



Investing in Global Property



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Agenda

- **Centro Overview**
- **Global Property Universe**
- **US Management Team**
- **Centro MCS 38 – Property Portfolio**
- **The Offer**



Centro Group Overview



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Centro Group Overview

- Fully Integrated International Retail Property Group
- \$15.8bn Assets Under Management (post HTG)
- \$6.4bn ASX Market Cap (5th largest LPT)
- 381 Shopping Centres (AUS 120, NZ 4, US 257)
- Coles and Woolworth's Largest Landlord
- Over 940 Staff

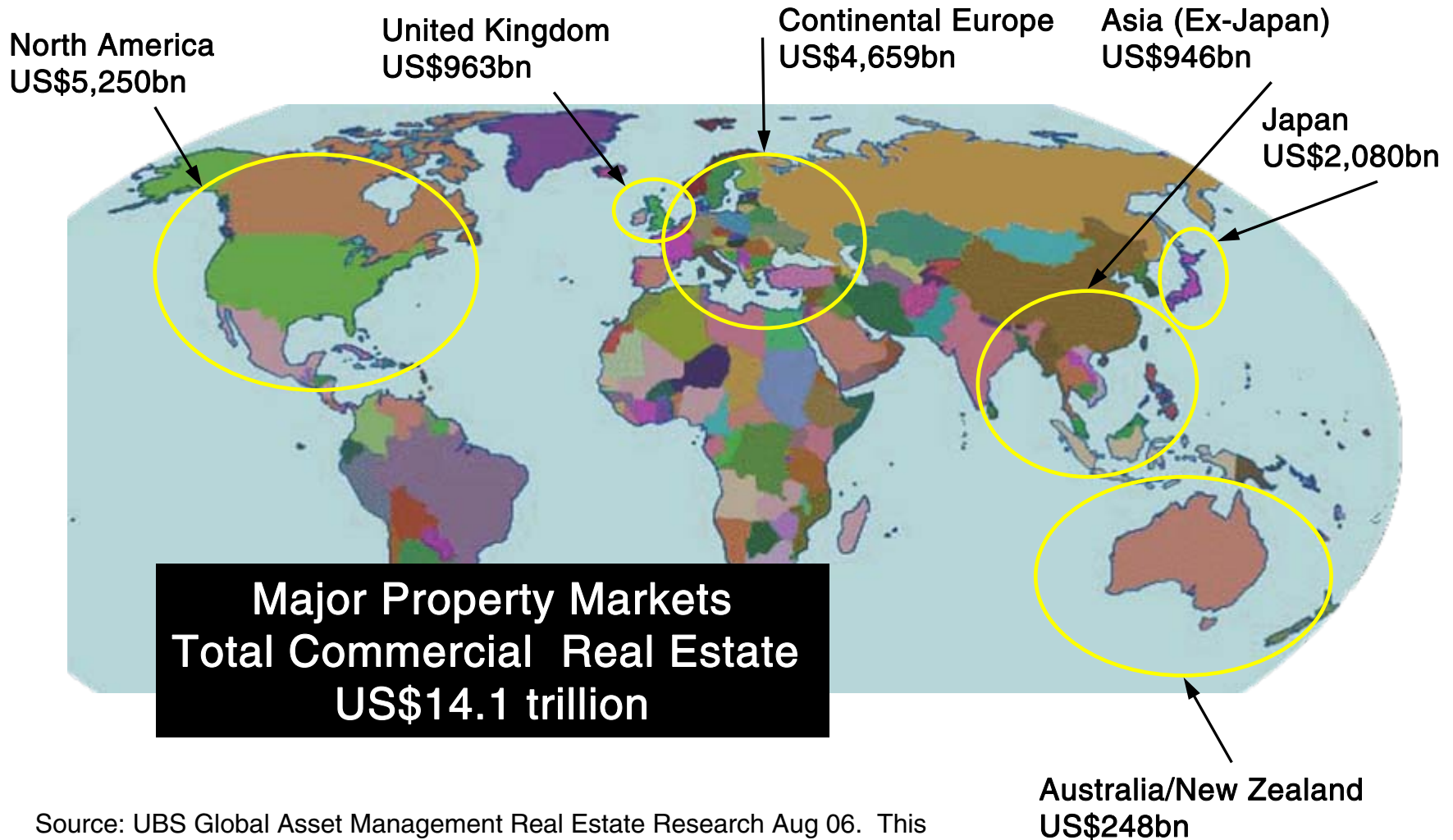


Global Property Universe



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Global Property Universe



Source: UBS Global Asset Management Real Estate Research Aug 06. This data does not include single-family homes.

