



Fund Update (incorporating June 2016 Financials)

JUNE 2016 DISTRIBUTION

- Details regarding the cash distributions you have received from the Fund are as follows:

	This Year	Last Year
June quarter cash distribution	3.750 cpu*	3.375 cpu
Full year cash distribution	14.25 cpu	12.75 cpu
Tax deferred component of full year cash distribution	26.155%	30.240%

*cents per unit

- Your final quarterly distribution payment statement was issued to you in July 2016.

PROPERTY VALUATION

The IKEA Perth Store and perimeter buildings (Property) owned by the Fund have been independently valued at \$132.0 million as at 30 June 2016 and this valuation has been adopted by the Directors for reporting purposes. The updated valuation represents a 1.5% increase from the June 2015 independent valuation of \$130.0 million.

In determining the Property valuation, the valuer has considered the capitalisation rate to be applied to the Fund's rental returns to be in the range of 8.25-8.50%, with an implied initial net passing yield of 8.52% at this updated valuation of \$132.0 million (2015: 8.45%).

NET TANGIBLE ASSET VALUE

The Fund's audited net tangible asset (NTA) value per unit is \$1.428 at 30 June 2016, an increase of 3.1% from last year's NTA value of \$1.385 per unit.

As previously reported, the Fund's NTA value excludes any unrealised liability recognised on a realignment of the Fund's fixed interest swap arrangements on the Fund's debt at the reporting date as the Directors have deemed this to have no impact on either unitholder distributions or NTA calculations while such swap arrangements remain in place.

Investors should note that this NTA value of \$1.428 per unit 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 and potential selling costs also need to be taken into account. Investors should therefore seek their own independent advice when considering unit values.

TOTAL UNITHOLDER RETURN

Based on an investor's original cost of investment (of \$1.00 per unit), the total return in the year to 30 June 2016 is **17.35%** (capital growth of 3.1% and income of 14.25%). This compares to the total return in the previous year of 14.81% (capital growth of 2.06% and income of 12.75%).

DEBT FACILITY & COVENANTS

The Fund's debt facility is with Australia and New Zealand Banking Group Limited ("ANZ") and is in place for the period through to 30 June 2018. The facility limit is presently \$66.3 million and is fully drawn.

- Gearing ratio – 50.2% (2015: 51.0%)
- Gearing covenant – not to exceed 60%
- Interest cover – 3.57 times (2015: 3.12 times)
- Interest cover covenant – not to fall below 2.0 times

There was no significant change to the operating conditions experienced by the Fund during the financial period and the Fund remains in full compliance with all debt facility covenants.

LEASING UPDATE

The Property is fully leased at the balance sheet date, with the IKEA Perth Store comprising 90.2% of the total lettable area of the Property and being subject to annual reviews at CPI and a market review at each 5th anniversary. The next market review is due to take place in February 2018.

The balance of the Property comprises a number of perimeter retail and office spaces leased to tenants for various terms expiring between March 2017 and May 2021 and being subject to annual fixed or CPI-based reviews. Tenants include Kathmandu, Jetts Fitness, Discount Drug Stores, Sushi WAWA and Cebas Pty Ltd.

With a weighted average lease expiry for the perimeter tenancies of 2.2 years as at 30 June 2016, and approximately 6.6 years remaining on the initial term of the lease arrangement with Cebas Pty Ltd for the IKEA Perth Store, the Fund has a secure income base from which to continue to pay future distributions to investors.

ANNUAL FINANCIAL REPORT

In accordance with statutory obligations, the Fund's annual financial report for the year ended 30 June 2016 will be lodged with ASIC by 30 September 2016. A copy of this report will be made available on the 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

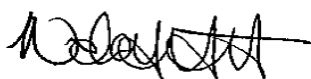
Your annual taxation statement for the 2015/2016 tax year was provided to you in July. You will need the information on this taxation statement to help you complete your tax return for the year to 30 June 2016 and the statement includes confirmation of the tax deferred status of your annual distributions.

DISCLOSURE TO INVESTORS

In accordance with ASIC's Regulatory Guide 46 ("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.

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 by investors on the Company's 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
19 September 2016