

30 September 2019

BY ELECTRONIC LODGEMENT

Company Announcements
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

UPDATE TO RESULTS FOR ANNOUNCEMENT TO THE MARKET

Aurora Funds Management Limited, as responsible entity for Aurora Property Buy-Write Income Trust ("AUP"), lodged an Appendix 4E Preliminary Final Report with the ASX on 30 August 2019.

The Annual Report of the AUP for the year ended 30 June 2019 was signed by the Directors of Aurora Funds Management Limited, in its capacity as responsible entity for AUP, on 30 September 2019, a copy of which is attached.

Between 30 August 2019 and 30 September 2019, material information came to light regarding AUP's investment in RNY Property Trust which caused the Directors of Aurora Funds Management Limited, as responsible entity for AUP, to determine a fair value of 4.4 cents per unit in RNY Property Trust. This represents an increase of 3 cents per share from the valuation on which the Appendix 4E Preliminary Final Report to the Australian Securities Exchange was based of 1.4 cents per share.

The resulting increase in the Net Asset Value of AUP has triggered resulted in a Performance Fee of \$257,089+GST being payable to Aurora Funds Management Limited.

The differences between the Appendix 4E Preliminary Final Report to the Australian Securities Exchange issued on 30 August 2019 and the Annual Report for AUP issued on 30 September 2019 are detailed below.

Statement of profit or loss and other comprehensive income

Net gains on financial instruments held at fair value through profit or loss

Disclosure per Appendix 4E Preliminary Final Report to the Australian Securities Exchange 30 August 2019	450,301
Effect on AUP of the increase in fair value of the investment in RNY Property Trust at 30 June 2019	5,395,280
Disclosure per the Annual Report of AUP for the year ended 30 June 2019	5,845,581

Performance fees

Disclosure per Appendix 4E Preliminary Final Report to the Australian Securities Exchange 30 August 2019	-
Performance fee payable as a result of increase in the Net Asset Value of AUP at 30 June 2019	257,089
Disclosure per the Annual Report of AUP for the year ended 30 June 2019	257,089

Operating profit/(loss) for the year

Disclosure per Appendix 4E Preliminary Final Report to the Australian Securities Exchange 30 August 2019	605,842
Effect on AUP of the increase in fair value of the investment in RNY Property Trust at 30 June 2019	5,395,280
Performance fee payable as a result of increase in the Net Asset Value of AUP at 30 June 2019	(257,089)
Disclosure per the Annual Report of AUP for the year ended 30 June 2019	5,744,033

Decrease in net assets attributable to shareholders

Disclosure per Appendix 4E Preliminary Final Report to the Australian Securities Exchange 30 August 2019	(319,368)
Effect on AUP of the increase in fair value of the investment in RNY Property Trust at 30 June 2019	(5,395,280)
Performance fee payable as a result of increase in the Net Asset Value of AUP at 30 June 2019	257,089
Disclosure per the Annual Report of AUP for the year ended 30 June 2019	(5,457,559)

Statement of financial position**Financial assets held at fair value through profit or loss**

Disclosure per Appendix 4E Preliminary Final Report to the Australian Securities Exchange 30 August 2019	2,517,797
Effect on AUP of the increase in fair value of the investment in RNY Property Trust at 30 June 2019	5,395,279
Disclosure per the Annual Report of AUP for the year ended 30 June 2019	7,913,076

Other payables

Disclosure per Appendix 4E Preliminary Final Report to the Australian Securities Exchange 30 August 2019	289,312
Performance fee payable as a result of increase in the Net Asset Value of AUP at 30 June 2019	257,089
Disclosure per the Annual Report of AUP for the year ended 30 June 2019	546,401

Net assets attributable to unitholders - liability

Disclosure per Appendix 4E Preliminary Final Report to the Australian Securities Exchange 30 August 2019	7,413,968
Effect on AUP of the increase in fair value of the investment in RNY Property Trust at 30 June 2019	5,395,279
Performance fee payable as a result of increase in the Net Asset Value of AUP at 30 June 2019	(257,089)
Disclosure per the Annual Report of AUP for the year ended 30 June 2019	12,552,158

Yours sincerely,



Adrian Tilley
Company Secretary
Aurora Funds Management Limited as responsible entity for
Aurora Property Buy-Write Income Trust

Aurora Property Buy-Write Income Trust
ARSN 125 153 648

Annual Report
For the year ended 30 June 2019

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Director's Report

The directors of Aurora Funds Management Limited (AFML) (ABN 69 092 626 885), in its capacity as the responsible entity of Aurora Property Buy-Write Income Trust ("the Trust"), present their annual report together with the financial statements of the Trust for the year ended 30 June 2019.

Principal activities

On 22 March 2018, as a consequence of its investment in the ASX listed 'RNY Property Trust (RNY), the trust expanded its Investment Strategy to allow investments in unlisted property related equity and debt instruments, specifically in relation to RNY's existing North American assets. The Trust primarily invests in these unlisted property related equity and debt instruments.

The Trust did not have any employees during the year.

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

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

Directors

The following persons held office as directors of Aurora Funds Management Limited during the year and up to the date of this report, unless otherwise stated:

John Patton
Victor Siciliano
Anthony Hartnell AM

Units on issue

	2019	2018
At 30 June	2,026,165	1,973,165

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 and Trust updates announced on the ASX.

Financial results for the year

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

	2019 \$	2018 \$
Operating profit/(loss) before finance costs attributable to unitholders	6,001,122	(1,667,115)
Distributions paid and payable	(286,474)	(648,300)
Distribution (cents per unit) 30 September	3.45	9.32
Distribution (cents per unit) 31 December	3.44	8.95
Distribution (cents per unit) 31 March	3.56	8.68
Distribution (cents per unit) 30 June	3.67	4.03

Director's Report

Financial position

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

	2019 \$	2018 \$
At 30 June	3.6591	3.5007
High during period	3.7169	4.5995
Low during period	3.3614	3.4474

Based on the audited financial statements of the Trust for the year ended 30 June 2019, the NTA at 30 June 2019 is \$6.195 per unit.

