



CPT Manager Limited  
Responsible Entity  
ABN 37 054 494 307

**Centro MCS™**  
**DIRECT PROPERTY**

Centro MCS Manager Limited  
Responsible Entry  
ABN 69 051 908 984

30 November 2009

Dear Investor

### **Centro MCS 8 – Rollover of Syndicate**

Your Responsible Entity, Centro MCS Manager Limited (**RE**), wishes to advise you as an Investor in the Centro MCS 8 Syndicate (the **Syndicate**) that your Syndicate is now approaching the end of its second term, and it is time for you to consider the future of your investment in the Syndicate.

#### **Performance to Date<sup>1</sup>**

The Syndicate has performed solidly since inception in February 1998, and in particular has achieved:

- **Average Distribution Rate of 10.9%** – Since inception in February 1998, the average annual distribution rate has been 10.9% (on the original amount of equity invested) with the lowest distribution rate per annum being 10.2% in FY09. A distribution rate of 12% is forecast from 1 October 2009 through FY11.
- **125% Asset Value Increase** – The properties in the Syndicate portfolio were independently valued at a total of \$139.55 million as at 30 November 2009. This represents a 125% increase on the original February 1998 total purchase price of \$62.05 million and a 53% increase from the total valuation of \$91.35 million at the beginning of the second term in May 2003.
- **14.2% per annum Average Annual Total Return on Investment** – Proactive asset management has contributed to a solid average total return (i.e. income distributions plus capital growth) of 14.2% per annum since inception in February 1998, based on the equity originally invested.

#### **The Future: Rollover of Syndicate for Further Term or Exit in Whole or in Part**

The RE has been pleased with the performance of this Syndicate to date and believes the Syndicate is currently positioned to continue to perform well for the following reasons:

- The Syndicate's Properties are geographically diversified, with Centro Northgate located in Western Australia, Centro Croydon located in Victoria and Centro Albany and the Four Hotels located in Queensland.
- Each of the shopping centres targets non-discretionary expenditure (for example, supermarkets, pharmacies, etc.) which the RE believes will assist in limiting the impact from the current economic downturn.
- All properties are currently performing well, with 36% of total income derived from the Coles Group.
- The Properties have a weighted average lease expiry of 4.39 years (by income) as at 30 September 2009.
- The current gearing ratio of 41.8% is considered to be relatively low and places the Syndicate in a strong position to complete redevelopments or property refurbishments well into the future.

<sup>1</sup> Past performance is not a reliable indicator of future performance.

The RE is now writing to Investors to determine whether they wish to continue in the Syndicate for a further term or whether they wish to exit their investment in the Syndicate. The RE recommends to Investors that they continue for a further term, which will be between five to six years commencing 31 May 2010<sup>2</sup> (**Further Term**).

### **Rollover Procedure**

Investors have until 30 January 2010 to notify the RE if they wish to either:

1. Continue their investment in the Syndicate for the Further Term; or
2. Exit their investment in whole or in part at a price of **\$1.85 per unit**. This **Sale Price** includes the Net Asset Backing (NAB) (based on the original \$1.00 invested) of approximately \$1.83 as at 30 November, plus accrued distribution from 1 April 2010 to 31 May 2010 of \$0.02 per unit.

The value of your investment is measured at the time that this letter is sent to you, being 30 November 2009. The average of two independent valuations for each property as at 30 November 2009 was used to derive the total value of the Properties. If buyers can be found for all exiting investors (described further below), the transfer would take place on 31 May 2010. All investors will receive the full December 2009 quarter and March 2010 quarter distributions. Exiting investors would receive the accrued distribution in the Sale Price in lieu of a full June 2010 quarter distribution (as ownership changes during the period).

If you do not notify the RE of your choice by 30 January 2010, then you will be deemed to wish to remain in the Syndicate for the Further Term and to have consented to the extension of the Syndicate for the Further Term.

If you elect to exit your investment, in accordance with the current terms of the Syndicate constitution, you are authorising the RE to attempt to sell your units in the Syndicate at the Sale Price.

Under the current Syndicate constitution, the Syndicate can only continue for the Further Term if every Investor who elects to exit is able to do so.

Investors who wish to sell their units themselves must immediately notify the RE of such a sale and transfer the units pursuant to the terms of a transfer form, which can be obtained from the RE. The purchaser must also agree to the conditions set out in the Syndicate constitution.

The RE will use its endeavours to find buyers for the units of exiting Investors by 30 May 2010. The Syndicate will rollover for the Further Term if all units held by Investors who wish to exit the Syndicate are able to be sold. If those units can be sold, then the RE expects exiting Investors to receive their sale proceeds on 31 May 2010.

