



**LEX Property Fund
(ARSN 123 437 838)**

**Responsible Entity:
LEX Property Management Limited
(ABN 53 111 779 689)**

**Half-Year Financial Report
31 December 2009**

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DIRECTORS' REPORT

In accordance with the Corporations Act 2001 and AASB 134, the Directors of LEX Property Management Limited (ABN 53 111 779 689), the Responsible Entity of LEX Property Fund, a managed investment scheme (ARSN 123 437 838), provide this report for the half-year ended 31 December 2009 .

DIRECTORS

The names of the directors of LEX Property Management Limited in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Alan W Tribe	Non Executive Director and Chairman
Nicholas C Wyatt	Managing Director
Stephen R Dixon	Director – Funds Management
Peter M Morrison	Non Executive Director

PRINCIPAL ACTIVITY

The Fund is a managed investment scheme, which was registered with ASIC on 25 January 2007. The Fund was established by the Responsible Entity for the purpose of developing a new retail centre in Perth, Western Australia which comprises a purpose-built IKEA store leased to the IKEA franchise, together with other perimeter buildings which provide additional showroom retail and office space adjacent to the IKEA Store.

REVIEW AND RESULTS OF OPERATIONS

During the period, the Fund continued to collect rental income from the tenants of the retail centre owned by the Fund and no significant asset management issues have arisen to date in relation to the property. The Fund has generated a net profit available for distribution to unitholders of \$1,919,000 in the half year to 31 December 2009 (2008: \$1,790,000).

Distributions

Cash distributions for the quarters ending 30 June 2009 and 30 September 2009 were paid in the half year to 31 December 2009.

The distribution for the quarter ended 31 December 2009 was paid on 19 January 2010. This means that total cash distributions have now been paid to unitholders for the half year ended 31 December 2009 amounting to 4.25 cents per unit which is in line with the Directors' current full year forecast cash distribution of 8.50 cents per unit. This full year forecast represents a 3.0% increase on the previous year.

Distributions for the year to 30 June 2010 are forecast to be 100% tax deferred.

Property Valuation

The Directors of the Responsible Entity have consulted with the Fund's advisers and have concluded that the value of the Fund's property should remain unchanged at 31 December 2009 from the independent valuation of the property adopted at 30 June 2009 (\$113,000,000).

Debt Management

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 confirm that the Fund has no debt facilities which require renegotiation in the short term and other key points to note are:

- 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; and
- The loan to value ratio of the facility is 58.7% as at 31 December 2009 .

Net Tangible Asset Value

As the value of the Fund’s property at 31 December 2009 is unchanged from the independent valuation at 30 June 2009, the Fund’s gearing level of 58.7% and net tangible asset (“NTA”) value per unit of \$1.04 at 30 June 2009 both also remain materially unchanged.

Investors should note that the December 2009 NTA value of \$1.03 is based on a valuation methodology adopted which the Directors consider reflects of the 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.

SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

On 19 January 2010, distribution payments totalling \$971,000 (2.125 cents per unit) were made to unitholders for the quarter ended 31 December 2009.

AUDITORS’ INDEPENDENCE DECLARATION

In accordance with Section 307C of the Corporations Act 2001, the Directors have obtained a declaration of independence from PKF Chartered Accountants, the entity’s auditors. The declaration of independence is at page 5 of this report.

ROUNDING

The amounts contained in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Fund under ASIC Class Order 98/0100. The Fund is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors of LEX Property Management Limited.



Alan W Tribe
Chairman
Perth, 25 February 2010



Nicholas C Wyatt
Managing Director

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of LEX Property Fund for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.



PKF
Chartered Accountants



Chris Nicoloff
Partner

Dated at Perth, Western Australia on this 25th day of January 2010

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**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	<i>Notes</i>	<i>31 Dec 2009 \$'000</i>	<i>31 Dec 2008 \$'000</i>
Continuing operations			
Revenue			
Rental income		4,801	4,568
Other property income		872	553
Interest income		8	16
Fair value adjustment to investment property	5	-	-
Total revenue		<u>5,681</u>	<u>5,137</u>
Other property expenses		(872)	(553)
Responsible entity's fees		(288)	(240)
Administrative expenses		(104)	(67)
Profit from continuing operations before finance costs		<u>4,417</u>	<u>4,277</u>
Finance costs	3	(2,498)	(2,487)
Net profit from continuing operations attributable to unitholders of the LEX Property Fund		<u>1,919</u>	<u>1,790</u>
STATEMENT OF DISTRIBUTION			
Undistributed income at the beginning of the financial period		9,378	16,378
Net profit attributable to unitholders of the LEX Property Fund		1,919	1,790
Distributions paid or payable	4	(1,919)	(1,790)
Undistributed income at the end of the financial period	8	<u>9,378</u>	<u>16,378</u>

This statement is to be read in conjunction with the attached notes.