Reconciliation of net assets for unit pricing and financial reporting purposes

The key differences between net assets for unit pricing purposes and net assets as reported in the financial statements prepared under Accounting Australian Standards are outlined below:

	2019 \$	2018 \$
Net assets for unit pricing purposes	12,626,518	6,987,056
Distribution payable	(74,360)	(79,519)
Franking credits included in unit pricing	-	-
Nets assets under Australian Accounting Standards	12,552,158	6,907,537

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 and any Trust updates on the ASX.

Strategy and Future Outlook

The Trust primarily invests in ASX listed property companies, and property related debt instruments. 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 Australian Securities Exchange website.

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'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.

Director's Report

Significant changes in state of affairs

RNY Property Trust (ASX: RNY)

As at 30 June 2019, the combined ownership of the units in RNY by entities for which AFML is the Responsible Entity is 80.96%. The Trust owns 68.27% of the units in RNY.

Over the last eighteen months AFML, in its capacity as the Investment Manager of RNY, has been actively working to value from its investment in RNY by negotiating with the US lender of the underlying five (5) US commercial properties held RNY, working with the property sub-manager to attract new tenants and working with various stakeholders to improve the properties.

On 8 February 2019, AFML successfully extended the senior loan with ACORE for a further one year term. CBRE have replaced Winthrop as property sub-manager of the properties.

For the year ended 30 June 2019, the Trust has adopted significant judgements and estimates to calculate the fair value of this investment. The key sources of estimation uncertainty and fair value measurement in relation to RNY are outlined in Notes 4 and 6.

In the opinion of the Directors, other than the matters already referred to in this report, there were no significant changes in the state of affairs of the Trust that occurred during the financial year.

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.

Matters subsequent to the end of the financial year

No matters or circumstances have arisen since 30 June 2019 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.

Indemnity and insurance of Aurora Funds Management Limited

No insurance premiums have been 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.

Director's Report

Cost recovery and interests held in the Trust by the Responsible Entity or its associates

Costs recovered by the Responsible Entity and its associates out of Trust property during the year are disclosed in the Statement of Profit or Loss and Other Comprehensive Income.

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

The number of interests in the Trust held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 14 to the financial statements.

Interests in the Trust

The movement in units on issue in the Trust during the year is disclosed in Note 10 of the financial statements.

The values of the Trust's assets and liabilities are disclosed in the Statement of Financial Position and derived using the accounting policies set out in Note 7 to Note 9 to the financial statements.

Environmental regulation

The operations of the Trust are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Information about the directors

The following persons were Directors of the Responsible Entity during the whole or part of the year and up to the date of this report.

Name:	John Patton
Title:	Managing Director
Qualifications:	Bachelor of Economics (Accounting), Chartered Accountant, Graduate Diploma in Applied Finance and Investment
Experience and expertise:	John was appointed as Managing Director of Aurora Funds Management Limited on 30 June 2016. John was previously a partner with Ernst & Young in the Transactions Advisory Services division and has over 25 years of professional services and industry experience. John has extensive corporate finance credentials, having been involved in over 250 corporate transactions, including mergers & acquisitions, structuring, debt & equity raisings, IPO's, management buy-outs, valuations, due diligence, financial modelling, restructuring and corporate advisory.
Other current directorships:	Keybridge Capital Limited; Metgasco Ltd
Former directorships (in the last 3 years):	None
Special responsibilities:	Managing Director, Member of Compliance Committee
Interests in units:	Holds 47,276 (30 June 2018: Nil) units in the Trust via his self-managed superannuation fund.

Director's Report

Information about the directors (continued)

Name: Victor Siciliano
Title: Executive Director
Qualifications: Bachelor of Business (Banking & Finance) and Master of Applied Finance (Investment Management) and is RG146 compliant.
Experience and expertise: Victor was appointed as Executive Director of Aurora Funds Management Limited on 9 January 2018. Victor has over 10 years' equity market experience, most recently as portfolio manager of the HHY Fund at Keybridge Capital Limited. Prior to this, Victor was employed as an assistant portfolio manager at boutique fund manager Sterling Equity and as an investment advisor at Macquarie Group.
Other current directorships: None
Former directorships (in the last 3 years): None
Special responsibilities: Investment Manager
Interests in units: Holds 5,000 (30 June 2018: Nil) units in the Trust.

Name: Anthony Hartnell AM
Title: Non-Executive Director
Qualifications: BEc LLB (Hons) (ANU), LLM (Highest Hons) (George Washington University)
Experience and expertise: Anthony was appointed as Non-Executive Director of Aurora Funds Management Limited on 2 March 2018. Anthony has over 30 years of legal experience with expertise in Corporate and Commercial Law, particularly, regulatory issues, corporate financing, takeovers, trade practices and collective investments, with more recent emphasis on investigations and enforcement actions.
Other current directorships: Molopo Energy Limited, Allegra Orthopaedics Limited and Parnell Pharmaceuticals Holdings Ltd.
Former directorships (in the last 3 years): None
Special responsibilities: Member of Compliance Committee, Chairman
Interests in units: Holds 6,131 (30 June 2018: Nil) units in the Trust.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorship of all other types of entities, unless otherwise stated.

Board and Committee meetings

Director

	Full Board		Compliance Committee	
	Held	Attended	Held	Attended
John Patton	17	17	4	4
Victor Siciliano	17	15	-	-
Anthony Hartnell AM	17	15	4	4

Held: represent the number of meetings held during the time the director held office.

Director's Report

Interests held by the Responsible Entity and Directors

The number of units in the Trust held by the Responsible Entity, their related parties and Directors at the date of this report are disclosed in Note 14 to the financial statements.

