

Aurora Property Buy-Write Income Trust ASX Code: AUP

Performance Report - 31 May 2009

Summary

- The Trust returned +1.13% for May compared to the S&P/ASX200 Property Accumulation Index which returned +3.80%.
- The Trust returned +2.86% for this financial year to May, versus the S&P/ASX200 Property Accumulation Index which returned -44.81%.



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%	-39.16%	-36.35%
Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09		11 mths	Index
-0.99%	3.77%	-1.31%	0.34%	0.15%	0.14%	0.15%	0.17%	0.41%	-1.10%	1.13%		2.86%	-44.81%

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 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 \$3.1 billion (as at 28 February 2009). 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	\$17,089,421
Net Asset Value (NAV)	\$18,785,070
Units on issue	3,797,649
Net Assets Value per Unit	\$4.9465
NAV plus distributions paid (since inception)	\$6.1916

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	

Investment Manager Commentary

by APN Funds Management Limited

Portfolio Commentary

The S&P/ASX200 Property Accumulation Index (Index) delivered a total return of 3.8% in May 2009, whilst the Trust returned 1.13%.

Market Commentary

The outperformance of the Index 2.4% relative to the S&P/ASX 200 Accumulation Index was the second successive month that the AREIT market has outperformed the broader equities market. The strength of these absolute and relative returns reflects the oversold nature of the AREIT market over recent times. Last month we commented that the rally continues the theme of a modest return of risk appetite by the market. With a general sense of improving economic fundamentals (or at least, "less worse indicators") - a subtle shift in market sentiment continued in May. Demand for the sector has come from dedicated REIT funds, domestic equity investors and offshore REIT and equity investors.

Over the longer term, market returns continue to reflect weakness with the total return over the 12 months to 31 May 2009 of negative 50.8%.

The Retail sector underperformed the overall AREIT market over May. The subsector was up 2.4%. Macquarie Countrywide Trust increased 34.9% during the month and Westfield Group was up only 2.1%.

The Office sector outperformed over the month (up 6.3%). ING Office Trust gained 31.0% and Macquarie Office Trust returned negative 2.6%. Commonwealth Office Property Fund fell 1.8%.

The Diversified sector gained 9.0% with GPT Group up 29.2%. Stockland Group was up 4.5% while Dexs Property Group increased 3.4%.

The weakest performing sub sector for the month was the Industrial sector (down 21.2%) driven by the Goodman Group return of negative 32.4%. ING Industrial Fund gained 47.1%.

In market news, CFS Retail Property Trust (CFS Retail) and Westfield tapped debt markets, providing yet another sign that credit markets are improving.

CFS Retail's \$125m three-and-a half year Medium Term Note (MTN) issuance, although expensive at a 475bp margin, shows a substantial improvement in the credit markets. This was the first non-bank corporate bond raising since Stockland in October 2007. The deal was fully underwritten by ANZ and CBA and upsized from its initial target of \$100m.

Westfield completed a US\$700m debt issue, which it will use to pay down its revolving credit facilities. This is another tangible sign that credit markets are improving for REITs and follows on from CFS Retail's MTN issue earlier in the month.

Also, May saw Charter Hall, Bunnings, GPT Group and Stockland complete around \$3.8bn in equity raisings. The support for these raisings is a positive signal that institutional investors remain positive toward the AREIT sector. Some \$12.8bn of new equity has now been raised since September 2008 in the AREIT market.

Top 5 Portfolio Holdings

	ASX Code	Weighting NAV (%)
Westfield	WDC	20
Dexs	DXS	15
Stockland	SGP	15
CFS Retail	CFX	8
Commonwealth Office	CPA	8

Source: APN Funds Management

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)

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