$170 and total creditors and other payables of \$557,963. The Trust has loans totalling \$3,922,129 from RNY Property Trust (ASX: RNY), which accrue interest. In addition, the Trust has equity investments of \$1,945,769 in RNY.

The Trust's ability to continue as a going concern is contingent on the receipt of interest from RNY as well as the ability to realise the loans and equity investments in RNY.

The condensed interim financial statements were authorised for issue by the directors of the Responsible Entity as at the date of the report.

Note 2. Significant accounting policies

The principal accounting policies applied in the preparation of this condensed interim financial report are set out below.

These policies have been consistently applied to all years presented, unless otherwise stated.

(a) New and amended standards

The Trust has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(b) Basis of preparation

The accounting policies applied by the Trust in this condensed interim financial report are the same as those applied by the Trust in its Financial Report as at, and for, the year ended 30 June 2020.

Statement of compliance

The condensed interim financial statements are a general purpose financial report prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

The interim financial report does not include all the information required for a full annual financial report and should be read in conjunction with the annual financial report as at, and for, the year ended 30 June 2020.

The condensed interim financial statements comply with IAS 34 Interim Financial Reporting.

Notes to Financial Statements

Statement of compliance (continued)

The condensed interim financial statements were authorised for issue by the directors as at the date of the directors' report. The Directors of the Responsible Entity have the power to amend and reissue the condensed interim financial statements.

Note 3. Use of estimates and judgements

In preparing these interim financial statements, management may make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at, and for, the year ended 30 June 2020.

Key sources of estimation uncertainty

1. RNY Property Trust (ASX: RNY)

The Directors have determined to carry the Trust's investment in RNY Property Trust ("RNY") at \$0.011 (being 1.1 cents) per unit at 31 December 2020. In reaching this position, the Directors considered the following factors:

- RNY was suspended from trading on the ASX on 1 April 2019, initially due to delays experienced in finalising its audited financial statements for the year ended 31 December 2018. Notwithstanding a clean review opinion in relation to the financial statements for the half year ended 30 June 2020, the ASX suspension has not been lifted. Historically, RNY has traded at a discount to its underlying net asset position.
- On 29 June 2020, Keybridge Capital Limited ("Keybridge") announced its intention to make an off-market all scrip takeover bid for RNY at an implied offer price of \$0.011 per RNY unit ("Keybridge Offer"), with its Bidder's Statement being dispatched on 28 August 2020. On 28 September 2020, Keybridge issued a substantial holder notice stating it had acquired a relevant interest of 1.01% in RNY (from parties not related to AFML) through acceptances into the Keybridge Offer. AFML has also elected to accept a portion of the holdings of the Managed Investment Schemes for which it is the Responsible Entity into the Keybridge Offer. The Offer has subsequently been extended and will now close at 7pm on Wednesday 30 June 2021.

Having regard to the above factors and as a consequence of the acceptances into the Keybridge Offer, the implied offer price of \$0.011 per RNY unit is the most readily observable price for RNY securities. Therefore the directors have determined a fair value of \$0.011 per unit in RNY.

On 6 October 2020 Huntley Management Limited ("Huntley"), as responsible entity for RNY, announced that:

- the Amended and Restated Senior Loan Agreement ("Loan Agreement") with its US lender, ACORE Capital ("Lender"), has been executed.
- Huntley is finalising the documentation for its previously announced 1:1 Non-Renounceable Rights Issue, and will provide unitholders with its proposed timetable after the closure of the Keybridge Offer.

On 20 January 2021, at a general meeting of RNY unitholders, a resolution to remove RNY from the Official List of the ASX was approved. Consequently RNY Property Trust ('RNY') was removed from the Official List of ASX Limited at the close of trading Friday, 26 February 2021

The Trust has loans receivable from RNY Australia Operating Company ("RAOC") of \$3,824,827 (June 2020: \$4,279,049) and RNY Property Trust ("RNY") of \$97,302 (June 2020: \$108,858) at 31 December 2020. RNY has a positive net asset position of \$12.26 million as per the Appendix 4D lodged by RNY with the ASX on 31 August 2020. The Directors consider the loans owing by RAOC and RNY to the Trust at 31 December 2020 to be fully recoverable and therefore there is no Expected Credit Loss associated with these loans. On 13 May 2021 RAOC repaid loan interest amounting to \$352,608 USD (\$451,170 AUD).