Proceedings on behalf of the Company

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 year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



John Patton
Managing Director
30 September 2019
Melbourne

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 audit of Aurora Property Buy-Write Income Trust for the year ended 30 June 2019, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 30 September 2019

Financial Statement

Statement of profit or loss and other comprehensive income For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Investment income			
Interest income		510,490	35,479
Dividend and distribution income		-	253,376
Other income		-	11,828
Net gains/(losses) on financial instruments held at fair value through profit or loss		5,845,581	(1,338,352)
Total net investment income/(loss)		6,356,071	(1,037,669)
Expenses			
Management fees	14	69,096	84,271
Performance fees	14	257,089	-
Legal fees		-	224,165
Transaction costs		-	2,630
Other operating expenses	12	285,853	318,380
Total operating expenses		612,038	629,446
Operating profit/(loss) for the year		5,744,033	(1,667,115)
Finance costs attributable to unitholders			
Distributions to unitholders	11	(286,474)	(648,300)
(Decrease)/Increase in net assets attributable to unitholders		(5,457,559)	2,315,415
Profit/(loss) for the year		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		-	-
Earnings/(loss) per unit (basic/ diluted)		2.837	(0.845)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Financial Statement

Statement of financial position As at 30 June 2019

	Note	2019 \$	2018 \$
Assets			
Cash and cash equivalents	7	352	50,274
Dividends receivable		-	-
Deposits advanced to RNY Property Trust		-	2,802,161
Loans receivable	8	4,709,802	-
Interest receivable		510,122	-
Other receivables		39,567	313,157
Financial assets held at fair value through profit or loss	9	7,913,076	4,137,944
Total assets		13,172,919	7,303,536
Liabilities			
Distributions payable	11	74,360	79,519
Other payables		546,401	316,480
Total liabilities (excluding net assets attributable to unitholders)		620,761	395,999
Net assets attributable to unitholders – liability	10	12,552,158	6,907,537
Liabilities attributable to unitholders		(12,552,158)	(6,907,537)
Net assets		-	-

The above statement of financial position should be read in conjunction with the accompanying notes.

Financial Statement

Statement of changes in equity For the year ended 30 June 2019

	Note	2019 \$	2018 \$
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.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Financial Statement

Statement of cash flows For the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Proceeds from sale of financial instruments held at fair value through profit or loss		1,897,460	7,753,588
Purchase of financial instruments held at fair value through profit or loss		(30,224)	(5,774,491)
Deposit advanced to RNY Property Trust		-	(2,706,128)
Deposit redeemed from RNY Property Trust		2,833,538	-
Loans advanced		(4,537,967)	-
Repayment of loans		(135,094)	
Transaction costs on sale and purchase of financial instruments		-	(2,630)
Dividends and distributions received		-	520,198
Interest received		368	36,995
Withholding tax received		189,276	-
GST recovered/(paid)		102,415	(516)
Legal fees paid		-	(224,165)
Management fees paid		(47,178)	(90,355)
Other operating expenses paid		(200,647)	(312,504)
Net cash inflow/(outflow) from operating activities	15(a)	71,947	(800,009)
Cash flows from financing activities			
Proceeds from applications by unitholders		245,713	531,493
Payments for redemptions by unitholders		(66,439)	(2,162,388)
Payments for share buy backs		(9,511)	-
Distributions paid to unitholders		(291,633)	(802,001)
Net cash inflow/(outflow) from financing activities		(121,870)	(2,432,895)
Net (decrease)/increase in cash and cash equivalents		(49,923)	(3,232,904)
Cash and cash equivalents at the beginning of the year		50,275	3,283,179
Cash and cash equivalents at the end of the year	7	352	50,275
Non-cash financing activities	15(b)	24,713	88,809

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to Financial Statements

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Notes to Financial Statements

Note 1. General information

These financial statements cover Aurora Property Buy-Write Income Trust (the "Trust") as an individual entity. The Trust commenced operations on 19 July 2007, 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, Level 6, 370 St Kilda Road, Melbourne VIC 3004. The financial statements are presented in Australian currency.

It is recommended that these financial statements are considered together with the Product Disclosure Statement (which is currently being refreshed) and in accordance with the provisions of the governing documents of the Trust, and any public announcements made by the Trust during the year ended 30 June 2019 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and ASX listing rules.

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 financial statements were authorised for issue by the directors of the Responsible Entity as at the date of the directors' report. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

Note 2. Adoption of new and revised Accounting Standards

New, revised or amending Accounting Standards and Interpretations adopted

The Trust has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Trust for the annual reporting period ended 30 June 2019. The Trust's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Trust, are set out below.

The Trust applies, for the first time, AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments (2014). AASB 15 establishes a new revenue recognition model and changes the basis for determining whether revenue is to be recognised over time or at a point in time. This standard has had no material impact on the Trust's revenue recognition. AASB 9 introduces new classification and measurement requirements for financial assets, a forward-looking impairment model and revised hedge accounting requirements. The Trust's only material financial assets are its equity investments and its loans receivable which continue to be accounted for at cost under AASB 9. Accordingly, the first-time application of AASB 9 has not had a material impact on the Trust.

The Trust's loans receivable consists of loans to RNY Australia Operating Company LLC and RNY Property Trust. In calculating ECLs for these loans, the Trust applies the low credit risk simplification. At every reporting date, the Trust evaluates whether the loans are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Trust reassess the internal credit rating of the loans.

Notes to Financial Statements

Note 3. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

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 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.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Receivables

The Trust recognizes an allowance for Expected Credit Losses (ECLs) for all receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Trust expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Loan receivables are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less expected credit losses (ECLs) if any. For loan receivables, the Trust applies the low credit risk simplification. At every reporting date, the Trust evaluates whether the loan receivable is considered to have a low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Trust reassess the internal credit rating of the loan receivable. In addition, the Trust considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days overdue.

Notes to Financial Statements

Note 3. Significant accounting policies (continued)

Receivables (continued)

Other receivables may include amounts for dividends, interest, trust distributions and securities sold where settlement has not yet occurred. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment. Amounts are generally due for settlement within 30 days of being recorded as receivables. For other receivables, the Trust applies a simplified approach in calculating ECLs. Therefore, the Trust does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and for equities normally settled within two business days. For amounts due from brokers, the Trust applies a simplified approach in calculating Expected Credit Losses (ECLs). Therefore, the Trust does not track changes in credit risk, but instead recognizes a loss allowance based at each reporting date.

Payables

All expenses, including Responsible Entity's fees, management fees, audit and tax fees and other operating expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accrual basis. Unpaid amount is recognised in the Statement of Financial Position as other payables.

Investment income

Interest income is recognised in profit or loss for all financial instruments that are not held at fair value through profit or loss using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the net gains/(losses) on financial instruments.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Trust estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts when it is probable that the economic benefit will flow to the Trust and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Dividend income is recognised on the ex-dividend date, inclusive of any related foreign withholding tax. The Trust currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the Statement of Profit or Loss and Other Comprehensive Income.

Dividends declared on securities sold short are recorded as a dividend expense on the ex-dividend date. Fund distributions are recognised on an entitlements basis.