If those units cannot be sold, then under the current constitution, the Syndicate cannot continue for the Further Term and no sales of units will proceed. If this occurs, the RE will consider the alternatives which may be available to Investors, because the Syndicate constitution currently stipulates that all of the Properties must be sold and the Syndicate must be wound up if all Investors who want to exit cannot do so.

The sale of the Properties and payment of the net proceeds from the sale of the Properties to Investors through the winding up process may take several more months, and there is no guarantee that Investors will receive proceeds equivalent to the current NAB per unit of \$1.83. The proceeds distributed to Investors from the winding up of the Syndicate will be determined by the sale price achieved for each of the Properties.

One of the alternatives which might be considered by the RE is to call a meeting of Investors to amend the constitution to extend the current term of the Syndicate for a further

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<sup>2</sup> The RE will write to investors at least 6 months before the end of the extended 5-6 year period notifying investors of the precise end date.

three years, to allow the Properties to be sold at a time when the market conditions may be more favourable.

### Opportunity to Buy More Units

The RE may provide you with the opportunity to buy more units at the Sale Price. If you are interested in taking up this opportunity, then indicate this on the Election Form which accompanies this letter.

If this opportunity is made available, the RE will send an Acquisition Form to interested Investors during February 2010.

If all Investors who wish to exit the Syndicate cannot be matched with buyers, then no unit sales will take place, and any application monies will be returned to the relevant buyer. Application monies will be deposited in a trust account with an Australian bank.

### Summary of Investor Options

<b>Continue</b> Your Investment in Centro MCS 8 Syndicate – <b>Recommended</b>	<b>Exit</b> Your Investment in Centro MCS 8 Syndicate – <b>Not Recommended</b>
<ul style="list-style-type: none"> <li>✓ Syndicate will commence new term of between 5 to 6 years from 31 May 2010.</li> <li>✓ Capital gains tax liability deferred.</li> <li>✓ Potential to continue to earn up to 12.00% p.a. in FY10 on your original investment (or 6.6% p.a. based on current NAB).</li> <li>✓ Not exposed to potential sale price discount by trying to sell assets in current economic climate.</li> <li>✓ Proven investment vehicle with experienced management.</li> <li>✓ No new establishment costs with rollover of investment.</li> </ul>	<ul style="list-style-type: none"> <li>✗ If all Investors who wish to exit cannot be accommodated, then the Syndicate is, under the terms of the current constitution, required to be wound up. There is no guarantee of the Property sale prices (and therefore net distributions) to be achieved on any such wind up.</li> <li>✗ Investors may not have the opportunity to replace their investment with a similar quality investment that has no establishment costs.</li> <li>✗ Capital gains tax liability may be realised on sale of your units (as opposed to being deferred to a later time).</li> </ul>

### Key Dates

Item	Date
RE writes to Investors requesting them to elect to stay in the Syndicate for further term or exit their investment in the Syndicate in whole or in part	30 November 2009
Election forms due	30 January 2010
Sale of units of exiting Investors	31 May 2010

**If all Investors who wish to exit can be accommodated**

Rollover date for further term	31 May 2010
Proceeds distributed to exiting Investors	31 May 2010

**If all Investors who wish to exit cannot be accommodated**

Properties sale process begins	31 May 2010
Sale of Properties and proceeds distributed to Investors	Likely up to 12 months after 31 May 2010

There is no defined time period in which the RE must sell the Properties if the Syndicate is not rolled over for a further term. Under the terms of the constitution, the RE must sell the Properties within a 'reasonable time' and at present the RE considers that it may take up to 12 months to sell the Properties and wind up the Syndicate and distribute the proceeds to Investors.

**What You Need to Do**

Investors should read the enclosed document 'CMCS 8 – Rollover and the Opportunity to Invest' and the Election Form and obtain their own professional advice if necessary.

All Investors should complete and return the Election Form attached by no later than 30 January 2010. If you do not complete and return the Election Form, then you will be deemed to have consented to the rollover of the Syndicate for the Further Term. Instructions for completing the Election Form can be found on the form itself.

If you wish to buy additional units, then please complete the expression of interest request where indicated on the enclosed Election Form.

As stated above, if the RE believes it is able to match buyers with exiting Investors, then you will be sent an Acquisition Form which you will need to complete to confirm your interest in purchasing additional units. Payment will be required when you return the Acquisition form.

**Investor Services**





If you have any questions, then please contact Centro Investor Services.

Yours sincerely



W Peter Day  
Chairman

**Centro Investor Services**

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