

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

Performance Report

31 July 2008

ASX Code: AUP

www.aurorafunds.com.au

Trust Summary

- The Trust declined 0.99% during July, which compared favourably to the S&P/ASX200 Property Trust Index which fell 4.97% over the same period
- The Trust announced a distribution of \$0.47805 for the six months to 30 June 08, to be paid around 1 September 08
- The Trust maintains no gearing for this quarter



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 Australian Real Estate Investment Trust's (A-REIT's).

Investment Strategy

The Trust seeks to capture returns from investing in some of the leading ASX listed A-REIT's 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

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	Jun 08	Jul 08	
	\$6.76	\$6.27	\$5.11	\$5.06

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.

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	\$21,164,021
Net Asset Value (NAV), incl. franking	\$21,834,359
Units on Issue	4,319,188
Net Asset Value per Unit	\$5.06
NAV plus distribution paid/payable	\$6.00

Trust Distributions (per Unit)

Period	Cash	Total	Yield at NAV (p.a.)
31 Dec 07	\$0.4670	\$0.4670	12.7%
30 Jun 08	\$0.4781	\$0.4781	17.1%
Total	\$0.9451	\$0.9451	

Portfolio Commentary

The Australian Real Estate Investment Trust (A-REIT) sector began the new financial year with a fall during July of 4.97% as measured by the the S&P/ASX200 Property Accumulation Index.

In terms of portfolio performance, the Trust outperformed the sector with a fall of 0.99% over the month.

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

ING Office Fund – was up 14.2% for the month after it said that it had benefited from stronger rental growth across its property portfolio.

Macquarie Office Fund – was up 4.0% for the month of July after the Victorian Civil & Administrative Tribunal had ordered a permit to be issued for Macquarie Office Trust's proposed new building at the 171 Collins Street site.

Having a negative impact on the Trust this month were:

Macquarie DDR Trust – down 39% for the month after some market reports that its largest US tenant, Mervyn's (a discount retailer), could go into bankruptcy.

GPT Group – down 33% for the month after concerns over its 27% profit downgrade and the announcement of further asset sales.

The Trust declared a final distribution for the year ending 30 June 2008 of \$0.47805 per Unit. The distribution will be paid once the listed property securities that were held by the Trust in the March to June 2008 quarter pay their final distributions to the Trust for the end of financial year. The payment date for the distribution is expected to be 1 September 2008.

Portfolio Activity

There were no changes to the portfolio of underlying held in July 2008. The portfolio will be rebalanced again at the end of September 2008.

Market Outlook

On the local front, a number of Australian listed property market analysts now believe that a large number of Australian real estate investment trusts (REITs) maybe undervalued, and that with the possibility of future interest rate cuts occurring, share prices in the sector should begin to bottom and stabilise.

The share prices of A-REITs owning offshore property have shown some recent increases due to the recent 10% correction in the Australian currency. However, the prospect of some A-REITs cutting back their distributions in the current financial year is still having the effect of leaving a lot of retail property investors on the sideline at present.

Portfolio Holdings

	ASX Stock Code	Forecast Yield for Quarter (% p.a) *
Abacus Property Group	ABP	10.16
Goodman Group	GMG	9.80
General Property Trust	GPT	11.28
ING Industrial Fund	IIF	9.92
ING Office Fund	IOF	8.88
Macquarie Countrywide	MCW	0.00
Macquarie DDR Trust	MDT	19.40
Mirvac Group	MGR	10.24
Macquarie Office Trust	MOF	12.24
Westfield	WDC	12.8
Average forecast yield for September 08 quarter (p.a)		10.48%

Source: Barclays Capital

*Annualised yield, based upon closing share prices as at 16/06/08

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)

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