

ASIC Regulatory Guide 69 – Benchmark Disclosures

To assist with each investor's own risk assessment, ASIC has developed 8 specific disclosure benchmarks. Please note that only 4 of the benchmarks are applicable to the Notes as rollovers are not a feature of the Notes and MAB Inc does not on lend funds.

Benchmark	Comply	Further details
1. Is total equity greater than 8% of the sum of total equity and total debt?	Yes	See 'Benchmark 1: Equity' on page 2.
2. Does MAB Inc have sufficient liquidity to meet projected cash flows over a 3 month time horizon?	Yes	See 'Benchmark 2: Liquidity' on page 2.
3. Does MAB Inc disclose its approach to rollovers?	Not applicable	See 'Benchmark 3: Rollovers' on page 3.
4. Do the Notes have a credit rating?	No	See 'Benchmark 4: Credit rating' on page 3.
5. Does MAB Inc disclose its loan portfolio and lending practices?	Not applicable	See 'Benchmarks 5, 6 & 8' on page 3.
6. Does MAB Inc disclose related party lending practices?	Not applicable	See 'Benchmarks 5, 6 & 8' on page 3.
7. Does MAB Inc comply with all property valuation benchmark disclosure?	No	See 'Benchmark 7: Valuations' on page 3.
8. Does MAB Inc maintain adequate loan-to-valuation ratios regarding property related activities?	Not applicable	See 'Benchmarks 5, 6 & 8' on page 3.

Benchmark 1: Equity

In accordance with the combined Offer Document, investors have acquired units in MAB International Retail Trust ("MIRT") and Notes in MAB American Property REIT, Inc. MAB Inc is capitalised with a combination of debt and equity and returns on capital are funded from the rental income generated by each property investment. MIRT indirectly acquired 99.5% of the share capital issued by MAB Inc.

MAB Inc is the issuer of the Notes and is capitalised with a combination of debt and equity which was applied to the acquisition of 5 neighbourhood shopping centres. These centres are all anchored by supermarkets. Rental income returns from these investments fund the Distribution to Investors.

The purpose of the equity benchmark is to assist investors in assessing capital risk to the Notes by measuring the issuer's ratio equity to total capital. A Note issuer with a lower equity ratio is likely to be considered as posing a greater capital risk in relation to the value of the notes than an issuer with a higher equity ratio.

The Equity benchmark requires that MAB Inc's equity ratio should be maintained at 8.00% given that MAB Inc's operations are predominately property investment and not property development. MAB Inc's equity ratio is calculated below. The information is sourced from MAB Inc's USGAAP audited accounts as at 30 June 2009. For the purpose of the following calculation, the USGAAP audited accounts have been converted to comply with AIFRS.

$$\frac{\text{Equity Capital}}{\text{Total Liabilities + Equity Capital}} = 17.06\%$$

$$\frac{\text{AU\$11,914,158}}{\text{AU\$57,893,957 + AU\$11,914,158}} = 17.06\%$$

MAB Inc's equity ratio exceeds the minimum benchmark requirement by 9.06%.

Benchmark 2: Liquidity

MAB Inc manages liquidity risk by maintaining a financial model which contains cash flow projections until beyond the Maturity of the Notes. This cash flow model is updated and reviewed on a monthly basis in accordance with the cash flow management policy. The purpose of the cash flow management policy is to formally assess and manage liquidity risk.

In accordance with the liquidity benchmark, MAB Inc ensures that at all times it maintains cash flow estimates with a view to ensuring that sufficient cash or cash equivalents are on hand to meet projected cash needs over the subsequent 3 month period. This process allows the directors to properly assess any short term cash flow risk and take any action if required.

Cash flow forecasts are based on a number of assumptions which are outlined in section 8.0, Financial Information of the Offer Document.

With respect to the Notes, the inability to meet cash flow obligations can adversely affect the serviceability of interest payments and ultimately, the repayment of principal.

Servicing Interest Payments

The portfolio, comprised of grocery anchored retail centres, provides a secure cash flow, in that it has a portfolio occupancy level of 97.7% by area and a weighted average lease expiry profile by area of 6.43 years from 1 July 2009 . This cash flow services the quarterly interest payments on the Notes.

Principal repayment & term of the Notes

Notes are due to be repaid by MAB Inc at maturity on 15 December 2013. It is anticipated that principal will be repaid from either:

- a) Proceeds from the disposal of the underlying assets;
- b) Proceeds from a new issue of notes for an additional term;
- c) Proceeds from the drawdown of additional senior debt;
- d) Proceeds from an additional equity raising; or
- e) A combination of any or all of the above.

The Responsible Entity and MAB Inc will consider the most appropriate method of funding the repayment with respect to the intention of Investors at the time of maturity of the Notes. However, Investors should be aware that in certain unfavourable circumstances Investors risk losing some or all of their principal investment. Risk Factors in relation to the Notes are outlined in section 11.0, Risk Factors, of the Offer Document.

Note Holders should be aware that the Notes rank behind the interests of senior debt providers.

Benchmark 3: Rollovers

This benchmark requires clear disclosure of the Issuer's approach to rollovers. The Notes have a fixed term and may not be rolled over and therefore this benchmark does not apply to the Notes. Any additional issue of Notes would require a new prospectus in accordance with the requirements of the Corporations Act 2001.

