

Dear Adviser

Mariner Mortgage Trust – Freeze on Redemptions

As Manager of the Mariner Mortgage Trust (MMT) we write to advise you that on Monday 27 October the Trust took the decision to freeze all redemptions for the foreseeable future. As a result all redemption requests lodged with the MMT are now ineffective.

The mortgage trust sector as a whole is in discussion with the federal government and our regulator, the Australian Securities and Investment Commission, as to how best to support genuine hardship requests, and a solution to these one off cases will hopefully be presented shortly.

As you know the traditional mortgage trust sector has been considered both conservative and safe. However, the global credit squeeze experienced over the past 12 months, together with the federal government's recent initiative to provide bank deposit guarantees, has triggered a surge of investor nervousness and accelerated redemption requests. This has ultimately forced a number of Australia's largest mortgage trusts to impose a redemption freeze; and regrettably this has finally compelled Mariner to implement the same.

We will continue to manage the assets of the Trust in order to maintain our current competitive rate of return within conservative investment guidelines. Over the coming months we will also be seeking to build liquidity levels by selling mortgage assets in an orderly manner, and at market value, in order to meet expected redemption requests.

At the same time, the sector as a whole, in consultation with IFSA, which represents the funds management industry, is lobbying government to provide some relief. We hope this will see additional measures put in place within our sector to calm investors, allow funds to reopen, and to generally restore investor confidence in the sector.

It is our intention at the end of each quarter, commencing 31 December 2008, to make available proceeds on all repaid mortgage loans during the quarter to fund redemptions. Unit holders will need to make a redemption request prior to the end of any quarter. The redemption requests will be need to be lodged during a three week 'window', with the first being from the start of business on Monday 24 November 2008, and closing at 4pm on Friday 12 December 2008. The first payment will be made to investors prior to Christmas. Loans repaid after the 14th December to 31st December will be pooled with the next quarter payment in March 2009. This decision has been made to favour our Investors and to ensure their monies are paid by Christmas

Subsequent lodgement opportunities will be advised in separate communications and will also be available on our website at www.marinerfunds.com.au If available funds are not sufficient to pay all redemption requests received during that quarter we will pay redemptions on a pro rata basis.

Despite the prospect of several months of continued uncertainty, the MMT continues to perform well. It still has one of the best rates of return in its class and its current 90 day arrears (as at 30 September 2008) represent only 1.72% of funds under management. While it has become necessary at this point to place a freeze on redemptions, it is important to note that distributions will continue to be paid to your clients and interest will continue to accrue on their investment.

Finally, as you will be aware, Mariner Financial Limited is selling its interest in the Mortgage Trust, and we are currently in close discussions with interested parties. Ultimately we will align ourselves with an organisation that has the appropriate skills to support the Trust, and I, together with a core team, have a commitment to stay and manage the Trust. Please be assured that the imminent sale of the MMT does not jeopardise your client's investment in any way.

Our hope is that with assistance from the Government the mortgage trust sector reopens as soon as possible. In the meantime, I assure you the Mariner Mortgage Trust team is committed to working through this crisis, and provide you with a workable solution and peace of mind.

We will undertake to keep you updated with monthly communications. Additionally, we urge you to visit our website at www.marinerfunds.com.au for a comprehensive Q&A download.

For further information please contact:

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Yours sincerely

MARINER MORTGAGE MANAGEMENT LIMITED

A handwritten signature in black ink, appearing to read 'John M Thomas', written in a cursive style.

John M Thomas
Chief Executive Officer – Mariner Mortgage Trust