

Mariner sets sail with first financial solution

27 January 2004

Mariner Lifestyle Bonds' to offer premium rates with new levels of flexibility and security

Emerging financial services group Mariner Financial Limited [ASX: MFI] will today launch the first in a series of innovative solutions aimed at giving retail investors better choice and flexibility in their investment and retirement planning.

Mariner Lifestyle Bonds are a fixed-term investment providing a secure long-term income stream, designed to help people with their long-term cash flow planning.

However built into this central premise are a number of key features which differentiate the Mariner Lifestyle Bonds from standard fixed interest investments such as debentures or other bonds. With Mariner Lifestyle Bonds:

- the investor's capital is progressively returned to them over the life of the Bond – together with interest;
- investors aren't locked in – they can partake in interest rate rises, however are protected against falling rates;
- the Bonds are transferable;
- they can be uniquely tailored to suit each investor's time horizon and income needs.

Backed by a range of cash flow generating assets, the Bonds have also been designed to offer the most competitive rates available in the market. As part of the price structure, each bond has a set "trigger rate" above which investors receive an additional interest payment.

Bill Ireland, founder and Managing Director of the Mariner group, said the new Bonds reflected Mariner's ambition to provide real choices to investors.

"The beauty of Mariner is that we have the luxury of starting with a clean sheet of paper in terms of structuring new kinds of financial solutions. We started with the consumer, talked to planners, and designed a product that fits a variety of common lifestyle scenarios," he said.

Typical uses of the Bond will include investment as a core retirement investment; as a solution for "asset rich/income poor" retirees (for example, helping them stay in their family home longer – see case study below); to construct a complying pension; to fund children's university years; or to extend the life of an allocated pension.

Fully flexible, investors can tailor the bonds to suit the annual amount of income desired, and over how many years. The following table illustrates various bond scenarios where the investor requires \$40,000 annually:

Mariner Lifestyle Bonds – Example of investor requiring \$40,000 income annually*

Amount Required Annually	Investment Years	Investment Amount	Name of Bond Series
\$40,000	7	\$233,891	40/7
	10	\$307,145	40/10
	12	\$343,401	40/12
	15	\$390,000	40/15

* Illustration only. The amount you must invest to obtain the returns over periods indicated will depend on the Bond Interest Rate that applies at the time you invest.

Mariner Lifestyle Bonds - Rates at 12 December 2003

Term	Bond Interest Rate %	Trigger Rate %
7	5.25	6.80
10	5.50	6.80
12	5.90	6.80
15	6.20	6.80

The Bonds are issued by Mariner Credit Corporation Limited, a wholly owned subsidiary of Mariner Retirement Solutions Limited (ASX:MRT), an ASX listed company that is part of the Mariner Financial Group.

They will be distributed through financial planner networks.

Launched in May 2003, Mariner Financial's primary activity is the distribution of a broad range of financial products. It will also provide strong branding and marketing, education and technical support, and a dedicated distribution capability to subsidiary company, Mariner Retirement Solutions [ASX:MRT].

Mariner Retirement Solutions will focus on the development and supply of innovative retirement income products, which will be backed by the income from property assets.

This month Mariner announced new support from Richard Pratt's Thorney Investments and the Myer family, who will each contribute \$3 million as part of a \$9 million share placement to boost the group's working capital.

Mariner expects to sign its first property purchase in the coming months. The group's property portfolio will comprise properties in Australia, the US and UK and will be housed in separate unlisted trusts.

Case Study – Victor and Linda

Victor and Linda Long, both aged 75, have paid off their home, which has significantly increased in value over the years – it's now valued at \$800,000. But they have used up the small superannuation payout that Victor received when he retired 10 years ago. Now their income is low, and they can't afford the lifestyle they wanted in retirement.

They don't want to sell their home – it's close to family and friends, they like to have their children and grandchildren to stay, and the property's large garden is one of their chief interests. And there are costs involved in selling up. Victor and Linda discuss the problem with their family, and also see a financial adviser to discuss their options. They think an additional \$18,000 per year would give them enough income for a better life in retirement. Their adviser recommends a Series 40/10 Mariner Lifestyle Bond.

How the Bond will work for them

Their Bond is funded through the equity Victor and Linda have in their home. The Longs borrow \$307,145 against this equity from their bank at a lending rate of 7% p.a., and they invest it in a Mariner Lifestyle Bond. The series 40/10 Lifestyle Bond pays Victor and Linda \$40,000* a year for 10 years.

They use \$21,500 to pay the interest on the mortgage, leaving them with \$18,500* as net income payments each year.

Victor and Linda can keep their home. They improve their income by \$18,500* a year and pay the interest on their mortgage. The loan balance remains steady at \$307,145. And after 10 years, assuming 3% p.a. capital growth on their property, their home is valued at \$1,075,133.

They will also have benefited from any upward movement in interest rates over the term of their Lifestyle Bond through Additional Interest Payments, which would help offset any rise in their mortgage rates. At age 85, Victor and Linda may feel differently about continuing to maintain their large home and garden. They may be ready to sell and move to a retirement village or low-maintenance unit, and repay the mortgage on their home.

*Tax is payable on the interest component of the annual payments. The amount of tax payable will depend on your particular marginal rates.

Note to the editors

Established in 2003, Mariner Financial Limited is an Australian-owned financial services company listed on the Australian Stock Exchange [ASX: MFI]. Mariner's primary focus is servicing Australia's growing superannuation market by providing uniquely structured investment and retirement income solutions. It also provides strong branding and marketing, education and technical support, and a dedicated distribution capability to its subsidiary company, Mariner Retirement Solutions [ASX: MRT].

For further information, please visit the Mariner website at <www.marinerfunds.com.au>.

Or contact:

Shed Enterprises

Sheridan Lee/Simrita Virk

Tel: 02 9247 8533 / 0411 101 492 (SL) or 0405 441 373 (SV)

Email: shed@ozemail.com.au; svirk@shed-ent.com.au