

MAB Diversified Property Trust

ASIC Regulatory Guide 46 Disclosure

This Enhanced Disclosure is issued by MAB Funds Management Limited (“MAB Funds”) as Responsible Entity for the MAB Diversified Property Trust (“MDPT” or “Trust”) pursuant to ASIC Regulatory Guide 46 (RG 46): “*Unlisted property schemes – improving disclosure for retail investors.*” The Regulatory Guide lists eight new disclosure principles that ASIC has developed which relate to upfront and continuous disclosure requirements for Retail Property.

The Trust has applied these eight disclosure principles in accordance with the form and content stated in RG 46. Investors should be aware that previous disclosures made by the Fund of some of these or similar principles reflect market standard practices which may be different to the requirements of RG 46. Investors are invited to have reference to the Fund’s Product Disclosure Statements and other publicly released materials which are available at www.mabfunds.com.au.

MAB Funds is committed to providing investors with timely disclosure of all material matters concerning the Fund in accordance with its continuous disclosure obligations, including RG 46. Key information in this document will be updated semi-annually, and any material changes will be updated as soon as practicable. These updates will be made available on the MAB Funds Website.

The information in this document is based on the most recent financial statements available for the Fund, being for the period ended 30 June 2009. The information below contains an overview of ASIC’s description of the eight disclosure principles, MAB Funds responses to those key risk areas and a description of their practical application.

Background:

MAB Diversified Property Trust is a direct unlisted property trust which owns 9 investment properties located in Australia and 2 Assets located in New Zealand. These assets were acquired over the period from September 2004 to December 2005, and the Trust is managed by MAB Funds as Responsible Entity.

This enhanced disclosure document aims to improve disclosure for retail investors by providing information relating to 8 principles:

Principle	What to look for as an investor
1. Gearing Ratio	To what extent are the Fund’s assets funded by debts?
2. Interest Cover	Can the fund meet its interest payments from its earnings?
3. Fund Borrowing	When must the Fund’s debts be repaid?
4. Portfolio Diversification	Does the Fund Manager mitigate risk by spreading the money it invests between different properties?
5. Valuation Policy	How are the assets within the fund valued?
6. Related Party Transactions	How many of the Fund’s transactions involve parties related to the Responsible Entity?
7. Distribution Practices	How are distributions funded and are they sustainable?
8. Withdrawal Arrangements	IS there a withdrawal arrangement for the fund?

1. Gearing Ratio

Disclosure Principle

This principle indicates the extent to which the Fund's assets are funded by external liabilities.

RG 46 defines gearing ratio as:

Total interest bearing liabilities divided by Total assets

ASIC Description

ASIC's description of this principle states that *"a higher gearing ratio means a higher reliance on external liabilities (primarily borrowings) to fund assets. This exposes the scheme to increased funding costs if interest rates rise. A highly geared scheme has a lower asset buffer to rely upon in times of financial stress."*

Practical Application of Disclosure Principle 1

MAB Diversified Property Trust ("MDPT" or "Trust") is capitalised with a combination of debt and equity. At 30 June 2009, the Fund had a gearing ratio of 56.5%. This ratio indicates the extent to which the Assets of the Trust are funded by external liabilities or third party debt.

It is not uncommon for unlisted direct property trusts to have gearing levels of up to 65%. Higher levels of gearing reduce the amount of equity required to acquire an asset. Gearing increases risk, i.e. the value of equity declines more rapidly when prices decline for more highly geared assets.

Gearing exposes MDPT to funding costs and therefore interest rate risk. Generally, as interest rates fall, so to does the cost of borrowing, and conversely as interest rates rise, borrowing costs increase. MDPT has substantially fixed its cost of borrowings by utilising interest rate swaps for the term of the debt, which has the effect of providing some certainty of cash flow.

The Fund does not have any off balance sheet financing as at 30 June 2009.

2. Interest cover

Disclosure Principle

This principle indicates the Trust's ability to meet interest payments from earnings.

