

Aurora Property Buy-Write Income Trust (ARSN 125 153 648)

Performance Report

30 June 2008

ASX Code: AUP

www.aurorafunds.com.au

Trust Summary

- The Net Asset Value of the Trust fell by 11% during the month of June
- The S&P/ASX200 Property Trust Index fell 12.5% during the month of June
- The Trust announced an estimated distribution of \$0.50 for the six months to 30 June 08
- The Responsible Entity requested that the Trust gearing be reduced to 0% for this quarter (see portfolio commentary)



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 geared portfolio of Australia's largest ASX listed Australian Real Estate Investment Trust's (A-REIT's).

Investment Strategy

The Trust seeks to capture returns from investing in some of the leading ASX listed A-REIT's with the objective of increasing the income generated by implementing an active call option selling ('Writing') strategy. Each quarter the Investment Adviser identifies 10 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);
- provide the scope for additional income generation by the Trust systematically writing call options on these securities and;
- the Trust seeks to reduce capital risk by holding put options against each security in the portfolio.

Net Asset Value - incl. franking

Inception	July 07	Aug 07	Sep 07	Oct 07
	\$9.71	\$9.43	\$9.69	\$9.70
				\$9.62
Nov 07	Dec 07	Jan 08	Feb 08	Mar 08
	\$8.88	\$7.98	\$6.69	\$6.62
				\$6.59
Apr 08	May 08	Jun 08		
	\$6.76	\$6.27	\$5.58*	

Investment Adviser

Barclays Capital is the Investment Adviser to the Trust with responsibility to advise on the Trust's investment strategy. Barclays Capital is the investment banking division of Barclays Bank PLC.

Trust Features

Trust Listing	26 July 2007
Minimum Investment	\$2,000
Unit Pricing	Monthly
Distribution Frequency	Half yearly
Distribution Reinvestment Plan	Available
Applications	Available to investors through the current PDS or on market by buying on the ASX
Redemptions	On-market by selling on the ASX or off-market at the Net Asset Value set at the end of each month

Summary of the Trust

Market Capitalisation	\$24,787,493
Net Asset Value (NAV), incl. franking	\$24,705,163
Units on Issue	4,426,338
Net Asset Value per Unit	\$5.58*
Net Asset Value per Unit, incl. franking	\$5.58*
NAV plus distribution paid	\$6.05

Trust Distributions (per Unit)

Period	Cash	Franking Credits	Total
31 Dec 07	\$0.4670	\$0.000	\$0.4670
30 Jun 08	\$0.5000*	\$0.000	\$0.5000*
Total	\$0.9670	\$0.000	\$0.9670*

*Estimated NAV. Includes the estimated distribution for the period to 30 June 08

Portfolio Commentary

The A-REIT sector reported a total negative return in FY08 of -36.4%. The A-REIT sector was the second worst performer within the global REIT universe in financial year 2008.

The Trust declared an estimated final distribution for the year ending 30 June 2008 of \$0.50 per Unit. The final distribution will not be known until the listed property securities that are held by the Trust also announce their final distributions for the end of the financial year. This brings the total distribution for the 12 months to approximately \$0.9670 per Unit.

The Trust's Units traded ex-entitlement on Monday 24 June 2008 and the estimated payment date for the distribution is 1 September 2008.

In terms of portfolio performance, the Trust finished financial year 2008 with a Net Asset Valuation (NAV) of approximately \$5.08 per Unit (after paying the distributions of \$0.9670 per Unit).

Reducing the Trust's gearing for the upcoming Quarter

At the end of June, the Responsible Entity requested the Investment Adviser to reduce the level of gearing in the Trust for the upcoming September 2008 quarter to 0%. After due consideration, we took the view that the expected level of distributions from the underlying investments in the upcoming quarter would be lower than the previous quarter and would be insufficient to justify the cost and risk of gearing the underlying securities.

Portfolio Activity

At the end of June 2008, the Investment Adviser rebalanced the portfolio and replaced five investments in the portfolio. Coming into the portfolio were General Property Trust, ING Office Fund, Macquarie DDR Trust, Macquarie Office Trust and Westfield. Securities to drop out of the portfolio were CFS Retail Property, Commonwealth Property Office, Dexus Property, Stockland and Valad Property. All the three month (September expiry) call and put options were reset to the market prices prevailing at the end of June 2008.

The average dividend yield for the portfolio is now projected to be 2.62% for the September 2008 quarter before Barclays sells or "writes" the call options to complete the buy-write investment strategy. The portfolio will be rebalanced again at the end of September 2008.

Market Outlook

The A-REIT sector closed financial year 2008 on a financial year 2009 trading yield of 8.8%. The financial year 2008 reporting season will not only reflect on several macro issues/themes confronting the sector but will also pose the question - to what degree will financial year 2009 be a carry-over period which will see A-REITs continue to underperform.

For the first time in quite a while the outlook and commentary of the A-REIT managers and any accompanying guidance will be critical in how A-REITs perform particularly in the short-term to medium term. As we outlined in the May 2008 newsletter, the A-REIT's with premium assets and secured quality tenants with leases in excess of 10 years will be better placed to withstand any yield re-rating over the short to medium term.

Portfolio Holdings

	ASX Stock Code	Forecast Quarterly Yield (%) *
Abacus Property Group	ABP	2.54
Goodman Group	GMG	2.45
General Property Trust	GPT	2.82
ING Industrial Fund	IIF	2.48
ING Office Fund	IOF	2.22
Macquarie Countrywide	MCW	0.00
Macquarie DDR Trust	MDT	4.85
Mirvac Group	MGR	2.56
Macquarie Office Trust	MOF	3.06
Westfield	WDC	3.20
Average forecast yield for September 08 quarter		2.62%

Source: Barclays Capital

*Based upon closing share prices as at 16/06/08

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

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