Universe in Detail

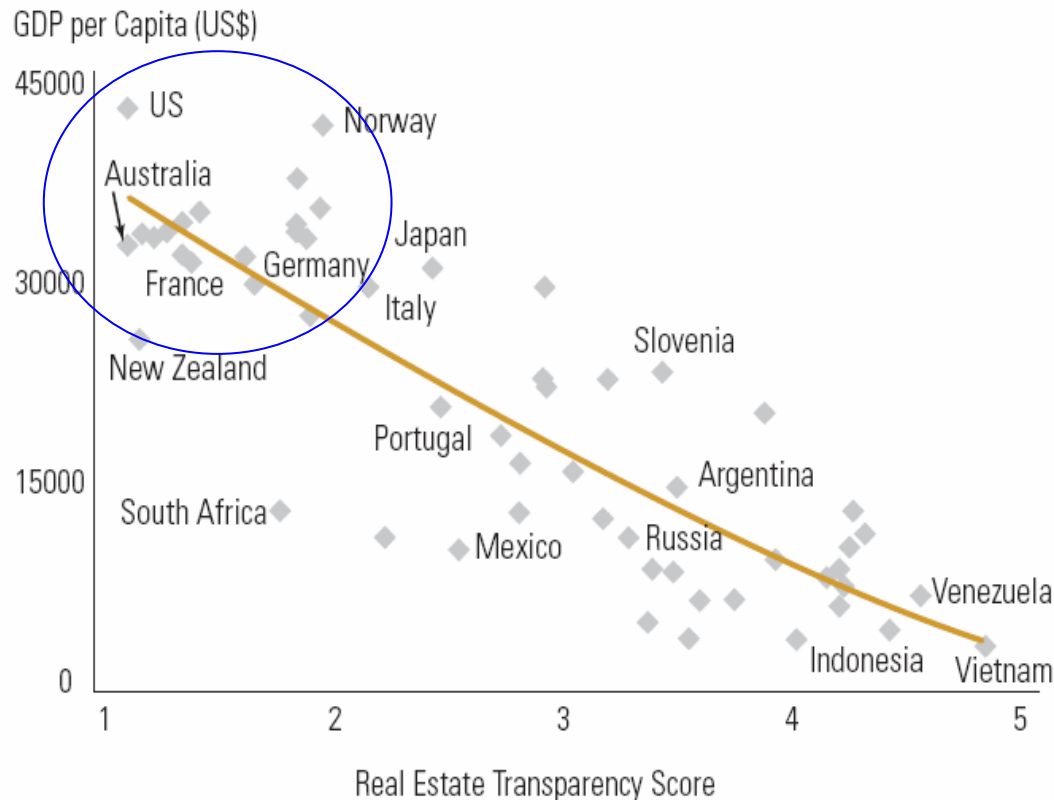
| | Investable real estate universe (USD bn) | Population (m) | GDP (Current USD bn) | GDP per capita (USD 000s) | Average annual GDP growth (%) (2001-2005) |
|-----------------------------------------|------------------------------------------|----------------|----------------------|---------------------------|-------------------------------------------|
| World | | 5,999.3 | 44,025.5 | 7.3 | 2.7 |
| United States | 3,097 | 296.4 | 12,479.5 | 42.1 | 2.5 |
| Japan | 874 | 127.4 | 4,571.3 | 35.9 | 1.4 |
| United Kingdom | 582 | 60.0 | 2,192.4 | 36.5 | 2.3 |
| Germany | 537 | 82.5 | 2,826.6 | 34.3 | 0.7 |
| France | 426 | 60.6 | 2,114.1 | 34.9 | 1.5 |
| Italy | 354 | 58.1 | 1,709.3 | 29.4 | 0.7 |
| Spain | 245 | 43.5 | 1,110.3 | 25.5 | 3.1 |
| Canada | 241 | 32.2 | 1,124.0 | 34.9 | 2.5 |
| South Korea | 216 | 48.5 | 800.6 | 16.5 | 4.5 |
| Hong Kong | 181 | 6.9 | 176.5 | 25.6 | 4.2 |
| Taiwan | 150 | 22.6 | 349.8 | 15.5 | 3.0 |
| Australia | 148 | 20.4 | 690.3 | 33.9 | 3.1 |
| Netherlands | 128 | 16.3 | 626.7 | 38.4 | 0.8 |
| Singapore | 115 | 4.3 | 116.4 | 27.2 | 3.3 |
| Hungary | 103 | 10.0 | 110.7 | 11.1 | 4.1 |
| Belgium | 77 | 10.4 | 370.0 | 35.7 | 1.4 |
| Sweden | 64 | 9.1 | 356.1 | 39.4 | 2.2 |
| Austria | 63 | 8.2 | 309.1 | 37.8 | 1.5 |
| Switzerland | 60 | 7.4 | 366.7 | 49.8 | 1.0 |
| Greece | 49 | 11.0 | 217.3 | 19.8 | 4.2 |
| Norway | 47 | 4.6 | 289.7 | 62.9 | 2.1 |
| Portugal | 42 | 10.5 | 177.7 | 17.0 | 0.5 |
| Denmark | 41 | 5.4 | 255.5 | 47.2 | 1.4 |
| Finland | 37 | 5.2 | 190.0 | 36.4 | 2.2 |
| Ireland | 37 | 4.2 | 195.4 | 46.9 | 5.1 |
| Czech Republic | 34 | 10.2 | 123.4 | 12.1 | 3.4 |
| New Zealand | 22 | 4.1 | 107.7 | 26.2 | 3.5 |
| 27 Core markets subtotal/average | 7,970 | 979.9 | 33,957.1 | 32.3 | 2.5 |
| Core markets as % of world | | 16.3 | 77.1 | | |

Source: UBS Global Asset Management Real Estate Research

Demand Drivers

- **Real Diversification** – different regions may be in different phases of the economic cycle
- **Access to Better Investments** – huge size and depth of overseas markets
- **Broader Opportunity Set**
- **Direct global property fundamentals generally in “good shape”**

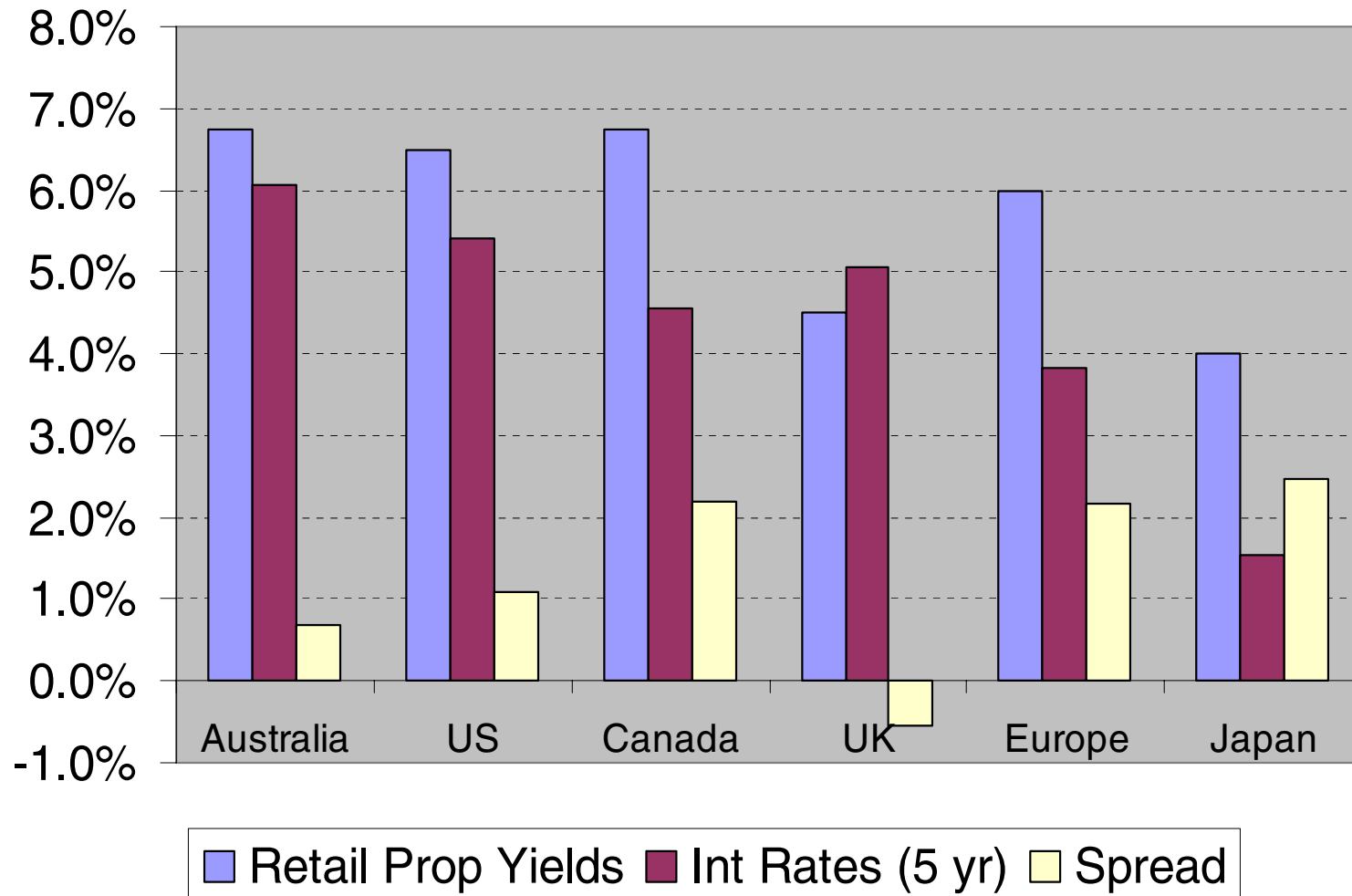
Global Property Market Transparency



Sources: Jones Lang LaSalle, LaSalle Investment Management, Economic Intelligence Unit

Note: Data points represent all 56 countries in the 2006 RETI but only selected countries are labeled.