Aurora Funds Management Ltd. being the investment manager of the RNY Property Trust engaged expert third party valuers (CBRE) to update valuations for the property portfolio in response to the outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020.

Notes to Financial Statements

Note 3. Use of estimates and judgements (continued)

The expert third party valuations included the following Market Uncertainty relating to the Novel Coronavirus:

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed the current response to COVID-19 means that that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore being reported as being subject to material valuation uncertainty.

Consequently, less certainty - and a higher degree of caution - should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of this property under frequent review. For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above. Does not mean that the valuation cannot be relied upon. Rather the declaration has been included to ensure transparency of the fact that - in the current extraordinary circumstances - less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

For the year ended 31 December 2020, the Trust has adopted significant judgements and estimates to calculate the fair value of this investment.

Note 4. Fair value measurement

The Trust measures and recognises the following assets and liabilities at fair value on a recurring basis through profit or loss (FVTPL).

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

Fair value hierarchy

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The Trust values its investments in accordance with the accounting policies within this note to the financial statements. For the majority of its investments, the Trust relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Trust is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Trust holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Notes to Financial Statements

Note 4. Fair value measurement (continued)

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models, volume weighted average prices or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Trust holds.

The following tables detail the Trust's assets and liabilities, measured or disclosed at fair value as at the half-year ended 31 December 2020 and the year ended 30 June 2020, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
31 December 2020				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Listed equity securities	-	1,945,769	-	1,945,769
Total financial assets	-	1,945,769	-	1,945,769

	Level 1	Level 2	Level 3	Total
30 June 2020				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Listed equity securities	-	1,945,769	-	1,945,769
Total financial assets	-	1,945,769	-	1,945,769

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities and certain listed unit trusts.

Transfers between levels

There have been no transfers between levels for the half-year ended 31 December 2020.

Valuation inputs investments

The Trust invests in listed securities trading as RNY. The Trust and other associated entities of AFML hold 68.23% of the units in RNY. For the reasons disclosed in Note 3, the last traded price has not been adopted. The valuation is based on the most recent off-market selling price.

Notes to Financial Statements

Note 5. Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the half-year and previous financial year were as follows:

	31 December 2020 No.	30 June 2020 No.	31 December 2020 \$	30 June 2020 \$
Opening balance	2,027,801	2,026,165	7,037,905	12,552,158
Applications	-	-	-	-
Redemptions	-	-	-	-
Buy backs	-	-	-	-
Units issued upon reinvestment of distributions	-	1,636	-	6,073
Increase/(decrease) in net assets attributable to unitholders	-	-	(494,448)	(5,520,326)
Closing balance	2,027,801	2,027,801	6,543,457	7,037,905

As stipulated within the Trust Constitution, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust.

Accounting policy for distribution to unitholders

The Trust distributes its distributable income in accordance with the Trust Constitution, to unitholders by cash or reinvestment. The distributions are recognised in profit or loss as finance costs attributable to unitholders. Unpaid amount is recognised in the Statement of Financial Position.

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the Statement of Profit or Loss and Other Comprehensive Income as finance costs.

Note 6. Cash and cash equivalents

	31 December 2020 \$	As at 30 June 2020 \$
Cash at bank	170	61
Total cash and cash equivalents	170	61

Notes to Financial Statements

Note 7. Loans Receivable

	As at	
	31 December 2020 \$	30 June 2020 \$
Loans receivable from RNY Australia Operating Company LLC		
USD\$1,540,450 maturing 2 July 2023. Interest charged at 12% p.a.	1,998,526	2,235,863
USD\$491,360 maturing 20 August 2023. Interest charged at 12% p.a.	637,473	713,177
USD\$211,591 maturing 1 October 2023. Interest charged at 12% p.a.	274,510	307,110
USD\$704,750 maturing 15 November 2023. Interest charged at 12% p.a.	914,318	1,022,899
Total loans receivable from RNY Australia Operating Company LLC:	3,824,827	4,279,049
Loan receivable from RNY Property Trust:		
USD\$75,000 maturing date 2 July 2023. Interest charged at 12% p.a.	97,302	108,858
Total Loans receivable	3,922,129	4,387,907

