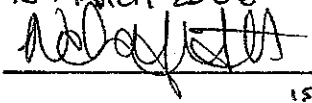


THIS IS ANNEXURE A OF  
16 PAGES REFERRED TO IN FORM  
7051, HALF YEARLY REPORTS  
SIGNED BY ME AND DATED  
13 MARCH 2006



15.3.6

**LEX Retail Property Trust  
(ARSN 115 789 243)**

Responsible Entity:  
LEX Property Management Limited  
(ABN 53 111 779 689)

**Half-Year Financial Report  
31<sup>st</sup> December 2005**

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# LEX RETAIL PROPERTY TRUST – HALF YEAR REPORT

## DIRECTORS' REPORT

In accordance with the Corporations Act 2001 and AASB134, the Directors of LEX Property Management Limited (ABN 53 111 779 689), the Responsible Entity of LEX Retail Property Trust, a managed investment scheme (ARSN 115 789 243), provide this report for the half-year ended 31<sup>st</sup> December 2005.

## DIRECTORS

The names of the Directors of the Responsible Entity in office during the half-year and until the date of this report are below. Directors were in office for this entire period unless otherwise stated.

Alan W Tribe	Non Executive Director and Chairman
Nicholas C Wyatt	Managing Director
Stephen R Dixon	Director – Funds Management (Appointed 10 <sup>th</sup> August 2005)
Peter M Morrison	Non Executive Director (Appointed 10 <sup>th</sup> August 2005)
Marisa J Tribe	Director (Resigned 10 <sup>th</sup> August 2005)

## REVIEW AND RESULTS OF OPERATIONS

The Trust is a managed investment scheme, which was registered with ASIC on 26<sup>th</sup> August 2005. The Trust has been established by the Responsible Entity for the purpose of developing a purpose-built IKEA store in Adelaide, South Australia to be leased to the IKEA franchise for that state.

On 9<sup>th</sup> September 2005, the Responsible Entity offered 18,000,000 units in the Trust at \$1.00 per unit to investors. The offer was fully subscribed, and all unitholders were advised of their allotted units in a letter dated 2 November 2005.

The development of the IKEA store has been progressing as planned in the Product Disclosure Statement relating to the offer of units. The store is expected to be completed on, or before, 31<sup>st</sup> March 2006.

	31 <sup>st</sup> December 2005 \$'000	31 <sup>st</sup> December 2004 \$'000
<b>Net Profit/(Loss)</b>	(7)	(9)
<b>Distributions Paid or Payable</b>	-	-

There were no distributions paid or proposed in relation to the half-year ended 31<sup>st</sup> December 2005 due to the accumulated loss position of the Trust.

## SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

On 17<sup>th</sup> January 2006, cash payments totalling \$338,500 were made to all unitholders on the register as at 31<sup>st</sup> December 2005. As the Trust is in an accumulated loss position, and is not expecting to generate income until rental income from the investment property becomes payable, the payment to unitholders was made by way of a return of capital.

The capital return was calculated using a rate of return of 9% per annum for the relevant number of days in the period from 27<sup>th</sup> October 2005 to 31<sup>st</sup> December 2005.

# LEX RETAIL PROPERTY TRUST – HALF YEAR REPORT

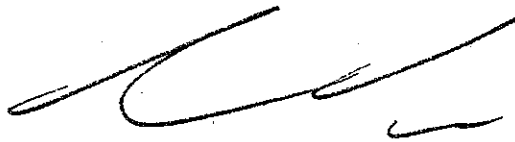
## ROUNDING

The amounts contained in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The Trust is an entity to which the Class Order applies.

## AUDITOR'S INDEPENDENCE DECLARATION


In accordance with Section 307C of the Corporations Act 2001, the Directors have obtained a declaration of independence from PKF Chartered Accountants, the entity's auditors. The declaration of independence is at page 5 of this report.

