

15 February 2011

Dear Investor,

MAB Diversified Property Trust (MDPT) – Update

MAB Funds Management Limited (MAB Funds), as Responsible Entity of MDPT, now writes to update you generally regarding the Trust and in particular regarding the implementation of the revised strategy for MDPT that was advised to you in our communication of 26 October 2010.

Strategy

To recap, following the decision of unitholders not to approve MAB Funds recommendation of September 2010, the revised strategy for MDPT now is:

- An orderly wind up of the Trust and the sale and settlement of its assets over the period to 31 March 2012.
- The main objective is to maximise the sale proceeds within the proposed time frame. In order to optimise sale prices, the order and timing of sales has been also been determined with regard to:
 - Local and national market conditions.
 - Asset specific circumstances that will enhance value e.g.
 - completion of leasing and lease renewal deals;
 - completion of capital & maintenance works
- To maintain flexibility in proposed sale programme in order to further optimise sale price by:
 - having the ability to wait, if necessary, for appropriate offers to be received.
 - withdrawing properties from sale if no acceptable offers are received and offering these properties for sale at a later time (whilst not currently expected, there is a possibility that this could extend the wind up period).
 - accepting deferred settlement periods (if necessary).
 - consideration of the taxation position of MDPT and its investors.
 - consideration of the \$A/\$NZ exchange rate

Strategy Implementation

MAB Funds has commenced implementation of the new strategy and can now report the following regarding the 11 properties within the MDPT portfolio:

- Two properties have been placed on the market for sale;
- MAB Funds is considering sales submissions from potential agents for 4 properties.

- Sales submissions are being prepared by potential agents on 2 further properties.
- The sale of the 3 remaining properties is due to be considered later in the year.

Debt Facilities

MAB Funds secured terms and has now entered into new loan agreements from Commonwealth Bank and National Australia Bank for facilities expiring at the end of September 2012.

The new debt facilities enable implementation of the orderly wind up of MDPT.

Portfolio Update

MAB Funds is able to report that the MDPT portfolio has performed reasonably well over the past quarter.

Key Performance Measures at 31 December 2010 include:

Occupancy Rate: 95.6% (4.4% vacancy) – 95.3% at June 2010

Average unexpired lease term: 3.67 years overall

Significant actions include:

- The renewal of the Coles Supermarket lease at Rising Sun, Townsville, Queensland;
- Entering into a formal Agreement for Lease with Aldi Foods at Mornington Village Shopping Centre, Mornington, Victoria.

NTA:

The unaudited NTA of MDPT as at 31 December 2010 is estimated at \$0.816 (\$0.86 at 30 June 2010). The decline in the NTA over the period has been caused by a provision for selling costs now being included in the financial statements due to the move to wind up the fund as well as the \$A strengthening against \$NZ since 30 June.

Investors should be aware that sale prices may vary both favourably and unfavourably compared to current book values. Whilst management will endeavor to maximise sale proceeds, unfavourable sale price variances as well as other factors such as the imposition of unforeseen expenses may adversely affect the NTA.

MAB Funds will continue to provide regular updates to investors setting out the progress of the implementation of the new strategy for MDPT.

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

Yours faithfully,



Nicholas Gray
General Manager, Funds Management