



**LEX Retail Property Trust
(ARSN 115 789 243)**

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

**Half-Year Financial Report
31 December 2008**

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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 Retail Property Trust, a managed investment scheme (ARSN 115 789 243), provide this report for the half-year ended 31 December 2008.

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 26 August 2005. The Fund was established by the Responsible Entity for the purpose of developing a purpose-built IKEA store in Adelaide, South Australia to be leased to the IKEA franchise for that state.

REVIEW AND RESULTS OF OPERATIONS

During the period, the Fund has continued to collect rental income from the tenant and no significant asset management issues have arisen in relation to the property. The Fund has generated a net profit available for distribution to unitholders of \$1,055,000 in the half year to 31 December 2008 (2007: \$1,079,000).

Distributions

Cash distributions for the quarters ending 30 June 2008 and 30 September 2008 were paid in the half year to 31 December 2008.

The distribution for the quarter ended 31 December 2008 was paid on 19 January 2009. This means that total cash distributions have now been paid to unitholders for the half year ended 31 December 2008 amounting to 5.35 cents per unit which is in line with the Directors' current full year forecast cash distribution of 10.70 cents per unit. This full year forecast represents a 2.9% increase on the previous year.

Distributions for the year to 30 June 2009 are forecast to be 100% tax deferred.

Property Valuation

There continues to be significant volatility in the global financial markets and property sector generally. As a result, capitalisation rates used to value properties have experienced a general softening, with a risk that property values generally may fall when portfolios are revalued.

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 2008 from the independent valuation of the property adopted at 30 June 2008. The Directors consider that the annual rent increase expected in the next quarter will compensate for any softening in the capitalisation rate used to value the property and have therefore determined the property value at 31 December 2008 to be \$49,800,000.

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 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 April 2011;
- 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 49.0% as at 31 December 2008.

Net Tangible Asset Value

As the value of the Fund's property at 31 December 2008 is unchanged from the independent valuation at 30 June 2008, the Fund's gearing level of 49.0% and net tangible asset ("NTA") value per unit of \$1.23 at 30 June 2008 both also remain unchanged.

Investors should note that the NTA value of \$1.23 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 2009, distribution payments totalling \$556,400 (2.6750 cents per unit) were made to unitholders for the quarter ended 31 December 2008.

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, 26 February 2009



Nicholas C Wyatt
Managing Director

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of LEX Retail Property Trust for the half year ended 31 December 2008, 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 this 26th day of February 2009

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**CONDENSED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	<i>Notes</i>	<i>31 Dec 2008 \$'000</i>	<i>31 Dec 2007 \$'000</i>
Continuing operations			
Revenue			
Rental income		2,733	2,640
Other property income		464	381
Interest income		13	22
Fair value adjustment to investment property	5	-	-
Total revenue		<u>3,210</u>	<u>3,043</u>
Property ground rent		(521)	(507)
Other property expenses		(464)	(381)
Responsible entity's fees		(216)	(188)
Administrative expenses		(56)	(33)
Profit from continuing operations before finance costs		<u>1,953</u>	<u>1,934</u>
Finance costs	4	(898)	(855)
Net profit from continuing operations attributable to unitholders of the LEX Retail Property Trust		<u><u>1,055</u></u>	<u><u>1,079</u></u>

STATEMENT OF DISTRIBUTION

Undistributed income at the beginning of the financial period		10,091	9,681
Net profit attributable to unitholders of the LEX Retail Property Trust		1,055	1,079
Distributions paid or payable	3	(1,055)	(1,079)
Undistributed income at the end of the financial period	8	<u><u>10,091</u></u>	<u><u>9,681</u></u>

