



LEX PROPERTY MANAGEMENT LIMITED

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19 January 2007

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 the following update.

DECEMBER 2006 QUARTER PAYMENT TO UNITHOLDERS

Enclosed is your payment advice for the quarter ended 31 December 2006 which covers a cash distribution of the Trust's net income for that quarter. Your total cash payment of **2,375** cents per unit represents an income distribution which is in line with the amount forecast in the Product Disclosure Statement ("PDS") dated 9 September 2005.

LEX PROPERTY FUND

The Directors are also pleased to confirm a new property investment opportunity, the LEX Property Fund, which will develop and own a new retail centre, the centerpiece of which is a new IKEA Perth store.

Our previous letter to investors of the Trust on 20 December 2006 provided preliminary information on this investment opportunity which is expected to produce a forecast cash distribution yield of 8.25% in the first full financial year after Practical Completion. We are currently accepting registrations of interest for this investment and it is anticipated that the Product Disclosure Statement for the LEX Property Fund will be available later this month. Further details are available on our website www.lexproperty.com.au.

To register your interest in the LEX Property Fund, either contact your financial adviser or LEX Investor Services on 1800 502 464.

We look forward to updating you in due course with details of the Trust's March 2007 quarter distributions. In the meantime, if you have any questions regarding your investment in the Trust, please do not hesitate to contact LEX Investor Services on 1800 502 464.

Yours sincerely,
LEX Property Management Limited

Nick Wyatt
Managing Director