

Aurora Property Buy-Write Income Trust

ARSN 125 153 648

Interim Financial Report For the half-year ended 31 December 2017



Contents

Directors' report	2
Auditor's independence declaration	6
Condensed Statement of Profit or Loss and Other Comprehensive Income	7
Condensed Statement of Financial Position	8
Condensed Statement of Changes in Equity	9
Condensed Statement of Cash Flows	10
Notes to the Condensed Financial Statements	11
Directors' declaration	20
Independent auditor's review report	21

Directors' Report

The Directors of Aurora Funds Management Limited (ABN 69 092 626 885), the "Responsible Entity" of Aurora Property Buy-Write Income Trust ("the Trust"), present their interim report together with the condensed financial statements of the Trust for the half-year ended 31 December 2017, and the auditor's report thereon.

The condensed financial report has been prepared for the Trust as it is a disclosing entity under the *Corporations Act 2001*.

Principal activities

The Trust invests in equities in accordance with the provision of the Trust Constitution and current Product Disclosure Statement.

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

The Trust is currently listed on the Australian Securities Exchange (ASX: AUP).

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

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 indicated:

John Patton

Jeffrey Schwarz (appointed 25 July 2017)

Victor Siciliano (appointed 9 January 2018)

Jim Hallam (resigned 25 July 2017)

Betty Poon (removed 27 November 2017)

Units on Issue

Units on Issue in the trust at the end of the half-year are set out below:

	31 December 2017	30 June 2017
Units on issue	2,121,904	2,332,188

Review and results of operations

During the half-year, the Trust continued 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.

The investment policy of the Trust continues to be that detailed in the current Product Disclosure Statement and in accordance with the provisions of the governing documents of the Trust.

Financial position

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

	31 December 2017 \$	30 June 2017 \$
At reporting period	4.32	4.66
High during period	4.60	5.77
Low during period	4.32	4.53

Directors' Report (continued)

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 2017	31 December 2016
	\$	\$
Operating profit before finance costs attributable to unitholders	(355,361)	(340,397)
Distributions paid and payable	(407,397)	(506,394)
<i>Distributions</i>		
Distribution – (cents per units) - 30 September	9.32	11.38
Distribution – (cents per units) - 31 December	8.95	10.90

The Trust distributes all its net income each year to Unitholders. The Trust distributes 2% of the Net Asset Value ("NAV") per unit each quarter. Should the Trust not generate sufficient net income to cover the distribution in any financial year, then part or all of any distribution may be a return of capital.

Information on underlying performance

The performance of the Trust is subject to the performance of the Trust's underlying 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.

Strategy and future outlook

The Trust is predominately invested in listed equities, with a focus on Australian equity securities. 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 ASX website.

The Trust will continue 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.

Significant changes in state of affairs

Funds taken without proper authority and termination of Aurora Funds Management Limited ("AFML") key personnel member

On 25 November 2017, AFML became aware that \$1m had been misappropriated from its bank account without proper authority. On 27 November 2017 AFML terminated key personnel member Betty Poon. Betty Poon was a Director, Company Secretary and Chief Financial Officer of AFML. Aurora has reported the matter to Victoria Police and are working through a range of initiatives to recover the funds.

RNY Property Trust (ASX: RNY)

On 1 July 2017, the Trust held 17.2% of the units of RNY.

On 18 July 2017, RNY announced that the estimated returns on its current liquidation strategy would be significantly lower than previous estimates, which negatively impacted its unit price. Due to this, on 28 July 2017 AFML requisitioned a meeting

of RNY unitholders to consider replace RNY's Responsible Entity ("RE") RNY Australia Management Limited ("RAML") with AFML, and change RNY's strategy. RAML called the meeting to be held on 12 September 2017.

On 28 August 2017, the Trust commenced an off-market takeover bid to acquire 100% of the units in RNY.