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	<i>Notes</i>	<i>31 Dec 2009 \$'000</i>	<i>30 Jun 2009 \$'000</i>
ASSETS			
Current Assets			
Cash and cash equivalents		1,666	1,375
Trade and other receivables		44	12
Total Current Assets		<u>1,710</u>	<u>1,387</u>
Non-Current Assets			
Investment property	5	<u>113,000</u>	<u>113,000</u>
Total Non Current Assets		<u>113,000</u>	<u>113,000</u>
TOTAL ASSETS		<u>114,710</u>	<u>114,387</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		668	451
Distributions payable	4	<u>1,392</u>	<u>1,286</u>
Total Current Liabilities		<u>2,060</u>	<u>1,737</u>
Non-Current Liabilities			
Interest bearing borrowings	6	65,433	65,332
Unit capital	7	<u>38,212</u>	<u>38,212</u>
Total Non-Current Liabilities		<u>103,645</u>	<u>103,544</u>
TOTAL LIABILITIES		<u>105,705</u>	<u>105,281</u>
NET ASSETS		<u>9,005</u>	<u>9,106</u>
UNITHOLDERS' EQUITY			
Equity attributable to unitholder of LEX Property Fund			
Undistributed income	8	9,378	9,378
Capital distribution reserve		<u>(373)</u>	<u>(272)</u>
TOTAL EQUITY		<u>9,005</u>	<u>9,106</u>
Net tangible asset value per unit	9	<u>\$1.03</u>	<u>\$1.04</u>

This statement is to be read in conjunction with the attached notes.

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	<i>Notes</i>	<i>31 Dec 2009 \$'000</i>	<i>31 Dec 2008 \$'000</i>
Cash flows from operating activities			
Receipts from customers		5,641	5,099
Payments to suppliers		(759)	(1,566)
Payments to responsible entity		(288)	(240)
Interest received		8	16
Interest paid		(2,397)	(1,667)
Net cash flows from operating activities		<u>2,205</u>	<u>1,642</u>
Net cash flows used in investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from borrowings – external		-	1,426
Payment of borrowing costs		-	(97)
Distributions paid	4	(1,914)	(1,742)
Net cash flows from financing activities		<u>(1,914)</u>	<u>(413)</u>
Net increase in cash and cash equivalents		291	1,229
Cash and cash equivalents at beginning of period		<u>1,375</u>	<u>12</u>
Cash and cash equivalents at end of period		<u><u>1,666</u></u>	<u><u>1,241</u></u>

The cash flow statement is to be read in conjunction with the attached notes.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	<i>Undistributed income \$'000</i>	<i>Capital distribution reserve \$'000</i>	<i>Total \$'000</i>
At 1 July 2008	16,378	(76)	16,302
Net profit for the period	1,790	-	1,790
Income distributions payable	(1,790)	-	(1,790)
Capital distributions payable	-	(94)	(94)
At 31 December 2008	<u>16,378</u>	<u>(170)</u>	<u>16,208</u>
At 1 July 2009	9,378	(272)	9,106
Net profit for the period	1,919	-	1,919
Income distributions payable	(1,919)	-	(1,919)
Capital distributions payable	-	(101)	(101)
At 31 December 2009	<u>9,378</u>	<u>(373)</u>	<u>9,005</u>

This statement is to be read in conjunction with the attached notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

1. CORPORATE INFORMATION

The financial report of the LEX Property Fund (“the Fund”) for the half-year ended 31 December 2009 was authorised for issue in accordance with a resolution of the Directors of LEX Property Management Limited (“the Responsible Entity”) on 25 February 2010.

The Fund is a managed investment scheme, with its main asset being an investment property situated on freehold land owned by the Fund in Innaloo, Western Australia.