RG 46 defines interest cover ratio as:

(EBITDA minus unrealised gains plus unrealised losses) divided by interest expense

ASIC's Description

ASIC's description of this principle states that *"interest cover is a key indicator of financial health. The lower the interest cover, the higher the risk that the scheme will not be able to meet its interest payments. A scheme with a low interest cover only needs a small reduction in earnings (or a small increase in interest rates or other expenses) to be unable to meet its interest payments."*

Practical Application of Disclosure Principle 2

During the 12 months to 30 June 2009, MDPT had an interest cover ratio of 1.65 times.

This implies that the Trust's realised earnings before interest and taxes were 1.65 times greater than its interest expenses for the period. This ratio is utilised to monitor the Fund's overall profitability as a ratio to finance costs. The Fund's ability or inability to meet interest payments depends on a variety of factors including changes in underlying earnings and interest rates. For MDPT interest rates have been substantially hedged by utilising interest rate swaps.

3. Scheme borrowing

Disclosure Principle

This principle requires information on the Trust's borrowing maturity and credit facility expiry and any associated risks.

ASIC's Description

ASIC's description of this principle states that "relatively short-term borrowings and credit facilities with short expiry dates are a risk factor if they are used to fund assets intended to be held long term. If the scheme has a significant proportion of its borrowings that mature within a short timeframe, it will need to refinance. There is a risk that the refinancing will be on less favourable terms or not available at all. If the fund cannot refinance, it may need to sell assets on a forced sale basis with the risk that it may realise a capital loss. Breach of a loan covenant may result in penalties being applied, or the loan becoming repayable immediately. This means that the fund may need to refinance on less favourable terms or sell assets. Termination of critical financing could also mean the scheme is no longer viable."

Practical Application of Disclosure Principle 3

Debt Maturity Summary and Profile:

The Trust's portfolio of Debt and its maturity profile is summarised in the following table:

	Facility Currency	Facility Limit	Amount Drawn	Facility Available	Facility Maturity Date < 2 Years
Debt Facility Provider A	AUD	\$45,010,000	\$41,243,000	\$3,767,000	30-Sep-10
Debt Facility Provider A	NZD	\$11,000,000	\$10,450,000	\$550,000	30-Sep-10
Debt Facility Provider B	AUD	\$13,100,000	\$13,068,750	\$31,250	1-Oct-10
Debt Facility Provider B	AUD	\$15,500,000	\$15,123,000	\$377,000	1-Oct-10
Debt Facility Provider B	NZD	\$9,900,000	\$9,900,000	\$0	1-Oct-10
Total AUD Limit*		\$90,426,865	\$86,039,066	\$4,387,799	
* The Total AUD Limit is calculated based on the AUD/NZD Spot rate at 30 June 2009:					\$ 1.2428

Per the disclosure in the Product Disclosure Statements and Supplementary Product Disclosure Statement for the Trust, MAB Funds noted that it would consult Unitholders about the future strategy for the Trust's ownership before 30 September 2010. The term of all debt facilities have been strategically aligned to this date to ensure that the term of the debt has been closely matched to the potential realisation date of the underlying assets within the portfolio of property.

Gearing has the potential to enhance investor returns, whilst increasing the potential for capital gains and capital losses. There are two debt capital providers which have partially funded the acquisition of assets within MDPT and both facilities have a fixed term to maturity. The expiry of the facilities can be brought forward if there is a breach of covenants under the loan documentation.

While there is currently no debt which matures prior to this initial review date for the fund, any requirement to repay or refinance debt creates a capital funding risk. For instance, in 2010, the Responsible Entity may recommend that MDPT continues beyond its September 2010 review date, and if this proposal is acceptable to unitholders, MAB Funds would be required to either refinance or extend the existing debt facilities beyond the current maturity dates, or alternatively replace the debt with equity capital. In the event that these options are not achievable, asset sales may be required by the existing lenders to facilitate repayment at the facility maturity date. There is also a risk that the refinancing available at this time is on less favourable terms.