Expenses

All expenses, including Responsible Entity's fees are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accrual basis.

Notes to Financial Statements

Note 3. Significant accounting policies (continued)

Goods and Services Tax ('GST')

The GST incurred on the costs of various services provided to the Trust by third parties, have been passed onto the Trust. The Trust qualifies for Reduced Input Tax Credits (RITCs) at a rate of 55% or 75%; hence management fees and other expenses have been recognised in the Statement of Profit or Loss and Other Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position. Cash flows relating to GST are included in the statement of cash flows on a net basis.

Income tax

Under current legislation, the Trust is not subject to income tax as unitholders are presently entitled to the income of the Fund. The benefit of imputation credits and foreign tax paid is passed on to unitholders.

Foreign currency translation

(i) Functional and presentation currency

Items included in the Trust's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Trust competes for funds and is regulated. The Australian dollar is also the Trust's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the Statement of Profit or Loss and Other Comprehensive Income on a net basis within net gains/(losses) on financial instruments held at fair value through profit or loss.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements require management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Notes to Financial Statements

Note 4. Critical accounting judgements, estimates and assumptions (continued)

Key sources of estimation uncertainty

1. RNY Property Trust (ASX: RNY)

The Directors have determined to carry the Fund's investment in RNY Property Trust (RNY) at \$0.044 (being 4.4 cents) per unit 30 June 2019. In reaching this position, the Directors considered the following factors:

- RNY units are thinly traded on the ASX, and were suspended from trading on 1 April 2019 due to the failure to lodge audited financial statements for the year. Historically, RNY have traded at a discount to the underlying net asset position.
- The unaudited net asset position of RNY is \$0.049 per unit, as advised by RNY to the ASX on 27 September 2019.

Having regard to the above factors, the Directors have determined a fair value of \$0.044 per unit in RNY.

On 2 July 2018, Huntley received confirmation from ASIC that its request for a variation of its Australian Financial Services Licence had been approved, thereby enabling Huntley to become the responsible entity of RNY, replacing RAML, effective immediately. Also, as at that date, Huntley appointed Aurora Funds Management Limited as the Investment Manager of RNY.

On 31 August 2018, Aurora Funds Management Limited, in its capacity as Investment Manager of RNY, successfully executed a Loan Modification deed with RNY's US lender, ACORE Capital, effectively curing the loan default that previously existed over the five commercial properties.

On 8 February 2019, Aurora agreed a one year senior loan extension with ACORE. CBRE also replaced Winthrop as the sub-manager for the RNY properties.

For the majority of the Trust's other financial instruments, quoted market prices are readily available. However, there may be certain financial instruments, for example, over-the-counter derivatives or unquoted securities which are fair valued using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the team that created them. For more information on how fair value is calculated please see Note 6 to the financial statements.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

Notes to Financial Statements

Note 5. Operating segments

Identification of reportable operating segments

The Trust comprised the single business segment which operates solely in the business of investment management within Australia. While the Trust operates within Australia only (the geographical segment), the Trust may have asset exposures in different countries and across different industries.

Operating segment information

As the Trust operates in a single operating segment, these financial statements represent the required financial information of that segment.

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM') which has been identified as the Board of Directors. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 6. Financial Instruments

Capital risk management

The Trust considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Trust is subject to daily applications and redemptions at the discretion of unitholders.

Daily applications and redemptions are reviewed relative to the liquidity of the Trust's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Trust Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

Financial risk management

The Trust's activities expose it to a variety of financial risks which is reflected in the Trust's net gains/losses: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk.

The Trust's overall risk management program focusses on ensuring compliance with the Trust's Product Disclosure Statement and seeks to maximize the returns derived for the level of risk to which the Trust is exposed. Financial risk management is carried out by the investment management department of the Responsible Entity under policies approved by the Board of Directors of the Responsible Entity ("the Board").

The Trust uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

(a) Market risk

(i) Price risk

Price risk is the risk that the value of the Trust's investment portfolio will fluctuate as a result of changes in market prices. This risk is managed by the Responsible Entity through ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Market price risk analysis is conducted regularly by the investment manager on a total portfolio basis, which includes the effect of any derivatives.

Notes to Financial Statements

Note 6. Financial Instruments (continued)

(a) Market risk (continued)

(i) Price risk (continued)

The Trust is exposed to equity securities and derivative securities price risk. This arises from investments held by the Trust for which prices in the future are uncertain. Investments are classified in the Statement of Financial Position as at fair value through profit or loss. All securities investments present a risk of loss of capital. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited.

A sensitivity analysis was performed showing how the effect of a 10% increase (2018: 10%) and a 10% decrease (2018: 10%) in market prices would have increased/decreased the impact on operation profit/net assets attributable to unitholders as at 30 June 2019. The results of this analysis are disclosed in Note 6(b).

(ii) Foreign exchange risk

Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates.

The Fund's exposure to the risk of changes in foreign exchange rates relates primarily to the Trust's loans to RNY Australia Operating Company LLC ("RAOC") and RNY Property Trust ("RNYPT") which are denominated in \$USD. Refer to Note 8 for further information on the loans receivable from RAOC and RNYPT.

The following table demonstrates the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant.

	Impact on operating assets attributable to unitholders	
	-5%	5%
	\$	\$
30 June 2019	(235,490)	235,490
30 June 2018	-	-

(iii) Interest rate risk

The Trust is exposed to interest rate risk on financial instruments with variable interest rates.

The Trust's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis. The only financial assets held by the Trust subject to interest rate risk are cash and cash equivalents.

The Trust has direct exposure to interest rate changes on the valuation and cash flows of its interest-bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Trust invests and impact on the valuation of certain assets that use interest rates as input in their valuation model. Therefore, the sensitivity analysis may not fully indicate the total effect on the Trust's net assets attributable to unitholders of future movements in interest rates.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. There is no significant direct interest rate risk in the Trust as the Trust does not hold interest rate sensitive financial instruments. The interest rates on deposits at bank and on bank overdrafts are both rates referenced to RBA cash rate.

Notes to Financial Statements

Note 6. Financial Instruments (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

A sensitivity analysis was performed showing how the effect of a 100 basis point increase and a 100 basis point decrease in interest rates on cash and cash equivalents would have increased/decreased the impact on operating profit/net assets attributable to unitholders as at 30 June 2019. The results of this analysis are disclosed in Note 6(b).

