

February 2009

Investor Update

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Market Commentary

The last quarter of 2008 continued to witness further weakening in global financial market confidence emanating from failures within the US banking sector and deteriorating economic conditions. Australia has proven to be far from immune and is experiencing similar conditions evidenced by softening growth and reducing levels of consumer demand. Uncertainty is still dominating sentiment and market volatility remains high.

Following earlier cuts in the official cash rate during the third quarter of 2008, the Reserve Bank of Australia again responded to the worsening conditions by a further cut of 1.00% in December. The cash rate now stands at 4.25%, a full 3.0% below its peak of 7.25% (March to September 2008).

In the property markets there is a dearth of purchasers and a mismatch between their price expectations and those of sellers. These circumstances continue to give rise to uncertainty regarding underlying property values. Ultimately lower interest rates will be a positive for property markets, however, it will take many months to restore stability and confidence and no significant recovery should be expected during 2009.



360 Bourke Street

MAB Bourke Street Trust (MBST)

ARSN 099 460 616

An Extraordinary General Meeting for MBST was held on 12 December 2008 to vote upon MAB Funds recommendation that a contract for the sale of 360 Bourke Street Melbourne be completed and that as a consequence the Trust be wound up. Unitholders overwhelmingly voted to accept the recommendation and accordingly the sale of the property was completed on 19 December for a price of \$23.64 million.

Mr Nick Gray, MAB Funds General Manager said the transaction highlights the ability of the MAB Funds team to identify and manage first-class property investments and to deliver it's investors with exceptional returns in all market conditions. After initially purchasing 360 Bourke Street for \$15 million in May 2002, MAB Funds established

MBST to provide strong income and capital returns for investors.

Closure of the deal has wrapped up a successful innings by MBST which has met its forecast returns since establishment. Distributions commenced at 9.25% per annum and have increased to a strong 11.00% in the year ended 30 June 2008 (for the original investors of May 2002).

MBST original investors will reap a total return per annum of approximately 21.5% on their investment, based on an estimate by MAB Funds. An interim return of capital to investors is scheduled for the 3rd week of January 2009 and a final payment by 30 April 2009 when the Trust wind up is expected to be finalised.

MAB International Retail Trust (MIRT)

ARSN 121 054 662

MAB International Retail Trust continues to perform in a challenging economic environment. The FY09 Forecast return remains at 8.50% p.a* with an expected 90% tax deferral

Cary Uretz of MAB Rosenthal visited Australia in November 2008 when he updated key investors and investment advisers in Melbourne and Sydney on the MIRT properties and the current environment in the USA. Cary reported that Charlotte, North Carolina, and Charleston, South Carolina, where the MIRT properties are located, continue to perform better than the general US economy. He further commented however that uncertainty continues regarding property values and there are very few sales occurring to provide a clear guide.

Cary is pictured below together with the MAB Funds team (at the time General Manager, Nick Gray and Finance Manager, Mark Biancucci were supporting the men's health charity 'Movember' by being sponsored to grow moustaches during November!)



L-R Mark Biancucci (Finance Manager), Nick Gray (General Manager), Fiona Grogan (Senior Asset Manager) and Cary Uretz (Senior Vice President – MAB Rosenthal).

Units remain available for investment in the Trust. To obtain a Product Disclosure Statement and Prospectus please contact your financial adviser, visit www.mabfunds.com.au or call 1800 760 012.

*Annualised. This forecast distribution yield includes a distribution from MAB International Retail Trust and an interest payment from MAB American Property REIT Inc. This yield is based on, and must be read with, Key Assumptions and Risk Factors in the Product Disclosure Statement and Prospectus dated 17 January 2007 and the supplementary Prospectus dated 29 February 2008.

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MAB Diversified Property Trust (MDPT)

ARSN 103 463 467

CBA Facility Extension

MAB Funds continues to focus on capital management for the Trust and has recently secured an extension of the existing facility with the Commonwealth Bank of Australia. The 5 year facility was originally drawn in September 2004 and was due to expire in September 2009. In November 2008, MAB Funds was successful in securing a 12 month extension of the facility to coincide with the initial review date of the fund in September 2010.

The facility is comprised of an Australian Dollar Limit of \$45.01M of which \$41.243 million is currently drawn and a New Zealand dollar limit of NZ\$11.00 million which NZ\$10.45 million is drawn. The extension mitigates funding risk and ensures that all debt within the MDPT portfolio expires at or beyond the initial review date for the fund in September 2010.

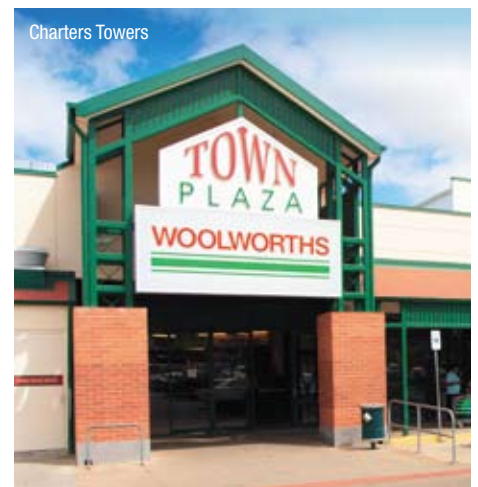
Charters Towers Update

Woolworths have recently completed an upgrade of their Charters Towers store having recently confirmed that significant

capital expenditure is only committed where a correlating increase in turnover is forecast.

This is an exceptional result for the centre, where the tenant is approaching turnover rental thresholds under the provisions of the lease.

Forecast distributions for FY09 are 7.25 cents per unit. The Audited NTA at 30 June 2008 was \$1.13.



Get to know John Ryan – MAB Funds Financial Accountant

John is responsible for the financial accounting, reporting and modelling for MAB Funds. John joined MAB Funds in early 2007 and prior to this had four years experience in public practise accounting, most recently with William Buck Financial Accountants.

John has gained valuable experience in financial reporting and taxation across a wide variety of industries, servicing companies such as The Good Guys, TXU and Lloyd Morgan Recruitment.

During 2007 John completed his post graduate studies and is now a qualified Chartered Accountant.



Visit www.mabfunds.com.au/executives for more MAB Funds team profiles.

Your MAB FM Team

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