



Quarterly Update – 31 December 2008

DECEMBER 2008 DISTRIBUTION

- A cash distribution of **2.0625 cents per unit** (“cpu”) has been paid by the Fund for the quarter ended 31 December 2008.
- Cash distributions for the first two quarters of the year now total 4.125 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.
- In line with the PDS, the Directors presently forecast a full year cash distribution to investors of 8.25 cpu.
- 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.

NET TANGIBLE ASSET VALUE

At 30 June 2008, the Fund’s gearing level was 54.1% and net tangible asset (“NTA”) value per unit of \$1.19. Based on the Fund’s unaudited balance sheet at 31 December 2008, which includes the Fund’s property at a value unchanged from the independent valuation at 30 June 2008, the Fund’s gearing level at 31 December 2008 is **55.3%** and the NTA value per unit is **\$1.19**.

Investors should note that the NTA value of \$1.19 is based on a valuation methodology adopted which the Directors consider reflects of the current market value of the property. 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.

LEASING UPDATE

As previously reported, 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
- Perimeter tenancies – various annual reviews based on a mix of CPI-based or fixed annual percentage increases.

With the long leasehold arrangements in place with Cebas Pty Ltd for the IKEA Perth Store and a weighted average lease term of 4.8 years for the perimeter tenancies, the Fund has a secure income base from which to continue to pay distributions to unitholders.

DEBT MANAGEMENT

As previously outlined to investors, the debt management policy for the Fund is considered by the Responsible Entity to be conservative and one which positions the Fund to provide stability for investors. The Directors of the Responsible Entity again confirm that the Fund has no debt facilities which require renegotiation in the near term and other key points to note are:

- The term debt facility has a maturity date in February 2013;
- Interest expense on 90% of the debt drawn under this facility is fixed until the maturity date; and
- The loan to value ratio of the facility is 55.3% as at 31 December 2008 (with the term facility of \$66.3 million now fully drawn). The Directors continue to closely monitor the value of the property and any potential impact on the Fund's loan to value ratio covenant.

ASIC REGULATORY GUIDE 46 ("RG46")

In accordance with ASIC's RG46 released in September 2008, 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.

Under RG46, there are eight disclosure principles which apply to upfront and ongoing disclosure to investors. The Directors confirm that several of the key principles, such as gearing and distribution practices, are addressed in the Fund's Quarterly Update. However, a more comprehensive commentary on each of the eight disclosure principles has been prepared for investors and is available for viewing on our 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