



Quarterly Update – 30 June 2009

JUNE 2009 DISTRIBUTION

- A cash distribution of **2.675 cents per unit** (“cpu”) has been paid by the Fund for the quarter ended 30 June 2009.
- Cash distributions for the full year total **10.70 cpu**, which represents a 2.9% increase on the previous year.
- Enclosed is your distribution payment statement for the quarter.
- Distributions for the year to 30 June 2009 are 100% tax deferred.

PROPERTY VALUATION

The IKEA Adelaide Store (“Property”) owned by the Fund has been independently valued at \$49.0 million at 30 June 2009.

The generally weaker property market caused a softening in the capitalisation rate applied by the valuer at 30 June 2009. However, this capitalisation rate is applied to higher rental income achieved by the Fund following the March 2009 annual review. The updated valuation represents a satisfactory result for the Fund in the current softer property market, with a relatively stable 1.6% decline from the June 2008 independent valuation of \$49.8 million.

NET TANGIBLE ASSET VALUE

Based on the Fund’s updated property value at 30 June 2009, the Fund’s unaudited net tangible asset (“NTA”) value per unit is \$1.19 (from \$1.23 last year).

Investors should note that this NTA value of \$1.19 is based on the independent property valuation prepared at 30 June 2009. 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.

FINANCIAL INDICATORS – JUNE 2009

After reflecting the revaluation of the Property, the Fund’s financial position at 30 June 2009 is expected to show the following indicators:

- External borrowings of \$24.4 million – unchanged since 30 June 2008.
- Gearing ratio on the Fund’s external debt of 49.8% – a slight increase from 49.0% reported at 30 June 2008.
- NTA backing per unit of \$1.19 – a 3.2% reduction since 30 June 2008 (\$1.23 per unit).

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 4.8% with effect from 14 March 2009 and, with the long leasehold arrangement in place with Cebas Pty Ltd for the IKEA Adelaide Store (lease expiry 11.8 years), the Fund has a secure base from which to derive future cash income.

CAPITAL AND DEBT MANAGEMENT

In light of the current economic conditions, the Directors completed a capital and debt management review in the quarter. Having regard to the Fund's full compliance with banking covenants and the financial performance to date, the Directors are satisfied that no changes to the Fund's capital and debt structure are necessary at this time. However, the Directors will continue to monitor the Fund's financial position and banking covenants and provide investors with further information as necessary in future Quarterly Updates.

In relation to the Fund's debt facility at 30 June 2009, the Directors confirm the following key points which provide comfort for investors:

- The Fund has no debt facilities which require renegotiation in the near term.
- The term debt facility has a maturity date in April 2011.
- Interest expense on 100% of the debt drawn under this facility is fixed until the maturity date.
- The loan to value ratio of the facility is 49.8% as at 30 June 2009 (compared to the bank's requirement that this ratio should not exceed 60.0%).
- Interest cover is 2.58 times for the year to 30 June 2009 (compared to the bank's requirement that this ratio should not fall below 1.90 times).

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 website at www.lexproperty.com.au/lrpt_fund.php.

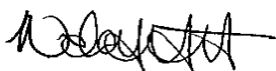
ANNUAL FINANCIAL REPORT

In accordance with statutory obligations, the Fund's unaudited annual financial report for the period to 30 June 2009 will be lodged with ASIC before 30 September 2009. 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

Enclosed is your annual taxation statement for the 2008/2009 tax year. You will need the information on this taxation statement to help you complete your tax return for the year to 30 June 2009.

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
20 July 2009