

Aurora Property Buy-Write Income Trust Performance Report - 31 March 2011

ASX Code: AUP



Summary

- The Trust returned 8.53% for the year to March, versus the S&P/ASX 200 Property Accumulation Index which returned 4.96%
- The Trust announced a cash distribution of \$0.11 per Unit for the three months ending 31 March 2011 which represented an annualised yield of 8.18%

Performance

	1 mth	3 mths	6 mths	12 mths	3 yrs (p.a)	Since Inception (p.a)	Standard deviation
Aurora Property Buy-Write Income Trust	-1.05%	1.69%	2.40%	8.53%	4.42%	-5.33%	13.6%
S&P/ASX200 Property Accumulation Index (XPJAI)	-1.82%	3.80%	2.44%	4.96%	-0.42%	-18.12%	25.6%

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 (AREIT).

Investment Adviser

APN Property Group Limited (APN) is one of Australia's leading real estate investment managers, with a strong and consistent record of investment performance. APN Property Group Limited is listed on the Australian Securities Exchange (code: APD).

APN Funds Management Limited (APN FM) is a fully owned subsidiary of APN Property Group and has been appointed as the Investment Adviser of the Aurora Property Buy-Write Income Trust. APN FM is responsible for the active management of the Trust's investment strategy.

Established in 1996, APN Property Group manages a range of property funds on behalf of corporate and public superannuation funds, high net worth and individual investors. Collectively, APN manages \$2.3 billion (as at 31 December 2010) of real estate and real estate securities.

Investment Philosophy

APN is an active investment manager with a concentrated focus on income and the fundamentals of real estate.

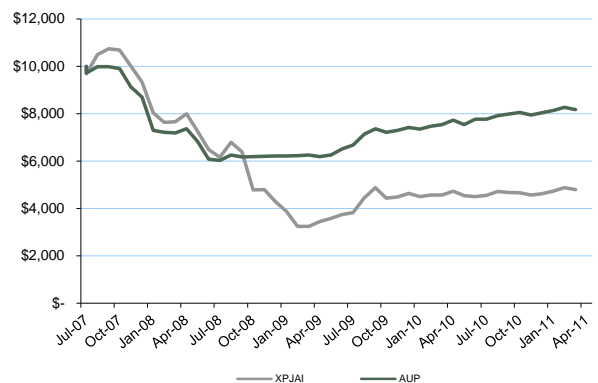
APN has a long held belief that investment in commercial property is primarily an investment in an income stream. Long term property leases also provide protection from the short term business cycle reflected in the market value of other asset classes. A commitment to the income benefits from property coupled with a lower level of risk (as measured by volatility) is reflected in APN's style of investment which focuses on well managed property assets that hold long leases to strong tenants.

Expertise

The APN investment team comprises a group of highly experienced real estate investment professionals who possess a deep understanding of real estate markets gained over several cycles.

APN's conservative style is underpinned by rigorous research, a proven investment process utilising a "top down" and "bottom up" approach, wide industry networks and assessment of market fundamentals. The investment team apply their judgement against the backdrop of broader domestic and global economic factors.

Investment Performance



Trust Features

Unit pricing	Monthly
Distribution frequency	Quarterly
Distribution policy	At least 2.0% of Net Asset Value per Unit
Distribution Reinvestment Plan	Available
Applications	Investors may acquire Units on the ASX 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

Fund Size	\$16.1 million
Net Asset Value per Unit (ex distribution)	\$5.2497
NAV plus distributions paid (since inception) ³	\$7.9406

Trust distributions (per Unit)

Period	Cash	Yield at NAV (pa)
31-Dec-07	\$0.4670	10.53%
30-Jun-08	\$0.4781	11.30%
31-Dec-08	\$0.3000	11.10%
30-Jun-09	\$0.2500	9.69%
31-Dec-09	\$0.3000	11.55%
31-Mar-10	\$0.1100	8.17%
30-Jun-10	\$0.1100	8.21%
30-Sep-10	\$0.1100	8.13%
31-Dec-10	\$0.1100	8.07%
31-Mar-11	\$0.1100	8.18%
Total	\$2.3451	

Investment Manager Commentary

The S&P/ASX 200 Property Accumulation Index (AREIT Index) delivered a total return of -1.82% in March 2011 whilst the Trust returned -1.05% over the same period. The total return of the AREIT Index over the 12 months to 31 March 2011 was 4.96%, whilst the Trust returned 8.53% over the same period. The Index performed poorly during March however the Trust outperformed the Index due to the additional income received from the call options written.