Signed in accordance with a resolution of the Directors of LEX Property Management Limited:



Alan W Tribe  
Chairman

Perth, 13 March 2006



Nicholas C Wyatt  
Managing Director

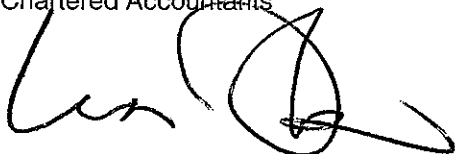
**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF LEX PROPERTY MANAGEMENT ATF  
LEX RETAIL PROPERTY TRUST**

As lead engagement partner for the review of LEX Retail Property Trust for the half-year ended 31 December 2005, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

*PKF*

PKF  
Chartered Accountants



**IAN P OLSON**  
Partner

Perth, 13th day of March 2006

# LEX RETAIL PROPERTY TRUST – HALF YEAR REPORT

## INCOME STATEMENT FOR THE HALF-YEAR ENDED 31<sup>st</sup> DECEMBER 2005

		31 <sup>st</sup> December 2005 \$'000	31 <sup>st</sup> December 2004 \$'000
	Notes		
<b>Continuing Operations</b>			
Revenue	2(i)	62	-
Expenses	2(ii)	<u>(69)</u>	<u>(9)</u>
<b>Net Loss Attributable to Members of LEX Retail Property Trust</b>		<u>(7)</u>	<u>(9)</u>

# LEX RETAIL PROPERTY TRUST – HALF YEAR REPORT

## BALANCE SHEET AS AT 31<sup>st</sup> DECEMBER 2005

	Notes	31 <sup>st</sup> December 2005 \$'000	30 <sup>th</sup> June 2005 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	6	1,258	418
Trade and Other Receivables		412	-
Prepayments and Other Assets		271	353
GST Receivable		309	269
<b>Total Current Assets</b>		<u>2,250</u>	<u>1,040</u>
<b>Non Current Assets</b>			
Property Plant and Equipment		32,310	8,398
<b>Total Non Current Assets</b>		<u>32,310</u>	<u>8,398</u>
<b>TOTAL ASSETS</b>		<u>34,560</u>	<u>9,438</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables		288	3,048
Other Creditors and Accruals		2,761	94
Interest Bearing Liabilities		-	6,288
Unitholder Distributions Payable		8	8
<b>Total Current Liabilities</b>		<u>3,057</u>	<u>9,438</u>
<b>Non Current Liabilities</b>			
Interest Bearing Liabilities		15,115	-
Unit Capital	4	16,395	-
<b>Total Non Current Liabilities</b>		<u>31,510</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>34,567</u>	<u>9,438</u>
<b>NET ASSETS</b>		<u>(7)</u>	<u>-</u>
<b>UNITHOLDERS' EQUITY</b>			
Accumulated Losses		(7)	-
<b>TOTAL UNITHOLDERS' EQUITY</b>		<u>(7)</u>	<u>-</u>

# LEX RETAIL PROPERTY TRUST – HALF YEAR REPORT

## CASH FLOW STATEMENT

FOR THE HALF-YEAR ENDED 31<sup>st</sup> DECEMBER 2005

	<b>31<sup>st</sup> December 2005</b>	<b>31<sup>st</sup> December 2004</b>
<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Payments to Suppliers	(61)	(9)
Receipts from Customers (GST Refunds)	2,165	-
Interest Received	62	-
	<b>2,166</b>	<b>(9)</b>
<b>Net Cash Flows from/(used in) Operating Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Payments to Acquire Property, Plant and Equipment	(26,820)	(579)
	<b>(26,820)</b>	<b>(579)</b>
<b>Net Cash Flows from/(used in) Investing Activities</b>		
<b>Cash flows from Financing Activities</b>		
Proceeds from Issue of Unit Capital	18,140	-
Payment of Costs of Issuing Unit Capital	(1,473)	-
Proceeds from Drawdown of Interest Bearing Liabilities	15,115	-
Proceeds from Loan Funding (Cebas Pty Ltd)	10,962	888
Repayment of Loan Funding (Cebas Pty Ltd)	(17,250)	-
	<b>25,494</b>	<b>888</b>
<b>Net Cash Flows from/(used in) Financing Activities</b>		
Net Increase/(Decrease) in Cash and Cash Equivalents	840	300
Cash and Cash Equivalents at Beginning of Period	418	-
<b>Cash and Cash Equivalents at End of Period</b>	<b>1,258</b>	<b>300</b>

# LEX RETAIL PROPERTY TRUST – HALF YEAR REPORT

## STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31<sup>st</sup> DECEMBER 2005

	Issued Capital \$'000	Retained Earnings \$'000	Total \$'000
At 1 <sup>st</sup> July 2004	-	-	-
Net Profit/(Loss) for the Period	-	(9)	(9)
At 31 <sup>st</sup> December 2004	-	(9)	(9)
At 1 <sup>st</sup> July 2005			
Net Profit/(Loss) for the Period	-	(7)	(7)
At 31 <sup>st</sup> December 2005	-	(7)	(7)

### NOTE TO STATEMENT OF CHANGES IN EQUITY

Due to the requirements of AASB 132 "Financial Instruments: Disclosure and Presentation", unit capital is shown as a non-current liability rather than equity.