Note 8. Financial assets held at fair value through profit or loss

	As at	
	31 December 2020 \$	30 June 2020 \$
Designated at fair value through profit or loss		
Listed Australian equity securities	1,945,769	1,945,769
Total financial assets held at fair value through profit or loss	1,945,769	1,945,769

Note 9. Related party transactions

Responsible Entity

The Responsible Entity of Aurora Property Buy-Write Income Trust is Aurora Funds Management Limited.

Key management personnel unitholdings

As at 31 December 2020, John Patton, Managing Director, holds 47,276 (30 June 2020: 47,276) units in the Trust via his self-managed superannuation fund.

As at 31 December 2020, Victor Siciliano, executive Director, holds 5,000 (30 June 2020: 5,000) units in the Trust.

As at 31 December 2020, Anthony Hartnell AM, Non-Executive Director, holds 6,131 (30 June 2020: 6,131) units in the Trust.

Key management personnel compensation

Key management personnel are paid by Aurora Funds Management Limited. Payments made from the Trust to Aurora Funds Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

Notes to Financial Statements

Note 9. Related party transactions (continued)

Related party unitholdings

The interests in the Trust held by other management investment schemes also managed by the Responsible Entity are shown as follows:

31 December 2020	No. of units held opening	No. of units held closing	Fair value of investment	Interest held	No. of units acquired	No. of units disposed	Distributions paid/payable by the Trust
Aurora Fortitude Absolute Return Fund	414,936	414,936	1,338,957	-	-	-	-
Aurora Dividend Income Trust	39,108	39,108	126,198				

30 June 2020

Aurora Fortitude Absolute Return Fund	454,044	414,936	1,440,118	-	-	39,108	-
Aurora Dividend Income Trust	-	39,108	135,732		39,108		

The interests in the Trust held by the Responsible Entity are shown as follows:

31 December 2020	No. of units held opening	No. of units held closing	Fair value of investment	Interest held	No. of units acquired	No. of units disposed	Distributions paid/payable by the Trust
Aurora Funds Management Limited	-	-	-	-	-	-	-

30 June 2020

Aurora Funds Management Limited	-	-	-	-	-	-	-
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Other related party information

Aurora Corporate

Aurora Corporate Pty Ltd as Trustee for the Aurora Investments Unit Trust (Aurora Corporate) owns 100% of the ordinary shares of Aurora Funds Management Limited, being the Responsible Entity of the Trust.

Aurora Corporate Pty Ltd is 50% owned by John Patton, the Managing Director of Aurora Funds Management Limited, and 50% owned by Victor Siciliano, an Executive Director of Aurora Funds Management Limited.

Notes to Financial Statements

Note 9. Related party transactions (continued)

Directorships

Mr John Patton was appointed to the Boards of the following listed entities held by other managed investment schemes also managed by the Responsible Entity:

- Mr Patton was appointed to the Board of Keybridge Capital Limited as a Non-Executive Director on 10 August 2016 and was subsequently appointed to the role of Executive Chairman on 13 October 2016; and
On the 21 January 2020, Mr Patton retired from his position as director and chairman of Keybridge
- Mr Patton was appointed to the Board of Metgasco Limited as a Non-Executive Director on 19 September 2016.
- Mr Patton was appointed to the Board of Yowie Group Limited as a Non-Executive Director on 5 February 2021.
- Mr Patton was appointed to the Board of Molopo Energy Limited as a Non-Executive Director on 5 July 2021.

Investments

The Trust holds 176,888,097 units in RNY Property Trust. Aurora Funds Management Limited was appointed as Investment Manager of RNY Property Trust on 2 July 2018.

