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## **Independent Property Valuations Support MAB's US Investment Strategy**

A recent valuation by CB Richard Ellis for MAB Corporation's US based fund MIRT (MAB International Retail Trust) resulted in a 3.8% increase over the initial 2006/2007 purchase prices - an excellent result for investors in light of the current environment.

Commenting on the valuation results, MAB Funds Management General Manager, Mr Nick Gray said "the results are particularly pleasing given the current environment where there is much speculation regarding the strength of the US economy and property market".

During his visit to Australia last September, David Rosenthal, President of US-based MAB Rosenthal and partner of MAB Funds outlined the advantages of investing in the commercial property markets in the USA, in particular focusing on non-discretionary, grocery anchored retail assets in regions exhibiting strong demographics.

Mr Gray went on to say "the strategy for MIRT to acquire grocery anchored retail centres in areas with strong population growth and above average income growth has now been supported by the recent valuation of the MIRT portfolio. The MIRT shopping centres are located in areas of North and South Carolina which exhibit these fundamental characteristics.

"An excellent example is in Charlotte, North Carolina which has the most resilient housing market in the US being the only city in the S&P/Case-Shiller National Home Price Index (released April 2008) to record a positive house price increase in 12 months to 29 February 2008. It also has the strongest office market in the USA with a vacancy rate of only 2.6% at December 2007" (CB Richard Ellis survey).

"We are pleased with the success of the MIRT portfolio, which has an occupancy level of 98.8% and debt locked in until at least October 2011. We are by no means complacent and we continue to monitor the US economic environment closely.

"However, it is becoming increasingly apparent that the low cost of debt relative to property yields and the likelihood that liquidity in debt markets will improve over the next six to twelve months, will result in a return to rational decision making and mean that there is likely to be increased interest from foreign and domestic investors in these fundamentally sound segments of the US property market," said Mr Gray.

The MIRT portfolio is open for investment and that further information can be obtained at [www.mabfunds.com.au](http://www.mabfunds.com.au)

### MIRT Key Features

Responsible Entity	MAB Funds Management Limited
Structure	Unlisted unit trust
Asset class	Grocery anchored retail property
Term of trust	Initial term to 2013 with ability to add properties with additional raisings during that time
Minimum investment	AU\$10,000
Distribution frequency	Quarterly
Forecast distribution yield <sup>^</sup>	Actual return 30/6/2007 – 8.40% <sup>#</sup> FYE 30/6/2008 – 8.45% FYE 30/6/2009 – 8.50% Tax advantage 90% for forecast period
Strong lease expiry profile	7.4 years by income from 1 January 2008 Average expiry for major tenants 11.7years
Debt and gearing	Borrowings drawn in USD 32 % of debt facilities expire in 2011 68% of debt facilities in 2013
Hedging	AUD capital hedged until 2013 USD distributions substantially hedged until 2013
Exit	All investors provided with exit opportunity in 2013

<sup>\*</sup>8.45% pa forecast average distribution yield for the forecast period to 30 June 2009.

<sup>#</sup>Annualised.

<sup>^</sup>This forecast distribution yield includes a distribution from MAB International Retail Trust (ARSN 121 054 662) and an interest payment from MAB American Property REIT Inc (ARBN 123 316 209).

### **About MAB Funds Management**

MAB FM is a specialist property investment manager. Formed in 2001, the team has established a successful track record in managing property assets throughout Australia, New Zealand and the USA. A key strength of MAB FM is its ability to offer investors an integrated property investment team incorporating funds management, asset management, development management and support services.

MAB FM has almost \$300 million funds under management in the MAB International Retail Trust, MAB Diversified Property Trust, MAB Bourke Street Trust. MAB FM is a subsidiary of diversified property group MAB Corporation.

With over \$2 billion in projects completed or commenced, MAB Corporation generates approximately \$250 million in annual sales and has net assets approaching \$300 million. MAB Corporation was formed in 1995 by Michael and Andrew Buxton – whose family has been active in real estate since 1861 – and employs over 100 people in its property investment, development and management businesses.

### **About MAB Rosenthal**

In 2006 MAB Funds Management Limited formed a dynamic investment operation with Los Angeles based Rosenthal Realty Investment Management Inc, an affiliate of property consultants Curtis-Rosenthal, to professionally manage the MIRT property portfolio. MAB Rosenthal is responsible for the following activities within the MIRT portfolio:

- Property Identification and Acquisition
- Property Due Diligence
- Asset Management

#### **MEDIA COMMENT & INTERVIEW**

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