

12/02/2010

Dear Investor,

MAB Diversified Property Trust (MDPT) – Update and Outlook

Market Conditions

The Australian economy has proved resilient to the global economic turmoil experiencing a relatively small downturn in 2009. Monetary and fiscal policy stimulus together with demand from China aided Australia to outpace a global rebound. This resulted in increased interest in property investment in the second half of 2009 although lack of liquidity and pricing in the debt markets remain a constraining factor.

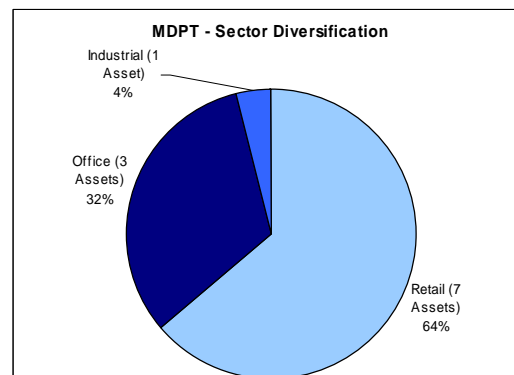
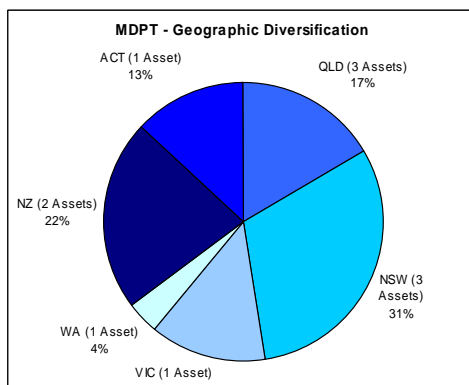
Portfolio Update

Key Statistics as at 31 December 2009:

The portfolio vacancy rate has further reduced to stand at 2.62% at 31 December 2009, as compared to a rate of 3.68% in September 2009 and 4.66% in June 2009.

The weighted average lease expiry (WALE) for the MDPT portfolio now stands at 4.04 years.

The diversification of the MDPT portfolio by geography and sector is shown in the charts below:



Valuations and NTA at 31 December 2009

The Directors of MAB Funds assessed the value of the assets of MDPT at 31 December 2009. This exercise resulted in the value of the portfolio declining by just under 0.5% to stand at \$149.7 million.

The weighted average capitalisation rate for the portfolio increased to 8.82% from 8.71% at June 2009.

The value of the interest rate swap instruments offset the property value fall to result in the NTA rising to \$0.95 per unit (draft unaudited) from \$0.94 per unit at June 2009.

Debt

Following the revaluations, the portfolio gearing level stands at 57.8%

Property News

3 Horwood Place, Parramatta, NSW

Existing tenant, One Steel, has expanded by taking a lease over the remaining vacant tenancy in the building with effect from 1 December 2009. One Steel now occupies some 32.0 % of the fully let building.

Village Central Shopping Centre, Wyong, NSW

A new nail salon, Wishing Nails, opened in the lower level of Village Central Shopping Centre in December 2009. We have also had strong interest from several parties for a number of the vacant shops on the upper level and we look forward to announcing these shortly.

Mornington Village Shopping Centre, Mornington, VIC

Terms were agreed in December 2009 for Urban Burger to come into the Centre to operate both an Urban Burger restaurant and a new Urban Coffee kiosk. Works commenced on the fitouts in early 2010. Discussions also continue with Aldi and as a result a planning application is being considered by the Mornington Peninsula Shire Council for the proposed 1300sq.m supermarket.

Distributions

MDPT has made a distribution of 0.75 cents per unit for the quarter ending 31 December 2009. At this time, the Directors are of the opinion that there are reasonable prospects of being able to make a small increase to the rate for the March and June 2010 distributions.

Future Strategy

MAB Funds is now considering a range of options for MDPT in preparation for making a recommendation to investors in the third quarter of this year. MAB Funds remains committed to best managing your investment and will continue to keep you informed on the outlook for the Trust.

In the meantime, please do not hesitate to contact MAB Funds Investor Services on 1800 760 012 or fm@mabcorp.com.au with any queries or if you require further clarification on the above.

Yours faithfully,



Nicholas Gray
General Manager
MAB Funds Management Limited