The table below summarises the Trust's exposure to interest rate risks. It includes the Trust's assets and liabilities at fair value, categorised by the earlier of contractual repricing or maturity dates.

	Floating interest rate	Fixed interest rate	Non interest bearing	Total
30 June 2019				
Financial assets	AUD	AUD	AUD	AUD
Cash and cash equivalents	352	-	-	352
Deposits advanced to RNY	-	-	-	-
Loans receivable		4,709,802	-	4,709,802
Interest receivable			510,122	510,122
Other receivables	-	-	39,567	39,567
Financial assets held at fair value through profit or loss	-	-	7,913,076	7,913,076
Financial liabilities				
Distribution payable	-	-	(74,360)	(74,360)
Financial liabilities held at fair value through profit or loss	-	-	-	-
Other payables	-	-	(546,401)	(546,401)
Net exposure	352	4,709,802	7,842,004	12,552,158

Notes to Financial Statements

Note 6. Financial Instruments (continued)

(a) Market risk (continued)

(iii) Interest rate risk (continued)

	Floating interest rate	Fixed interest rate	Non interest bearing	Total
30 June 2018				
Financial assets	AUD	AUD	AUD	AUD
Cash and cash equivalents	50,274	-	-	50,274
Dividend receivables	-	-	2,802,161	2,802,161
Loans receivable	-	-	-	-
Interest receivable	-	-	-	-
Other receivables	-	-	313,157	313,157
Financial assets held at fair value through profit or loss	-	-	4,137,944	4,137,944
Financial liabilities				
Distribution payable	-	-	(79,519)	(79,519)
Financial liabilities held at fair value through profit or loss	-	-	-	-
Other payables	-	-	(316,480)	(316,480)
Net exposure	50,274	-	6,857,263	6,907,537

(b) Price risk and Interest rate risk

The following table summarises the sensitivity of the Trust's operating profit and net assets attributable to unitholders to the price risk and interest rate risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, foreign exchange rates and historical market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of and/or correlation between the performance of the economies, markets and securities in which the Trust invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

	Price Risk		Interest Rate Risk	
	Impact on operating profit/net assets attributable to unitholders			
	-10%	10%	-100 bps	+100 bps
	\$	\$	\$	\$
30 June 2019	(791,308)	791,308	(4)	4
30 June 2018	(413,794)	413,794	(503)	503

In determining the impact of an increase/decrease in net assets attributable to unitholders arising from market risk, the Responsible Entity has considered prior period and expected future movements of the portfolio information in order to determine a reasonably possible shift in assumptions.

Notes to Financial Statements

Note 6. Financial Instruments (continued)

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Trust.

The main concentration of credit risk to which the Trust is exposed arises from cash and cash equivalents and amounts due from other receivables.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved; and
- ensuring transactions are undertaken with a large number of counterparties.

The Trust has a prime brokerage agreement with Interactive Brokers, the Trust's prime broker, and some of the Trust's assets will be pledged as collateral for amounts drawn under the overdraft facility. There was no overdraft position as at 30 June 2019 (2018: nil).

Certain assets of the Trust will be held by the Prime Broker in segregated accounts together with assets deposited by it on behalf of other customers of the Prime Broker. Such assets will not be mixed with the property of the Prime Broker and should not be available to third party creditors of the Prime Broker in the event of insolvency of the Prime Broker. However, the assets of the Trust held by the Prime Broker will be subject to a charge to secure the Trust's obligations to the Prime Broker.

The main concentration of credit risk to which the Trust is exposed arises from loans receivable.

The Trust has a material credit risk exposure to parties from whom loans and interest are receivable (RNY Australia Operating Company LLC and RNY Property Trust) at 30 June 2019.

An analysis of exposure by rating is set out in the table below:

	2019 \$	2018 \$
Rating		
AA (Westpac Bank)	196	50,040
BBB (Interactive Brokers)	156	234
BBB (RNY Australia Operating Company LLC)	4,603,015	-
BBB (RNY Property Trust)	106,787	-
Total	4,710,154	50,274

(i) Settlement of securities transactions

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once purchase on the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

(ii) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is considered low as all counterparties have a rating of BBB or higher.

In accordance with the Trust's Constitution, the investment manager monitors the Trust's credit position on a daily basis, and the Board of Directors reviews it on a quarterly basis.

Notes to Financial Statements

Note 6. Financial Instruments (continued)

(c) Credit risk (continued)

(iii) Loans and interest receivable

The exposure to credit risk for loans and interest receivable is considered low given the net asset position of RNY Australia Operating Company LLC and RNY Property Trust.

(iv) Other

The Trust is not materially exposed to credit risk on other financial assets.

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired, nor past due.

(d) Liquidity risk

Liquidity risk is the risk that the Trust may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Trust is exposed to daily cash redemptions of redeemable units and daily margin calls on derivatives. It therefore primarily holds investments that are traded in an active market and can be readily disposed. Only a limited proportion of its assets are held in investments not actively traded on a stock exchange.

The majority of the Trust's listed securities are considered readily realisable, as they are listed on the Australian Securities Exchange.

Derivatives may also be used to improve the efficiency of implementing the investment strategy. Derivatives will only be held for a short period of time. The investment manager may not use derivatives or borrowings to gear the portfolio.

In order to manage the Trust's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders. Units are redeemed on demand at the unitholder's option. However, the Board does not envisage that the contractual maturity disclosed in the table below will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

The table below analyses the Trust's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period. The amounts in the table are the contractual undiscounted cash flows.

30 June 2019	Less than 1 month	1-6 months	6-12 months	1-2 years	Total
Liabilities					
Distribution payable	74,360	-	-	-	74,360
Financial liabilities held at fair value through or loss	-	-	-	-	-
Other payables	-	546,401	-	-	546,401
Net assets attributable to unitholders	-	12,552,158	-	-	12,552,158
Contractual cash flows (excluding gross settled derivatives)	74,360	13,098,559	-	-	13,172,919

Notes to Financial Statements

Note 6. Financial Instruments (continued)

(d) Liquidity risk (continued)

30 June 2018	Less than 1 month	1-6 months	6-12 months	1-2 years	Total
Liabilities					
Distribution payable	79,519	-	-	-	79,519
Financial liabilities held at fair value through or loss	-	-	-	-	-
Other payables	-	316,480	-	-	316,480
Net assets attributable to unitholders	-	6,907,537	-	-	6,907,537
Contractual cash flows (excluding gross settled derivatives)	79,519	7,224,017	-	-	7,303,536

(e) Fair value of financial instruments

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:

Fair value hierarchy

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

(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 within this note to the financial statements. 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 asking 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.