The Trust's proposed resolution to replace RNY's RE RAML with AFML at the 12 September 2017 RNY unitholder meeting did not receive sufficient unitholder support and was unsuccessful. When the off-market takeover bid by the Trust closed on 2 November 2017 however, the Trust had accumulated 80.91% of units in RNY, and as such had voting power in RNY to replace RAML with an RE of its choosing.

On 8 November 2017, the Trust called and arranged another meeting to be held on 1 December 2017 for RNY unitholders to consider resolutions to replace RAML with AFML as RE of RNY. This meeting did not proceed due to the discovery of \$1m in funds taken without proper authority on 25 November 2017 (as previously identified), that resulted in Australian Securities and Investments Commission stating on 30 November 2017 it would not be in a position to vary AFML's Financial Services License as required for AFML to become RNY's RE.

The Trust subsequently identified Huntley Management Limited ("HML") an alternate RE for RNY and on 19 January 2018 called a meeting of RNY unitholders to consider replacing RAML with HML, with the meeting being held on 12 February 2018. At the unit holder meeting on 12 February 2018, the resolutions were passed, so subject to ASIC confirmation, HML will become RNY's RE in due course.

Matters subsequent to the end of the half-year

A number of events pertaining to Trust's investment in RNY has occurred after 31 December 2017 (see above). Besides these, no matter or circumstance has arisen since 31 December 2017 that has 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 are 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.

Fees paid and interests held in the Trust by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of Trust property during the half-year are disclosed in the Condensed Statement of Profit or Loss and Other Comprehensive Income as "Management fees" and "Performance fees".

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

Interests in the Trust

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

The values of the Trust's assets and liabilities are disclosed on the Condensed Statement of Financial Position and derived using the basis set out in Note 2 of the interim report.

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 Trust

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.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6 of this financial report.

The report is made in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'John Patton', with a stylized flourish at the end.

John Patton
Managing Director
28 February 2018

Collins Square, Tower 1
727 Collins Street
Docklands Victoria 3008

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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 2017. 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, 28 February 2018

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

Financial Statements

Condensed Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2017

	Notes	Half-year ended	
		31 December 2017 \$	31 December 2016 \$
Investment income			
Interest income		8,062	6,278
Dividends and distribution income		253,376	109,770
Net gains/(losses) on financial instruments held at fair value through profit or loss		(237,838)	(312,966)
Other income		-	-
Total net investment income		23,600	(196,918)
Expenses			
Management fees	11	53,718	62,365
Transaction costs		10,502	4,936
Other operating expenses	11, 12	314,741	65,411
Unitholder meeting costs	13	-	10,767
Total operating expenses		378,961	143,479
Operating profit/(loss)		(355,361)	(340,397)
Finance costs attributable to unitholder			
Distribution to unitholders	6	(407,397)	(506,394)
(Increase)/decrease in net assets attributable to unitholders	5	762,758	846,791
Profit/ (loss) for the half-year		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-
Earnings/(loss) per unit (basic/ diluted)		(\$0.155)	(\$0.145)

The above Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Statement of Financial Position as at 31 December 2017

	Notes	31 December 2017 \$	As at	
			Restated 30 June 2017 \$	30 June ⁽¹⁾ 2017 \$
Assets				
Cash and cash equivalents	7	3,183,977	2,283,179	3,283,179
Dividends Receivables		-	266,822	266,822
Receivables	8	1,294,844	1,082,812	82,812
Financial assets held at fair value through profit or loss	9	5,091,723	7,521,202	7,521,202
Total assets		9,570,544	11,154,015	11,154,015
Liabilities				
Distributions payable		189,910	233,219	233,219
Financial liabilities held at fair value through profit or loss	10	-	55,965	55,965
Due to brokers - payable for securities		36,059	-	-
Other payables		182,452	-	-
Total liabilities (excluding net assets attributable to unitholders)		408,421	289,184	289,184
Net assets attributable to unitholders		9,162,123	10,864,831	10,864,831
Liabilities attributable to unitholders		(9,162,123)	(10,864,831)	(10,864,831)
Net assets		-	-	-

(1) As disclosed in Note 7 and 8 (note above), on 25 November 2017, AFML as RE became aware of a fraud of \$1m that occurred on 15 February 2017 that was incorrectly classified as a cash and cash equivalent as at 30 June 2017 when in fact it should have been an insurance receivable due to it being misappropriated. This error has been rectified by restating the affected financial statement line items for prior periods.