# LEX RETAIL PROPERTY TRUST – HALF YEAR REPORT

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

### **1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT**

The half-year financial report does not include all notes of the type normally included within an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as a full financial report.

As the Trust was registered on 12<sup>th</sup> August 2004, no prior financial reports have been produced.

#### **(a) Basis of Accounting**

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical basis, except where otherwise stated.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

#### **(b) Statement of Compliance**

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 31<sup>st</sup> December 2004 and full-year ended 30<sup>th</sup> June 2005 have been restated accordingly. A summary of the significant accounting policies of the Group under AIFRS are disclosed in Note 1(c).

A reconciliation of equity as presented under AGAAP to that under AIFRS is detailed at Note 1(f).

#### **(c) Summary of Significant Accounting Policies**

##### **(i) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash at bank.

For the purposes of the Cash Flow Statement, cash and cash equivalents are as defined above.

##### **(ii) Trade and Other Receivables**

Trade receivables have less than 90 day terms and are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

# LEX RETAIL PROPERTY TRUST – HALF YEAR REPORT

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

### 1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

#### *(iii) Property, Plant and Equipment*

The leasehold improvements represent an investment in land and buildings for the purpose of producing rental income.

Initially, investment properties are measured at cost including transaction costs.

Subsequent to initial recognition, investment properties are stated at fair value.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

Any gains or losses on the de-recognition of an investment property are recognised in the income statement in the period of de-recognition.

The property is currently under construction, and, in accordance with AASB 140 "Investment Property", all amounts are carried at cost until completion.

As these assets are considered to have the function of an investment they are not depreciated.

Deferred borrowing costs comprise all the costs in relation to the establishment, arrangement and documentation of the debt facilities including the establishment fees, legal fees, mortgage stamp duty and other associated costs. Such costs are deferred and amortised over five years following the practical completion of the property.

#### *(iv) Other Creditors and Accruals*

Accrued construction costs represent amounts carried at the expected invoice values. These costs were invoiced and paid subsequent to the balance sheet date.

General accruals represent amounts carried at the expected invoice values.

#### *(v) Interest-Bearing Liabilities*

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

#### *(vi) Unit Capital*

Unit capital represents receipts from unitholders, less the capital raising costs.

Pursuant to AIFRS, unitholders' funds are recognised as liabilities rather than as equity.

#### **(d) AASB 1 Transitional Exemptions**

The Trust has elected to adopt this exemption and has not applied AASB 132 "Financial Instruments Presentation and Disclosure" and AASB 139 "Financial Instruments: Recognition and Measurement" to its comparative information.

# LEX RETAIL PROPERTY TRUST – HALF YEAR REPORT

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

### 1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

#### (e) Impact of Adoption of AIFRS

The only material change to the accounts that will result from the adoption of AIFRS is accounting for unit capital.

As unit capital has a finite life, it is treated as a liability under AIFRS, as opposed to being treated as equity under AGAAP.

#### (f) Reconciliation of Equity as presented under AGAAP to that under AIFRS

	31 <sup>st</sup> December 2005 \$'000	30 <sup>th</sup> June 2005 \$'000
Equity under AGAAP		
Unitholders' Funds	16,395	-
Accumulated Losses	(7)	-
<b>Total Equity under AGAAP</b>	<b>16,388</b>	<b>-</b>
Reclassification of Unitholders' Funds	(16,395)	-
<b>Total Equity under AIFRS</b>	<b>(7)</b>	<b>-</b>