Notes to Financial Statements

Note 6. Financial Instruments (continued)

(e) Fair value of financial instruments

(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, volume weighted average prices 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 management's 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 equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Trust holds.

The following tables detail the Trust's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2019				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Listed equity securities	-	-	7,913,076	7,913,076
Total financial assets	-	-	7,913,076	7,913,076

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2018				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Listed equity securities	1,459,990	-	2,677,954	4,137,944
Total financial assets	1,459,990	-	2,677,954	4,137,944

Refer to Note 4 for further information on how the fair value of the Level 3 investment has been determined.

Transfers between levels

There have been no transfers between levels for the year ended 30 June 2019 (30 June 2018: no transfers).

Notes to Financial Statements

Note 6. Financial Instruments (continued)

(e) Fair value of financial instruments

Valuation techniques for fair value measurements

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Reconciliation of level 3 fair values

Financial assets measured using significant unobservable inputs (level 3) are shown below:

	2019 \$	2018 \$
Opening balance	2,677,954	-
Acquisition of financial asset held at fair value through profit or loss	-	2,677,954
Change in value of financial asset held at fair value through profit or loss	5,235,122	-
Closing balance	7,913,076	2,677,954

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assume that the transaction will take place either: in the principal market; or in the absence of a principal market; in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison where applicable, with external sources of data.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the immediate or short term nature of these financial instruments.

Notes to Financial Statements

Note 7. Cash and cash equivalents

	2019 \$	2018 \$
Cash at bank	352	50,274
Total cash and cash equivalents	352	50,274

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities in the Statement of Cash Flows, as movements in the fair value of these securities represent the Trust's main income generating activity.

Note 8. Loans receivable

	2019 \$	2018 \$
Loans receivable from RNY Australia Operating Company LLC:		
USD\$1,825,146 maturing 2 July 2023. Interest charged at 12% p.a.	2,598,692	-
USD\$491,360 maturing 20 August 2023. Interest charged at 12% p.a.	699,612	-
USD\$211,591 maturing 1 October 2023. Interest charged at 12% p.a.	301,269	-
USD\$704,750 maturing 15 November 2023. Interest charged at 12% p.a.	1,003,442	-
Total loans receivable from RNY Australia Operating Company LLC:	4,603,015	-
Loan receivable from RNY Property Trust:		
USD\$75,000 maturing date 2 July 2023. Interest charged at 12% p.a.	106,787	-
Total loans receivable	4,709,802	-

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

	2019 \$	2018 \$
Designated at fair value through profit or loss		
Listed Australian equity securities	7,913,076	4,137,944
Total financial assets held at fair value through profit or loss	7,913,076	4,137,944

An overview of the risk exposure relating to financial assets held at fair value through profit or loss is included in Note 6.

Notes to Financial Statements

Note 10. Net assets attributable to unitholders

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

	2019 No.	2018 No.	2019 \$	2018 \$
Opening balance	1,973,165	2,332,188	6,907,537	10,864,831
Applications	65,000	125,804	221,000	449,000
Redemptions	(18,900)	(504,874)	(49,139)	(2,179,687)
Buy backs	-	-	(9,511)	-
Units issued upon reinvestment of distributions	6,900	20,047	24,712	88,808
Increase/(decrease) in net assets attributable to unitholders	-	-	5,457,559	(2,315,415)
Closing balance	2,026,165	1,973,165	12,552,158	6,907,537

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.

Accounting policy for net assets attributable to unitholders

Applications and redemptions for units can be conducted on the ASX platform (on market) or by using the current PDS (off market).

On Market

Unitholders may instruct their stockbroker or financial adviser to purchase or sell units on the ASX platform.

Off Market

Applications received for units in the Trust are recorded net of any entry fees payable prior to the issue of units in the Trust. Redemptions from the Trust are recorded gross of any exit fees payable after the cancellation of units redeemed.

Unit redemption prices are determined by reference to the net assets for the Trust, divided by the number of units on issue.

Units are redeemable at the unitholders' option; however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units are classified as financial liabilities as the Trust is required to distribute its distributable income. The units can be put back to the Trust at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Trust.

Note 11. Distributions to unitholders

The distributions for the year were as follows:

	2019 \$	2019 CPU	2018 \$	2018 CPU
Distributions paid	212,114	10.45	568,781	26.95
Distributions payable (30 June 2019 quarter)	74,360	3.67	79,519	4.03
Total distributions	286,474	14.12	648,300	30.98

Accounting policy for distribution to unitholders

The Trust distributes its distributable income in accordance with the Trust Constitution, to unitholders by cash or reinvestment. The distributions are recognised in profit or loss as finance costs attributable to unitholders. Unpaid amount is recognised in the Statement of Financial Position.

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the Statement of Profit or Loss and Other Comprehensive Income as finance costs.

Notes to Financial Statements

Note 12. Expenses

Other operating expenses

	2019 \$	2018 \$
ASX fees	32,605	318,380
Bank fees	837	-
Interest charges	8,215	-
Recoverable costs of Responsible Entity	125,118	67,773
Recovery expenses	109,395	227,047
Other operating expenses	9,683	23,561
Total other operating expenses	285,853	318,380

Note 13. Remuneration of auditors

During the financial year, the following fees were paid or payable by the Responsible Entity on behalf of the Trust for services provided by the auditor of the Trust. The auditor of the Trust is Grant Thornton. The previous auditor of the Trust was Deloitte Australia. The Responsible Entity is responsible for paying this remuneration of auditor on behalf of the Trust.