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

**CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2008**

		<i>31 Dec 2008 \$'000</i>	<i>30 June 2008 \$'000</i>
	<i>Notes</i>		
ASSETS			
Current Assets			
Cash and cash equivalents		748	805
Trade and other receivables		76	-
Prepayments		87	86
Total Current Assets		<u>911</u>	<u>891</u>
Non-Current Assets			
Investment property	5	<u>49,800</u>	<u>49,800</u>
Total Non Current Assets		<u>49,800</u>	<u>49,800</u>
TOTAL ASSETS		<u>50,711</u>	<u>50,691</u>
LIABILITIES			
Current liabilities			
Trade and other payables		306	254
Distributions payable	3	<u>599</u>	<u>628</u>
Total Current Liabilities		<u>905</u>	<u>882</u>
Non-Current Liabilities			
Interest bearing borrowings	6	24,183	24,163
Unit capital	7	<u>15,675</u>	<u>15,675</u>
Total Non-Current Liabilities		<u>39,858</u>	<u>39,838</u>
TOTAL LIABILITIES		<u>40,763</u>	<u>40,720</u>
NET ASSETS		<u>9,948</u>	<u>9,971</u>
UNITHOLDERS' EQUITY			
Equity attributable to unitholders of the LEX Retail Property Trust			
Undistributed income	8	10,091	10,091
Capital distribution reserve		<u>(143)</u>	<u>(120)</u>
TOTAL EQUITY		<u>9,948</u>	<u>9,971</u>
Net tangible asset value per unit	9	<u><u>\$1.23</u></u>	<u><u>\$1.23</u></u>

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

**CONDENSED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	<i>Notes</i>	<i>31 Dec 2008 \$'000</i>	<i>31 Dec 2007 \$'000</i>
Cash flows from operating activities			
Receipts from customers		3,120	2,789
Payments to suppliers		(989)	(1,165)
Payments to responsible entity		(216)	(188)
Interest received		13	25
Interest paid		(878)	(832)
Net cash flows from operating activities		1,050	629
Net cash flows used in investing activities			
		-	-
Cash flows from financing activities			
Distributions paid	3	(1,107)	(1,079)
Repayment of borrowings		-	(370)
Net cash flows used in financing activities		(1,107)	(1,449)
Net increase/(decrease) in cash and cash equivalents		(57)	(820)
Cash and cash equivalents at beginning of period		805	1,594
Cash and cash equivalents at end of period		748	774

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 2008**

	<i>Undistributed income \$'000</i>	<i>Capital distribution reserve \$'000</i>	<i>Total \$'000</i>
At 1 July 2007	9,681	(75)	9,606
Profit for the period	1,079	-	1,079
Capital distributions payable	-	(23)	(23)
Income distributions payable	(1,079)	-	(1,079)
At 31 December 2007	<u>9,681</u>	<u>(98)</u>	<u>9,583</u>
At 1 July 2008	10,091	(120)	9,971
Profit for the period	1,055	-	1,055
Capital distributions payable	-	(23)	(23)
Income distributions payable	(1,055)	-	(1,055)
At 31 December 2008	<u>10,091</u>	<u>(143)</u>	<u>9,948</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1. CORPORATE INFORMATION

The financial report of the LEX Retail Property Trust (“the Fund”) for the half-year ended 31 December 2008 was authorised for issue in accordance with a resolution of the Directors of LEX Property Management Limited (“the Responsible Entity”) on 26 February 2009.

The Fund is a managed investment scheme with its main asset being an investment property situated on land leased under long term arrangements with a third party.

The investment property is constructed on the land and is a purpose-built IKEA store in Adelaide, South Australia. The investment property is leased to Cebas Pty Ltd (“Cebas”), the IKEA franchisee for South Australia and Western 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 2008.

(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.

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 basis of preparation

At 31 December 2008, the Fund’s balance sheet shows a working capital surplus of \$6,000 (2007: \$9,000), where working capital is defined for reporting purposes as current assets less current liabilities.

This working capital position is reported after allowing for the prepayment of interest monthly in advance on the Fund’s debt facilities, together with the recognition of accrued distributions declared for each reporting period which are payable to unitholders after the end of each reporting period.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

As in previous reporting periods, the working capital requirement of the Fund is managed by maintaining positive but minimal bank balances. The Fund is in full compliance with all banking covenants, has a net asset position of \$9,948,000 at 31 December 2008 and generated a profit for the reporting period of \$1,055,000.

