



Quarterly Update – 30 June 2010

JUNE 2010 DISTRIBUTION

- Cash distribution of **2.875 cents per unit** (“cpu”) paid by the Fund for the quarter ended 30 June 2010.
- Full year total cash distributions of **11.25 cpu**, representing a 5.1% increase on the previous year.
- Distributions for the year to 30 June 2010 forecast to be 75% tax deferred.
- Your quarterly distribution payment statement is enclosed.

PROPERTY VALUATION

The IKEA Adelaide Store (“Property”) owned by the Fund has been independently valued at \$47.0 million at 30 June 2010.

In determining the value of the Property, the valuer applied a softer capitalisation rate at 30 June 2010, reflecting the emergence of more sales evidence in the Adelaide market than there was 12 months ago. Although the valuer acknowledges some stabilisation in present general economic conditions, the resultant valuation is 4.1% lower than the June 2009 independent valuation of \$49.0 million.

NET TANGIBLE ASSET VALUE

Based on the Fund’s updated property value, the Fund’s unaudited net tangible asset (“NTA”) value per unit is \$1.09 at 30 June 2010 (reduced from \$1.19 last year).

Investors should note that this NTA value of \$1.09 is based on an independent property valuation. 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 current global economic conditions on equity values, may also need to be taken into account. Investors should therefore seek their own independent advice when considering unit values.

DEBT RATIOS – JUNE 2010

- Gearing ratio – 51.9%
- Gearing covenant – not to exceed 60%
- Interest cover – 2.67 times
- Interest cover covenant – not to fall below 1.90 times
- External debt – \$24.4 million

LEASING UPDATE

The Fund’s property comprises the IKEA Adelaide Store which is fully leased. Rental income derived by the Fund will increase over the term of the lease based on the following annual rent review arrangement in place:

- IKEA Adelaide Store – annual review at CPI plus 1%, with a market review at every 5th anniversary.

On this basis, property rent for the IKEA Adelaide Store achieved an annual increase of 3.01% with effect from 14 March 2010 and, with the long leasehold arrangement in place with Cebas Pty Ltd for the IKEA Adelaide Store (lease expiry 10.7 years), the Fund has a secure base from which to continue to pay distributions to unitholders.

STRATEGIC REVIEW

As outlined in the Fund's Product Disclosure Statement dated September 2005, the Directors of the Responsible Entity intend to consult with unitholders about the future strategy for the Fund and the Property at a meeting of unitholders to be convened by 31 October 2010.

At this meeting it is proposed that the Directors will put forward a proposal either to extend the Fund or to terminate the Fund and sell the Property by 31 October 2012. Any proposal to extend the Fund would contain a recommended time period for such an extension.

At this meeting, each resolution which may be proposed will be passed if at least 75% of the unitholders present and entitled to vote (either in person or by proxy) are in favour of the resolution. If unitholders decide to terminate the Fund and sell the Property, the net proceeds (after payment of all costs) will be distributed to unitholders in proportion to their holdings of units.

Discussions regarding the ongoing debt financing requirements of the Fund beyond the maturity date of the existing term debt facility (April 2011) will be addressed by the Directors following completion of the Fund's strategic review in October 2010.

DISCLOSURE TO INVESTORS

In accordance with ASIC's Regulatory Guide 46 ("RG46"), the Responsible Entity has disclosed certain key principles such as gearing and distribution practices of the Fund in this Quarterly Update and an updated commentary on each of the eight disclosure principles is available for viewing by investors on the website at www.lexproperty.com.au/lrpt_fund.php.

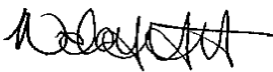
ANNUAL FINANCIAL REPORT

In accordance with statutory obligations, the Fund's unaudited annual financial report for the period to 30 June 2010 will be lodged with ASIC before 30 September 2010. A copy of this report will be made available on our website, www.lexproperty.com.au as soon as it is lodged with ASIC, or can be sent to you at your request.

ANNUAL TAXATION STATEMENTS

Your annual taxation statement for the 2009/2010 tax year is expected to be finalised and provided to you by 31 August 2010. You will need the information on this taxation statement to help you complete your tax return for the year to 30 June 2010 and this statement will also include confirmation of the tax deferred and taxable income components of your annual distributions.

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
22 July 2010