Benchmark 4: Credit Ratings

The purpose of this benchmark is to assist investors in their assessment of credit risk and provide them with a benchmark for comparison with other issuers. Benchmark 4 requires a credit rating to be attained for the Notes or disclosure explaining the rationale for not attaining a credit rating. MAB Inc has not attained a credit rating for the Notes because it is of the opinion that the Offer Document contains appropriate disclosure that enables Investors to properly assess credit risk.

In order to address credit risk, MAB Inc has updated its cash flow management policy to incorporate additional measures to aid in the assessment of credit risk. These measures were initially disclosed in the Offer Document and are updated below.

In addition to the cash flow management process the additional measures utilised in assessing credit risk are:

- a) Portfolio occupancy (97.7% by area as at 1 July 2009);
- b) Weighted average lease expiry profile (6.4 years by area from 1 July 2009);
- c) Portfolio senior debt interest cover (1.86 times for the period from 1 January 2009 to 30 June 2009);
and
- d) Portfolio senior debt to value ratio (76.8% as at 30 June 2009).

Credit risk has increased as a result of the deterioration in asset values and subsequent impact on senior debt facility covenants this is particularly evident in the portfolio senior debt to value ratio. An update on the senior debt finance is provided below:

As advised in our letters to investors of 27th March 2009 and 14th August 2009, CB Richard Ellis was instructed to revalue the MIRT portfolio at the request of a senior Australian based lender. This exercise resulted in the assessment of a value decline of 19% over the past 12 months. The total portfolio is now valued at US\$54.65 million.

Following the revaluations, the portfolio gearing level stands at 79%. Further information on the Asset Valuations is provided in section 7 of this disclosure document.

As a result of this higher level of gearing, the trust has not satisfied loan to value ratio covenants with an Australian based financier. The financier has issued a "letter of non-waiver" reserving its rights under the loan facility. The financier has advised that it requires to reduce its exposure to MIRT. We have recently concluded negotiations with the financier and at the time of writing expect the financier to shortly issue a terms sheet containing revised loan facility arrangements and conditions, including reducing the financiers exposure by 31 March 2010. In this regard, we are evaluating a range of options including potentially raising additional capital from the marketplace.

A breach has also occurred on a non-financial covenant with a US based lender. The event that led to the breach has since been rectified, however under the terms of the loan agreement the lender has certain rights which are further discussed below.

Any facility covenant breach has the potential to accelerate the timing of the principal repayment, impose penalty interest and other costs and may require facility re-negotiation which also has the potential to result in less favourable financing terms such as higher margins. The acceleration of principal repayment, imposition of penalties and higher interest could result in the REIT being unable to meet its current obligations.

To date no lender has enforced repayment of amounts owing and management believe that there are reasonable grounds to expect that the REIT will be able to pay its debts as and when they become due because of its potential to:

- Renegotiate existing loan covenants;
- Generate operating cash flows in excess of interest obligations;
- Sell investment properties;
- Refinance existing facilities with new lenders; and
- Undertake a capital raising in some form.

Benchmark 7: Valuations

The purpose of this benchmark is to provide investors with an understanding of the issuer's valuation policies where the issuer is involved in, or lends money for property related activities. Benchmark 7 requires that issuer's approach valuations in the following manner:

- a) Investment properties should be valued on an 'as is' basis;
- b) Issuers should have a clear policy on how often they obtain valuations, including how recent a valuation has to be when they make a new loan;
- c) Issuers should establish a panel of valuers and ensure that no one valuer conducts more than one third of the issuer's valuation work; and
- d) Appointment of valuers should be with the trustee's consent.

MAB Inc does not comply with this benchmark because it does not meet the requirements for item c). Further explanation is provided below. MAB Inc's valuation policy states the following:

- a) Investment property is to be valued on an as is basis.
- b) Independent valuations are to be obtained at a minimum of every two years and independent valuations for new investment property acquisitions are to be obtained and must be no more than twelve months old when issuing additional Notes.
- c) The Issuer has considered the possibility of establishing a panel of valuers and has determined that it is inefficient to comply with this benchmark due to fact that there are only five centres in the existing portfolio. Greater economies of scale are achieved for Investors if the individual properties are valued by a single group. The valuation policy states that the valuer may not conduct more than two consecutive valuations for each property, unless specifically requested by a senior financier and further that this policy is to be reviewed if the number of centres increase to ten or more.
- d) The valuation policy also requires that MAB Inc request the consent of the Trustee prior to the appointment of valuers.

The most recent independent property valuations are listed in the Table below.

Property	Valuation	Valuation Date
Cheshire Centre, Charlotte,	12,500,000	31 March 2009
Grandview Plaza, Pfafftown, Winston-Salem	4,075,000	31 March 2009
Eastfield Village, Huntersville, Charlotte	15,175,000	31 March 2009
Summerville Plaza, Summerville, Charleston	10,900,000	31 March 2009
The Terraces at Park Place, Pineville, Charlotte	12,000,000	31 March 2009
Portfolio Total	54,650,000	

Benchmarks 5, 6 & 8

These benchmarks do not apply to MAB Inc because they relate to issuers who on lend the proceeds from the drawdown of the Notes to other entities for various purposes. MAB Inc has not on lent any proceeds from the Notes as it applied the proceeds from the Notes to the acquisition of investment property.