



MARINER AMERICAN PROPERTY INCOME TRUST ANNOUNCES AN INCREASE IN NORMALISED PROFIT OF \$8.3 MILLION FOR THE YEAR ENDED 30 JUNE 2008

14 August 2008

- Net profit before tax, revaluations and currency adjustments of A\$8.3 million, up 12% on previous year
- Normalised earnings Per Unit (EPU) of 4.1 cents
- Distribution Per Unit (DPU) of 9.31cents
- Stable tenancy position with 98% occupancy
- Weighted Average Lease Expiry (WALE) of 7.5 years
- Going forward, capital subsidisation of distributions to be discontinued

Mariner Securities Limited as responsible entity for the Mariner American Property Income Trust (ASX: MRA) announces a net profit of A\$8.3 million before adjustments for tax, currency and revaluations. A DPU of 9.31 cents, 100% tax deferred has been paid for the full financial year. The DPU represents a return to investors consistent with the forecast.

However, the continued strengthening of the Australian dollar and the mark-to-market assessment of currency hedges has impacted the final net result. The NTA at 30 June 2008 was 68 cents¹ per unit. Net reported loss after tax was A\$8.2 million. The loss and change in NTA was largely due to a 3.2% decrease in property valuations and the mark-to-market (unrealised) currency adjustments.

'Given the volatile economic and market conditions a downward adjustment can be expected, but the relatively small amount reflects the quality of the properties and the long-term security of the tenants,' says John Foulsham, Executive Director of Mariner Property Partnerships. 'The Trust continues to provide stable long-term income with 84% of the income derived from investment rated tenants such as Intel, FedEx, Ingersoll Rand and EMC Corporation. The acquisition of the Pfingsten property during the period has further diversified the portfolio and the property has performed to expectation since purchased.'

Five of the seven properties were revalued as at 30 June 2008 which resulted in a 3.2% fall across the portfolio. The portfolio has a WALE of 7.5 years. Further details on each property's valuation can be seen in Appendix A.

This year has seen strong emphasis in tenancy management. At Derry Meadows the new lease for a liquor store to the State of New Hampshire has increased customers to the centre, particularly benefiting the specialty retailers. The major tenant of the centre, Hannafords Supermarket has also continued to improve sales over the year.

The FedEx site saw the completion of the vehicle service centre improvements which has further increased the operational importance of the facility as well as increasing the rental revenue to the Trust from enlarged lettable area. The tenant at the RSA property, EMC Corporation, was recently upgraded by S&P from BBB+ to A-.

The Trust distributions are hedged for the next four years and more than 92% of the income is hedged for the next two years. As the Trust is income orientated management will continue with a strategy to hedge distributions.

The manager continues to monitor, review and adjust the currency hedges and, at minimal cost, has recently closed out existing hedges that contained an element of capital hedging that exposed the Trust to potential risks in meeting mark-to-market positions.

The initial favourable forward rates that were obtained for future distributions have been maintained and the Trust is not exposed to any unfavourable exchange rates when the swaps mature.

As disclosed in each Product Disclosure Statement, distributions have contained a capital component. The manager has reviewed the distribution policy and resolved to discontinue subsidising distributions with capital returns. Distributions will reflect the free cash flows coming out of the properties. The forecast distribution for the 2009 financial year is 7.26 cents per unit.

MRA now has a diversified and well leased portfolio of 7 properties located in the north-east and Midwestern regions of the United States offering long-term tax deferred income from tenants with strong credit positions. Property locations and valuations are outlined in *Appendix A*.

The loans used to finance the purchase of the assets in the MRA portfolio have a minimum term of two years and a maximum term of nine years. All interest rates for these loans are fixed on average for four years across the portfolio.

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Mariner Financial

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¹ As at 13 August 2008 NTA is 76 cents per unit due to the USD strengthening against the AUD