The investment property is a new retail centre which comprises a purpose built IKEA Store, together with other perimeter buildings which provide additional showroom retail and office space adjacent to the IKEA Store. The IKEA Store is leased to Cebas Pty Ltd (“Cebas”), the IKEA franchisee for Western Australia and South Australia.

The Fund is domiciled in Australia and the principal office is located at 8B Sunray Drive, Innaloo, Western Australia, 6018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Fund as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of the Fund as at 30 June 2009.

(a) Basis of Preparation

The half-year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards, including AASB 134 “Interim Financial Reporting” and other mandatory professional reporting requirements. The half-year financial report has been prepared on a historical cost basis, except where stated.

Rounding

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Fund under ASIC class order 98/0100. The Fund is an entity to which the class order applies.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Going Concern

The Fund has recorded a net profit for the half year to 31 December 2009 of \$1,919,000 (31 December 2008: \$1,790,000).

As at the reporting date, the current liabilities exceed the amount of assets by \$350,000 (30 June 2009: \$350,000). The Fund is in full compliance with all banking covenants and the directors of the Responsible Entity have prepared cash flow forecasts that indicate that the Fund will have sufficient cashflows for a period of at least 12 months from the date of this report and the fund is expected to generate adequate revenues to meet the obligations of the Fund as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

Based on the cash flow forecasts, the directors of the Responsible Entity are satisfied that the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(b) Significant accounting policies

The half-year financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2009.

(c) Changes in accounting policies

Certain Australian Accounting Standards and UIG interpretations have recently been issued or amended and are now effective. These standards have been adopted by the Fund for the period ended 31 December 2009. Amendments issued affecting the Fund are outlined below:

Reference	Title	Summary	Application date of standard	Impact on Fund's financial report	Application date for Fund
AASB 101	Presentation of Financial Statements (Revised)	The revised standard affects the presentation of changes in equity and comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other AASB standards however, it is important to note that the AASB has decided that Australian issuers must make use in financial reports of the descriptions- Statement of Financial Performance and Position rather than Balance Sheet and Income Statement and use the term "financial report" and not "financial statement." The Amending Standard updates references in various other pronouncements.	1 January 2009	AASB 101 is a disclosure standard, so will have no direct impact on amounts in the financial report. However amendments have resulted in changes in disclosures in the financial report.	1 January 2009

Amendments/revisions of other Accounting Standards and interpretations would not impact the Fund.

3. FINANCE COSTS

	<i>31 Dec 2009</i>	<i>31 Dec 2008</i>
	<i>\$'000</i>	<i>\$'000</i>
Interest charges - banks	2,397	2,393
Amortisation of debt funding costs	101	94
	<u>2,498</u>	<u>2,487</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

4. DISTRIBUTIONS PAID OR PAYABLE

	<i>31 Dec 2009</i>	<i>30 June 2009</i>
	<i>\$'000</i>	<i>\$'000</i>
Distributions payable		
Balance brought forward	1,286	935
Income distributions payable to unitholders	1,919	3,783
Capital distributions payable to unitholders	101	196
Cash distributions paid to unitholders	(1,914)	(3,628)
Balance carried forward	<u>1,392</u>	<u>1,286</u>
	<i>31 Dec 2009</i>	<i>30 June 2009</i>
	<i>Cents per unit</i>	<i>Cents per unit</i>
Cash distributions paid to unitholders	<u>4.19</u>	<u>7.94</u>

Income distributions

Income distributions represent distributions from the profit attributable to unitholders of the Fund.

Capital distributions

Capital distributions relate to amortisation arising from establishment fees associated with the debt.

5. INVESTMENT PROPERTY

Reconciliation of Movements

	<i>31 Dec 2009</i>	<i>30 June 2009</i>
	<i>\$'000</i>	<i>\$'000</i>
Fair value of investment property brought forward	113,000	120,000
Fair value adjustment to investment property	-	(7,000)
Fair value of investment property carried forward	<u>113,000</u>	<u>113,000</u>

Valuation Policy

Investment properties are carried at fair value.

Fair value is determined by a full independent valuation of property investments which are obtained at intervals of not more than three years. Notwithstanding this, the Directors of the Responsible Entity assess the carrying value at each reporting period to ensure carrying values do not differ materially from fair values. When carrying value differs from fair values, those assets are adjusted to their fair value.