	2019 \$	2018 \$
Audit and other assurance services		
Audit and review of financial statements (Grant Thornton)	17,282	13,459
Audit and review of financial statements (Deloitte Australia)	-	37,506
Audit of compliance plan (Grant Thornton)	4,692	-
Total remuneration for audit and other assurance services	21,974	50,965
Taxation services		
Tax compliance services (Grant Thornton)	8,550	2,500
Tax compliance services (Deloitte Australia)	-	6,300
Total remuneration for tax services	8,550	8,800
Total remuneration of auditors	30,524	59,765

Note 14. Related party transactions

Responsible Entity

The Responsible Entity of Aurora Property Buy-Write Income Trust is Aurora Funds Management Limited.

Key management personnel unitholdings

As at 30 June 2019, John Patton, Managing Director, holds 47,276 (30 June 2018: Nil) units in the Trust via his self-managed superannuation fund.

As at 30 June 2019, Victor Siciliano, executive Director, holds 5,000 (30 June 2018: Nil) units in the Trust.

As at 30 June 2019, Anthony Hartnell AM, Non-Executive Director, holds 6,131 (30 June 2018: Nil) 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 Financial Statements

Note 14. Related party transactions (continued)

Related party unitholdings

Aurora Fortitude Absolute Return Fund holds 454,044 units (30 June 2018: 389,044 units) in the Trust, the fair value of which is \$794,577 (30 June 2018: \$1,341,190). Distributions of \$64,111 (30 June 2018: \$169,592) were paid/payable by the Trust to Aurora Fortitude Absolute Return Fund.

Aurora Funds Management Limited holds Nil units (30 June 2018: Nil units) in the Trust, the fair value of which is \$Nil (30 June 2018: \$Nil). Distributions of \$Nil (30 June 2018: \$5,419) were paid/payable by the Trust to Aurora Funds Management Limited.

Other related party information

Aurora Corporate

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

Aurora Corporate Pty Ltd (formerly Seventh Orion Pty Ltd) is 50% owned by John Patton, the Managing Director of Aurora Funds Management Limited, and 50% owned by Victor Siciliano, an Executive Director of Aurora Funds Management Limited.

Other related party information (continued)

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 holds 179,842,642 units in RNY Property Trust. Aurora Funds Management Limited was appointed as Investment Manager of RNY Property Trust on 2 July 2018.

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. Performance fees are payable half-yearly.

The Trust announced via a fund update on its website that effective 8 August 2017, Aurora Funds Management Limited may begin charging all of its normal operating expenses to the Trust in accordance with the Trust's Constitution.

Notes to Financial Statements

Note 14. Related party transactions (continued)

Responsible Entity's/manager's fees and other transactions (continued)

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

	2019 \$	2018 \$
Management fees for the year paid/payable by the Trust to the Responsible Entity	69,096	84,271
Performance fees for the year paid/payable by the Trust to the Responsible Entity	257,089	-
Recoverable costs of Responsible Entity for the year paid/payable by the Trust to the Responsible Entity	125,118	67,773
Other expenses reimbursed for the year paid/payable by the Trust to the Responsible Entity	109,395	227,047
Balance owing to the Responsible Entity at the end of the reporting period	478,746	200,181

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

Loans

The Trust owns 68.3% of the units in RNY Property Trust, which in turn owns 100% of RNY Australia LPT Corp, which in turn owns 75% of RNY Australia Operating Company LLC.

The Trust has advanced loans totalling \$4,603,015 to RNY Australia Operating Company LLC at 31 March 2019, denominated in \$USD. Interest is payable on these loans at 12% per annum. The loans are unsecured. For the year ended 31 March 2019 interest of \$497,343 is payable on the loans.

The Trust has advanced a loan of \$106,787 to RNY Property Trust at 31 March 2019, denominated in \$USD. Interest is payable on this loan at 12% per annum. The loan is unsecured. For the year ended 31 March 2019 interest of \$12,779 is payable on the loan.

Notes to Financial Statements

Note 15. Reconciliation of profit to net cash inflow/(outflow) from operating activities

	2019 \$	2018 \$
(a) Reconciliation of (loss)/profit to net cash inflow from operating activities		
Profit/(loss) for the year	-	-
(Decrease)/increase in net assets attributable to unitholders	5,457,558	(2,315,415)
Distribution to unitholders	286,474	648,300
Proceeds from purchase or sale of financial instruments held at fair value through profit or loss	1,897,461	7,753,588
Purchase of financial instruments held at fair value through profit or loss	(30,224)	(5,774,491)
Deposits advanced to RNY	-	(2,706,128)
Deposit redeemed	2,833,538	-
Loans advanced	(4,537,967)	-
Repayment of loans	(135,094)	-
Net losses/(gains) on financial instruments held at fair value through profit or loss	(5,845,581)	1,326,524
Net change in receivables	(278,599)	267,821
Net change in payables	424,381	(208)
Net cash inflow/(outflow) from operating activities	71,947	(800,009)
	2019 \$	2018 \$
(b) Non-cash financing activities		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	24,713	88,809

Note 16. Events 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 Fund disclosed in the Statement of Financial Position as at 30 June 2019 or on the results and cash flows of the Fund for the year ended on that date.

Note 17. Commitments

There were no commitments for the expenditure as at 30 June 2019 (2018: Nil).

Note 18. Contingent assets and liabilities

There were no contingent assets and liabilities as at 30 June 2019 (2018: Nil).

Director's Declaration

The Directors of the Responsible Entity declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;
- (b) In the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards as stated in Note 2 to the financial statements;
- (c) In the directors' opinion, the attached 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 and performance of the Fund; 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.

A handwritten signature in black ink, appearing to read 'J. Patton', with a stylized, sweeping underline.

John Patton
Managing Director
30 September 2019

Independent Auditor's Report

To the Unitholders of Aurora Property Buy-Write Income Trust

Report on the audit of the financial report

Opinion

We have audited the financial report of Aurora Property Buy-Write Income Trust (the Trust), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Trust is in accordance with the *Corporations Act 2001*, including:

- a Giving a true and fair view of the Trust's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of Level 3 financial assets held at fair value through profit or loss (Notes 4, 6 and 9)</p> <p>Significant judgement is involved in estimating the fair value of RNY Property Trust ("RNY"), as these financial assets were classified as 'Level 3' financial assets under AASB 13 <i>Fair Value Measurement</i> which are defined as values with unobservable inputs.</p> <p>Due to significance of management judgement applied to the valuation assessment, and being derived from unobservable inputs, this is considered to be a key audit matter.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining management's assessment for investment valuation; • Testing the key inputs within the calculation and assessing management's estimates and judgements adopted; • Corroborating valuation with legal correspondence and announcements made on the ASX and considering the impact of management's judgement used; • Performing verification procedures of material balances within the RNY Property Trust; • Consulting our internal valuations expert regarding valuation judgements; and • Assessing the appropriateness of disclosures in Note 4, 6 and 9 to the financial statements.

