

Aurora Property Buy-Write Income Trust Performance Report - July 2013

ASX Code: AUP

Summary

- The Trust returned 0.35% for July compared to the S&P/ASX200 Property Accumulation Index (AREIT Index) which returned -0.79%.
- Since inception, the Trust has outperformed the S&P/ASX200 Property Accumulation Index by 7.01% per annum.



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	0.35%	-2.00%	2.60%	11.68%	9.15%	10.87%	0.16%	11.50%
S&P/ASX200 Property Accumulation Index	-0.79%	-5.28%	3.30%	16.67%	12.75%	1.16%	-6.85%	21.80%

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 corporate and public superannuation funds, high net worth and individual investors. Collectively, APN FM manages over \$1.6 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.

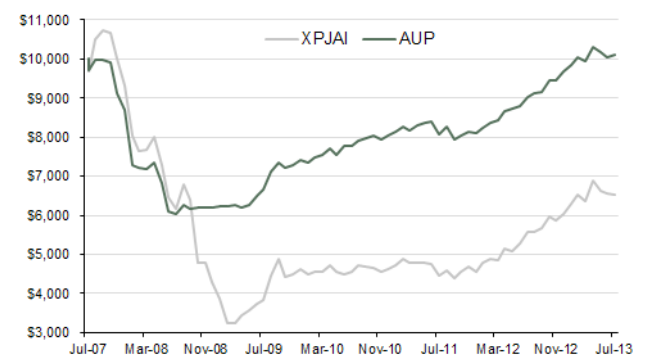
APN FM has a long held belief that investment in commercial property is primarily an investment in an income stream. Long term property leases also provide protection from the short term business cycle reflected in the market value of other asset classes. A commitment to the income benefits from property 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	\$12.4 million
Net Assets Value per Unit	\$5.4130
NAV including distributions (since inception) ¹	\$9.8072

Commentary

The Aurora Property Buy-Write Income Trust was up 0.35% for the month outperforming the S&P/ASX200 Property Accumulation Index (AREIT Index) which was down 0.79%. The underweight position in Westfield Group (WDC) and the covered call strategy were the main reasons for the outperformance of the Trust for the month. The AREIT Index underperformed the broader market (as measured by the S&P/ASX200 Accumulation Index) which returned 5.2% over the month.

The Diversified sector was up 0.2% over the month. The main stocks influencing performance were Stockland Trust Group (SGP) (up 2.9%), Mirvac Group (MGR) (up 2.2%) and GPT Group (GPT) (down 4.7%).

The Office sector was up 0.6% over the month with Commonwealth Property Office Fund (CPA) (up 5.0%), Investa Office Fund (IOF) (up 1.4%) were the key drivers.

The Retail sector was down 1.2% with Westfield Group (WDC) (down 1.9%) and Westfield Retail Trust (WRT) (down 2.9%) the main drivers. CFS Retail Property Trust (CFX) (up 2.5%) was the main moderating factor.

In the News:

- Both CFX and CPA announced the receipt of a "highly conditional, indicative and incomplete proposal" from CBA to internalise the management of CFX and CPA.
- Dexus Property Group (DXS) has secured the 14.9% stake via a forward contract with Deutsche Bank which is understood to be structured as a cap and collar, meaning DXS no longer has an economic interest if CPA's unit price moves above a certain level. At this stage, DXS have not made any indication that there will be a takeover offer for CPA, stating "at this point in time, there's no proposal to go any further".
- CFX announced its intention to enter into a conditional agreement to sell four sub-regional shopping centres to Pacific Retail REIT, a new fund seeking listing on the ASX.
- Australand (ALZ) kicked off the AREIT reporting season when it provided its HY13 results. Difficulties in leasing up vacancies in the office portfolio, weak commercial and industrial development margins and guidance for FY13 EPS growth of 3-4%, which was slightly below consensus' 4.1% growth, disappointed the market.
- Economic data suggests that low interest rates are finally having an impact on residential markets.

Top 5 Portfolio Holdings (as at 31 July 2013)

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

Source: Aurora Funds Management

Trust Distributions (per Unit)

Period	Cash	Yield at NAV (p.a)
31 Dec 07	\$0.4670	9.61%
30 Jun 08	\$0.4781	11.98%
31 Dec 08	\$0.3000	11.75%
30 Jun 09	\$0.2500	10.18%
31 Dec 09	\$0.3000	12.26%
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%
Total	\$3.2841	

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 \$490 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)
- van Eyk Blueprint Alternatives Plus (ASX code: VBP)

Aurora Funds Limited

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1. This represents a cumulative return and assumes reinvestment of distributions. 2. The Trust intends to always distribute at least 2.0% of NAV, excluding any franking credits, per quarter regardless of Trust performance. This means that if the Trust has insufficient net income in a given quarter, investors may receive a partial (or full) return of capital.

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