The Directors have assessed the fair value of the investment property at 31 December 2009 to be \$113,000,000, which has not changed since an independent valuation report was prepared by Knight Frank Valuations (WA) as at 30 June 2009.

Valuation Methodology and Significant Assumptions

Independent valuations are carried out by a valuer who holds a relevant professional qualification and has recent experience in the location and category of the investment property.

Properties that have not been independently valued are carried at fair value by way of a Directors' valuation. The methodology and assumptions of such Directors' valuations are subject to an independent verification process.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

Operating Leases

The investment property comprises a purpose-built IKEA Store in Perth, Western Australia together with other perimeter buildings. The property is constructed on freehold land which is owned by the Fund. The Fund (as lessor) has entered into long term lease arrangements with the tenant of the investment property, Cebas Pty Ltd and tenants of the other perimeter building tenancies

The key terms of operating lease arrangements for the IKEA Store are included in detail in Note 10.

6. INTEREST BEARING BORROWINGS

	<i>31 Dec 2009</i>	<i>30 June 2009</i>
	<i>\$'000</i>	<i>\$'000</i>
Non Current		
Interest bearing liabilities at amortised costs	<u>65,433</u>	<u>65,332</u>

The interest bearing liabilities expose the entity to liquidity and interest rate risks.

The fund has access to bank bill lines totalling \$66,300,000 through facility agreements with National Bank Limited ("NAB"). At 31 December 2009 there were no amounts undrawn and the position of the principal amounts is:

	<i>Date of</i>	<i>31 Dec 2009</i>	<i>30 June 2009</i>
	<i>Maturity</i>	<i>\$'000</i>	<i>\$'000</i>
Non Current			-
Term Facility	04/02/13	<u>66,300</u>	<u>66,300</u>

The facility is for a period of five years following practical completion and is due to expire on 4 February 2013.

The Term Facility is secured by the following:

- A Registered Mortgage over the Property; and
- A Fixed and Floating Charge over the present and future property, assets and undertakings of the Fund.

The facility is an interest only facility with all of the interest exposure subject to an agreed schedule of fixed rates for the term of the loan.

The Fund must maintain a loan to valuation ratio of not greater than 60%, and an interest coverage ratio of greater than 1.50 times. The Fund is in full compliance with the terms of its borrowings. No breach of the terms has been noted during the period.

7. UNIT CAPITAL

	<i>31 Dec 2009</i>	<i>30 June 2009</i>
	<i>No. of units</i>	<i>No. of units</i>
Issued capital		
Fully paid units on issue	<u>45,700,100</u>	<u>45,700,100</u>
Movements in issued capital		
Balance brought forward and carried forward	<u>45,700,100</u>	<u>45,700,100</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

The Responsible Entity monitors the adequacy of its capital, and gearing to meet debt covenants in place. The debt covenants include a maximum loan to value ratio of 60%, compared to the actual loan to value ratio of 58.7% at the reporting date.

	31 Dec 2009 \$'000	30 June 2009 \$'000
Unit Capital		
Balance brought forward and carried forward	38,212	38,212

Unit capital represents receipts from unitholders less capital raising costs incurred. As the unit capital has a finite life, it is treated as a liability under AASB 132 "Financial Instruments: Disclosure and Presentation."

8. UNDISTRIBUTED INCOME

	31 Dec 2009 \$'000	30 June 2009 \$'000
At 1 July 2009	9,378	16,378
Net profit/(loss) attributable to unitholders of the Fund	1,919	(3,217)
Distributions payable to unitholders of the Fund	(1,919)	(3,783)
At 31 December 2009	9,378	9,378

The balance of undistributed income at the end of the half-year represents the fair value adjustment to the investment property which was accounted for to date and credited to the Profit and Loss Statement after initial recognition at cost in accordance with AASB 140 "Investment Properties". This treatment is consistent with the Directors having elected to adopt the fair value method.

Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to distribute both the capital and income of the Fund. As the fair value adjustment to investment property is credited to the Profit and Loss Statement to comply with the fair value method, the Directors have deemed that such an adjustment to the Profit and Loss Statement will not be distributed to unitholders. It is therefore carried forward at the balance sheet date as an undistributed income balance.

