



## LEX PROPERTY MANAGEMENT LIMITED

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18 January 2008

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 in relation to your investment:

#### IKEA PERTH – OPENING IN FEBRUARY 2008

Construction of the new IKEA Centre in Perth has progressed well in the last quarter. Of the total development costs, \$96.7 million had been expended. The development is expected to be completed in line with the original budget (\$103.65m) and is approximately 93% complete at 31 December 2007.



IKEA Store entry façade and pylon sign,  
December 2007

IKEA Warehouse,  
December 2007

IKEA Showroom with fitout of room sets underway,  
December 2007

Construction work is expected to be complete by early February. Retail fitout works being undertaken by the tenant are already substantially complete in several areas of the store.

The grand opening of the IKEA Store is on 14<sup>th</sup> February 2008 and the tenant has commenced its marketing campaign for the opening.

The projected completion and opening dates are both slightly ahead of those outlined in the Product Disclosure Statement (PDS) issued in January 2007.

#### PERIMETER OFFICE/RETAIL BUILDINGS

Completion of the four perimeter buildings is nearing completion with three of the buildings scheduled to be complete prior to the IKEA grand opening and the fourth building shortly afterwards.

Offers to lease have been issued to preferred tenants for all perimeter building tenancies. The commercial terms are expected to deliver rental returns in line with PDS forecasts for the period to 30 June 2008 and slightly exceed PDS forecasts for the following financial period.

## INCOME 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.

Based on development progress to date, the total cash distributions for the period to 30 June 2008 are expected to be in line with the forecast distributions included in the PDS.

## GENERAL UPDATE

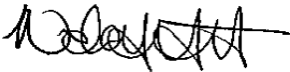
In light of recent volatility within the listed property sector, the Directors confirm that the Fund has adopted a conservative approach to its debt funding. The Fund has no loan facilities which require renegotiation in the near term. Key points to note are as follows:

- following practical completion of the development, the debt facility is a term facility which has a maturity date 5 years from practical completion;
- interest expense on 90% of the facility is fixed until the maturity date; and
- the loan to value ratio (LVR) of the facility is not expected to exceed 60% following practical completion.

For further information about the Fund, please visit our website at [www.lexproperty.com.au](http://www.lexproperty.com.au). Alternatively, 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