



21 July 2006

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Dear Investor,

### LEX Retail Property Trust

The Directors of LEX Property Management Limited, the responsible entity of the LEX Retail Property Trust ("Trust"), are pleased to provide an update on the Property, together with details of the June 2006 Quarter payment to Unitholders.

#### PROPERTY UPDATE

Following Practical Completion of the Property on 14 March 2006, the total development cost of the Property was \$40.032 million compared with the original development budget of \$41.0 million. This represents an excellent outcome as the Property was completed under budget and ahead of schedule.

A recent independent valuation of the Property has confirmed the "at completion" valuation of \$45.1 million which is as stated in the Product Disclosure Statement ("PDS") dated 9 September 2005. The revaluation surplus of \$5.068 million has been reflected in the Trust's accounts to 30 June 2006 and accrues for the benefit of all Unitholders.

The Trust has drawn external borrowings to date of \$24.77 million under the terms of its debt facility with National Australia Bank Limited. The actual amount drawn results in a Loan to Value Ratio ("LVR") at 30 June 2006 of **54.9%** compared to the forecast LVR of **56.9%** included in the PDS.

Based on the Property value and actual borrowings drawn at 30 June 2006, the Net Tangible Asset ("NTA") backing per unit is **\$0.9958**. This is an increase of 6.4% on the PDS forecast NTA backing per unit at completion of **\$0.9358**.

During the quarter, the Trust finalised interest rate hedging measures by fixing the interest rate for the initial term (5 years) of the term debt facility on the whole amount of the \$24.77 million loan drawn to date. This interest rate strategy ensures that the Trust's future interest expense will be in line with the forecast rate included in the PDS.

#### JUNE 2006 QUARTER PAYMENT TO UNITHOLDERS

Enclosed is your payment advice for the quarter ended 30 June 2006 which covers a cash distribution of the Trust's net income for the period ended 30 June 2006. Your total cash payment of **2.244** cents per unit includes an income distribution of **2.100** cents per unit and a capital distribution of non-cash items amounting to **0.144** cents per unit.

#### FINANCIAL STATEMENTS & ANNUAL TAXATION STATEMENTS

You will receive a copy of the Trust's Financial Statements for the year ended 30 June 2006 with your September 2006 distribution letter during October 2006. You will receive your annual taxation statement for the period to 30 June 2006 during August 2006. You will need the information on this taxation statement to help you complete your tax return.

I look forward to updating you in October with details of the Trust's September 2006 quarter distributions. In the meantime, if you have any questions regarding your investment in the Trust, please do not hesitate to contact Investor Services on 1800 502 464.

Yours sincerely,

LEX Property Management Limited

Nick Wyatt  
Managing Director