



Artist's impression of the IKEA Perth retail store.
This building is an asset of the Trust.

Overview

This is a unique opportunity to participate as an investor in a well located Perth property with construction scheduled for completion in February 2008. The property principally comprises the new IKEA Perth store of over 26,500m² of net lettable area leased to Cebas Pty Ltd ("Cebas"), the IKEA franchisee for Western Australia and South Australia.

The LEX Property Fund ("LEX") will develop and own this new IKEA Perth store with a long term (15 year) lease to Cebas plus renewal options.

The property also includes over 2,600m² of showroom retail and office space to be developed by LEX on the same site adjacent to the new IKEA Perth store. Rental demand is expected to be strong given its quality location.

This opportunity may be appealing to investors with its attractive income returns, tax advantaged distributions and potential for capital growth.

Key Investment Features

- Forecast income returns for the first full financial year at 8.25% per annum (2008/2009 financial year).
- 100% tax deferral on forecast income distributions for the first four years after practical completion of the development, reducing thereafter.
- Property constructed on freehold land owned by LEX.
- The property has been independently valued on an "at completion" basis at \$110.50m. This would provide a revaluation surplus of \$6.85m, which will accrue to the benefit of Unitholders. The NTA at completion is expected to be \$0.986.
- Distributions paid quarterly.
- Long lease to Cebas (IKEA franchisee) of 15 years with annual rent reviews to CPI and market reviews in the fifth and tenth years. The market review rent cannot be reduced lower than the rent in the preceding year.
- Conditional loan facility of \$66.30m agreed with National Australia Bank. This facility provides for a maximum LVR of 60% on the projected at completion value of the property.
- Interest rate hedging policies will be implemented to limit interest rate exposure on term debt funding.
- Capital growth potential supported by the quality and location of the property, the long term lease, and the rental growth through rental review structure.
- Entities associated with one of the directors of LEX Property Management Limited ("LPML") will retain a minimum ongoing of investment of 17% of LEX units on issue.

- Major tenant will retail internationally recognised IKEA branded furniture and home furnishings from the store. Tenant has been present in Perth for over 20 years and has an established market share.
- Additional showroom retail and office space totalling approximately 2,627sqm to be developed and available for lease adjacent to the IKEA Perth Store February 2008.
- The tenants are responsible for all operating expenses including maintenance and repairs and items of a structural or capital nature having regard to fair wear and tear of the property.
- The LPML management team has experience in retail and property funds management and retail operations. Successful operation of LEX Retail Property Trust to date, which raised \$18m and issued capital in October 2005.
- Fixed Lump Sum construction contract on the IKEA Perth Store. Construction arrangements for the additional showroom retail and office space to be finalised. Approximately 88% of total development costs are expended to date or are subject to fixed price arrangements.

LEX Property Fund

Forecast
8.25% pa

income distribution for the
first full financial year after the
IKEA Perth store opens
(2008/2009 financial year)

100% tax deferred income distributions
for the first four years after practical
completion of the development

INDICATIVE KEY OFFER DATES

Offer Open Date	Late January 2007
Offer Close Date	Mid/late March 2007
Target Date For Allotment of Units	Late March 2007

The Property

The property is prominently located in Innaloo, Western Australia near to the Cedric Street exit off the Mitchell Freeway, which extends north from the Perth CBD. The new IKEA Perth store is adjacent to this main arterial freeway some 8 kms from the Perth CBD and will have excellent visibility and access.

The freehold site is owned by LEX. LEX is developing the new IKEA store for the Perth franchise which, together with the additional showroom retail and office space, is scheduled for completion at the end of February 2008. Trading is expected to commence in April 2008.

Property Financials

- The property has been independently valued on an "at completion" basis at \$110.50m. This would provide a revaluation surplus of \$6.85m, which will accrue to the benefit of Unitholders.
- LEX has entered into a Fixed Lump Sum construction contract in respect of the IKEA Perth Store.

Key Property Features

- Construction work on the IKEA Perth store commenced in October 2006 and has a target completion date at the end of February 2008.
- The property will comprise a combined showroom and warehouse and will also include a 400-seat family restaurant and child-care facilities.
- It will be the largest single tenant retail store in Western Australia with floor space of approximately 26,500sqm. It is similar in size to the recently LPML-developed IKEA Adelaide store.
- Retail operations will use the highly developed IKEA retailing concept with an experienced Australian franchisee, Cebas, which has successfully operated the IKEA store in Perth, Western Australia for over 20 years and the newly opened Adelaide IKEA store in South Australia.
- Dimensions and design of the IKEA store are in accordance with IKEA's worldwide store development standards.
- The tenant is responsible for the management and costs associated with the retail fitout and build up of the new IKEA store.

Trust Summary

Total Funds Raised	\$107.65 million
- Proceeds from Offer of Units	\$31.20 million (31.2 million units)
- Pre-Offer Unitholder Funds	\$10.15 million (14.5 million units)
- Loan Funds	\$66.30 million
Gearing (Max)	60% LVR at completion
Market Valuation "At Completion"	\$110.50 million
Issue Price Per Unit	\$1.00
Number Of Units To Be Issued	31.2 million
Minimum Investment	\$20,000
Additional Investment Above \$20,000	Multiples of \$1,000
Net Asset Backing Per Unit At Completion	\$0.986
Distribution Frequency	Quarterly
Growth Strategy	LPML will seek to develop or acquire future property assets that satisfy investment criteria. If LEX is presented with property assets, with a strong lease covenant and income streams, consideration will be given to expanding the size of the fund.
Eligible For Superannuation Funds To Invest	Yes

Forecast
8.25% pa
income distribution for the first full financial year after the IKEA Perth store opens (2008/2009 financial year)
100% tax deferred income distributions for the first four years after practical completion of the development

Long Term Investment

- Investments in LEX should be regarded as long term and illiquid as there is no formal secondary market, and investors have no right to require that their investment be purchased or redeemed by the Responsible Entity.
- LEX is structured as an unlisted property trust and it is the Responsible Entity's intention to consider the future strategy for the property by 30th June 2012. The strategic alternatives to be presented to a meeting of unitholders may include the sale of the property and, under the terms of the Lease, Cebas has the first right of refusal to purchase the property at independent market value. Future strategies for the Fund may be impacted by the acquisition of further property assets.
- Following the strategic review of the property, a strategy for a clear exit mechanism for investors by 30th June 2015 will be recommended.
- The Responsible Entity will review the investment regularly and may recommend to investors that the property be sold before 30th June 2015 if it is considered to be in the best interests of investors.

Offer Details

The offer will be made pursuant to a Product Disclosure Statement (PDS) to be issued by LPML the proposed Responsible Entity of the LEX Property Fund. LPML is the holder of Australian Financial Services Licence number 282675.

Before you consider making any investment in LEX Property Fund, it is recommended that you read the PDS in its entirety and if necessary consult your financial advisor or other professional advisor.

A copy of the PDS will be made available from the Responsible Entity through the company's website or by contacting the following when the units in LEX Property Fund becomes available. It is expected that the PDS will be made available late in January 2007.

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This confidential Information Sheet has been prepared by the LEX Property Fund ("LEX") and should not be distributed to any person other than as approved by LEX. The purpose of this Information Sheet is to provide recipients with preliminary information relating to the investment opportunity described in this Information Sheet and may only be used for that purpose.

Recipients of this Information Sheet must make their own independent assessment and investigation of the investment opportunity and should not rely on any statement or any information contained in this Information Sheet. The Recipient should consult its own advisers. LEX does not take any responsibility for the contents of this Information Sheet.