Higher Potential Return in International Markets



Yields and Rates are indicative as at June 2006.

Retail Investor Options

1. Direct Interests

- High expertise required
- Scale likely to be out of reach for most
- Sophisticated knowledge required
- Debt management

2. Listed

- Large global market cap US\$606 bn
- Australian REITS (48% in Global Assets)
- Global REITS
 - REIT legislation evolving
 - Becoming easier to invest e.g. CommSec
 - Not all REIT's are the same
 - High volatility, currency issues and immature markets

3. Unlisted Fund Options

Global Securities Funds – Lots of Choice

- Australian front-end available
- High diversification with active management
- Growth oriented with low yield

Global Unlisted Property Funds – Limited Choice

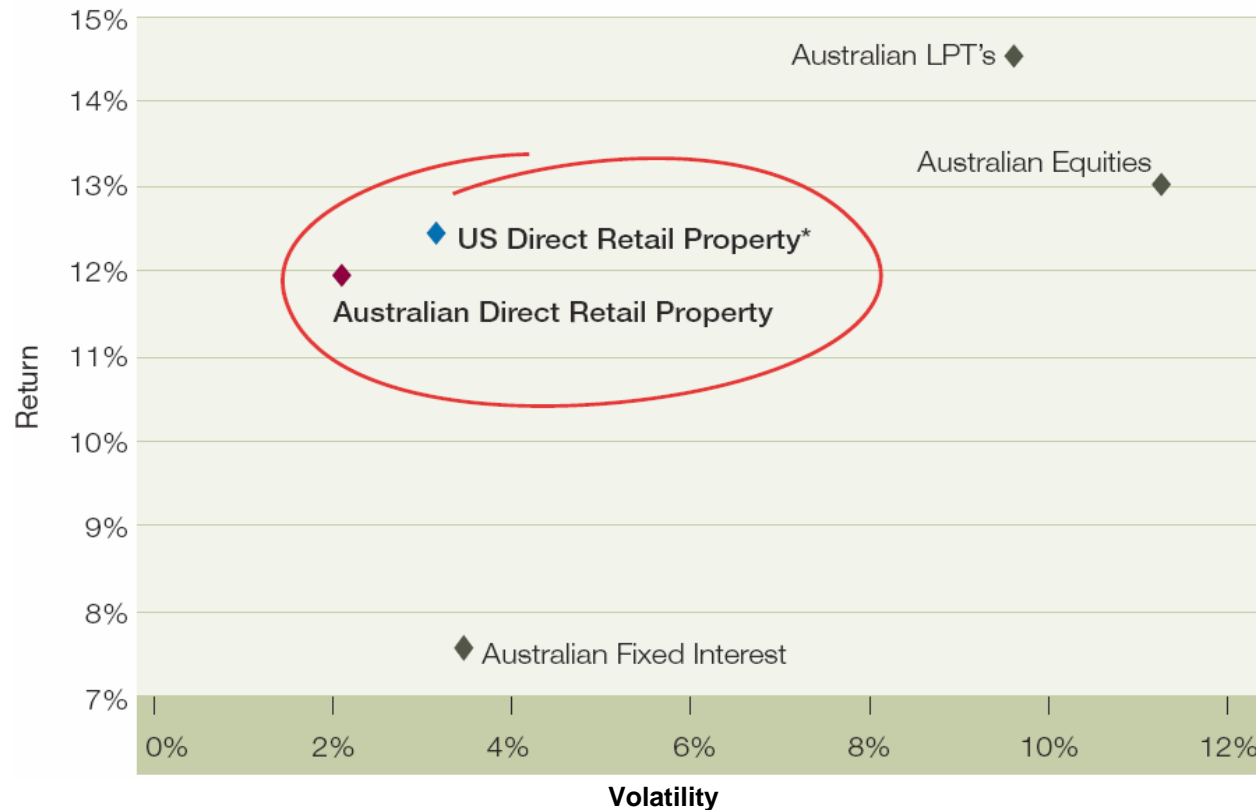
- Still evolving
- Offers true diversification & higher yield
- Satellite fund approach required
- Very few products available

The US – A First Step Into Global Property

- One of the Largest Property Markets
- Largest Global Economy
- Cultural & Commercial Similarities
- High Market Transparency
- Good Liquidity
- Low Transfer Costs

US Direct Retail Performance

Performance of Direct Retail Property – Ten Years to 31 March 2006



*Based on a hedged foreign exchange investment profile

Source: Atchison Consultants

“There is a noticeable reduction in volatility when US property is included in a balanced portfolio. This reflects the diversification benefits arising from different local economic cycles.”

Australian Front End

- **Managed Investment Act (MIA) Protections**
- **Built-In Currency Hedging to Reduce Risk**
- **Minimising W/Holding Tax Through Structures**
- **Tax Transparency and Timeliness of Tax Reporting**
- **Australian Audit and Compliance Standards**

Investors comfortable with an Australian Manager who they know and has a strong track record

Going Global

- **Continued Focus on Property Fundamentals**
 - Quality tenant base to provide strength in rental income
 - Active leasing to attract and retain retailers
- **Asset Management Risks** – Risks of off-shore team reduced by Australian presence in management platform
- **Country and Cultural Risks** – Understanding local retail property markets mitigated through JV
- **Understand and Manage Currency Impacts**
 - Distributions
 - Capital Values
 - Maintain strong risk management practices
- **Risks mitigated by JV**



Centro US Management Platform – Centro Watt



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Centro Watt at a Glance

| | |
|-----------------------------------|-----------------------------------|
| Established | 2003 |
| Offices | Philadelphia, Los Angeles, Boston |
| Staff | 358 |
| No. Properties Managed | 257 |
| No. US States | 31 |
| Total Value of properties Managed | A\$7.8 billion |
| Total GLA of properties managed | 5 million sq metres |

