



LEX PROPERTY MANAGEMENT LIMITED

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22 October 2007

Dear Investor,

LEX Property Fund – Quarterly Update

(ARSN 123 437 838)

The Directors of LEX Property Management Limited, the Responsible Entity of the LEX Property Fund (“Fund”), are pleased to provide the following update:

PERTH’S NEW IKEA CENTRE

Construction of the new IKEA Centre in Perth continues to progress well, with a further \$16 million spent in the quarter to 30 September 2007. Total expenditure to date of \$86 million represents 83% of the original development budget.

Current progress indicates that completion is expected to be achieved by the end of February 2008 within budget.



IKEA Store main entry façade under construction, October 2007

FIRST IKEA HANDOVER DATES ACHIEVED

At 30 September 2007, we have reached 77% completion on the Multiplex construction contract for the main IKEA Store. Significantly for both the Fund and the tenant, the first milestone handover dates for specific areas within the IKEA Store have been reached and tenant fit-out works have now commenced in parts of the Showroom and Warehouse.



IKEA Market Hall just prior to handover, October 2007



IKEA Loading Dock area nearing completion, October 2007



IKEA Showroom with assembly of room sets underway, October 2007

PERIMETER OFFICE/RETAIL BUILDINGS

Construction work on the perimeter buildings adjacent to the IKEA Store has continued during the quarter and progress achieved to date indicates that all four buildings are now due to be completed as originally planned by the end of February 2008.

Tenancy leases will be progressed with several interested parties during the next quarter.



Perimeter Building # 1 under construction, September 2007

CASH DISTRIBUTIONS

As previously advised, the first cash distribution to investors will be for the period from practical completion to 31 March 2008, and will be paid to investors in April 2008.

GREEN INITIATIVE

LEX is committed to improving its impact on the environment and would like to reduce the amount of correspondence mailed to unitholders. I have enclosed a 'Green Initiative' detailing how we propose to achieve this and encourage you to read it and advise us if there are any updates, reports or statements (from March 2008) that we can electronically send to you in future.

FINANCIAL STATEMENTS

Enclosed is a copy of the Fund's Annual Financial Report for the year ended 30 June 2007 for your records.

We look forward to providing you with a further update on construction progress in January 2008. In the meantime, if you have any questions regarding your investment in the Fund, please do not hesitate to contact LEX Investor Services on 1800 502 464.

Yours sincerely,
LEX Property Management Limited

Nick Wyatt
Managing Director

