

Appendix 4E

Preliminary Final Report To the Australian Securities Exchange

Name of Entity	Aurora Property Buy-Write Income Trust
ARSN:	125 153 648
Financial Year Ended:	30 June 2018
Previous Corresponding Reporting Period:	30 June 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2018 \$'000	Percentage increase /(decrease) over corresponding period
Revenues from continuing operations	(1,038)	-28.12%
Loss for the year	(1,667)	-37.44%
Net loss for the year attributable to members	(1,667)	-37.44%

Distribution information	Cash per unit	Franked amount per unit
2018 final distribution	\$0.0403	\$0.0000
2018 interim distribution	\$0.2695	\$0.0000

Final distribution dates

Ex-entitlement date	28 June 2018
Record date	29 June 2018
Last election date for the DRP	2 July 2018
Payment date	30 July 2018

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) is in operation and the final distribution of \$0.0403 per unit qualifies. The number of units received from the distribution is based on dividing the distribution by the DRP price as at 30 June 2018.

Unit holders may change their participation in the DRP at any time. However, in order to be valid, the election form to change participation must be submitted to the unit registry by the last election date.

Net Tangible Asset Backing

	30 June 2018	30 June 2017
Net tangible assets per security	\$3.5007	\$4.6586

This report is based on the financial statements which are in the process of being audited. This document comprises the information as required by Listing Rule 4.3A.

Appendix 4E Contents and checklist of requirements

1. Reporting period and corresponding period.	Refer to Page 1 of this Appendix 4E.
2. Results for announcement to the market.	Refer to Page 1 of this Appendix 4E.
3. Statement of comprehensive income.	Refer to Page 3 of this Appendix 4E.
4. Statement of financial position.	Refer to Page 4 of this Appendix 4E.
5. Statement of cash flows.	Refer to Page 6 of this Appendix 4E.
6. Statement of changes in equity.	Refer to Page 5 of this Appendix 4E.
7. Details of dividends or distributions.	Refer to Page 1 of this Appendix 4E.
8. Details of dividend or distribution reinvestment plans in operation and the last date of receipt of an election notice for participation in any dividend or distribution reinvestment plan.	Refer to Page 1 of this Appendix 4E.
9. Net tangible assets per security.	Refer to Page 1 of this Appendix 4E.
10. Details of entities over which control has been gained or lost during the period.	Not applicable.
11. Details of joint venture entities and associated entities.	Not applicable.
12. Any other information needed by an investor to make an informed assessment of the entity's financial performance and financial position.	Refer to Pages 7-9 of this Appendix 4E.
13. Accounting standards used in compiling reports by foreign entities.	Not applicable.
14. A commentary on the results for the period.	Refer to Page 7 of this Appendix 4E.
15. A statement as to whether the report is based on accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed.	This report is based on financial statements which are in the process of being audited.
16. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification a description of the likely dispute or qualification.	At this stage, it is likely that the audit report will be unqualified.
17. If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification.	Not applicable.

Financial Statement

Statement of profit or loss and other comprehensive income For the year ended 30 June 2018

	2018 \$	2017 \$
Investment Income		
Interest income	35,479	30,963
Dividend and distribution income	253,376	713,129
Other income	11,828	123,316
Unrealised FX gain	96,033	-
Net gains/(losses) on financial instruments held at fair value through profit or loss	(1,434,385)	(1,677,300)
Total net investment income/(loss)	(1,037,669)	(809,892)
Expenses		
Management fees	84,271	124,236
Legal Fees	224,165	-
Transaction costs	2,630	21,853
Other operating expenses	318,280	196,730
Unitholder meeting costs	-	60,223
Total operating expenses	629,446	403,042
Operating profit/(loss) for the year	(1,667,115)	(1,212,934)
Finance costs attributable to unitholders		
Distributions to unitholders	(648,300)	(992,375)
Decrease in net assets attributable to unitholders	2,315,415	2,205,309
Profit/(loss) for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
Earnings/(loss) per unit (basic/ diluted)	(0.845)	(0.517)

Financial Statement

Statement of financial position As at 30 June 2018

	2018 \$	2017 \$
Assets		
Cash and cash equivalents	50,274	3,283,179
Dividends Receivable	-	266,822
Deposit advanced to RNY	2,802,161	-
Receivables	313,157	82,812
Financial assets held at fair value through profit or loss	4,137,944	7,521,202
Total assets	7,303,536	11,154,015
Liabilities		
Distributions payable	79,519	233,219
Other payables	316,480	55,965
Total liabilities (excluding net assets attributable to unitholders)	395,999	289,184
Net assets attributable to unitholders	6,907,537	10,864,831
Liabilities attributable to unitholders	(6,907,537)	(10,864,831)
Net assets	-	-

Financial Statement

Consolidated statement of changes in equity For the year ended 30 June 2018

	Consolidated	
	2018 \$	2017 \$
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 equity at the end of the financial year	-	-