Centro Watt Team Vertically Integrated



First Acquisition – Californian Portfolio



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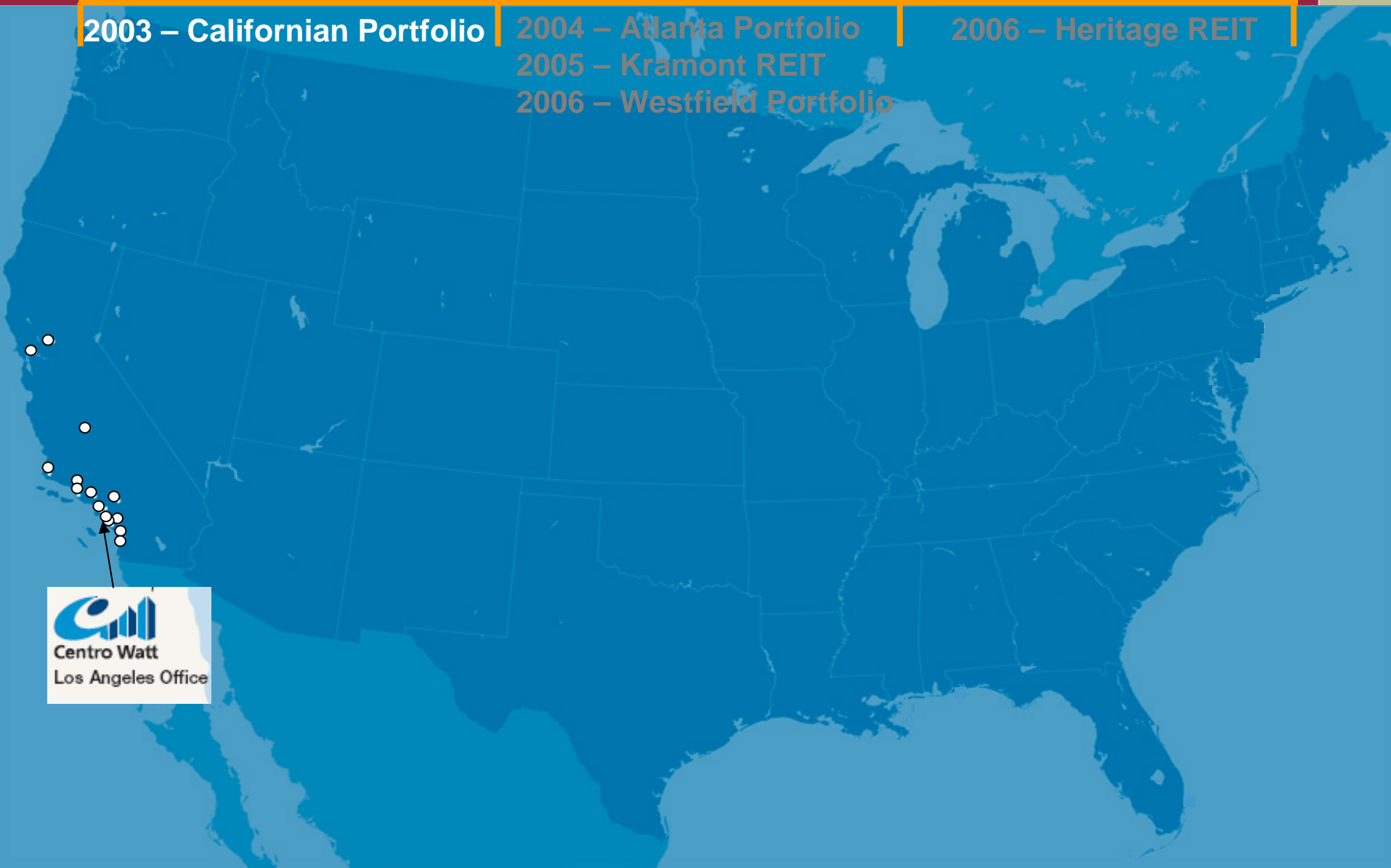
2003 – Californian Portfolio

2004 – Atlanta Portfolio

2006 – Heritage REIT

2005 – Kramont REIT

2006 – Westfield Portfolio



Kramont Acquisition Grows National Presence



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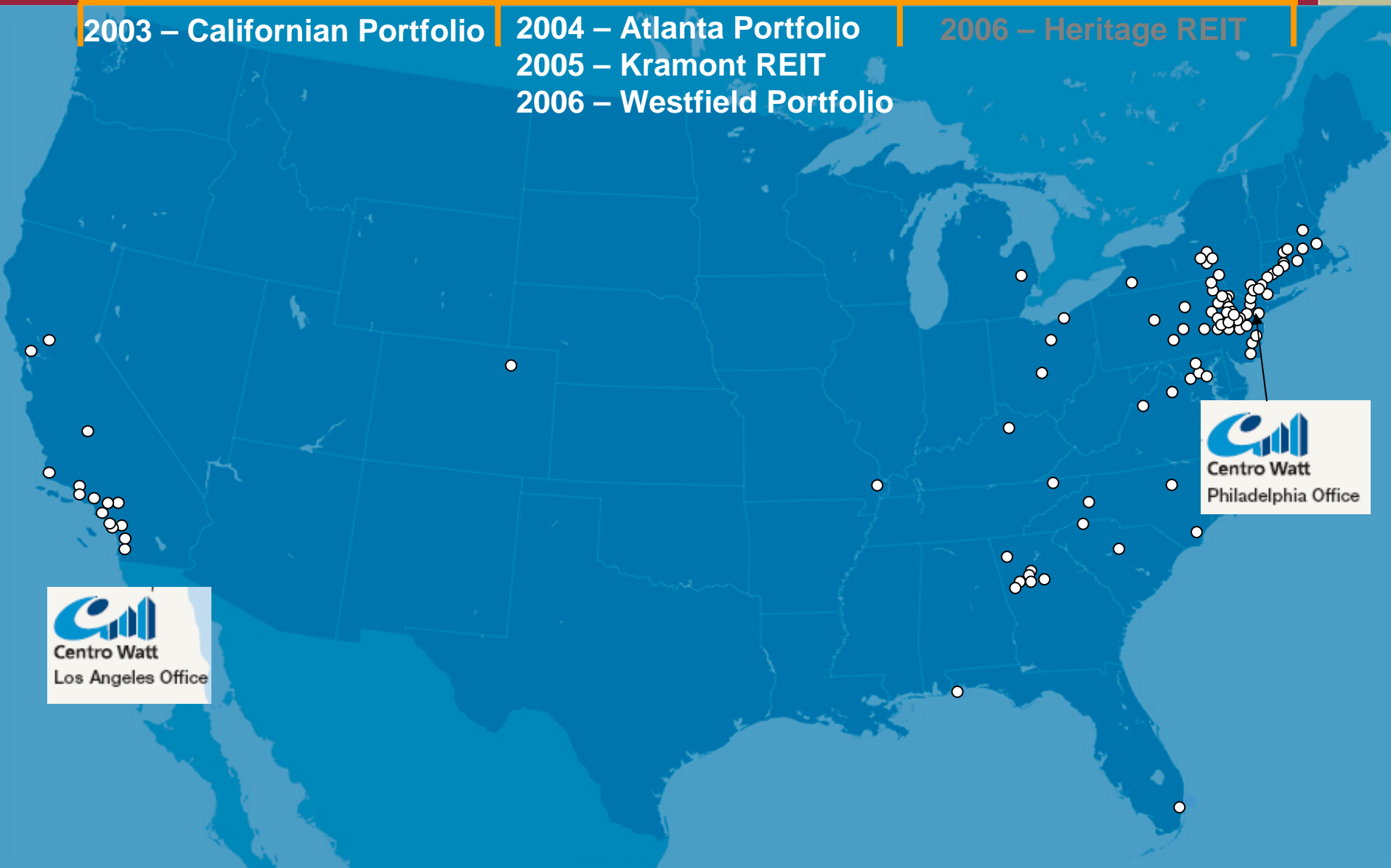
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National Platform



