MARINER | FINANCIAL
INVESTMENT BY DESIGN

MARINER FINANCIAL LIMITED
ABN 54 002 989 782

PO Box R1607
Royal Exchange NSW 1225

Level 40, The Chifley Tower
2 Chifley Square
Sydney NSW 2000 Australia

Investor Services: 1800 009 963
Adviser Services: 1800 009 964

T 02 9238 0750
F 02 9238 0790
W www.marinerfunds.com.au

2008 ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS

THE YEAR TO 30 JUNE 2008

The year to 30 June 2008 saw a great deal of unanticipated upheaval in the financial markets both overseas and domestically.

Markets began to deteriorate noticeably in December and January and this set the scene for both equity market volatility and the continued sub-prime crisis. In this evolving market crisis business models such as ours struggle to maintain a sustainable business.

Deciding to reduce our debts, the Board initiated a sale of assets, conscious that losses might be incurred but seeing an orderly realisation of assets as in the best interests of shareholders and other stakeholders. As a result the Company booked a $45 million loss together with write downs and revaluations on a number of its investments and, after all adjustments reported a net loss after tax of $65.3 million for the financial year ended 30 June 2008.

Reported losses included:

$37.2 million	for the sale of Keybridge Capital Limited (realised)
$ 2.9 million	for the sale of Mariner Pipeline Trust units (realised)
$34.2 million	for other assets (unrealised)

The Board's decisiveness in this proved beneficial as markets have continued to deteriorate and prices have continued to fall.

By 16 September, when we announced our results, the Board had taken the view that Mariner's retail business model was no longer viable. Retail distribution channels were slowing and are expected to remain slow for the next 18 months to 2 years failing any market recovery.

A comprehensive action plan was proposed:

- An orderly disposal of assets and management rights to convert investments to cash
- The sale of non-core shareholdings
- Implementation of a significant cost cutting program

We have now successfully retired all corporate bank debt; reduced staff by two-thirds; and sold the management rights to most of our funds including the Mariner American Property Income Trust. We are in the advanced stages of negotiations for the sale of the Mariner Mortgage Trust, Mariner Credit Corporation and the Red Rock/1770 property.

We are also in discussion with the holders of outstanding convertible notes with a view to repaying the notes following these sales. This will leave Mariner with no debt obligations apart from normal operating creditors.

THE YEAR AHEAD

Other assets remain to be sold. The Board is aware that in order to achieve their optimal value it may take 6 to 12 months before these assets are sold, and converted back to cash.

In the meantime, the Company's focus is as follows:

1. to dispose of all remaining assets as soon as practicable; and
2. in light of the prevailing circumstances, the Company will be employing remaining staff in the creation of wholesale structured transactions which should generate fee income from a low cost base, as opportunities present themselves once market volatility reduces.

WEB IRELAND
CHAIRMAN
MARINER FINANCIAL LIMITED