

11 November 2010

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 an upcoming further capital raising.

Market Conditions

Economic conditions in the US remain challenging and the US Federal Reserve is continuing its efforts to stimulate the economy. Unemployment levels seem to have stabilised, but remain extremely high at approximately 9.6%. On a positive note, the Dow Jones Industrial Average has recently returned to levels above 11,000, indicating that market is more positive about economic conditions and the impact on US businesses going forward.

In line with general US economic conditions occupier demand remains subdued. However, there is some evidence of improved liquidity in the debt markets and investment demand has improved for some sectors of the commercial property markets.

Whilst there is also some early evidence of improvement in the US economy the short term outlook remains uncertain. Any economic improvement will take time to flow through to the property markets and we expect that any evidence of improvement in prices may not be seen until mid 2011.

Portfolio Update

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

Key Performance Measures at 30 September 2010 include:

Occupancy Rate: 91.0% (9% vacancy)

Average unexpired lease term: 5.4 years overall

Capital Raising of April 2010

As you are aware we completed an equity raising in April this year that provided funds for MIRT to repay some debt and remedy a breach of one its loan facilities. MAB Corporation Pty Ltd, a related party of MAB Funds, supported MAB Funds in its subscription for 50% of that offer ensuring its success and enabling MIRT to continue operations.

Details of the further capital raising and the rationale for it are set out below.

Debt Facility Update for Terraces at Park Place:

As disclosed in the Information Memorandum for the April capital raising, there has been a continuing breach of net worth covenant in respect of the loan for the Terraces property in Charlotte, North Carolina.

MAB Funds has determined that it is in the interests of the Trust as a whole to raise the required capital to cure the default. The benefits of this action are seen to be:

- **Preventing realisation of capital loss:** (Purchase Price US\$14.75m, June 2010 Valuation US\$11.5m).
- **Preventing default interest and other penalties:** the lender is entitled to capitalise default interest and other penalties into the loan balance if the default remains un-remedied;
- **Releasing Property Cash Flow:** Currently not accessible under default.
- **Debt Amortisation:** Equity in the property will also increase by circa US\$200,000 p.a. due to the continuing amortisation of debt.
- **Opportunity to participate in capital upside:** Management expects that the value of the property will increase over time. This is expected to have a positive impact on the NTA per unit.

Course of Action undertaken by MAB Funds to remedy the position:

MAB Funds has recently agreed the key commercial terms of the cash collateral agreement and it is intended that the Agreement will be executed within the next week.

MAB funds obtained approval from MIRT's Australian Financier to place cash collateral directly with the Terraces Financier to cure the default. This approval is conditional and requires that further equity be raised to fund the placement of the cash collateral with the Terraces Financier.

In order to ensure the prompt placement of the cash collateral, a related party of MAB Funds has recently provided a short term debt facility to ensure the funds are available to cure the default upon execution of the cash collateral agreement. As previously stated, the Australian Financier requires that this related party debt facility is repaid with the proceeds from a new equity capital offering by MIRT.

Further Capital Raising - Summary of the terms of the Offer

Over the coming weeks, MIRT will issue an Information Memorandum to existing investors and wholesale investors for the offer of approximately 10.83 million units at an issue price of \$0.12 in order to raise A\$1.3 million. We note that the offer price is the same as the issue price offered in the Information Memorandum dated 1 March 2010. The application proceeds will be applied to repay the related party debt, and the costs associated with curing the net worth breach with the Terraces Lender.

The NTA per unit at 30 June 2010 was \$0.18 and following the completion this additional issue of units, the NTA per unit is expected to be \$0.17.

The Information Memorandum will detail the rationale for the offer, outline the impact of the offer and provide a full update of the portfolio, the debt position as well as the risks associated with the offer.

MAB Corporation Pty Ltd will again support the proposed capital raising and unitholders should carefully read the Information Memorandum in its entirety when deciding whether to also further invest in MIRT. MAB Funds remains committed to best managing your investment and will continue to keep you informed on the outlook for the Trust. Investors should refer to the MAB Funds Website (www.mabfunds.com.au) and are encouraged to read the ASIC Regulatory Guide 46 and 69 disclosures.

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,

A handwritten signature in blue ink, appearing to be 'Nicholas Gray', with a stylized flourish extending to the right.

Nicholas Gray
General Manager
MAB Funds Management Limited