

November 2008

Investor Update

MAB Funds Management Limited ABN 36 098 846 701 AFSL 232 747
Level 5, 441 St Kilda Road, St Kilda, Victoria 3004 Australia

www.mabfunds.com.au fm@mabcorp.com.au Investor Services 1800 760 012

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Market Commentary

Since our August 2008 *Investor Update*, global financial market confidence has weakened further being triggered by failures and consolidations within the US banking sectors.

Central banks and governments around the world have reacted by taking steps to support the financial system and markets. However, uncertainty dominates sentiment and market volatility remains high.

The Reserve Bank of Australia has responded to the financial conditions by cutting the official cash rate by a full 1.0% on 7th October and by a further 0.75% on 4th November to 5.25%.

While uncertainty regarding underlying property values remains an issue, lower interest rates will ultimately be a positive for property markets.

We reiterate our previous comments, that in the current environment, it is most important for investors to remember that long term strategies best suit property and to focus on property fundamentals – e.g. quality of location, leases and tenants.

Strong cash flows will help underpin property values and investors should seek investments exhibiting these characteristics.

MAB International Retail Trust (MIRT)

ARSN 121 054 662

Distributions to investors for FY08 were in line with forecast returns for the period of 8.45% p.a.* The FY09 Forecast return is 8.50% p.a.* with an expected 90% tax deferral. The AIFRS NTA audited at 30 June 2008 was \$0.78. This was predominantly due to the strength of the Australian dollar relative to the United States dollar at reporting date. The 'hedged NTA', calculated at the exchange rate at which the Australian dollar equity applied to purchase the properties was originally hedged remains at \$0.90.

MAB International Retail Trust continues to perform in a challenging economic environment. David Rosenthal and Cary Uretz of MAB Rosenthal provide specialist property investment services to MAB International

Retail Trust and its subsidiaries. In rendering these services, David and Cary work closely with the Charlotte-based property management teams and regularly liaise with MAB Funds Management to ensure the continued performance of the trust.

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.



Eastfield Village, North Carolina

MAB Diversified Property Trust (MDPT)

ARSN 103 463 467

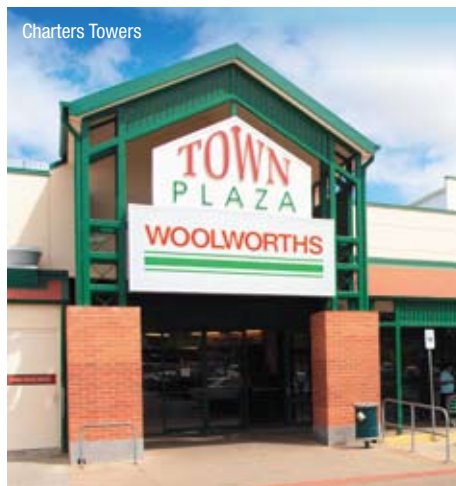
MDPT continues to perform well with the recent revaluation of Charters Towers and Hastings Shopping centres providing positive results given the general softening of market conditions. The valuation of Hastings Plaza increased to \$22,500,000 whilst Charters Towers has retained its previous valuation of \$10,400,000. Both valuations were completed in and dated September 2008.

Woolworths has received building approval for an upgrade of its Charters Towers store. Woolworths has previously 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.

MAB Funds is currently working with the Commonwealth Bank in relation to the extension of its existing debt facility which is due to mature in September 2009.

MAB Funds intends to extend the existing facilities to September 2010 so that they are aligned with the initial review date for the trust.

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



MAB Bourke Street Trust (MBST)

ARSN 099 460 616

As previously advised in a letter to investors, MAB Funds recommended that 360 Bourke Street be marketed for sale and sold if a satisfactory sale price could be achieved. The property is currently on the market, and the asset has received some interest during the first half of the sale campaign. The asset's location, high level of occupancy and re-development potential may attract a satisfactory price in an environment which continues to be characterised by tight credit conditions and economic uncertainty.

MAB Funds will again write to investors once the outcome of the sale process is known, and if the sale is to proceed, will provide guidance on the forecast return of capital and tax position of unitholders along with the process to wind up MBST.

If the sale of the property is not to proceed, then investors will be informed of an alternative strategy for MBST. MAB Funds

may then convene an investor meeting to enable investors to vote to extend the MBST term for a further period to allow property sale to be considered at a time when market conditions are more favourable.

MBST continues to provide strong performance to investors with distributions equivalent to 11 cents per unit for the current financial year and an un-audited AIFRS NTA at 30 June of \$1.85.



Toli Prantzios – MAB Funds, Asset Manager

Toli joined MAB Funds Management in early 2007 and is jointly responsible for the Asset Management function, managing real estate assets in Australia, New Zealand and the United States.

Toli has been directly involved in the management of the MDPT and MBST portfolios, contributing to leasing, strategic management and identification of value add opportunities.

Toli has a strong real estate background, having worked at Investor Property Group where he gained valuable exposure to all facets of Asset Management for both listed and unlisted wholesale property funds.

Toli has also lived and worked in London, managing a building OH&S and environmental sustainability audit.



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

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Your MAB FM Team

Nick Gray – General Manager

Roger Phipps – Nat. Distribution Manager

Fiona Grogan – Asset Manager

Toli Prantzios – Asset Manager

Mark Biancucci – Finance Manager

John Ryan – Financial Accountant

Monique Sola – Investor Services Officer

Stephen Stephens – Fund Administration & Compliance Officer

Telephone: (03) 8681 2222

Email: fm@mabcorp.com.au

Investor Services: 1800 760 012

www.mabfunds.com.au