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

Statement of cash flows For the year ended 30 June 2018

	2018 \$	2017 \$
Cash flows from operating activities		
Proceeds from sale of financial instruments held at fair value through profit or loss	7,753,588	18,781,846
Purchase of financial instruments held at fair value through profit or loss	(5,774,491)	(16,172,893)
Deposit advanced to RNY	(2,706,128)	-
Transaction costs on sale and purchase of financial instruments	(2,630)	(21,853)
Dividends and distributions received	520,198	681,959
Interest received	36,995	29,481
Other income received	-	123,317
GST recovered/(paid)	(516)	(36,867)
Legal fees paid	(224,165)	-
Management fees paid	(90,355)	(125,569)
Performance fees paid	-	(91,488)
Other operating expenses paid	(312,505)	(242,890)
Net cash inflow/(outflow) from operating activities	(800,009)	2,925,043
Cash flows from financing activities		
Proceeds from applications by unitholders	531,493	4,060,911
Payments for redemptions by unitholders	(2,162,388)	(2,958,358)
Payments for share buy backs	-	(199,409)
Distributions paid	(802,001)	(860,169)
Net cash inflow/(outflow) from financing activities	(2,432,896)	42,975
Net increase/(decrease) in cash and cash equivalents	(3,232,905)	2,968,018
Cash and cash equivalents at the beginning of the year	3,283,179	315,161
Cash and cash equivalents at the end of the year	50,274	3,283,179
Non-cash financing activities	88,809	137,049

1. Principal activities

The principal activities of the Trust during the financial year were managing its investment strategy in accordance with its investment strategy, the provisions of the Trust Constitution, the Product Disclosure Statement and any Trust updates.

The Trust did not have any employees during the 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 year.

2. Review and results of operations

During the 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.

3. Financial results for the year

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

	2018 \$	2017 \$
Operating profit before finance costs attributable to unitholders	(1,667,115)	(1,212,934)
Distributions paid and payable	(648,300)	(992,375)
Distribution (cents per unit) 30 September	9.32	11.38
Distribution (cents per unit) 31 December	8.95	10.90
Distribution (cents per unit) 31 March	8.68	10.48
Distribution (cents per unit) 30 June	4.03	10.00

4. Financial position

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

	2018 \$	2017 \$
At 30 June	3.5007	4.6586
High during period	4.5995	5.7663
Low during period	3.4474	4.5250

5. 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 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.

6. Strategy and Future Outlook

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 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.

7. 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 \$1 million had been misappropriated from its bank account without proper authority and immediately terminated key personnel member Ms Poon. Ms Poon was a Director, Company Secretary and Chief Financial Officer of AFML. The subsequent detailed fraud investigation, conducted by external independent consultants, did not identify any further misappropriations from AUP. However, misappropriations from Aurora's corporate bank account by the same individual, were identified, dating back to before Aurora's change of ownership on 30 June 2016.

On 26 March 2018, Aurora in its own capacity, fully repaid the \$1 million of funds misappropriated from AUP. In addition, AUP has also been compensated by Aurora for the lost earnings on these misappropriated funds.

RNY Property Trust (ASX: RNY)

On 30 June 2018, Aurora's total voting right is 80.96% of which AUP owns 78.20% of the units in RNY.

Over the last nine months, Aurora has been working to preserve the value of its investment in RNY by negotiating with the US lender of the underlying five (5) US commercial properties held by RNY.

RNY has been valued at 1.3 cents per unit in the financial statements of AUP, rather than the most recently traded prices, due to the following:

- In the period from 1 January 2018 to 30 June 2018, a total of less than \$20,000 has been traded on the ASX. Accordingly, Aurora considers that the recently traded prices have not occurred in a liquid market and therefore do not provide adequate price discovery; and
- The current terms of the loan provided to RNY Australia Operating Company LLC (US LLC) is non-recourse to the US LLC and RNY. As at 30 June 2018, RNY had unencumbered cash of approximately USD \$4.2 million. After allowing for creditors, in excess of 1.3 cents was available to RNY unitholders.

Further details are set out in the subsequent events note below.

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.

8. Matters subsequent to the end of the financial year

RNY Property Trust

On 2 July 2018, Huntley Management Limited ("HML") replaced RNY Australia Management Limited (RAML) as responsible entity (RE) of RNY. Following the change of RE, HML appointed Aurora Funds Management Limited as the investment manager of RNY.

Aurora, in its capacity as Investment Manager of RNY, has negotiated a letter of intent with RNY's financier, Acore Capital, in relation to the Loan Modification, the terms of which are still subject to negotiation. RNY will disclose the terms once the agreed Loan Modification has been completed which may have an impact on the carrying value of the units held in RNY.

Other than the changes mentioned above, no other matters or circumstances have arisen since 30 June 2018 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.

9. Significant accounting policies

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial statements have been prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

The Consolidated Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

10. Net assets attributable to unitholders

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

	2018 No.	2017 No.	2018 \$	2017 \$
Opening balance	2,332,188	2,129,358	10,864,831	12,029,947
Applications	125,804	782,654	449,000	4,060,911
Redemptions	504,874	(568,214)	(2,179,687)	(2,958,358)
Buy backs	-	(37,360)	-	(199,409)
Units issued upon reinvestment of distributions	20,047	25,750	88,808	137,049
Increase/(decrease) in net assets attributable to unitholders	-	-	(2,315,415)	(2,205,309)
Closing balance	1,973,165	2,332,188	6,907,537	10,864,831