The above Condensed Statement of Financial Position should be read in conjunction with the accompanying notes.

Condensed Statement of Changes in Equity for the half-year ended 31 December 2017

	Notes	Half-year ended	
		31 December 2017 \$	31 December 2016 \$
Balance at the beginning of the period			
Profit/(loss) for the half-year		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-
Transactions with unitholders in their capacity as unitholders		-	-
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 half-year.

The above Condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Financial Statements

Condensed Statement of Cash Flows

for the half-year ended 31 December 2017

	Notes	Half-year ended	
		31 December 2017	31 December 2016
		\$	\$
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		6,644,773	12,050,770
Purchase of financial instruments held at fair value through profit or loss		(4,417,072)	(4,624,900)
Transaction costs on sale and purchase of financial instruments at fair value through profit or loss		(10,503)	(4,936)
Dividends and distributions received		520,198	274,566
Interest received		9,577	3,555
GST recovered/(paid)		(24,269)	(13,764)
Management fees paid		(45,545)	(61,261)
Other operating expenses paid		(386,844)	(100,175)
Net cash inflow/(outflow) from operating activities		2,290,315	7,523,855
Cash flows from financing activities			
Proceeds from applications by unitholders		-	3,519,485
Payments for redemptions by unitholders		(997,147)	(2,090,204)
Payments for buy backs		-	(167,555)
Distributions paid to unitholders		(392,370)	(473,009)
Net cash (outflow)/inflow from financing activities		(1,389,517)	788,717
Net increase/(decrease) in cash and cash equivalents		900,798	8,312,572
Cash and cash equivalents at the beginning of the period		2,283,179	315,161
Cash and cash equivalents at the end of the period	7	3,183,977	8,627,733
Non-cash financing activities		58,335	64,485

The above Condensed Statement of Cash Flows should be read in conjunction with the accompanying notes.

Contents

- 1 General information
- 2 Summary of significant accounting policies
- 3 Use of estimates and judgements
- 4 Fair value measurement
- 5 Net assets attributable to unitholders
- 6 Distributions to unitholders
- 7 Cash and cash equivalents
- 8 Receivables
- 9 Financial assets held at fair value through profit or loss
- 10 Financial liabilities held at fair value through profit or loss
- 11 Related party transactions
- 12 Other operating expenses
- 13 Unitholder meeting costs
- 14 Contingent assets and liabilities
- 15 Events occurring after the reporting period

Notes to the Financial Statements

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, 370 St Kilda Road, Melbourne, Vic 3004. The condensed interim financial statements are presented in the Australian currency.

It is recommended that these condensed interim financial statements are considered together with the current product disclosure document 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 2017 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

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

2. Significant accounting policies

The principal accountings 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.

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 2017.

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 2017.

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

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.

2.a Restatement of prior period results

On 25 November 2017, Aurora Funds Management Limited (AFML) as RE became aware that approximately \$1 million of funds belonging to the Aurora Property Buy-Write Income Trust (AUP) had been withdrawn from its bank account without proper authority. Later investigations revealed that the \$1 million of misappropriated funds occurred on 15 February 2017. The matter was reported to the Victorian Police at the time.

The Directors’ of the RE have assessed the ultimate recovery of the \$1m misappropriated and are satisfied that the amount will be recovered through a range of initiatives, including:

- Insurance policy in place which includes fraud; and
- Asset realisation pursuant to a general securities deed obtained from the perpetrator of fraud.

As a result of the above initiatives, Aurora management are confident of recovering the \$1 million that has been misappropriated from the Trust.