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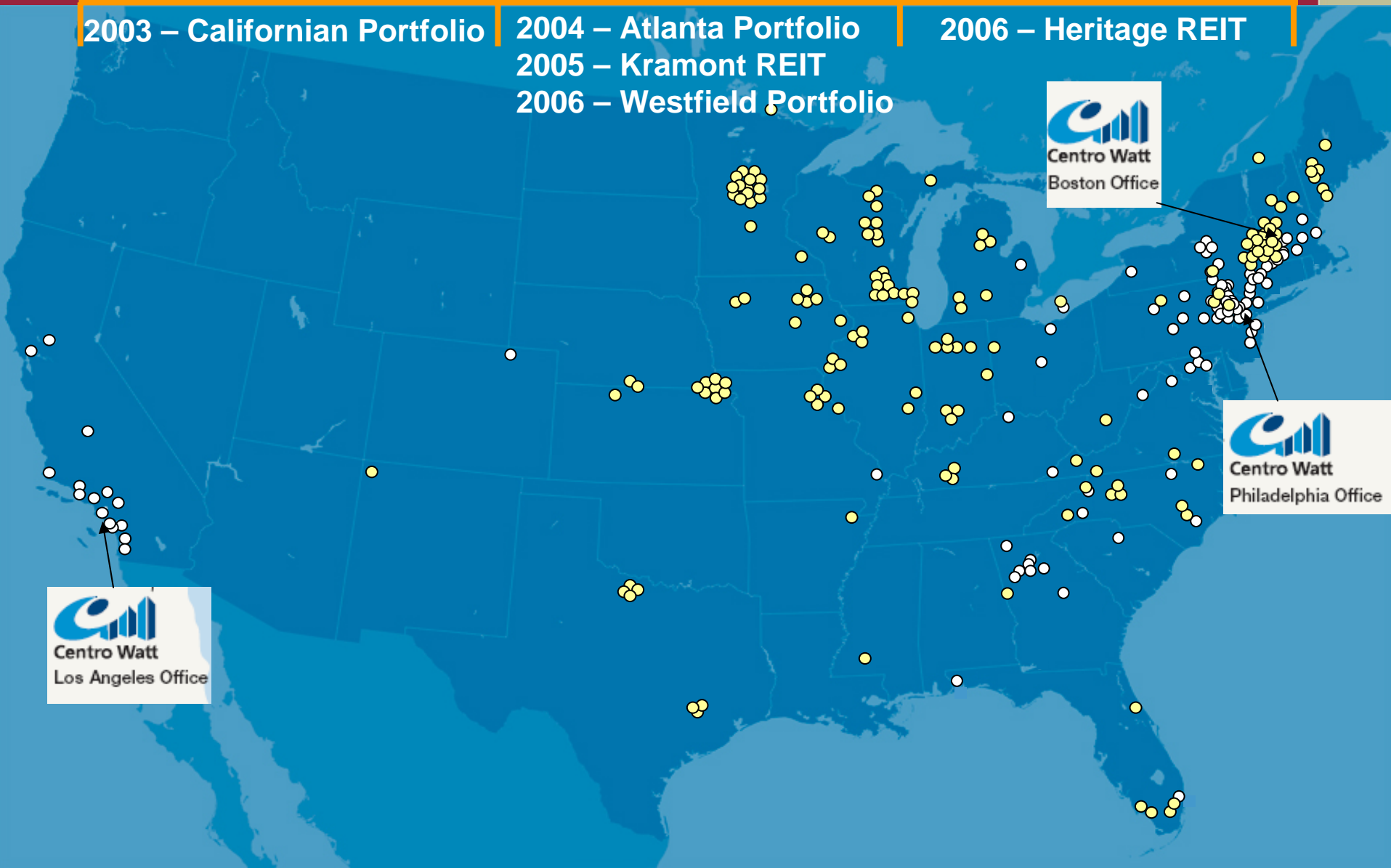
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Top US Retail Property Owners

| Rank | Company | GLA (millions of square feet) | Number of Properties |
|------|-------------------------------------|-------------------------------|----------------------|
| 1 | Simon Property Group | 163.7 | 295 |
| 2 | General Growth Properties | 142.3 | 219 |
| 3 | Kimco Realty Corp | 116.0 | 829 |
| 4 | Developers Diversified Realty Corp | 107.0 | 470 |
| 5 | The Inland Real Estate Group of Cos | 100.5 | 832 |
| 6 | Westfield Group | 70.0 | 68 |
| 7 | CBL & Associates Properties | 61.8 | 119 |
| 8 | The Macerich Co | 58.1 | 101 |
| 9 | Centro Watt | 49.0 | 264 |
| 10 | New Plan Excel Realty Trust | 45.3 | 438 |