### 2. REVENUES AND EXPENSES

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

	31 <sup>st</sup> December 2005 \$'000	31 <sup>st</sup> December 2004 \$'000
<b>(i) Revenue</b>		
Net Rental Income	-	-
Interest Income	62	-
Change in Fair Value of Investment Property	-	-
<b>Total Revenue</b>	<b>62</b>	<b>-</b>
<b>(ii) Expenses</b>		
Trust Expenses	6	9
Management Fees	55	-
Amortisation of Deferred Borrowing Costs	8	-
<b>Total Expenses</b>	<b>69</b>	<b>9</b>

# LEX RETAIL PROPERTY TRUST – HALF YEAR REPORT

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

### 3. TRUST DISTRIBUTIONS

There is no income distribution paid or proposed for the half-year ended 31<sup>st</sup> December 2005 as there is an accumulated loss of \$7,000 carried forward as at that date.

### 4. UNIT CAPITAL

	<b>31<sup>st</sup> December 2005</b>	<b>30<sup>th</sup> June 2005</b>
<i>Unit Capital</i>		
Issued and Fully Paid Units	20,800,100	100
	<b>No. of Units</b>	<b>\$'000</b>
<i>Movements in Unit Capital on Issue</i>		
<b>At 1<sup>st</sup> July 2005</b>	100	-
Issued on 9 <sup>th</sup> August 2005 for Cash	2,800,000	140
Issued on 27 <sup>th</sup> October 2005 for Cash	18,000,000	18,000
Costs of Issued Unit Capital	-	(1,745)
<b>At 31<sup>st</sup> December 2005</b>	20,800,100	16,395

Under AASB 132 "Financial Instruments: Disclosure and Presentation", unit capital is required to be disclosed as a non current liability.

The definition of "liability" in the Trust's constitution has been amended allowing the unit capital to be classified as equity for the purpose of calculating Net Tangible Assets.

### 5. EVENTS AFTER THE BALANCE SHEET DATE

On 17<sup>th</sup> January 2006, cash payments totalling \$338,500 were made to all unitholders on the register as at 31<sup>st</sup> December 2005. As the Trust is in an accumulated loss position and is not expecting to generate income until rental income from the investment property becomes payable, the payment to unitholders was made by way of a return of capital.

The capital return was calculated using a rate of return of 9% per annum for the relevant number of days in the period from 27<sup>th</sup> October 2005 to 31<sup>st</sup> December 2005.

# LEX RETAIL PROPERTY TRUST – HALF YEAR REPORT

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

### 6. ADDITIONAL INFORMATION

#### Reconciliation of Cash

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following as at 31<sup>st</sup> December:

	31 <sup>st</sup> December 2005 \$'000	31 <sup>st</sup> December 2004 \$'000
Cash at Bank and In Hand	1,258	300

# LEX RETAIL PROPERTY TRUST – HALF YEAR REPORT

## DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of LEX Property Management Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Trust:

- (i) give a true and fair view of the financial position as at 31<sup>st</sup> December 2005 and the performance for the half-year ended on that date; and
- (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable.

On behalf of the Board



**Alan W Tribe**  
Chairman

Perth, 13<sup>th</sup> March 2006



Chartered Accountants  
& Business Advisers

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Perth WA 6000

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[www.pkf.com.au/wa](http://www.pkf.com.au/wa)

## INDEPENDENT REVIEW REPORT

To the Unitholders of LEX Retail Property Trust

### Scope

#### *The financial report and directors' of LEX Property Management Limited responsibility*

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity and accompanying notes to the financial statements and the directors' declaration, LEX Retail Property Trust (the Trust) for the half year ended 31 December 2005.

The directors of LEX Property Management Limited are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the Trust, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### *Review approach*

We conducted an independent review of the financial report in order to make a statement about it to the unitholders of the Trust, and in order for the Trust to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the Trust's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of LEX Property Management Limited personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

**Independence**

We are independent of the Trust, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

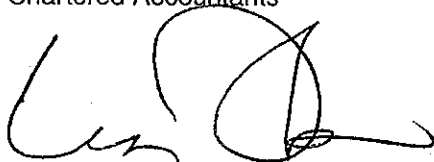
**Statement**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of LEX Retail Property Trust is not in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of LEX Retail Property Trust at 31 December 2005 and of its performance for the half year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



**PKF**  
Chartered Accountants



**IAN P OLSON**  
Partner

Dated at Perth, this 13th day of March 2006