



Quarterly Update – 31 March 2009

MARCH 2009 DISTRIBUTION

- A cash distribution of **2.0625 cents per unit** (“cpu”) has been paid by the Fund for the quarter ended 31 March 2009.
- Cash distributions for the first three quarters of the year now total 6.1875 cpu which is in line with the annualised distributions of **8.25 cpu** included in the Fund’s Product Disclosure Statement (“PDS”) dated January 2007.
- Enclosed is your distribution payment advice statement for the quarter.
- Distributions for the year to 30 June 2009 are forecast to be 100% tax deferred.

HALF YEAR FINANCIAL REPORTS

In accordance with statutory obligations, the half-yearly financial report of the Fund for the period ended 31 December 2008 has been lodged with ASIC. A copy of this report is available on the website at www.lexproperty.com.au/lexpf_fund.php.

NET TANGIBLE ASSET VALUE

As outlined in the Fund’s last Quarterly Update, the value of the Fund’s property at 31 December 2008 remained unchanged from the independent valuation at 30 June 2008 (**\$120 million**). Based on this property valuation, the Fund’s gearing level at 31 December 2008 was **55.3%** and the NTA value per unit was **\$1.19**.

Investors should note that the NTA value of \$1.19 shown in the half yearly financial report is based on a valuation methodology adopted which the Directors consider reflects the current market value of the property as at 31 December 2008. However, the underlying value of the Fund’s units may not necessarily reflect this NTA value as other market factors, such as liquidity and the impact of the current financial crisis on equity values, also need to be taken into account. Investors should therefore seek their own independent advice when considering unit values.

It is the Directors’ intention to have the property independently valued as at June 2009 and any change in value will be reflected in the NTA value at 30 June 2009.

LEASING UPDATE

The IKEA Perth Store and perimeter buildings (Property) owned by the Fund are fully leased. In addition, rental income derived from the Fund’s portfolio of tenancies will increase over the lease terms based on the following annual rent review arrangements in place:

- IKEA Perth Store – annual reviews at CPI, with a market review at every 5th anniversary; and
- Perimeter tenancies – various annual review dates, with a mix of CPI-based or fixed annual percentage increases.

On this basis, property rent for the IKEA Perth Store was recently reviewed and achieved an annual increase of 3.75% with effect from 4 February 2009. With the long leasehold arrangements in place with Cebas Pty Ltd for the IKEA Perth Store and a weighted average lease term of 4.6 years for the perimeter tenancies, the Fund has a secure income base from which to continue to pay distributions to unitholders.

DEBT MANAGEMENT

The Directors continue to adopt a conservative debt management policy which positions the Fund to provide stability for investors and includes the following key points:

- The Fund has no debt facilities that require renegotiation in the near term;
- The term debt facility has a maturity date in February 2013;
- Interest expense on 100% of the debt drawn under this facility is fixed until the maturity date (previously 90%);
- The loan to value ratio of the facility is 55.3% as at 31 December 2008 (compared to the bank's requirement that this ratio should not exceed 60.0%); and
- Interest cover is 1.96 times for the half year to 31 December 2008 (compared to the bank's requirement that this ratio should not fall below 1.50 times).

DISCLOSURE TO INVESTORS

In accordance with ASIC's Regulatory Guide ("RG46"), the Responsible Entity is required to disclose certain information regarding the Fund which is aimed at improving disclosure to retail investors in unlisted registered property schemes.

The Directors are pleased to confirm that key principles such as gearing and distribution practices are addressed in this Quarterly Update and an updated commentary on each of the eight disclosure principles is available for viewing on the website at www.lexproperty.com.au/lpf_fund.php.

For further information about the Fund, please visit the website at www.lexproperty.com.au. If you have any questions regarding your investment in the Fund, please do not hesitate to contact LEX Investor Services on 1800 502 464.



Nick Wyatt
Managing Director
LEX Property Management Limited