Hedging:

At 30 June 2009, 100% debt drawn has been hedged until the maturity date of the facilities. MAB Funds intends to ensure that facilities remain substantially hedged during the term of the fund, if it is deemed to be in the interests of investors to do so.

Facility Covenants:

Facility Provider A:

This facility provider has ongoing covenants which include an interest cover test and loan to value ratio test. MDPT has fully complied with all loan facility covenants with Facility Provider A to date.

Facility Provider B:

Per the letter to investors dated 27th March 2009 and 14th August 2009, Debt Facility Provider B requested that valuations be obtained for the following assets:

1. Village Central Shopping Centre, Wyong, NSW ("Wyong")
2. Trafalgar Square Shopping Centre, Wanganui, New Zealand ("Wanganui")
3. 3 Horwood Place, Parramatta, NSW. ("Parramatta")

The valuation exercise has been completed and, as expected, declines in the property values adversely impacted on the banking covenants contained within the NAB debt facilities. The terms of the debt facility were successfully renegotiated on the basis that the Facility Provider continues to provide funding until the original maturity date of the facility (1 October 2010). These revised terms provide more flexibility with respect to the ongoing satisfaction of the interest cover and loan to value covenants but include revised, higher, pricing. Facility Provider B issued a waiver letter subject to documenting the agreed revisions to the loan documents.

A summary of the key revised terms is provided below:

- The three assets noted above are cross collateralised.
- Line Fee increased to 3.00%.
- A combined Loan to Value Ratio covenant of 68% for the Wyong, Wanganui and Parramatta assets.
- A combined ICR covenant of 1.2 times for the Wyong, Wanganui and Parramatta assets..
- A Portfolio LVR of 65% has been introduced (Includes all assets funded by Facility Provider A).
- A Portfolio ICR of 1.5 times has been introduced (Includes all assets funded by Facility Provider A).

The distribution guidance provided within Disclosure Principle 7 takes into account the revised terms under this facility.

Risks Associated with non-compliance of Financial Covenants going forward:

While it is anticipated that financial covenants will be satisfied under both facilities through to the facility maturity dates, it should be noted that any further material deterioration in property valuations and/ or the leasing profile of the assets could result in a financial covenant breach for either the loan to value ratio tests or the interest cover ratio tests. For both facilities, a breach of financial covenant constitutes an event of default. Under these circumstances, the facility provider has the right to require immediate payment of any or all outstanding monies. This could be achieved by selling assets, raising additional capital, applying future cash flows to reduce debt, restructuring the facility or any combination of these solutions. These actions may adversely affect the unit holder's investment value as well as the returns achievable on the investment.

Ranking of Unitholders

Unitholders should be aware that amounts owing to lenders and other creditors of the scheme rank before an investor's interests in the scheme. As part of the debt financing arrangements, lenders receive a first mortgage of the property asset or assets relating to the funding as well as a fixed and floating charge over the assets. This security gives the debt provider the right to take possession of the assets in the event of default under the loan documentation.

4. Portfolio Diversification

Disclosure Principle

This information addresses the Trust's investment practices and direct property investment portfolio risk.

ASIC's Description

ASIC's description of this principle states that "generally, the more diversified a portfolio is, the lower the risk that an adverse event affecting one property or one lease will put the overall portfolio at risk."

Practical Application of Disclosure Principle 4

Summary of Investment Property and Current Valuations:

The portfolio of assets is comprised of investment properties which are all directly owned by MDPT. Currently there is no development property within the portfolio.