Based on the above, the directors of LEX Property Management Limited are satisfied that the Fund is able to meet its liabilities as and when they fall due and the going concern basis of preparation is appropriate.

(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 2008.

(c) Changes in accounting policies

Certain Australian Accounting Standards and UIG interpretations have recently been issued or amended but are not yet effective. These standards have not been adopted by the Fund for the year ended 31 December 2008. Amendments issued affecting the Fund are outlined below:

Reference	Title	Summary	Application date of standard	Impact on Trust's financial report	Application date for Trust
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 will result 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. DISTRIBUTIONS PAID OR PAYABLE

	<i>31 Dec 2008</i>	<i>30 June 2008</i>
	<i>\$'000</i>	<i>\$'000</i>
Distributions payable		
Balance brought forward	628	576
Income distributions payable to unitholders	1,055	2,169
Capital distributions payable to unitholders	23	45
Cash distributions paid to unitholders	(1,107)	(2,162)
	<hr/>	<hr/>
Balance carried forward	599	628

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	<i>31 Dec 2008</i> <i>Cents per unit</i>	<i>30 June 2008</i> <i>Cents per unit</i>
Cash distributions paid to unitholders	5.32	10.39

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.

4. FINANCE COSTS

	<i>31 Dec 2008</i> <i>\$'000</i>	<i>31 Dec 2007</i> <i>\$'000</i>
Interest charges - banks	875	832
Amortisation of debt funding costs	23	23
	<u>898</u>	<u>855</u>

5. INVESTMENT PROPERTY

Reconciliation of Movements

	<i>31 Dec 2008</i> <i>\$'000</i>	<i>30 June 2008</i> <i>\$'000</i>
Fair value of investment property brought forward	49,800	49,500
Cost of leasehold improvements completed in the period and transferred to investment properties at completion	-	(110)
Fair value adjustment to investment property	-	410
Fair value of investment property carried forward	<u>49,800</u>	<u>49,800</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 2008 to be \$49,800,000, which has not changed since a short form independent valuation report was prepared by Knight Frank Valuations (SA) as at 30 June 2008.

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 Director's valuation. The methodology and assumptions of such Directors' valuations are subject to an independent verification process.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreements so as to reflect the risks and benefits incidental to ownership.

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Operating Leases

The minimum rental revenues of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased items, are included in the determination of the net profit in equal instalments over the lease term.

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

6. INTEREST BEARING BORROWINGS

	31 Dec 2008 \$'000	30 June 2008 \$'000
Non Current		
Interest bearing liabilities at amortised costs	24,183	24,163

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

At 31 December 2008, the Fund had access to bank bill lines totalling \$24,600,000 through facility agreements with National Australia Bank Limited. The amount of credit unused at 31 December 2008 was \$200,000. The position of the principal amounts is:

	Date of Maturity	31 Dec 2008 \$'000	30 June 2008 \$'000
Non Current			-
Term Facility	14/03/11	24,400	24,400

The facility is for a period of five years following practical completion and is due to expire on 14 March 2011.

The term debt loan facility is secured by the following:

- Registered Mortgage Debenture over the assets and undertakings of LEX Property Management Limited ATF LEX Retail Property Trust;
- Mortgage by way of sub-demise over the leasehold site; and
- Bank Guarantees from Cebas equal to six months' ground rent and six months' property rent.

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

The Fund is in full compliance with the terms of its borrowings. No breach of the terms has been noted during the year.

7. UNIT CAPITAL

	31 Dec 2008 No. of units	30 June 2008 No. of units
Issued capital		
Fully paid units on issue	20,800,100	20,800,100
Movements in issued capital		
Balance brought forward and carried forward	20,800,100	20,800,100

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 49% at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	31 Dec 2008 \$'000	30 June 2008 \$'000
Unit Capital		
Balance brought forward and carried forward	15,675	15,675

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: Presentation."