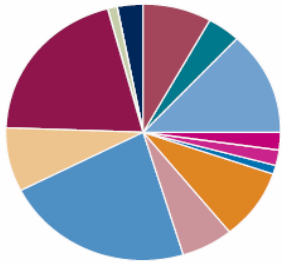
Centro MCS 38 - The Portfolio



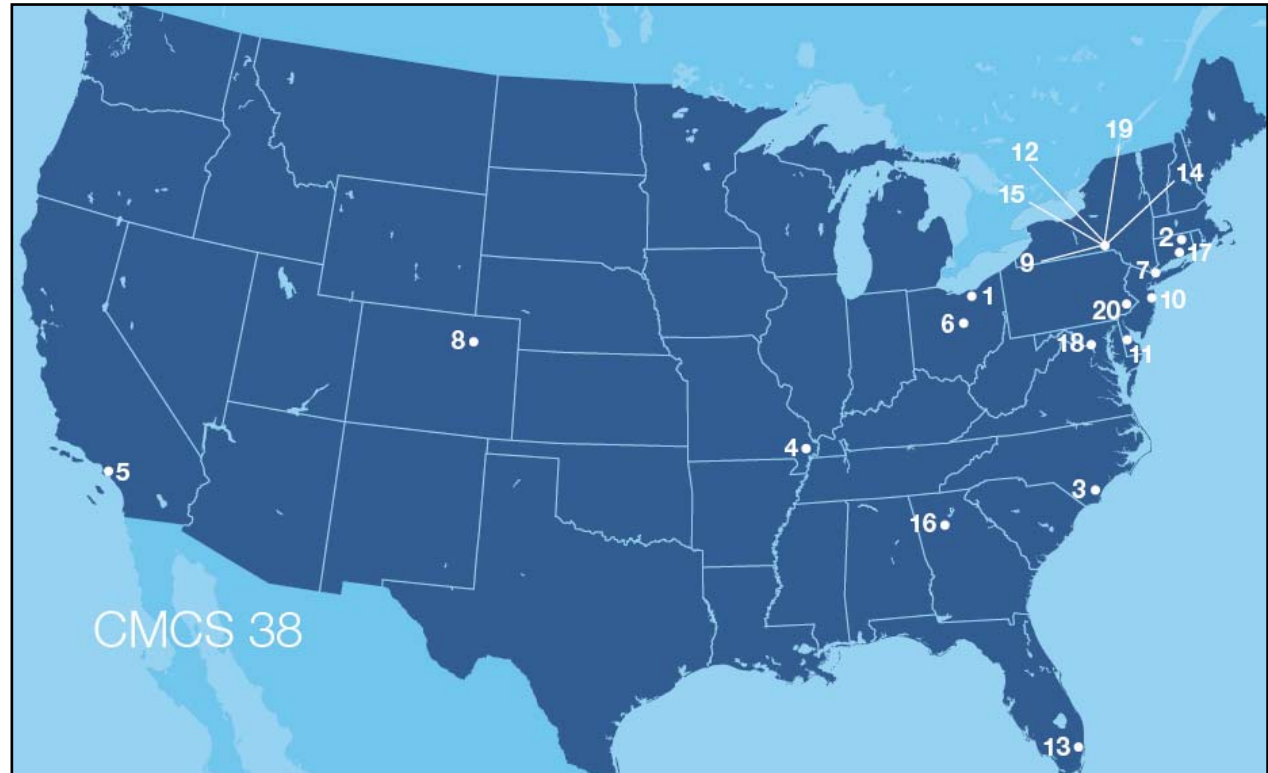
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Exposure to 13 US States

State Geographic Diversification –
By Value



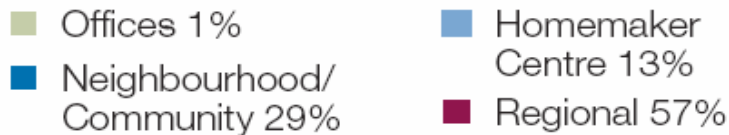
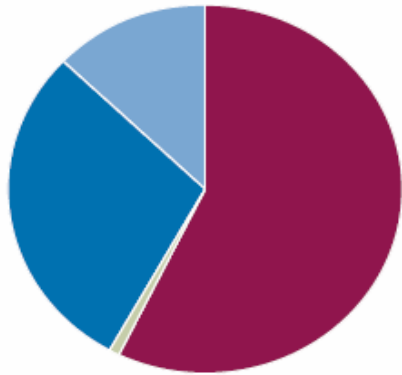
| | |
|-----------------|-------------------|
| California 8% | Missouri 9% |
| Colorado 4% | New Jersey 6% |
| Connecticut 13% | New York 22% |
| Florida 2% | North Carolina 8% |
| Georgia 2% | Ohio 20% |
| Maryland 1% | Pennsylvania 1% |
| | Delaware 3% |



“Well Diversified Portfolio across 20 properties, 13 states and over 530 retailers” Kevin Prosser, Lonsec

Outstanding Blend of Retail Assets

High Retail Diversification
– Property Type by Value



- 11 Community/Neighbourhood Centres
- 6 Regional Shopping Centres
- 2 Homemaker Centres
- 1 Office Building

Eagle Rock Plaza, CA



GLA – 42,816 sqm

Majors Include: Macy's & Target

84 Specialty Shops

Average Lease Expiry 5.3 Years

Occupancy – 95%

Purchase Price – A\$72.0m

Represents 7.6% of Portfolio



Midway Mall, OH



GLA – 102,580 sqm

Majors Include: JC Penney, Macy's,
Sears, & Dillards

133 Specialty Shops

Average Lease Expiry 5.2 Years

89% Occupancy Rate



Purchase Price – A\$125.7m

Represents 13.3% of Portfolio

Enfield Square, CT



GLA – 74,665 sqm

Majors Include: Macy's, Target &
Sears

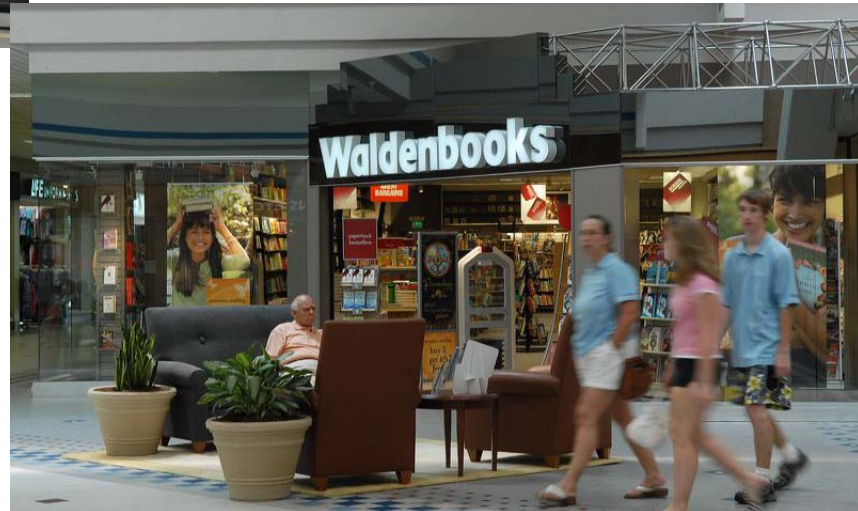
84 Specialty Shops

Average Lease Expiry 6.9 Years

Occupancy – 95%

Purchase Price – A\$116.1m

Represents 12.2% of Portfolio 1



Independence Mall, NC



GLA – 93,324 sqm

Majors Include: JC Penney, Sears,
Belk & Dillards

148 Specialty Shops

Average Lease Expiry 4.3 Years

Occupancy – 95%

Purchase Price – A\$80.9m

Represents 8.5% of Portfolio



Lakewood Plaza, NJ



GLA – 18,910 sqm

Majors: ShopRite Supermarket

40 Specialty Shops

Average Lease Expiry 3.2 Years

Occupancy – 94%

Purchase Price – A\$53.4m

Represents 5.6% of Portfolio



Parkway Plaza 1, CT



GLA – 6,759 sqm

Majors: PriceRite Supermarket

10 Specialty Shops

Occupancy – 73%



Purchase Price – A\$10.7m

Represents 1.1% of Portfolio

Value Adding Opportunities Examples



| | |
|---------------------------------|------------------------------------------------------------------------------|
| Richland Mall, OH | Potential redevelopment/extension (50 Year Ground Lease Over Surplus Land) |
| Mall at Cross County, NY | Potential Refurbishment or Expansion |
| Eagle Rock Plaza, LA | New Supermarket – Seafood City to open in late 2006. Potential Refurbishment |
| Village at Mableton, GA | Re-mix opportunity for Specialty Retailers |
| Parkway Plaza, CT | Specialty leasing upside – Recently Completed Development |
| West Park Mall, MO | New Mini Major – Barnes and Noble expected to open November 2006 |



