

25/07/2006

Dear Investor,

Re: Development Update and Acquisition of Mt Hutton Plaza

We are writing to you as an Investor in Centro MCS 24, which comprises the Lake Macquarie Investment Trust and Lake Macquarie Property Trust ('Centro MCS 24' or the 'Syndicate'), to keep you informed of some important, recent activities of the Syndicate.

Lake Macquarie Fair Development Update

The development of Lake Macquarie Fair Shopping Centre, as detailed in the Explanatory Memorandum issued in September 2005, is now proceeding with minor modifications due to:

- The development objection process;
- Ownership issues with the Council's childcare facility site; and
- A review of the economic feasibility as a result of delays and the obtaining of market costings.

The development has been reviewed in detail and has been modified to include an increase in the expansion of the Woolworths supermarket and the addition of general merchandise space in place of takeaway food. Importantly, all known development objections have been satisfactorily addressed.

Planning Approvals for both Stage 1 and Stage 2 of the development, as described in detail below, are expected later this month, with construction of Stage 1 due to commence in August 2006.

Stage 1 of the development includes:

- The relocation of the childcare centre via a land swap with Council. Council is in the process of consolidating multiple titles associated with the current childcare site;
- Construction of a new entry and two new specialty tenancies;
- Increase of the Woolworths supermarket by approximately 800 square metres; and
- Extension to the basement car park, including a ramp that will provide pedestrian access from the basement car park.

Stage 2 is anticipated to commence following the completion of Stage 1 and includes:

- Approximately 15 new specialty retailers;
- Refurbishment of Big W, including the addition of a Garden Centre;
- Redevelopment of large parts of the external on grade car park; and
- Rebranding the Centre from Lake Macquarie Fair Shopping Centre to Centro Lake Macquarie.

Investors will receive a further update on the development progress in the Centro MCS 2006 Annual Report, due in September 2006.

Acquisition of Mt Hutton Plaza

We are pleased to advise that Centro MCS 24 has recently acquired Mt Hutton Plaza, an established Centre located immediately adjacent to the Syndicate owned Lake Macquarie Fair Shopping Centre. Centro MCS was able to secure the property in an 'off market' transaction requiring a high degree of confidentiality.

Mt Hutton Plaza is a 4,700 square metre single level neighbourhood shopping centre, anchored by a Bi-Lo supermarket with 14 specialty shops. The Centre was acquired for \$15.0 million, and has been independently valued at \$15.7 million at 30 June 2006.

The acquisition of Mt Hutton Plaza is considered a logical and strategic opportunity that will be beneficial for Centro MCS 24. It will consolidate the retail precinct, providing greater control to the Syndicate and strengthen the repositioning of Lake Macquarie Fair Shopping Centre.

Potential advantages of the acquisition that may assist with the development include:

- **The development of pedestrian linkages between Mt Hutton Plaza and Lake Macquarie Fair Shopping Centre for mutual benefit.** Centro's development team is exploring opportunities to link Mt Hutton with Lake Macquarie Fair Shopping Centre, potentially improving pedestrian flow between the two Centres; and
- **Improving management's position in lease negotiations.** Management of the larger retail precinct will enable management to implement leasing strategies that will complement each Centre's retail offer, without impacting on their respective customer bases.

The acquisition of Mt Hutton Plaza has not impacted or delayed the development of Lake Macquarie Fair. There were a number of objections to the redevelopment plan initially lodged with Council. As expected, the vendor of Mt Hutton Plaza was an objector. The withdrawal of the Mt Hutton Plaza vendor's objection to the Lake Macquarie Fair development proposal was also a benefit of, but not central to, the decision to acquire the property.

The acquisition has been fully debt funded, however an equity raising is being considered to ensure sufficient debt capacity is available to complete the Lake Macquarie Fair Shopping Centre redevelopment. In the event an equity raising is considered appropriate, Centro MCS will provide further information to Investors, including potential for Investors to participate, at that time.

Syndicate distributions remain forecast at 8.0% for the 2007 financial year. The provisional NAB for Centro MCS 24 at 30 June 2006 and following the acquisition of Mt Hutton Plaza is at \$1.18, an increase from \$1.04 at 31 December 2005.

If Investors have any questions, please contact Investor Services on 1800 802 400.

Yours sincerely



Anthony Greig
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