

Aurora Property Buy-Write Income Trust ASX Code: AUP

Performance Report - 31 December 2008

Summary

- The Trust returned +0.14% for December compared to the S&P/ASX200 Property Accumulation Index which returned -10.5%
- The Trust announced a distribution of \$0.30 per Unit for the 6 months to 31 December 08, representing an annualised yield of 11.1%
- Since 1 October 08 (whilst the Trust's assets have been in cash) the Trust returned +0.63 compared to the S&P/ASX 200 Property Accumulation Index which returned -36.5%



Monthly Performance

Jul 07	Aug 07	Sep 07	Oct 07	Nov 07	Dec 07	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	12 mths	Index
-2.90%	2.77%	0.02%	-0.74%	-7.78%	-4.83%	-16.15%	-1.05%	-0.48%	2.58%	-7.22%	-10.96%	-39.2%	-37.7%
Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08							6 mths	Index
-0.99%	3.77%	-1.31%	0.34%	0.15%	0.14%							2.11%	-56.8%

Investment objective

The Aurora Property Buy-Write Income Trust (the Trust) is an ASX listed investment trust that aims to generate income from an active strategy of selling call options over a portfolio of ASX listed Australian Real Estate Investment Trusts (A-REIT).

Investment Adviser

APN Funds Management Limited (APN FM) has been appointed as the Investment Adviser with responsibility to actively manage the Trust's investment strategy.

Established in 1998, APN FM currently manages a broad range of property securities funds with total assets under management of approximately \$3.4 billion (as at 31 December 2008). APN FM has established a strong track record and market reputation for managing domestic and global property funds with a particular focus on generating consistent, growing income returns. APN FM's expertise is widely recognised in the property funds management industry, as evidenced by the following awards:

- AFR Smart Investor Blue Ribbon Award 2008 - Australian Listed Property;
- Morningstar Fund Manager of the Year 2007 - Listed Property;
- Investor Web Research Property Securities Fund Manager of the Year for 2002, 2003 and 2004;
- Property Investment Research – Property Securities Manager of the Year 2005, 2006 and 2008; and
- Monitor Money Skilled Manager of the Year 2002-2003

An active investment management style combined with a concentrated focus on the fundamentals of commercial property investments lies at the heart of APN Funds Management's philosophy. APN FM is a leader in real estate which is driven by the investment team's longstanding experience and expert knowledge of property markets and research capability.

Trust features

Unit pricing	Monthly.
Distribution frequency	Half yearly.
Distribution policy	The Trust will distribute 100% of its net realised gains each year.
Distribution Reinvestment Plan	Available.
Applications	Investors may acquire Units on market or via the current Product Disclosure Statement.
Redemptions	On market by selling on the ASX or off-market at the end of each month.

Trust valuations

Market capitalisation	\$18,677,058
Net Asset Value (NAV)	\$19,471,328
Units on issue	3,965,405
Net Assets Value per Unit	\$4.9103
NAV plus distributions paid (since inception)	\$6.1554

Trust distributions (per Unit)

Period	Cash	Total	Yield at NAV (p.a)
31 Dec 07	\$0.4670	\$0.4670	10.5%
30 Jun 08	\$0.4781	\$0.4781	11.3%
31 Dec 08	\$0.3000	\$0.3000	11.1%
Total	\$1.2451	\$1.2451	

Market Commentary

by APN Funds Management Limited

Hopefully 2009 brings with it an improvement in sentiment and greater market stability after a tumultuous 2008. A-REITs have begun the process of repositioning and repairing themselves in order to withstand the tougher market conditions ensuing from the credit crisis.

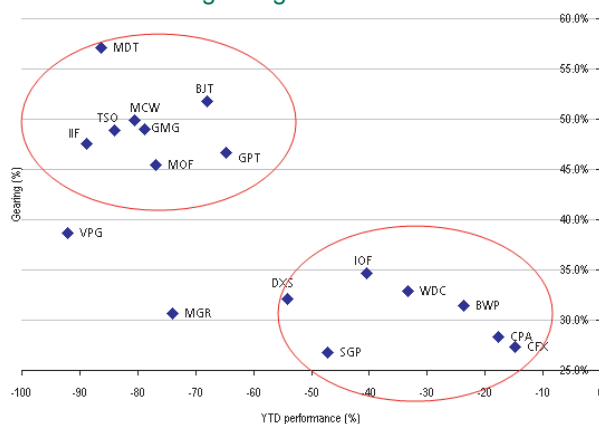
The S&P/ASX 200 Property Accumulation Index (Index) ended the year on a sour note recording a monthly total return of -10.5% and underperforming the broader market by 10.2%. There was quite a variance in returns when comparing the best and worst performers over the month with Dexus recording a +3.5% return and ING Industrial Fund -66%.

Over the month, the diversified sector (+7.5% relative) outperformed the A-REIT index. The office (-4.0% relative) and industrial (-9.7% relative) sectors were the worst performing sectors.

Over the year to 31 December 2008, the retail sector was the best performing sector (+14.9% relative to the index), followed by office, diversified and lastly the industrial sectors. The best performing stocks over 2008 on a total return basis were CFS Retail Property Trust (CFX) (-14.9%) followed by Commonwealth Office Property Fund (CPA) (-17.7%) & Bunnings (BWP) (-23.8%) with all three funds benefiting from their Australian focus and boasting healthier balance sheets when compared to their peers. The three worst performing stocks over the year were Valad (VPG), Centro Retail Group (CER) and ING Industrial Fund (IIF) with returns of -92%, -91.5% and -89% respectively.

In 2008, the best and worst performing stocks are easily separated into two distinct groups, the healthy and the not so healthy, depending on their balance sheet strength and anticipated short term debt refinancing commitments. This is best illustrated by viewing the following chart:

Performance and gearing levels 2008



Source: UBS estimates. Note: Look-through gearing quoted for VPG, GPT, GMG, IIF.

About Aurora

Aurora Funds Management (Aurora) is an investment management and distribution group owned and operated by a group of professionals with considerable experience in retail funds management, stockbroking, margin lending, corporate advisory and investment banking.

Aurora aims to source, package and distribute carefully researched investment strategies that are managed by specialist wholesale investment managers.

Aurora is also the issuer of the:

- Aurora Buy-Write Income Trust (ASX code: ABW)
- Aurora Infrastructure Buy-Write Income Trust (ASX code: AIB)
- Aurora Sandringham Dividend Income Trust (ASX code: AOD)
- van Eyk Blueprint Alternatives Plus (ASX code: VBP)

Aurora Funds Management

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