

15 February 2011

Dear Investor,

MAB International Retail Trust (MIRT) – Update

MAB Funds Management Limited (MAB Funds), the responsible entity for MIRT, writes to provide investors with an update on MIRT including the outcome of the recent capital raising.

Market Conditions

The US economy seems to have officially pulled itself out of recession and returned to positive GDP growth in 2010. It appears that most of this growth was as a result of productivity gains as unemployment remains high. In an effort to stimulate job growth Congress and the Federal Reserve have continued to implement expansionary fiscal and monetary policies. These policies may now be starting to have effect with the unemployment rate falling 0.4% in each of December 2010 and January 2011 to currently stand at 9.0%.

As a result of these conditions, property markets appeared to stabilise in 2010 and to rebound in certain markets and sectors. Forward minded investors re-entered the property markets increasing the demand for investment property and resulting in improved pricing.

Nevertheless, economic and property market conditions in the US will continue to remain challenging in 2011. The keys to consolidating a property market recovery are continued jobs growth and greater liquidity in the debt markets.

Portfolio Update

MAB Funds is pleased to report that the MIRT portfolio has performed reasonably well over the past quarter at a property level.

Key Performance Measures include:

Occupancy Rate: 92.25% - was 91.0% at 30 September 2010

Average unexpired lease term: 5.4 years overall.

Significant actions include:

- The leasing of the former Tuesday Morning “mini major” premises at Summerville Plaza, Charleston, to Pet Lovers Warehouse.
- The leasing of two specialty shops at The Terraces, Charlotte.

NTA

The current NTA of MIRT is estimated at \$0.17 (\$0.18 at 30 June 2010). The decline in the NTA over is a result of the recent capital raising (as described below).

Capital Raising of November 2010

As you are aware, MAB Funds undertook an equity raising that opened in November 2010 and recently closed on 4 February 2011. The purpose of the Offer was to raise funds sufficient to cure a breach of a net worth covenant in respect of the loan for the Terraces property in Charlotte, North Carolina.

The Offer made to existing investors and wholesale investors was to issue approximately 10.83 million units at an issue price of \$0.12 in order to raise A\$1.3 million.

MAB Funds is pleased to report that the required funds were successfully raised and as result the loan for the Terraces property is now compliant with the facility covenants.

Close out of capital foreign currency hedge

As disclosed in the recent Information Memorandum dated 22 November 2010, MAB Funds has been considering closing out the capital foreign currency hedge and applying the cash proceeds to reduce its Australian Lender debt in order to assist with refinancing of these facilities (due to expire in October 2011). On 24 December 2010, MIRT arranged for its subsidiary (MAB International Holdings Trust No 1) to close out the position. The contract settled on January 5, 2011 and the proceeds of US\$1.2 million were applied to the Australian Lender debt facility in early February 2011.

Closing out the position reduces the amount of Australian Lender debt needing to be refinanced by \$1.2 million and mitigates the risk relating to the provision of cash collateral on the currency contract (US\$2.5m) in the event that this contract cannot be novated to a new financier in October 2011.

The implication of closing out the currency hedge is that the Australian dollar equity applied to the REIT is now floating. This means that the future return of capital from the U.S.A to Australia will occur at the spot rate at the date of the transaction. The Australian Dollar capital is now subject to currency risk.

MAB Funds considered the implications of closing out the capital foreign currency contract and determined that the benefits outweighed the additional currency risk. This course of action was determined to be in the unitholders best interests.

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 or talk to your financial advisor.

Yours faithfully,



Nicholas Gray
General Manager
MAB Funds Management Limited