

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

Performance Report

31 May 2008

ASX Code: AUP

www.aurorafunds.com.au

Trust Summary

- The Net Asset Value of the Trust fell by 7.22% during the month of May
- The S&P/ASX200 Property Trust Index fell 9.19% during the month of May
- The next distribution is due to be paid for the six months ending 30 June 08



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 property securities (LPT's).

Investment Strategy

The Trust seeks to capture returns from investing in some of Australia's leading ASX listed property securities, 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 | | | |
| | \$6.76 | \$6.27 | | |

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 which has a balance sheet of over US\$2.4 trillion. Barclays Capital advises on over US\$2 billion in buy-write strategies globally.

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 | \$25,863,645 |
| Net Asset Value (NAV), incl. franking | \$27,911,814 |
| Units on Issue | 4,451,574 |
| Net Asset Value per Unit | \$6.27 |
| Net Asset Value per Unit, incl. franking | \$6.27 |
| NAV plus distribution paid | \$6.74 |

Trust Distributions (per Unit)

| Period | Cash | Franking Credits | Total |
|-----------|----------|------------------|----------|
| 31 Dec 07 | \$0.4670 | \$0.000 | \$0.4670 |
| Total | \$0.4670 | \$0.000 | \$0.4670 |

Portfolio Commentary

The listed property trust sector fell heavily during the month of May 2008. Debt refinancing issues combined with the prospect of potentially higher interest rates in Australia gave the local listed property market little joy. The S&P/ASX 200 Listed Property Accumulation Index fell 9.2% in May to be down 32.1% over the last 12 months.

Global property markets also moved lower in May. The S&P/Citigroup BMI World Property index fell 3.8% in AUD terms.

In terms of portfolio performance, the Trust fell 7.22% to finish with a Net Asset Valuation of \$6.27 per Unit.

Contributing to the Trust's overall performance in May were:

Valad Property Group (ASX Code:VPG) – was up 5% after merger speculation drove the shares in Valad Properties finished up \$0.05 over the month to \$1.005. A total of around 12 million shares in the company were traded on the 15 May 2008, although analysts said no one company had emerged as a potential bidder.

Mirvac (ASX Code: MGR) – was down 21.7% after the property funds division became affected by downward revaluations, the possibility of reduced distributions and possible fund wind-ups. The one bright spot for Mirvac was that it was garnering higher rents at some of its shopping centres.

Stockland (ASX Code: SGP) – was down 12.7% after the group said that it had been forced into a major restructuring of its operations from the real estate market slowdown in mid-2008. It has also closed its funds management arm, Capital Partners.

Portfolio Activity

There were no changes to the portfolio of underlying held in May. The portfolio will rebalanced again at the end of June 2008.

Market Outlook

Investors have clearly abandoned the LPT's with higher gearing levels and poor debt-maturity profiles after watching Centro's debt-driven implosion earlier this year. With the sector generally having a high payout ratio and a heavy reliance on capital raising to fund growth, the more leveraged LPT's may have to cut their distributions in the ensuing 12 months in order to rein in their gearing levels.

The LPT'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 in the short to medium term.

At the end of May, the estimated distribution yield on the Australian listed property sector was 7.60%, compared with the 6.53% yield being offered on a 10 year government bond. This widening difference in yield should continue to provide support to the listed Australian Real Estate Trusts over the remainder of 2008.

Portfolio Holdings

| | ASX Stock Code | Forecast Quarterly Yield (%) * |
|--|----------------------|--------------------------------------|
| Abacus Property Group | ABP | 2.64 |
| CFS Retail Property Trust | CFX | 2.68 |
| Commonwealth Property Office Fund | CPA | 3.37 |
| Dexus Property Group | DXS | 3.64 |
| Goodman Group | GMG | 2.01 |
| ING Industrial Fund | IIF | 2.24 |
| Macquarie Countrywide | MCW | 7.16 |
| Mirvac Group | MGR | 2.09 |
| Stockland Group | SGP | 3.31 |
| Valad Property Group | VPG | 7.18 |
| Average forecast yield for June 08 quarter | | 3.63% |

Source: Barclays Capital

*Based upon closing share prices as at 27/03/08

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)

Aurora Funds Management Limited
Level 11, 88 Phillip Street, Sydney NSW 2000
PO Box R1695, Royal Exchange NSW 1225
1300 553 431 or visit www.aurorafunds.com.au
email: enquiries@aurorafunds.com.au

Disclaimer: This information has been prepared by Aurora Funds Management Ltd ABN 69 092 626 885 AFSL 222110 (Aurora) in its capacity as Responsible Entity for the Aurora Property Buy-Write Income Trust. 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 seek their own advice about investing in the Trust. The information in this summary not be relied upon as financial advice of any kind, nor is it an offer of any financial product. Past performance is not a reliable indication of future performance.