8. UNDISTRIBUTED INCOME

	31 Dec 2008 \$'000	30 June 2008 \$'000
At 1 July 2008	10,091	9,681
Net profit attributable to unitholders of the Fund	1,055	2,579
Distributions payable to unitholders of the Fund	(1,055)	(2,169)
At 31 December 2008	10,091	10,091

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 2008 \$'000	30 June 2008 \$'000
Net tangible assets (\$'000)	25,623	25,646
Number of units on issue used in calculation	20,800,100	20,800,100
Net tangible asset value per unit	\$1.23	\$1.23

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: 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.

Operating lease commitments - the Fund as lessee

The Fund has entered into long term lease arrangements with AAL for the land area on which the investment property is situated, the key terms of which are as follows:

- The initial term of the lease commenced on 19 March 2005 and expires on 27 May 2048.
- The term of renewal is for 49 years less one day commencing on 28 May 2048 and may be executed upon the satisfaction of certain conditions.
- The rent is reviewed annually to the Consumer Price Index ("CPI"), except on the market review dates, which are at the commencement of year 6 and every succeeding fifth year during the term, when it is reviewed to market rent.
- The Fund has provided a bank guarantee in the amount equivalent to six months' rent.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

10. COMMITMENTS AND CONTINGENCIES

Future minimum rentals payable under the lease as at 31 December 2008 are as follows:

	<i>31 Dec 2008</i>	<i>30 Jun 2008</i>
	<i>\$'000</i>	<i>\$'000</i>
Within one year	1,041	1,041
After one year but not more than five years	4,165	4,165
More than five years	35,849	36,375
	<u>41,055</u>	<u>41,581</u>

Operating lease commitments - the Fund as lessor

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

- The initial term of the lease is fifteen years, commencing on 14 March 2006 - 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 \$4,424,000 per annum and ground rent recoveries at cost.
- The property rent is reviewed annually to CPI plus 1%, 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 first right of refusal to purchase the IKEA store.
- Cebas is responsible for all outgoings and maintaining certain insurances.

Future minimum rentals receivable under the lease with Cebas as at 31 December 2008 are as follows:

	<i>31 Dec 2008</i>	<i>30 Jun 2008</i>
	<i>\$'000</i>	<i>\$'000</i>
Within one year	5,466	5,466
After one year but not more than five years	21,862	21,862
More than five years	39,367	42,122
	<u>66,695</u>	<u>69,450</u>

Guarantees

The Fund has guaranteed an amount equivalent to six months' ground rent payments to AAL under the terms of the lease. The tenant has provided a bank guarantee to the Fund for the same amount under the terms of the lease between the Fund (as lessor) and Cebas (as lessee).

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 2009, a cash distribution of \$556,400 (2.675 cents per unit) was paid to unitholders for the quarter ending 31 December 2008.

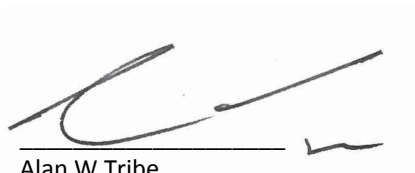
No matters or circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations or the state of affairs of the Fund in the future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of LEX Property Management Limited, the Responsible Entity for the LEX Retail Property Trust ("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 2008 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, 26 February 2009

TO THE UNITHOLDERS OF LEX RETAIL PROPERTY TRUST

REPORT ON THE HALF-YEAR FINANCIAL REPORT

We have reviewed the accompanying half-year financial report of LEX Retail Property Trust, which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement or description of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the LEX Property Management Limited, as Responsible Entity of LEX Retail Property Trust, 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 2008 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 Retail Property Trust, 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*.

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 Retail Property Trust is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the LEX Retail Property Trust's financial position as at 31 December 2008 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 26th day of February 2009