

Aurora Property Buy-Write Income Trust Performance Report - September 2014

ASX Code: AUP

Summary

- The Trust returned -2.46% for September compared to the S&P/ASX200 Property Accumulation Index (AREIT Index) which returned -5.35%.
- The Trust has outperformed the AREIT index by 5.20% p.a. since inception of the strategy.



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	-2.46%	0.54%	4.45%	7.48%	11.28%	8.24%	1.26%	10.75%
S&P/ASX200 Property Accumulation Index	-5.35%	1.06%	10.45%	12.19%	18.93%	8.62%	-4.14%	20.48%

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 institutional and retail investors. Collectively, APN manages over \$2 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.

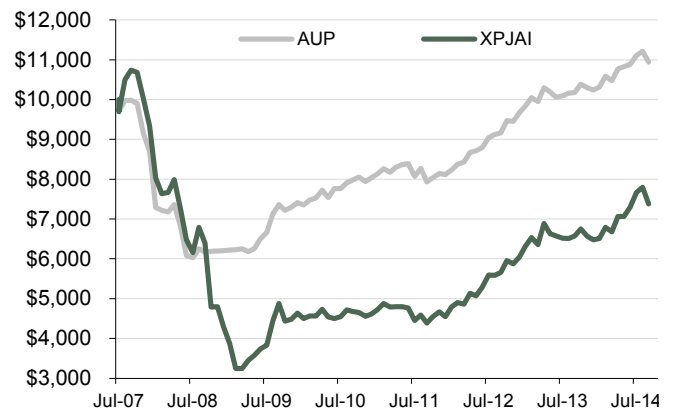
APN FM has a long held belief that investment in commercial property is primarily an investment in an income stream. Long term property leases also provide protection from the short term business cycle reflected in the market value of other asset classes. A commitment to the income benefits from property 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	\$12 million
Net Assets Value per Unit	\$5.31
Exit Price Value per Unit	\$5.30
NAV including distributions (since inception) ¹	\$10.63

Commentary

The Trust was down -2.46% for the month ended September 2014, outperforming the S&P/ASX 200 Property Accumulation Index (AREIT Index) by 2.89%. Since inception (July 2007), the Trust has outperformed the AREIT Index by 5.40% pa over the same period. The Trust outperformed due to the strategy of writing calls over selected stock positions. Over the month, the stocks impacting the Trust's outperformance relative to the AREIT Index were our underweight positions in underperforming stocks such as Goodman (GMG) (down 7.3%) and Mirvac (MGR) (down 6.3%) along with overweight positions in relatively stronger stocks like Scentre (SCG) (down 4.4%) and Charter Hall Retail Trust (CQR) (down 4.3%).

The Diversified sector was down 5.5% over the month. The two main factors influencing performance were Stockland (SGP) (down 7.1%) and Mirvac (MGR) (down 6.3%).

The Office sector was down 7.1% over the month. Investa Office Fund (IOF) (down 8.7%) and Dexus Property group (DXS) (down 7.9%) were the two key influencers.

The Retail sector was down 4.2%. Westfield (WFD) (down 2.2%) and Scentre (SCG) (down 4.4%) were the key factors contributing to the sub sector's relative outperformance.

The Industrial sector was down 7.1% over the month reflecting the performance of Goodman (GMG) that was down 7.3% and 360 Capital Industrial Fund down 3.0%.

Key announcements included:

WFD issued US\$3.5bn in fixed rate notes to refinance its bridging facility, at an average all-in cost of approximately 3.1% and for an average term of 9.6 years;

GPT completed a \$255m book build for its Metro Office Fund, which will own six A-grade suburban office assets across Sydney, Brisbane and Melbourne valued at approximately \$375m, and will commence trading on 24 October under the code GMF;

CFS Retail Group (CFX) will change its name to Novion Property Group, and its ASX code to NVN, effective 3 November 2014;

Astro Japan Group (AJA) refinanced two of its loans on new 10-year loans with substantially improved amortisation requirements, upgraded its FY15 DPS guidance 25% to 25¢ps, sold its an asset at a 6% premium to book value, and announced a 5% on-market buyback;

Ingenia Communities (INA) raised \$89.1m through an institutional placement and a 1-for-7 entitlement offer.

Top 5 Portfolio Holdings (as at 30 September 2014)

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

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%
Total	\$3.8206	

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 \$218 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

Level 4, 1 Alfred 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.

Disclaimer: This information has been prepared by Aurora Funds Management Ltd (ABN 69 092 626 885 AFSL 222110) in its capacity as Responsible Entity for the Aurora Property Buy-Write Income Trust (ARSN 125 153 648). It has been prepared without taking into account the objectives, financial situation or needs of any investor, which should be considered before investing. Investors should consider a copy of the Product Disclosure Statement and seek their own financial advice prior to investing in the Trust. The information in this newsletter is of a summary nature only and does not constitute advice of any kind, nor is it an offer of any financial product. Past performance is not a reliable indication of future performance. *The investment objective is expressed after the deduction of fees and before taxation. See the PDS for details on taxation. The objective is not intended to be a forecast, and is only an indication of what the investment strategy aims to achieve over the medium to long term. While we aim to achieve the objective, the objective and returns are not guaranteed. Please see asx.com.au for more information on the S&P/ASX200 Property Accumulation Index.

APN Funds Management Limited ("APN FM") does not make any statement or representation in this document on the accuracy or completeness of the information herein. APN FM has not authorised or caused the issue of this document or the PDS and does not accept any responsibility for this document or the PDS. Further information about APN FM can be obtained from www.apnfm.com.au.