

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 2011. 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 2011, the Fund had a gearing ratio of 63.3%, compared to 58.9% a year earlier. This ratio indicates the extent to which the Assets of the Trust are funded by external liabilities or third party debt.

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. Currently, MDPT is not utilising interest rate swaps to fix its cost of borrowings; and the cost of borrowings is therefore variable.

The Fund does not have any off balance sheet financing as at 30 June 2011.

Asset Settlements and debt reduction post 30 June 2011

It should be noted that three asset sales were completed in September 2011. The three assets sold were 2084 Logan Road, QLD, 50 Blackall Street Barton, ACT and 1-3 Eyre Street Rivervale WA. Post completion of the Asset Sales and required debt reductions, the Gearing Ratio improved from 63.3% to 55.3%.

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 2011, MDPT had an interest cover ratio of 1.59 times compared to a ratio of 1.61 times a year earlier.

This implies that the Trust's realised earnings before interest and taxes were 1.59 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.

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 at 30 June 2011 is summarised in the following table:

Trust Borrowings	Facility Currency	Facility Limit	Amount Drawn	Facility Available	Facility Maturity Date < 1 Year
Debt Facility Provider A	AUD	45,010,000	41,887,940	3,122,060	30-Sep-2012
Debt Facility Provider A	NZD	11,000,000	10,450,000	550,000	30-Sep-2012
Debt Facility Provider B	AUD	13,100,000	13,100,000	-	
Debt Facility Provider B	AUD	15,500,000	15,500,000	-	
Debt Facility Provider B	NZD	9,900,000	9,900,000	-	
Total AUD Limit*		89,745,258	86,198,586		

* The Total AUD Limit is calculated based on the AUD/NZD Spot rate at 30 June 2011: 1.2953

It is intended that a portion of the available debt facility be drawn over the coming 6 to 12 months in order to fund projected capital expenditure across the portfolio.

Asset Settlements and debt reduction post 30 June 2011:

It should be noted that three asset sales (2084 Logan Road, QLD 50 Blackall Street Barton, ACT and 1-3 Eyre Street, Rivervale, WA) were completed in September and a debt reduction totalling approximately \$24 million was processed under the Debt Facility Provider A AUD facility..

Hedging:

At 30 June 2011, there were no interest rate swaps in place to fix the rate of interest applicable under the debt facilities. MAB Funds may consider entering into interest rate swaps if it is deemed to be in the interests of investors to do so.

Facility Covenants:

Facility Provider A & B:

Both facility providers have financial covenants which have been satisfied at 30 June 2011.

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

All facilities in place were structured to facilitate the intended sale of assets and wind up of the trust. However market conditions have been weaker than anticipated and as a result MAB Funds is now reviewing its strategy for the sale of un-contracted properties. This review will include the merits of postponing the sale program as well as considering whether, in the interim period, the implementation of any specific asset management strategies will achieve a superior outcome for unitholders. MAB Funds continues to work closely with Debt Facility Providers to revise and if necessary waive facility covenants in the short to medium term to facilitate the review.

While it is anticipated that financial covenants will be satisfied going forward (and in some instances waived as a result of the review currently taking place), 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.

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 or refinancing 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.

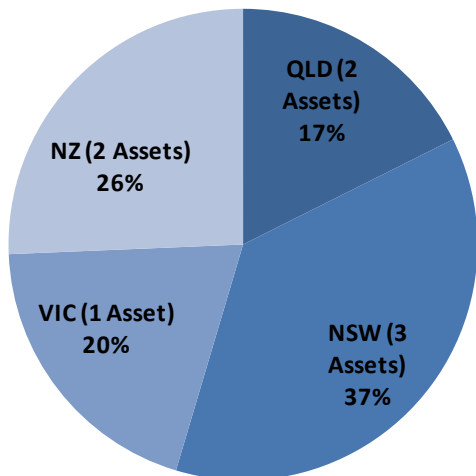
Investment Property	Location	Cap rate	30/06/2011 Valuation	Valuation Type
Queensland				
Rising Sun Shopping Centre	Townsville, QLD	8.75%	A\$7,500,000	Directors
Town Plaza Shopping Centre	Charters Towers, QLD	9.00%	A\$11,500,000	Directors
2084 Logan Road	Upper Mt Gravatt, QLD	8.50%	A\$8,300,000	Directors
New South Wales				
3 Horwood Place Parramatta	Paramatta, NSW	8.75%	A\$18,800,000	Directors
Cowra Plaza Shopping Centre	Cowra, NSW	9.25%	A\$5,600,000	Directors
Village Central Shopping Centre	Wyong, NSW	9.00%	A\$15,500,000	Directors
ACT				
50 Blackall Street	Barton, ACT	9.00%	A\$13,500,000	Directors
Victoria				
Mornington Village Shopping Centre	Mornington, VIC	8.75%	A\$21,300,000	Directors
Western Australia				
1-3 Eyre Street Belmont	Rivervale, WA	8.50%	A\$5,800,000	Directors
Australian Property Total (A\$)			A\$107,800,000	
New Zealand				
The Plaza	Hastings, NZ	8.88%	NZ\$17,200,000	Directors
Trafalgar Square Shopping Centre	Wanganui, NZ	9.38%	NZ\$18,650,000	Directors
NZ Property Total (NZ\$)			NZ\$35,850,000	
Australian Asset Property Total (A\$)			A\$107,800,000	
NZ Asset Property Total (A\$) *			A\$27,676,986	
MDPT Portfolio Total (A\$)			A\$135,476,986	