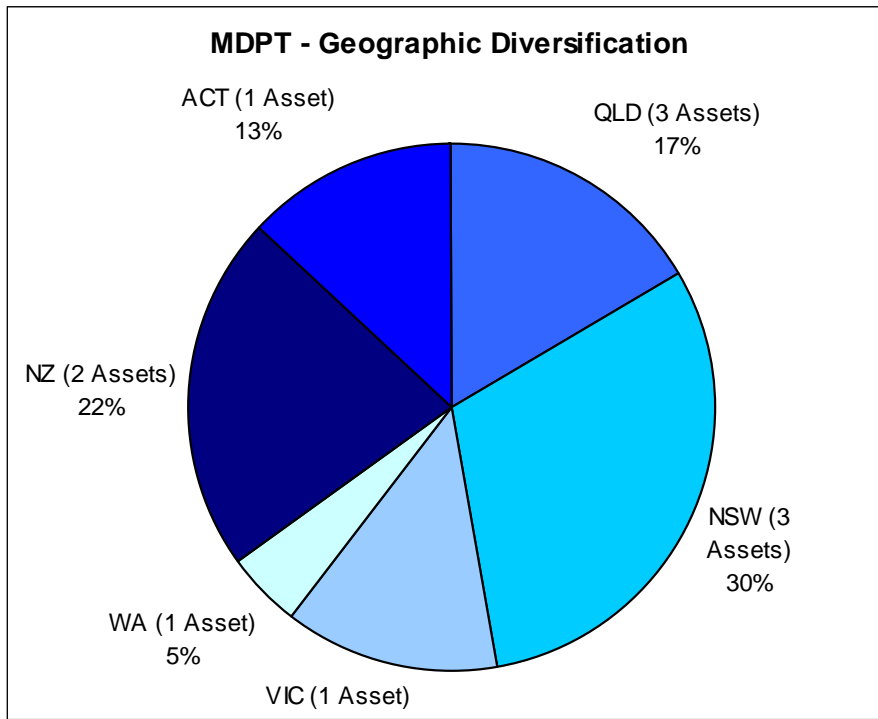
Investment Property	Location	Cap Rate	A\$ Valuation*	Valuation Date	Valuation Type
Cowra Plaza Shopping Centre	Cowra, NSW	9.00%	5,450,000	30/06/2009	Director's Assessment
Mornington Village Shopping Centre	Mornington, VIC	8.25%	19,700,000	30/06/2009	Director's Assessment
Rising Sun Shopping Centre	Townsville, QLD	8.25%	7,150,000	30/06/2009	Director's Assessment
The Plaza	Hastings, NZ	9.00%	17,541,036	30/06/2009	Director's Assessment
Town Plaza Shopping Centre	Charters Towers, QLD	8.50%	10,200,000	30/06/2009	Director's Assessment
1-3 Eyre Street	Riverdale, WA	8.25%	6,800,000	30/06/2009	Director's Assessment
2084 Logan Road	Upper Mt Gravatt, QLD	8.75%	7,800,000	30/06/2009	Director's Assessment
50 Blackall Street	Barton, ACT	8.75%	19,500,000	30/06/2009	Independent
Trafalgar Square Shopping Centre	Wanganui, NZ	9.25%	15,770,840	30/06/2009	Director's Assessment
Village Central Shopping Centre	Wyong, NSW	8.75%	19,250,000	30/06/2009	Director's Assessment
3 Horward Place	Parramatta, NSW	8.75%	21,250,000	30/06/2009	Director's Assessment
Total			150,411,876		

* The valuation of properties located in New Zealand have been converted to Australian Dollars at the exchange rate of \$1.1955.

For further information with respect to the Valuation Policy, refer to disclosure principle 5.