This fraud has required the prior periods to be restated. The \$1m was incorrectly classified as a cash and cash equivalent as at 30 June 2017 when in fact it should have been an insurance receivable due to it being misappropriated. This error has been rectified by restating the affected financial statement line items for prior periods.

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 2017 with the exception of the following:

The Trust's investment in RNY: As a result of the off-market takeover offer finalised by the Trust on 2 November 2017, 80.96% of RNY's units were held by the Trust, or other entities associated with AFML. Accordingly, there has been very limited volumes of RNY units available to be traded on the ASX, and the ASX traded prices do not reflect AFML's assessment of the value of RNY units. For these financial statements, AFML has valued its investment in RNY consistently with the price that it offered as part of its off-market takeover bid for RNY of 1.7 cents per unit.

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:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(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 set out in Note 2. 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 ask 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.

(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 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 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

Notes to the Financial Statements

4. Fair value measurement (continued)

equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Trust for similar financial instruments.

Recognised fair value measurements

The following table presents the Trust's assets and liabilities measured and recognised as at the half-year ended 31 December 2017 and the year ended 30 June 2017.

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
31 December 2017				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Listed equity securities	1,589,783	-	3,501,940	5,091,723
Total financial assets	1,589,783	-	3,501,940	5,091,723

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2017				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Listed equity securities	7,521,202	-	-	7,521,202
Total financial assets	7,521,202	-	-	7,521,202

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 2017 and the year ended 30 June 2017.

Valuation inputs for Level 3 investments

The Trust invests in listed securities trading as RNY. As disclosed in Note 3(a), the Trust and other associated entities of AFML hold 80.96% of the units in RNY. For the reasons disclosed in Note 3(a), the last traded price has not been adopted and the off-market takeover bid of 1.7 cents per unit has been adopted.

Notes to the Financial Statements

5. Net assets attributable to unitholders

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

	31 December 2017 No.	30 June 2017 No.	31 December 2017 \$	30 June 2017 \$
Opening balance	2,332,188	2,129,358	10,864,831	12,029,947
Applications	-	782,654	-	4,060,911
Redemptions	(223,098)	(568,214)	(998,285)	(2,958,358)
Units issued upon reinvestment of distributions	12,814	(37,360)	58,335	(199,409)
Buy backs	-	25,750	-	137,049
Increase/(decrease) in net assets attributable to unitholders			(762,758)	(2,205,309)
Closing balance	2,121,904	2,332,188	9,162,123	10,864,831

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.

6. Distributions to unitholders

The distributions declared for the half-year were as follows:

	Half-year ended			
	31 December 2017 \$	31 December 2017 cpu	31 December 2016 \$	31 December 2016 cpu
Distributions paid	217,487	9.32	234,948	11.38
Distributions payable	189,910	8.95	271,446	10.90
Total distributions – quoted units	407,397	-	506,394	-

The Trust distributes all its net income each year to Unitholders. The Trust distributes 2% of the Net Asset Value ('NAV') per unit each quarter. Should the Trust not generate sufficient net income to cover the distribution in any financial year, then part or all of any distribution may be a return of capital.

7. Cash and cash equivalents

	31 December 2017 \$	As at Restated 30 June 2017 \$
Cash at bank	3,183,977	2,283,179
Total cash and cash equivalents	3,183,977	2,283,179

Please refer to note 2.a Restatement of prior period results for background to reclassification of \$1m cash at bank to a \$1m receivable from insurance claim against theft.

Notes to the Financial Statements

8. Receivables

	31 December 2017 \$	As at Restated 30 June 2017 \$
Insurance claim	1,000,000	1,000,000
Other receivable	294,844	82,812
Total cash and cash equivalents	1,294,844	1,082,812

Please refer to note 2.a Restatement of prior period results for background to reclassification of \$1m cash at bank to a \$1m receivable from insurance claim against theft.