This month saw several indications of a healthy outlook emerging for the AREIT sector. AREITs were involved in several asset transactions, some merger/acquisition activity and were also active in the debt markets suggesting that the industry is trending in the right direction.

AREITs have exhibited a lower risk profile since overhauling their business models in the aftermath of the GFC. Many AREITs have abandoned non-core (riskier) activities and returned to their traditional model by concentrating on rental income from commercial property. In addition, international investment in AREITs has fallen to 31% from a high of 43% in 2007, lowering the perceived risk that comes with global investing. Average gearing levels have also come down to levels below the 10 year average and below the GFC levels.

The sector is looking attractive from a valuation standpoint. Valuations are on the rise for many AREITs with some reporting Net Tangible Asset (NTA) increases of up to 5%. However, many Trusts are being very conservative with their valuations. Valuations are also being underpinned by returns strongly in excess of the 10 year Australian government bond yield. AREITs are delivering 2.45% more in earnings yield than the 10 year government bond whilst the 20 year average difference has only been 1.07%. Based on this measure, the sector is looking attractive from a valuation standpoint.

AREITs are expected to have higher payout ratios in the next 6-12 months driving the dividend yield higher. Underlying earnings growth has returned to the sector for the first time since 2007, leading to increased confidence which will provide further support for higher payout ratios.

Top 5 Portfolio Holdings (as at 31 March 2011)

	ASX Code
Westfield Retail Trust	WRT
CFS Retail Property Trust	CFX
Dexus Property Group	DXS
Charter Hall Retail REIT	CQR
ING Office Fund	IOF

Source: APN Funds Management

About Aurora

Aurora Funds Limited ('Aurora', ASX Code: AFV) was listed on the ASX in July 2010. Aurora comprises the merged businesses of Aurora Funds Management Limited, Fortitude Capital Pty Ltd and Sandringham Capital Pty Ltd.

The combined group has in excess of \$500 million in funds under management and administration, and provides asset management and responsible entity/trustee services for over 3,500 Australian and New Zealand investors.

Aurora is also the Issuer and/or distributor of the:

- Aurora Fortitude Absolute Return Fund (ARSN 145 894 800)
- Aurora Global Income Trust (ASX code: AIB)
- Aurora Absolute Return Trust (ASX code: ABW)
- Aurora Sandringham Dividend Income Trust (ASX code: AOD)
- Aurora Sandringham Global Income Trust (ARSN 131 291 499)
- CORALS Commodities Fund (ARSN 131 196 882)
- van Eyk Blueprint Alternatives Plus (ASX code: VBP)

Aurora Funds Limited

Level 2, 350 George Street, Sydney NSW 2000 PO Box R1695, Royal Exchange NSW 1225

Telephone: 1300 553 431, Visit: www.aurorafunds.com.au, or Email: enquiries@aurorafunds.com.au

1. This represents a cumulative return and assumes reinvestment of distributions. 2. The Trust intends to always distribute at least 2.0% of NAV, excluding any franking credits, per quarter regardless of Trust performance. This means that if the Trust has insufficient net income in a given quarter, investors may receive a partial (or full) return of capital. 3. Total NAV plus reinvested distributions.

Disclaimer: This information has been prepared by Aurora Funds Management Ltd (ABN 69 092 626 885 AFSL 222110) in its capacity as Responsible Entity for the Aurora Property Buy-Write Income Trust (ARSN 125 153 648). It has been prepared without taking into account the objectives, financial situation or needs of any investor, which should be considered before investing. Investors should consider a copy of the Product Disclosure Statement and seek their own financial advice prior to investing in the Trust. The information in this newsletter is of a summary nature only and does not constitute advice of any kind, nor is it an offer of any financial product. Past performance is not a reliable indication of future performance. Please see asx.com.au for more information on the S&P/ASX200 Property (AREIT) Accumulation Index.

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