

22 December 2008

Centro MCS 24 – Valuations and Net Asset Backing (NAB) Update

Dear Investor,

I write to you on behalf of CPT Manager Limited, the Responsible Entity (RE) of Centro MCS 24 Investment Trust, ARSN 090 930 742, and Centro MCS 24 Property Trust, ARSN 090 931 230 (the Syndicate).

When we wrote to you in September, we advised that new independent valuations for Centro Lake Macquarie and Mount Hutton Plaza had been requisitioned. These valuations have now been finalised at \$62.2 million for Centro Lake Macquarie and \$12.2 million for Mount Hutton Plaza, representing a decline of 17% from the combined 30 June 2008 valuations.

Based on these valuations, the loan to value ratio (LVR) for the Syndicate is 89.3%, and the provisional Net Asset Backing (NAB) at 31 December 2008 is \$0.28.

Valuations and LVR

Centro Lake Macquarie

Prior to the commencement of the development of Centro Lake Macquarie, we requisitioned an independent valuation firm to undertake an 'As If Complete' valuation. This valuation estimated that, after the completion of the development, the centre would be valued at \$78.0 million based on forecast rental income.

Following completion of the development, the same valuation firm was engaged to undertake another valuation based on the completed development and net property income. We have started to see the impact over the last six months of the global financial crisis on commercial property values and the two centres in Centro MCS 24 are no exception, with the most recent valuations reflecting the current market conditions. The resultant valuation of \$62.2 million was predominantly a consequence of higher capitalisation rates, reflecting the lack of demand for retail property as a result of the financial crisis, and 4.6% less net property income compared with the forecast.

Mount Hutton Plaza

The previous independent valuation of Mount Hutton Plaza was \$15.5 million at 31 December 2007. The new valuation of \$12.2 million was carried out by the same independent valuation firm. The decline in the valuation of Mount Hutton Plaza is a consequence of a higher capitalisation rate, again reflecting the lack of demand for retail property as a result of the financial crisis.

LVR

These new valuations have resulted in an LVR of 89.3%, which is higher than the maximum permissible LVR under the conditions of the Syndicate's debt facility. We are working proactively with the lender, and have provided them with detailed financial information so they can consider their position. We are currently waiting for the lender to clarify its position in regard to the LVR covenant breach.

Provisional NAB at 31 December 2008

The provisional NAB at 31 December 2008 is \$0.28. The significant drop in the NAB is a result of the following:

Item	Per Unit
NAB at 30 June 2008	<u>\$1.09</u>
Impacts to NAB:	
Lower property valuations	-\$0.76
Increased borrowings	-\$0.02
Other	-\$0.03
Total Impacts	<u>-\$0.81</u>
Provisional NAB at 31 December 2008	<u>\$0.28</u>

Increased Borrowings

As detailed in the Explanatory Memorandum and Notice of Meeting for the Centro MCS 24 Investor Meeting held in September 2005, the Lake Macquarie Fair Shopping Centre (now Centro Lake Macquarie) was over 20 years old and in need of a major refurbishment. There was also a significant risk that Big W would not renew their lease in 2010 if substantial improvements were not made to the shopping centre.

The development was considered necessary in order to retain and improve specialty rentals and to allow the Centre to continue to grow in an increasingly competitive environment.

As also explained in the rollover documentation, the recommended development of Centro Lake Macquarie would be funded by additional debt. These decisions were supported by the 'As If Complete' valuation discussed above.

Impact on Investors

We are deeply concerned about the decline in the NAB of this Syndicate and any disadvantage and hardship that has been suffered by our investors. We are aware many Investors have retirement savings invested in this Syndicate and have planned on receiving distributions. We are making all efforts to preserve and optimise Investors' capital in this difficult situation.

Investor Communication

We will write to you concerning the implications on the Syndicate once the lender has advised us of its position regarding the Syndicate's financing. In the meantime, please do not hesitate to contact Centro MCS Investor Services on 1800 802 400 or email investor@centro.com.au if you have any queries on the above.

Yours faithfully



Gerard Condon
General Manager – Syndicate Funds Management