

# Aurora Property Buy-Write Income Trust ASX Code: AUP

## Performance Report - 30 November 2009

### Summary

- The Trust returned +1.12% for November compared to the S&P/ASX200 Property Accumulation Index which returned +1.01%.
- The Trust returned +17.73% for the year to November, versus the S&P/ASX200 Property Accumulation Index which returned -6.58%



### Performance

	1 mth	3 mths	6 mths	12 mths	2 yrs (p.a.)	Since inception (p.a.)
Aurora Property Buy-Write Income Trust	1.12%	2.42%	16.71%	17.73%	-10.62%	-12.53%
S&P/ASX Property Accum Index	1.01%	0.86%	26.34%	-6.58%	-33.07%	-28.92%

### 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 Funds Management Limited (APN FM) has been appointed as the Investment Adviser with responsibility to actively manage the Trust's investment strategy.

Established in 1998, APN FM currently manages a broad range of property securities funds with total assets under management of approximately \$2.8 billion (as at 30 June 2009). APN FM has established a strong track record and market reputation for managing domestic real estate securities with a particular focus on income returns. APN FM's expertise is widely recognised in the property funds management industry, as evidenced by the following awards:

- AFR Smart Investor Blue Ribbon Award 2008 - Australian Listed Property;
- Morningstar Fund Manager of the Year 2007 - Listed Property;
- Investor Web Research Property Securities Fund Manager of the Year for 2002, 2003 and 2004;
- Property Investment Research – Property Securities Manager of the Year 2005, 2006 and 2008; and
- Monitor Money Skilled Manager of the Year 2002-2003

An active investment management style combined with a concentrated focus on the fundamentals of commercial property investments lies at the heart of APN Funds Management's philosophy. APN FM is a leader in real estate which is driven by the investment team's longstanding experience and expert knowledge of property markets and research capability.

### Trust features

Unit pricing	Monthly.
Distribution frequency	Half yearly.
Distribution policy	The Trust will distribute 100% of its net realised gains each year.
Distribution Reinvestment Plan	Available.
Applications	Investors may acquire Units on market 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

Market capitalisation	\$19,558,645
Net Asset Value (NAV)	\$20,192,463
Units on issue	3,676,437
Net Assets Value per Unit	\$5.4924
NAV plus distributions paid (since inception)	\$6.9875

### Trust distributions (per Unit)

Period	Cash	Total	Yield at NAV (p.a)
31 Dec 07	\$0.4670	\$0.4670	10.5%
30 Jun 08	\$0.4781	\$0.4781	11.3%
31 Dec 08	\$0.3000	\$0.3000	11.1%
30 Jun 09	\$0.2500	\$0.2500	9.7%
Total	\$1.4951	\$1.4951	

## Investment Manager Commentary

by APN Funds Management Limited

The Trust delivered a return of +1.12% compared to the Index which delivered a return of +1.01% for November 2009. The total return of the Trust over the 12 months to 30 November 2009 was +17.73% compared to the Index that returned -6.58%.

Capital raising activity during November was focussed on the Commonwealth Office Property Fund fully underwritten \$100m equity and \$200m convertible note issue to fund the acquisition of assets in Brisbane and Perth. The Morgan Stanley IPO failed to gain market support and was pulled.

In Merger and Acquisitions activity (M&A) over the month the Mirvac Group (MGR) takeover of Mirvac Real Estate Trust (MRZ) was narrowly supported by investors.

Direct property sales activity continued to increase, albeit slowly. Pending sales of landmark assets such as Joondalup Shopping Centre in Perth and Aurora Place in Sydney will be excellent guides as to the level of demand for assets that have been difficult to transact over the past 18 months.

Anecdotal evidence indicates that we are at the end of the property devaluation cycle. Modest further reductions may come through the December half year valuations but many expect values to stabilise at current levels.

It was this time last year in the midst of the Global Financial Crisis (GFC) that we wrote an article entitled "Are we there yet?" which examined the key issues impacting the real estate investment market and the preconditions for a recovery. (see [www.apngroup.com.au](http://www.apngroup.com.au) under "Latest news" for this article) As we reflect on the events that have transpired over the past year, we thought it was appropriate to revisit this article to see how we stand 12 months later. So are we there yet? We're very close as the signs of a sustained recovery are growing.

The past year has been a testing one. We witnessed the ASX AREIT Index fall from its peak of 2,570 in February 2007 to a staggering (and nerve wracking) 546 in March 2009. It has since bounced from the low in March by approximately 60% to the end of November. The direct commercial real estate market has also significantly repriced and there is growing consensus that we are at or near the cyclical bottom.

As balance sheets were restored (albeit at a cost), credit markets thawed and investor confidence returned, the sector is now clearly on a more sustainable footing, having confronted the full impact of the GFC.

We are seeing the return of the traditional real estate investment model which focuses on income derived from the rent collected on commercial property. We expect this will deliver lower volatility, relatively high income (7 to 8% pa) and capital growth aligned to CPI over the longer term. This is the conservative and traditional model that APN has always strongly supported.

## Top 5 Portfolio Holdings (as at 30 November 09)

	ASX Code
Westfield	WDC
Dexus	DXS
CFS Retail	CFX
Stockland	SGP
General Property Trust	GPT

Source: APN Funds Management

## About Aurora

Aurora Funds Management (Aurora) is an investment management and distribution group owned and operated by a group of professionals with considerable experience in retail funds management, stockbroking, margin lending, corporate advisory and investment banking.

Aurora aims to source, package and distribute carefully researched investment strategies that are managed by specialist wholesale investment managers.

Aurora is also the Issuer of the:

- Aurora Buy-Write Income Trust (ASX code: ABW)
- Aurora Global Infrastructure Income Trust (ASX code: AIB)
- Aurora Sandringham Dividend Income Trust (ASX code: AOD)
- CORALS Commodities Fund (ARSN 131 196 882)
- van Eyk Blueprint Alternatives Plus (ASX code: VBP)

## Aurora Funds Management

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