Information other than the financial report and auditor's report thereon

The Directors of the Responsible Entity (the "Directors") are responsible for the other information. The other information comprises the information included in the Trust's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Trust are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd
Chartered Accountants



B A Mackenzie
Partner – Audit & Assurance

Melbourne, 30 September 2019

Additional Information

The additional information required by Australian Stock Exchange Limited Listing Rules and not disclosed anywhere in the report.

Investments

As at 30 June 2019, the Fund held the following investments:

RNY Property Trust

Target Asset Allocation

Asset Allocation ranges are as follows:

Cash	0-100%
Equities	0-100%
Exchange traded derivatives	0-100%
Over-the-counter derivatives	0-100%

Investment Strategy

The Trust seeks to capture returns from investing in some of Australia's ASX listed property securities, with the objective of increasing the income generated by implementing a call option selling ('writing') strategy. Aurora will use detailed and qualitative analysis to identify property securities within the Australian property sector that can be expected to:

- provide a higher than average dividend yield over the medium term (including the influence of franking credits, and special dividends and other financial restructuring); and
- provide the scope for additional income generation by the Trust systematically writing call options on these securities.

The weighting of each security will be subject to the Investment Manager's discretion, but generally no single investment will account for more than 20% of the S&P/ASX200 A-REIT (Sector) Index (or other relevant Index) weight of the security (whichever is the greater) of the total portfolio. Subject to market conditions, borrowing availability and costs, and the investment risk-reward opportunity the LVR may vary opportunistically (without notice) between 0% and 25%.

On 22 March 2018 as a consequence of its investment in the ASX listed 'RNY Property Trust (RNY)', the trust amended its Investment Strategy to allow investments in unlisted property related equity and debt instruments, specifically in relation to RNY's existing North American assets.

Investment Transactions

The total number of trades for the Aurora Property Buy-Write Income Trust for the year was 11.

The total brokerage paid on these trades was \$464.

Unitholder Information

The unitholder information set out below was applicable as at 24 September 2019.

Distribution of holdings

	Total holders	Units	Percentage of issued units
1 - 1,000	130	63,430	3.13%
1,001 - 5,000	132	337,917	16.66%
5,001 - 10,000	30	214,791	10.59%
10,001 - 100,000	31	957,399	47.22%
100,001 and over	1	454,264	22.40%
Total	324	2,027,801	100.00%

The names of the twenty largest unitholders of ordinary units are listed below:

	Number of units held	Percentage of issued units
1 BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	454,264	22.40%
2 MR BARRY NEVILLE COLMAN	100,000	4.93%
3 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	78,003	3.85%
4 CITICORP NOMINEES PTY LIMITED	75,081	3.70%
5 FULLFIELD PTY LTD <DL RODD FAMILY A/C>	61,393	3.03%
6 MESK PTY LTD <K & S PITTS SUPER FUND A/C>	50,000	2.47%
7 WAIROA NOMINEES PTY LTD <PATTON SUPER FUND A/C>	47,276	2.33%
8 WONFAIR INVESTMENTS PTY LTD	45,106	2.22%
9 JOJAK INVESTMENTS PTY LIMITED	45,000	2.22%
10 KEYBRIDGE CAPITAL LIMITED	42,034	2.07%
11 MS MARIA PAOLINA STEFANELLI <EST ANTONIO STEFANELLI A/C>	32,174	1.59%
12 MR JEFFREY JAY JOHNS	28,398	1.40%
13 MR BRETT DAVID SELLARS & MRS JANELLE MARIE SELLARS <B & J SELLARS FAMILY A/C>	27,912	1.38%
14 GSCP PTY LTD <THE POPPLE SUPERFUND>	27,912	1.38%
15 VENUS BAY PTY LTD <HAGAN SUPER FUND A/C>	27,336	1.34%
16 BT PORTFOLIO SERVICES LIMITED <SEANDKAY PTY LTD A/C>	20,000	0.99%
17 HAGAN SUPERANNUATION PTY LTD <HAGAN SF A/C>	20,000	0.99%
18 DERBY AMBER PTY LTD <FRANCK SUPER FUND A/C>	20,000	0.99%
19 MR BRETT DAVID SELLARS & MRS JANELLE MARIE SELLARS <B & J SELLARS FAMILY A/C>	20,000	0.99%
20 IDP INVESTMENTS PTY LTD <IAN PITTS SUPER FUND A/C>	20,000	0.99%
Total held by top twenty holders	1,241,889	61.26%

Unitholder Information

Substantial holders

The substantial shareholders of the Trust as at 24 September 2019, as notified to the ASX, are listed below:

Unitholder	Number of Units	Percentage of issued units
AURORA FORTITUDE ABSOLUTE RETURN FUND	454,044	22.39%
Total	454,044	22.39%

Corporate Directory

Directors of Responsible Entity	John Patton - <i>Managing Director</i> Victor Siciliano - <i>Executive Director</i> Anthony Hartnell AM – <i>Non-Executive Director</i>
Company Secretaries	Adrian Tilley John Patton
Registered Office	Suite 613, Level 6, 370 St Kilda Road Melbourne, VIC 3004
Share Register	Boardroom Pty Limited Level 12, 225 George Street Sydney, VIC 3000
Auditor and Taxation Advisor	Grant Thornton Collins Square, Tower 5 727 Collins Street Melbourne, VIC 3008
Solicitors	Jeremy Kriewaldt Lawyers Suite 502, 75-85 Elizabeth Street Sydney, NSW 2000
Stock Exchange Listing	Aurora Property Buy-Write Income Trust units are listed on the Australian Securities Exchange (ASX code: AUP)
Website	www.aurorafunds.com.au
Corporate governance statement	Aurora Funds Management's Corporate Governance Statement can be found on its website: http://www.aurorafunds.com.au/wp-content/uploads/Corporate-Governance-Statement.pdf