Responsible Entity's/manager's fees and other transactions

Under the terms of the Trust Constitution, the Responsible Entity is entitled to receive fees, calculated by reference to the average daily net assets (excluding net assets attributable to unitholders) of the Trust as follows:

- Management fee payable to the Responsible Entity is 1.03% (including GST) per annum;
- Performance fee of 10.25% (including GST) per annum is applied to the total excess between the Total Unit Holder Return (TUR) and the RBA Cash Rate plus 1% daily. Performance fees are payable half-yearly.

The Trust announced via a fund update on its website that effective 8 August 2017, Aurora Funds Management Limited may begin charging all of its normal operating expenses to the Trust in accordance with the Trust's Constitution.

The transactions during the year and amounts payable at year end between the Trust and the Responsible Entity were as follows:

	Half-year ended	
	31 December 2020	31 December 2019
	\$	\$
Management fees for the half-year paid/payable by the Trust to the Responsible Entity	37,794	61,801
Recoverable costs of Responsible Entity for the half-year paid/payable by the Trust to the Responsible Entity	113,489	117,716
Balance owing to the Responsible Entity at the end of the reporting period	490,309	251,574

No amounts were paid by the Trust directly to the key management personnel of Aurora Funds Management Limited.

Loans

The Trust owns 67.15% of the units in RNY Property Trust, which in turn owns 100% of RNY Australia LPT Corp, which in turn owns 75% of RNY Australia Operating Company LLC. The Trust has advanced loans totalling \$3,922,129 to RNY Australia Operating Company LLC at 31 December 2020, denominated in \$USD (June 2020: 4,387,907). Interest is payable on these loans at 12% per annum. The loans are unsecured. For the half-year ended 31 December 2020 interest of \$122,987 was accrued on these loans for the half year. (\$280,558 for the half-year ended 31 December 2019).

Notes to Financial Statements

Note 10. Operating expenses

	Half-year ended	
	31 December 2020	31 December 2019
	\$	\$
Bank fees	380	380
Interest charges	-	3,179
Recovery expenses	113,489	117,716
Other operating expenses	-	-
Total other operating expenses	113,869	121,275

Note 11. Contingent assets and liabilities

There were no contingent assets and liabilities as at 31 December 2020 (30 June 2020: Nil).

Note 12. Events after the reporting period

RNY Property Trust ('RNY') was removed from the Official List of ASX Limited at the close of trading Friday, 26 February 2021, in accordance with Listing Rule 17.11 after security holders resolved to remove RNY from the Official List.

Other than the events mentioned in the Directors' Report, no significant events have occurred since the end of the reporting period which would impact on the financial position of the Trust disclosed in the Condensed Statement of Financial Position as at 31 December 2020 or on the results and cash flows of the Trust for the half-year ended on that date.

The most recent Net Asset Value (NAV) per unit disclosed to the ASX is \$3.3374 per unit as at 30 June 2021.

Director's Declaration

The Directors of the Responsible Entity declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;
- (b) In the directors' opinion, the attached condensed financial statements are in compliance with International Financial Reporting Standards as stated in Note 2 to the condensed financial statements;
- (c) In the directors' opinion, the attached condensed financial statements and notes thereto are in accordance with *the Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- (d) The directors have been given the declarations of the Responsible Entity made pursuant to s295(5) of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Responsible Entity, Aurora Fund Management Limited.



John Patton
Managing Partner
2 August 2021

Independent Auditor's Review Report

To the Unitholders of Aurora Property Buy-Write Income Trust

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Aurora Property Buy-Write Income Trust (the Trust), which comprises the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Aurora Property Buy-Write Income Trust does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Aurora Property Buy-Write Income Trust's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of Matter – Valuation uncertainty

We draw attention to Note 3 in the financial report, which indicates that the Trust has an investment in RNY Property Trust and loans receivable from RNY Australia Operating Company, the 75% subsidiary of RNY Property Trust. It is indicated that the property valuation reports performed by the external valuer, CBRE, on each of the five properties owned by the Trust's debtor, RNY Australia Operating Company, contain market uncertainty clauses. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Responsible Entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Trust's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 2 August 2021