9. Financial assets held at fair value through profit or loss

	31 December 2017 \$	As at 30 June 2017 \$
Listed at fair value through profit or loss		
Equity securities		
Australian listed securities	5,091,723	7,521,202
Total financial assets	5,091,723	7,521,202

10. Financial liabilities held at fair value through profit or loss

	31 December 2017 \$	As at 30 June 2017 \$
Listed at fair value through profit or loss		
Equity securities		
Australian unit trusts	-	55,965
Total financial liabilities	-	55,965

11. Related party transactions

Responsible Entity

The Responsible Entity of Aurora Property Buy-Write Income Trust is Aurora Funds Management Limited. In the period to 31 December 2017, Aurora Funds Management Limited acquired units in Aurora Property Buy-Write Income Trust as set out below.

Key management personnel unitholdings

No key management personnel of Aurora Property Buy-Write Income Trust held 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 the Financial Statements

11. 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:

	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
31 December 2017							
Aurora Fortitude Absolute Return Fund	544,442	544,442	\$2,362,878	25.66%	-	-	\$99,470
30 June 2017							
Aurora Fortitude Absolute Return Fund	-	544,442	\$2,536,956	23.35%	544,442	-	\$170,799

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

	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
31 December 2017							
Aurora Funds Management Limited	19,169	19,169	\$83,193	0.9%	-	-	\$3,502
30 June 2017							
Aurora Funds Management Limited	-	19,169	89,287	0.82%	19,169	-	\$6,015

Other related party information

Seventh Orion

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

Seventh Orion Pty Ltd is 50% owned by John Patton, the Managing Director of Aurora Funds Management Limited.

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
- Mr Patton was appointed to the Board of Metgasco Limited as a Non-Executive Director on 19 September 2016.

Investments

The Trust did not hold any investments in any schemes which are also managed by the Responsible Entity.

Notes to the Financial Statements

11. Related party transactions (continued)

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; and.
- Performance fees are payable half-yearly.

All expenses in connection with the preparation of accounting records and the maintenance of the unit register are reimbursed in accordance with the Trust Constitution.

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

	Half-year ended	
	31 December 2017 \$	31 December 2016 \$
Management fees for the half-year paid/payable by the Trust to the Responsible Entity	53,718	62,365
Responsible Entity fees for the half-year paid/payable by the Trust to the Responsible Entity	32,500	32,500
Other expenses for the half-year paid/payable by the Trust to the Responsible Entity	281,411	58,750
Aggregate amount payable to the Responsible Entity at the end of the reporting period	143,194	12,354

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

12. Other operating expenses

	Half-year ended	
	31 December 2017 \$	31 December 2016 \$
Responsible Entity Fees	32,500	32,500
Legal Fees	130,570	-
Other operating expenses	151,287	26,250
Bank fees	384	6,661
Total other operating expenses	314,741	65,411

13. Unitholder meeting costs

	Half-year ended	
	31 December 2017 \$	31 December 2016 \$
Unitholder meeting costs	-	10,767
Total unitholder meeting costs	-	10,767

The Trust incurred legal costs in relation to the general meeting called by Wilson Asset Management (International) Limited.

14. Contingent assets and liabilities

There were no contingent assets and liabilities at 31 December 2017 (30 June 2017: Nil).

15. Events occurring after the reporting period

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 2017 or on the results and cash flows of the Trust for the half-year ended on that date.

Directors' 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 2017 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 Funds Management Limited.



John Patton
Managing Director
28 February 2017

Independent Auditor's Review Report to the Unitholders of Aurora Property Buy-Write Income Trust

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of Aurora Property Buy-Write Income Trust (the Entity), which comprises the statement of financial position as at 31 December 2017, 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, nothing has come to our attention that causes us to believe that the half year financial report of Aurora Property Buy-Write Income Trust does not give a true and fair view of the financial position of the Entity as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

Responsibilities of the Directors of the Responsible Entity ("RE") for the Half Year Financial Report

The Directors of the RE 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 Entity's financial position as at 31 December 2017 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*.

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

As the auditor of Aurora Property Buy-Write Income Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B A Mackenzie
Partner - Audit & Assurance

Melbourne, 28 February 2018