* The valuation of properties located in New Zealand have been converted to Australian Dollars at the exchange rate of \$1.2953.

The assets highlighted in the table above were sold after 30 June 2011. These assets were settled in September 2011 and sale prices achieved were equal to the Directors assessment of fair value as at 30 June 2011.

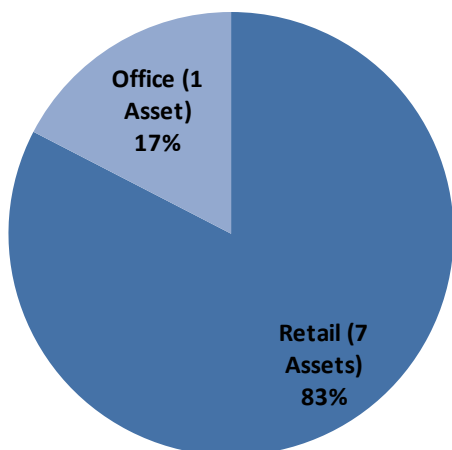
For further information with respect to the Valuation Policy, refer to disclosure principle 5.

MDPT - Geographic Diversification



Geographic Diversification:
The Australian assets within the portfolio are diversified across 3 Australian states, and additional diversification is provided by two assets located in New Zealand.

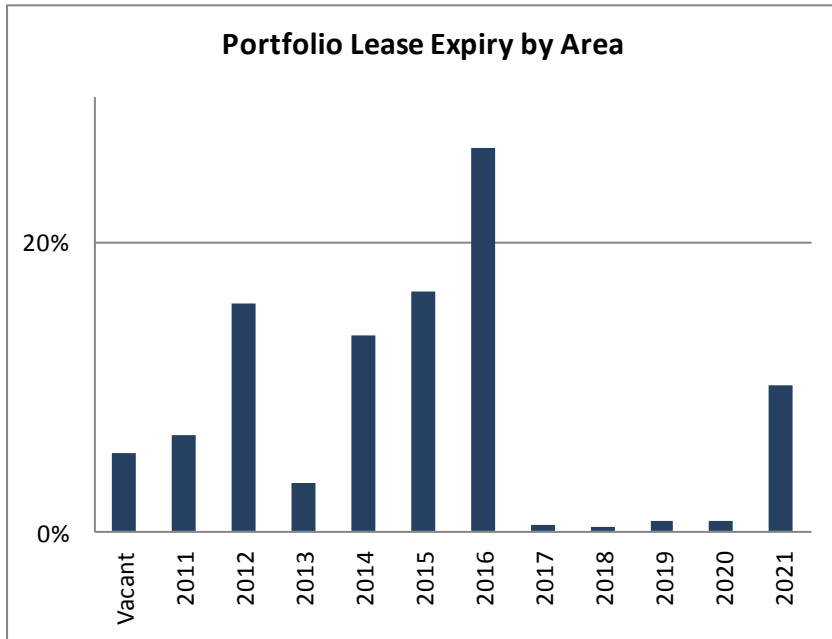
MDPT - Sector Diversification



Sector Diversification:
The investment properties within the portfolio are diversified by sector across retail and office classes.

Leasing Profile and Occupancy Levels

The portfolio has a 94.6% occupancy level by area and a weighted average lease expiry profile of 3.6 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 as at 1 October 2011.



Rank	Tenant	Percentage of Total Gross Annual Income
1	Coles	11.87%
2	Woolworths	10.29%
3	Kmart	7.74%
4	One Steel Trading	5.10%
5	Countdown	4.63%

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 operating 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

Management projects that distributions of 13 cents per unit will be paid in the financial year ending 30 June 2012. This projection assumes that management will sell the two New Zealand Assets and includes a distribution of the capital gain associated with the three asset sales that were completed in September 2011.

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

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.