

2 September 2005

## Investor Address Details

Dear Investor

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”). Centro MCS 24 is approaching the end of its scheduled seven year period of investment on 30 November 2005, and it is time to consider its future.

Centro MCS as Responsible Entity (“RE”) is proposing that the Syndicate continue for a period up to seven years based on constitutional amendments to allow flexibility to the Syndicate structure and operation. The RE considers these changes are essential for the ongoing viability of the Syndicate, and has therefore called a meeting of Investors to propose these constitutional changes. The RE is recommending that Investors vote for the changes in the meeting.

If the changes are approved, then Centro MCS 24 will continue, and the RE will offer Investors the opportunity to either rollover their investments at 30 November 2005 for up to seven years, or exit at that time at the Exit Unit Value of \$1.0465 (forecast Net Asset Backing (“NAB”) of \$1.0398 plus accrued distributions to 30 November 2005). If the changes are not approved, the RE will terminate the Syndicate, sell the only significant asset of the Syndicate, Lake Macquarie Fair Shopping Centre (the “Centre” or “Lake Macquarie Fair”) and the net proceeds will be distributed to Investors.

### **Options Available to Investors - Opportunity to Rollover or Exit**

The proposed constitutional changes will allow all those Investors who wish to exit to do so, whilst also allowing those who wish to continue their investment to have the opportunity to do so. This means that Investors have the following options:

- If Constitutional changes are approved, then each Investor may elect:
  - To remain in the Syndicate; or
  - To exit the Syndicate by way of the flexible exit mechanism that is introduced as part of those changes. This will enable those wishing to exit to receive their funds in a more timely manner than if Centro MCS 24 was terminated and the property sold; or
- If Constitutional changes are not approved, the property will be sold and the Syndicate terminated, and all Investors will receive their entitlement of the proceeds of sale.

### **Our Recommendation**

Centro MCS is recommending that Investors vote for the Constitutional changes and allow the continuation of the Syndicate. The reasons for the recommendation include:

- **Syndicate Performance** – The Syndicate was launched in December 1998 by the Heine Group. Through a vote of investors, CPT Manager Limited (“CPT Manager”) was appointed as RE of the Syndicate in 2000. Whilst the Syndicate has performed below Heine’s original Prospectus expectations, since CPT Manager was appointed as RE of the

Syndicate in 2000, the Syndicate NAB has improved from \$0.86 to a forecast NAB of \$1.0398 at 30 November 2005. The total average annual return to Investors for the period under CPT Manager's management to 30 November 2005, is forecast at 14.2%;

- **Solid Income Return to Investors** – Centro MCS 24 continues to provide a good level of distributions, at a time when alternative investments with similar qualities may be difficult to find. The Syndicate's initial annual distribution as a percentage of initial equity is forecast to be 8.0% p.a. from rollover until the calendar year ending 31 December 2006;
- **Higher Tax Advantaged Portion** – An increase in the tax advantaged proportion of income is expected (82.95% forecast in the calendar year ending 31 December 2006);
- **Planned Redevelopment** – The planned redevelopment of the Centre, which currently includes the provision of a new food court, additional specialties, an expanded Woolworths and complete refurbishment of the Centre and the car park, will position Lake Macquarie Fair as the strong sub-regional centre for the local population;
- **Major Tenant Commitment** – Lake Macquarie Fair is a good retail asset, with Woolworths and Big W as its major tenants. As part of the development it is anticipated that both of the major tenants will commit to new longer term leases, thus securing the future of the property.
- **Capital Gains Tax and Reinvestment Costs** – Investors who do not want to exit the investment can continue without triggering capital gains tax, and without incurring costs on reinvesting their funds, such as further stamp duty, acquisition costs, fees and charges;
- **Introduction of Flexible Exit Mechanism** – If the changes are approved, Investors who wish to exit the Syndicate will be able to "put" (or sell) their units to Centro, to be acquired at the Exit Unit Value of \$1.0465 (NAB of \$1.0398 plus accrued distributions to 30 November 2005). If more than 20% of Investors by value across both the Property Trust and the Investment Trust combined put their units to Centro under the Flexible Exit Mechanism, then Centro is entitled to call all, or a specified portion of all, units on issue; and
- **Increased Flexibility from Constitutional Changes** – The proposed constitutional changes will allow the proposed redevelopment of Lake Macquarie Fair. The RE believes that it is essential that the property be redeveloped, and without the flexibility to redevelop the property, it would not be in the best interest of investors for the Syndicate to continue. The changes will also provide flexibility to help protect against the vulnerability of a single property ownership Syndicate.

### **Rollover Procedure**

The meetings of Investors to consider and vote upon the proposed constitutional changes will be held on 27 September 2005.

If those changes are approved, the Syndicate will continue and Investors will have until 31 October to elect to exit or remain pursuant to the flexible exit mechanism.

If the changes are not approved, the Syndicate will terminate and the property will be sold. The net proceeds of the effective liquidation of the Syndicate will then be paid as appropriate over time, allowing the proper process of sale of the property, and finalisation of Syndicate financials.

## Key Dates

Proxy forms completed and returned	48 hours before Meetings
Meetings of Investors held	27 September 2005
Results of the meetings sent to Investors and Put Option Period commences	28 September 2005
<b>If Resolutions Approved at Meetings:</b>	
Put (Sell) Option Period Expires – Last date for Put Option Forms to be received by Responsible Entity for Investors who wish to exit	31 October 2005
Units acquired by Centro as a result of the exercise of the Put Options	30 November 2005
Funds paid to exiting Unitholders	30 November 2005
Syndicate rolls over for further term	30 November 2005
<b>If Resolutions Not Approved at Meetings:</b>	
Syndicate termination	30 November 2005

## What You Need to do as an Investor

Investors will receive **two** forms;

- **Proxy Form** (green for Investment Trust and blue for the Property Trust) **for voting on the Rollover Proposal**, if you cannot attend the meeting in person.
- **Put Option Form** (right to **sell** form (pink) for Investment Trust and (yellow) for the Property Trust) to be completed so that **if the Rollover Proposal is approved, the Investor may elect to exit the Syndicate.**
- **For Investors wishing to exit the Syndicate, the Put (“Sell”) Option Form must be completed and returned to Centro in the enclosed envelope provided for this purpose by no later than 31 October 2005.**

## Investor Services

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

Yours sincerely



Brian Healey