9. NET TANGIBLE ASSET VALUE PER UNIT

	31 Dec 2009 \$'000	30 June 2009 \$'000
Net tangible assets (\$'000)	47,217	47,318
Number of units on issue used in calculation	45,700,100	45,700,100
Net tangible asset value per unit	\$1.03	\$1.04

The net tangible assets of the Fund take into account unit capital and total equity of the Fund as shown in the balance sheet. Net tangible asset value per unit is calculated as if unit capital is classified as equity even though AASB 132 "Financial Instruments: Disclosure and Presentation" requires unit capital to be disclosed as non current liabilities. The definition of "liability" in the Fund's Constitution was amended allowing the unit capital to be classified as equity for the purposes of calculating net tangible assets.

10. COMMITMENTS AND CONTINGENCIES

Operating lease commitments – the Fund as lessor

The Fund has entered into long term lease arrangements for the property with Cebas Pty Ltd, the key terms of which are as follows:



NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

- The initial term of the lease is fifteen years commencing on 4 February 2008 – the date of Practical Completion.
- Cebas has the option to renew the lease for three further periods of five years each.
- The current rent comprises property rent of approximately \$8,770,000 per annum.
- The property rent is reviewed annually to the Consumer Price Index (“CPI”), except on the market review dates when it is reviewed to market rent. The market review dates are every five years throughout the term of the lease. The rent payable following any review cannot be lower than the rent in the preceding year.
- Cebas has provided a bank guarantee in the amount equivalent to six months’ rent.
- Cebas has a first right of refusal to purchase the Property during the term.
- Cebas is responsible for all apportioned outgoings and operating costs.
- Cebas is responsible for the costs of all structural repairs caused by its actions.
- Cebas is responsible for all repairs and maintenance subject to the usual exceptions for fair wear and tear.

The Fund has also entered into lease arrangements with tenants for various tenancy areas within the other perimeter buildings.

Future minimum rentals receivable under the lease arrangements contracted at 31 December 2009 are as follows:

	<i>31 Dec 2009</i>	<i>30 Jun 2009</i>
	<i>\$’000</i>	<i>\$’000</i>
Within one year	9,800	9,605
After one year but not more than five years	37,978	37,449
More than five years	71,286	74,211
	<u>119,064</u>	<u>121,265</u>

Guarantees

Cebas has provided a bank guarantee to the Fund for an amount equivalent to six month’s rent under the terms of the lease between the Fund (as lessor) and Cebas (as lessee). The Fund is also in receipt of other bank guarantees and security deposits provided by various other tenants under the terms of leases for other perimeter buildings.

There have been no other material commitments or contingencies affecting the Fund’s Half-Year Financial Report.

11. EVENTS AFTER THE BALANCE SHEET DATE

On 19 January 2010, a cash distribution of \$971,000 (2.125 cents per unit) was paid to unitholders for the quarter ending 31 December 2009.

No other matters or circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations or state of affairs of the Fund in future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of LEX Property Management Limited, the Responsible Entity for the LEX Property Fund ("the Fund"), I state that:

- (a) the financial statements and notes of the Fund are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Fund's financial position as at the 31 December 2009 and of its performance for the half-year ended on that date; and
 - ii. comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

For and on behalf of the board of LEX Property Management Limited.



Alan W Tribe
Chairman
Perth, 25 February 2010

TO THE UNITHOLDERS OF LEX PROPERTY FUND

REPORT ON THE HALF-YEAR FINANCIAL REPORT

We have reviewed the accompanying half-year financial report of LEX Property Fund, which comprises the condensed statement of financial position as at 31 December 2009, and the condensed statement of comprehensive income statement, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of LEX Property Management Limited, as Responsible Entity of LEX Property Fund are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of LEX Property Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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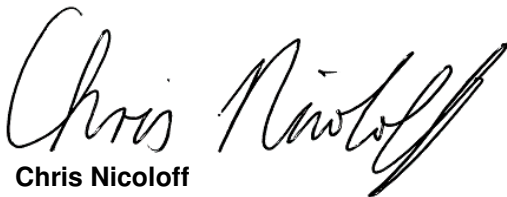
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of LEX Property Fund is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of LEX Property Fund's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and *Corporations Regulations 2001*.



PKF
Chartered Accountants



Chris Nicoloff
Partner

Dated at Perth, Western Australia this 25th day of February 2010