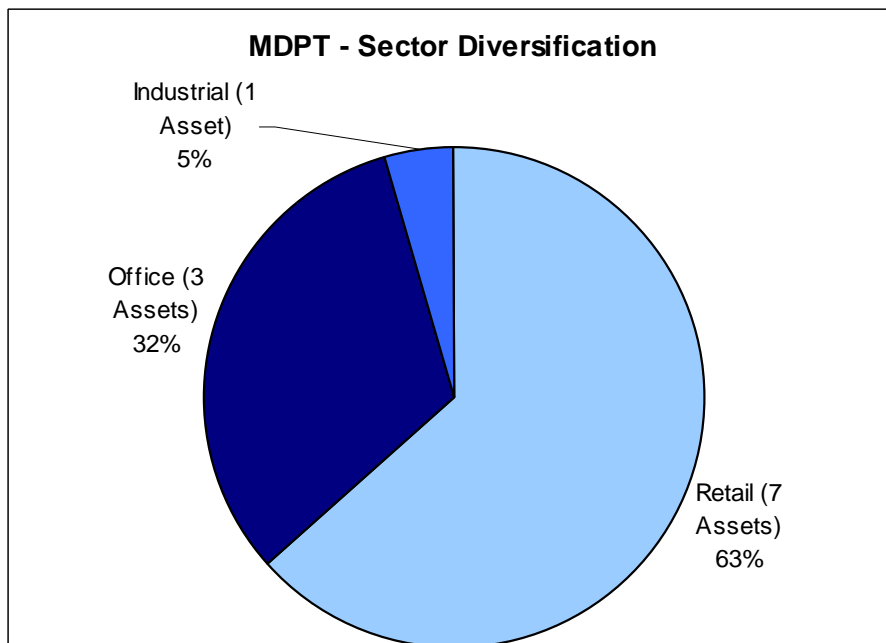
The initial investment strategy was to create a portfolio of assets diversified by both sector and geography. A guideline for a minimum of a 50% allocation to retail property remains in place. The level of diversification is demonstrated in the charts below.

Geographic and Sector Diversification



Geographic Diversification:

The Australian assets within the portfolio are diversified across 5 states, and additional diversification is provided by two assets located in New Zealand.

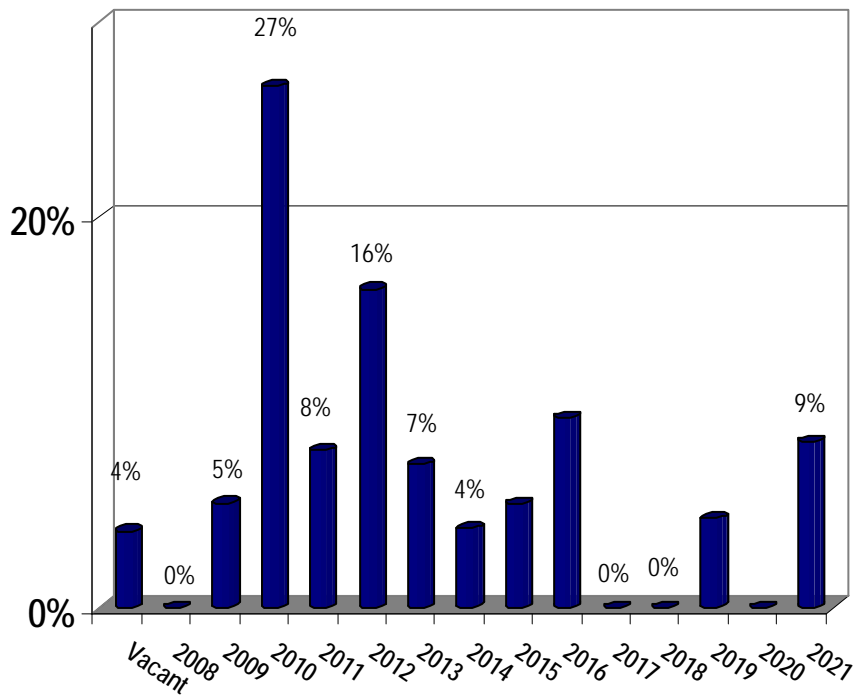


Sector Diversification:

The investment properties within the portfolio are also diversified by sector across retail, office and industrial.

Leasing Profile and Occupancy Levels

The portfolio has a 96% occupancy level by area and a weighted average lease expiry profile of 3.91 years. The charts below demonstrate the lease expiry profile for MDPT as well as the 5 largest tenants along with their percentage contribution to gross income.



