

Aurora Property Buy-Write Income Trust ASX Code: AUP

Performance Report - 31 January 2009

Summary

- The Trust returned +0.15% for January compared to the S&P/ASX200 Property Accumulation Index which returned -9.7%
- The Trust will pay a half yearly dividend of \$0.30 per Unit during February 09
- Since 1 October 08 (whilst the Trust's assets have been in cash) the Trust returned +0.78% compared to the S&P/ASX 200 Property Accumulation Index which returned -40.7%



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	Jan 09						7 mths	Index
-0.99%	3.77%	-1.31%	0.34%	0.15%	0.14%	0.15%						2.26%	-42.4%

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	\$19,042,608
Net Asset Value (NAV)	\$19,307,634
Units on issue	3,926,311
Net Assets Value per Unit	\$4.9175
NAV plus distributions paid (since inception)	\$6.1626

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

The S&P/ASX 200 Property Accumulation Index (Index) started 2009 as it ended 2008 – on a down note. The total return of the Index of - 9.7% in January underperformed the broader market by 4.8%.

The office sub sector was the weakest of the sectors (with a negative 29.4% total return). The sector was driven down by a sell-off in the ING Office Fund (down 38.9% over the month). The diversified sector delivered negative 11.3% return with GPT Group the culprit (down 17.4% in the month). Weakness in Westfield Group (down 7.0%) was the driver of the overall weakness in the retail sub sector. Retail was down 6.2%.

Finally, the industrial sector was the strongest relative performer (down a relatively modest 2.7% over the month of January). ING Industrial Trust was the key, bouncing 7.1% off its low price established in the previous month.

2008 will long be remembered as the year we do not want to remember. It was a year that saw unprecedented credit market dislocation that led to unprecedented equity market volatility and weakness. No market was spared the maelstrom. Some sectors (like Financials) appeared to lead the market down. REITs were part of this. Many REITs paid the price for carrying excessive gearing. Others came under pressure due to the expectation of breaching bank debt covenants as a result of falling asset values. The impact of a significant drop in the A\$ was that those groups with offshore debt saw an increase in their liabilities (putting further pressure on debt covenants). Amongst this confusion, direct property buyers went into hibernation. Clarity on property values (normally provided by frequent sales of assets) was absent. Throughout 2008 this caused more uncertainty, particularly in the AREIT market.

Everything that could have gone wrong did go wrong.

Well, it is perhaps trite to say that the weakness in markets seen in 2008 was a natural reaction to a steady increase in risks over recent years. Investing offshore, buying fund management businesses, property development, joint ventures and other non "traditional" AREIT investments all contributed to sector weakness as these earnings streams were valued as "high risk" relative to the low risk rental earnings that should typify an AREIT.

Investors should continue to take a long term approach to their investments. Indeed, APN FM remains committed to a long term approach that seeks to create value through the cycles. We continue to focus on investing in the best quality, low risk AREITs. We assiduously focus on avoiding higher risk entities that generate excessive proportions of their earnings from risky corporate sources and we limit offshore earnings.

Whilst we believe that the first half of 2009 will be a testing period, we remain confident that we have the experience and skills to navigate through this unprecedented period of uncertainty and volatility. One thing is for sure – we will not be making hasty decisions based on fear. Our decision making process will remain based on fundamentals with a long term perspective.

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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