Centro MCS 38 – The Offer

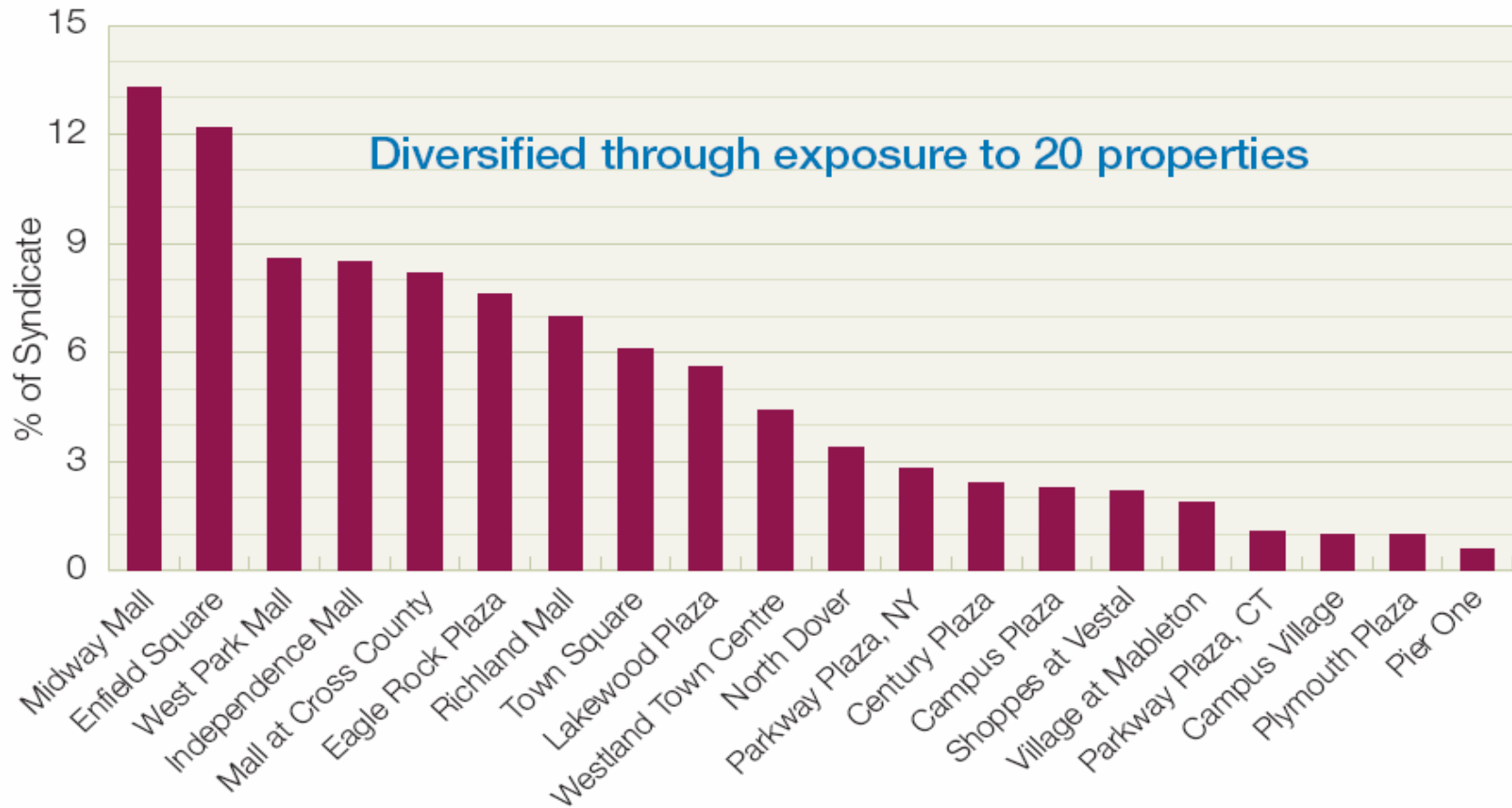
Gerard Condon, Senior Fund Manager



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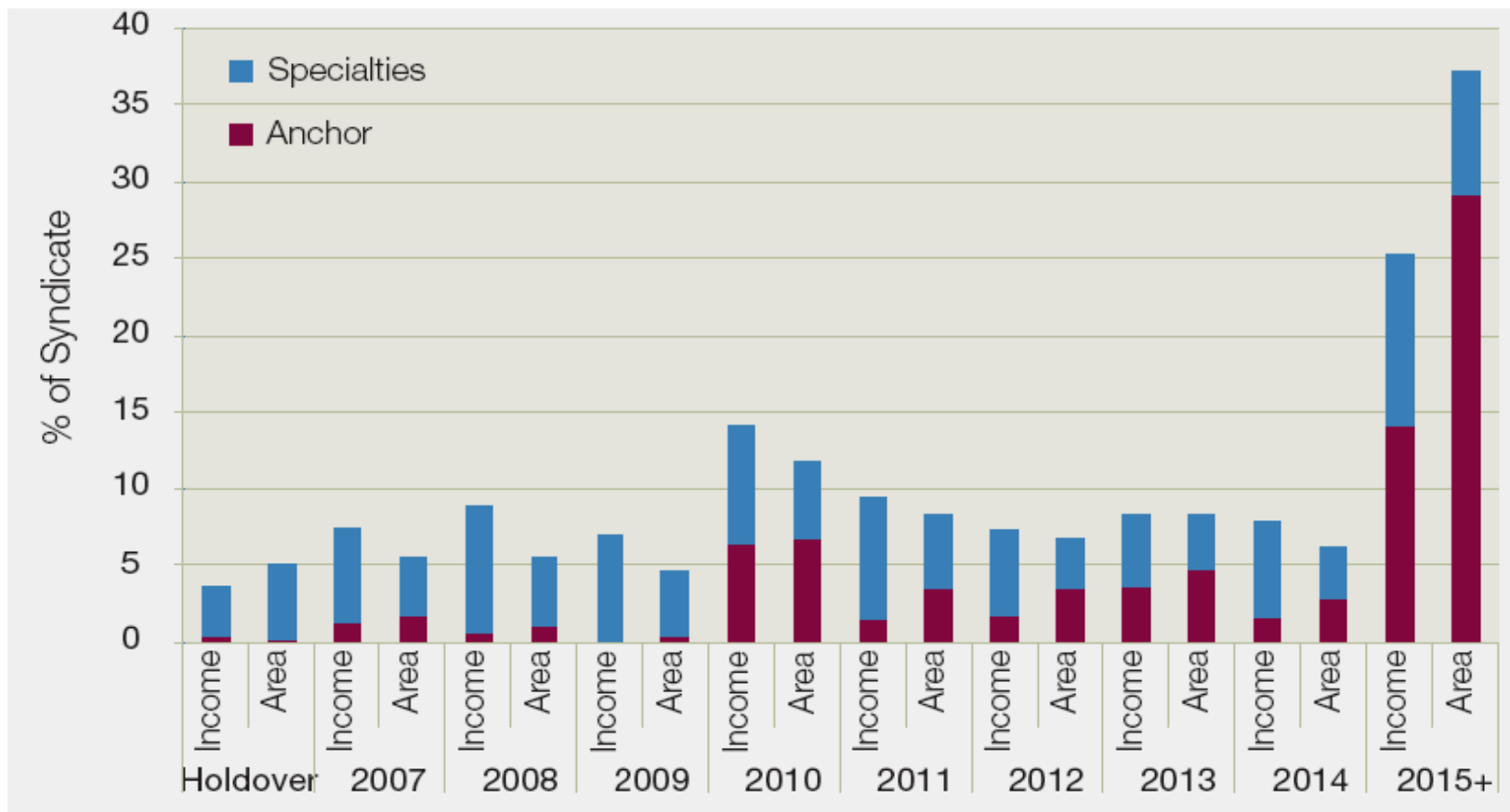
Highly Diversified Retail Portfolio