Rank	Tenant	Percentage of Total Gross Annual Income
1	Australian Government Solicitors	10.45%
2	Coles	9.64%
3	Woolworths	9.07%
4	K mart	6.16%
5	Fitness First	4.50%

In assessing risk with respect to diversification of a property portfolio, investors should consider diversification with respect to geographic location, sector exposure, and diversification of major tenants.

5. Valuation Policy

Disclosure Principle

This information relates to key aspects of the Trust's valuation policy for real property assets

ASIC's Description

ASIC's description of this principle states that *"investing in a property scheme exposes investors to movements in the value of the fund's assets. Investors therefore need information to assess the reliability of valuations. The more reliable a valuation, the more likely the asset will return that amount when it is sold. However, any forced sale may still result in a shortfall compared to the valuation."*

Practical Application of the Disclosure Principles

The Director's have a policy to obtain independent valuations at least every two years and that those valuations be completed on an as is basis. The valuations are required to be completed in accordance with relevant industry standards and be performed by an appropriately qualified and registered valuer. As part of the statutory reporting process, the Directors also assess the fair value of each asset at June and December of each reporting period.

6. Related party transactions

Disclosure Principle

This relates to the responsible entity's approach to related party transactions

ASIC's Description

ASIC's description of this principle states that *"a conflict of interest may arise when property schemes invest in, make loans or provide guarantees to related parties."*

Practical Application of the Disclosure Principles

Related party disclosures are reported in the Annual Accounts for each scheme, the most recent annual accounts are available on the MAB Funds Website www.mabfunds.com.au.

The responsible entity has policies in place to manage related party transactions and conflicts of interest issues which form part of the overall Compliance process. These policies have been established to protect investors and any related party transactions are reported to the Compliance Committee. The committee is comprised of two independent committee members and a director of MAB Funds.

7. Distribution practices

Disclosure Principle

This relates to information on the Trust's distribution practices

ASIC's Description

ASIC's description of this principle states that *"some property schemes make distributions partly or wholly from unrealised revaluation gains and/or capital rather than solely from realised income. This may not be commercially sustainable over the longer term, particularly where property values are not increasing."*

Practical Application of the Disclosure Principles

Distributions are paid from current year profits and (to the extent necessary) prior year retained earnings. It is anticipated that forecast distributions will be funded by realised earnings from the portfolio of assets.

The responsible entity ensures that any material issues related to the Fund's distribution practices are notified to investors through ongoing disclosure which includes direct correspondence with investors via mail and email as well as through regular quarterly investor updates.

Distribution Guidance

Having factored in the increased debt costs on the NAB facility and on the basis that necessary capital expenditure is mainly funded from operating cash flows, the Directors of MAB Funds forecast that the Trust will be able to continue to pay a distribution of 0.75 cents per unit (equivalent to an annualised 3% p.a.) for the quarter ending 30 September 2009. At this time, the Directors are of the opinion that there are reasonable prospects of being able to make quarterly distribution payments at the same level beyond September and also some prospect for increasing the rate in 2010.

MAB Funds is committed to best managing your investment through this difficult economic period. We will continue to keep you informed on the outlook for the Trust and will write to you again in the last quarter of 2009 to provide further guidance of future distributions.

Based on current cash flow assumptions, it is anticipated that forecast distributions will be funded by the realised earnings from the properties within MDPT.

8. Withdrawal arrangements

Disclosure Principle

This relates to investors' withdrawal rights from the Fund

ASIC's Description

ASIC's description of this principle states that *"unlisted property schemes often have limited or no withdrawal rights. This means they are usually difficult to exit."*

Practical Application of the Disclosure Principles

Per the disclosure in product disclosure statements and supplementary product disclosure statement, MDPT is a direct unlisted property trust, and the scheme does not provide withdrawal arrangements.

With respect to the exit strategy at the review date, The Product Disclosure Statement notes that MAB Funds will make a recommendation to Unitholders on the future strategy for the Trust, and convene a meeting of Unitholders to vote on the recommendation in 2010. The alternatives may include an orderly sale over a defined period or other strategy which would provide unitholders with a clear mechanism to exit.