

Aurora Property Buy-Write Income Trust ASX Code: AUP

Performance Report - 28 February 2010

Summary

- The Trust returned 1.66% for February compared to the S&P/ASX200 Property Accumulation Index which returned 1.46%.
- The Trust returned -10.60% p.a. since inception, versus the S&P/ASX200 Property Accumulation Index which returned -26.05% p.a. over the same period.



Performance¹

	1 mth	3 mths	6 mths	12 mths	2 yrs (p.a.)	Since inception (p.a.)
Aurora Property Buy-Write Income Trust	1.66%	2.41%	4.89%	20.02%	1.79%	-10.60%
S&P/ASX200 Property Accumulation Index	1.46%	1.87%	3.19%	40.57%	-22.66%	-26.05%

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 \$2.7 billion (as at 31 December 2009). APN FM has established a strong track record and market reputation for managing domestic real estate securities with a particular focus on 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 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	\$19.6 million
Net Assets Value per Unit	\$5.3221
NAV plus distributions paid (since inception)	\$7.1172

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%
30 Jun 09	\$0.2500	\$0.2500	9.7%
31 Dec 09	\$0.3000	\$0.3000	11.6%
Total	\$1.7951	\$1.7951	

Investment Manager Commentary

by APN Funds Management Limited

The Trust delivered a return of 1.66% compared to the Index which delivered a return of 1.46% for February 2010. The total return of the Trust over the 12 months to 28 February 2010 was 20.02% compared to the Index that returned 40.57%. The significant difference between these two figures was due to the performance of the Index in March 2009, during which time the Trust was holding cash.

February was abuzz with activity as reporting season kicked into full swing. Overall, the news was upbeat for AREITs as real estate trusts generally reported sound underlying results. This reporting season was certainly a vast improvement on last year's bleak results and we believe the positives outweigh the negatives.

Gearing

AREIT balance sheets have improved markedly following recent recapitalisations. AREIT gearing now averages circa 27% which is down from a peak of around 43% with most trusts displaying ample gearing covenant headroom.

Distributions and earnings

The large capital raisings conducted over the past twelve months combined with deleveraging, occupancy weakness, rising interest rates and mixed rental growth outcomes led to weak earnings per share and distribution per share.

Valuations

Capitalisation rates (an indicator of property values) and Net Tangible Assets (NTA) are stabilising. As reported capitalisation rates deteriorated slightly, pleasingly AREIT managers publicly indicated that valuations have now bottomed in Australia (globally, valuations are in the process of bottoming). NTA declines were also modest circa 5% down on average, leaving many stocks trading at double-digit NTA discounts.

Operating metrics

Pleasingly, vacancy levels remain relatively low in Australia, with retail occupancy at 98.9%, office at 95.0% and industrial at 96.1%.

On the upside - there is now widespread acceptance that valuations have found a base as capital values stabilise; Australian portfolios performed much stronger than our offshore compatriots; gearing levels dropped significantly and many cashed up real estate trusts are now ready to make accretive acquisitions.

On the downside - as expected, earnings have subsided (largely due to the large capital raisings that occurred throughout 2009) and whilst occupancy levels remained high in Australia, not surprisingly net operating income growth showed signs of slowing in the period to December 2009.

Top 5 Portfolio Holdings (as at 28 February 2010)

	ASX Code
Westfield	WDC
Dexus	DXS
CFS Retail	CFX
ING Office Fund	IOF
GPT Group	GPT

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 and/or distributor of the:

- Aurora Global Infrastructure Income Trust (ASX code: AIB)
- Aurora Sandringham Australian Equity Income 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)

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1. This number represents a cumulative return and assumes reinvestment of 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 www.asx.com.au for more information on the S&P/ASX200 Property (AREIT) Accumulation Index.

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