Centro MCS 38 Asset Weightings



Strong Lease Expiry Profile

Lease Expiry Profile 5.6 Years (by income)



Strong Tax Advantaged Returns

FORECAST DISTRIBUTIONS TO INVESTORS

| Period Ending 30 June | Average ⁽¹⁾ | 2007 | 2008 | 2009 |
|----------------------------------------------------------------------------------|------------------------|--------|--------|--------|
| Forecast Annual Cash Distribution | 7.70% | 7.65% | 7.70% | 7.75% |
| Forecast Tax Advantaged | 100% | 100% | 100% | 100% |
| Forecast Equivalent Pre Tax Yield (based on a 46.5% Tax Payer) ⁽²⁾ | 14.39% | 14.30% | 14.39% | 14.49% |

(1) Three year average (1 July 2006 to 30 June 2009).

(2) This calculation does not take into account potential capital gains or losses on the investment or tax resulting from reductions in the capital gains tax cost base.

Forecast Return 9.58% p.a (Lonsec Pre Tax IRR)

Centro Capital Management Expertise



- **Foreign Currency & Interest Rate Protection**
 - 100% equity hedge
 - Income forward hedge
 - Fixed interest rates – Average 5.4%
- **Tax Effective Structure**
 - Minimised Withholding Tax
 - 100% tax advantaged returns

Key Syndicate Features

- Syndicate Term 6 – 7 Years
- Limited Exit Opportunity
- Quarterly Distributions
- \$5,000 Minimum Investment
- International Direct Property Exposure
- Strong Lease Expiry 5.6 Years
- High Occupancy Rate – 96%
- Value Adding Opportunities

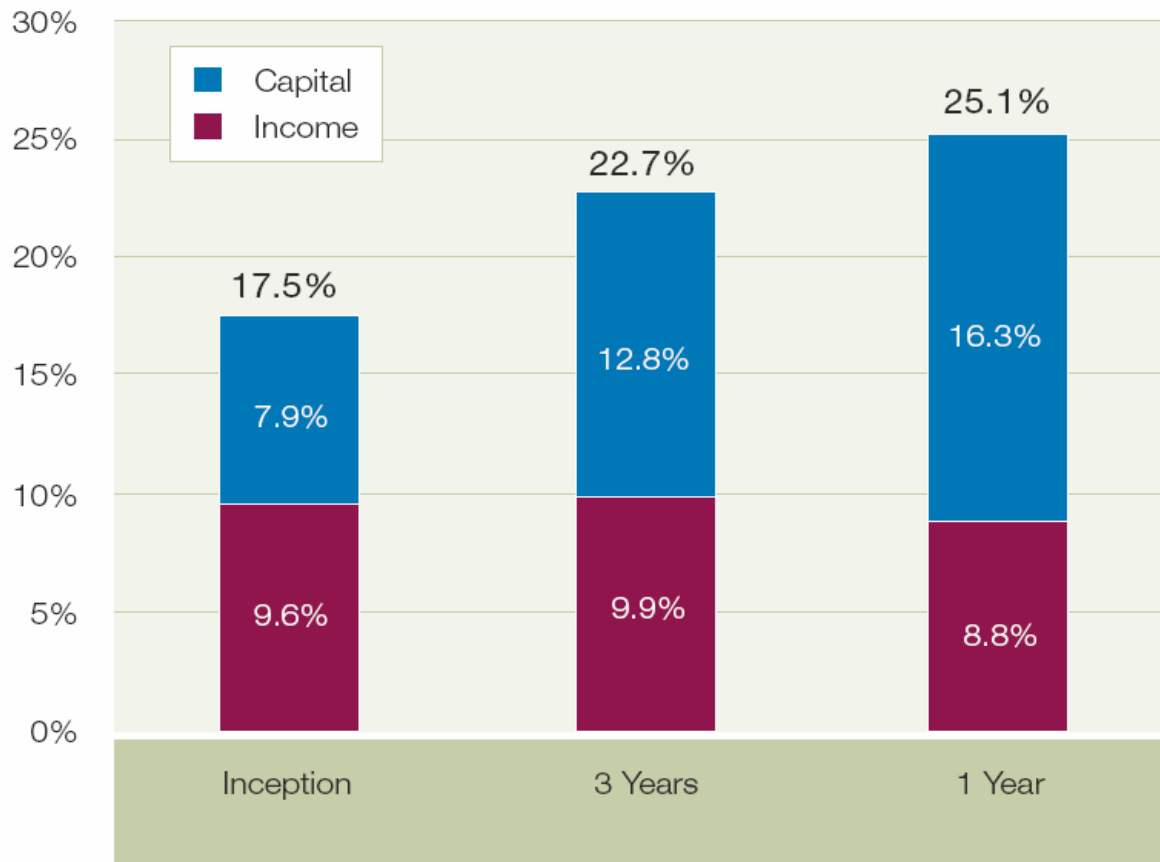
Thank you

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This presentation does not constitute an offer of units of stapled securities in Centro MCS 38. The offer in Centro MCS 38 is made in the Product Disclosure Statement and Prospectus (Offer Document) September 2006. Anyone wishing to acquire an investment in Centro MCS 38 will need to complete the application form and US tax form which accompanies the Offer Document.

Questions?

Centro MCS Syndicate Performance to 30 June 2006



Source: Centro. Based on net returns to investors from an asset weighted investment in each Centro MCS syndicate with published NABs for the period of performance for 1 year, 3 years and since inception.