



**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 2010**

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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 2010.

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 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 recorded a net profit available for distribution to unitholders of \$1,177,000 in the half year to 31 December 2010 (2009: \$1,158,000).

Distributions

Cash distributions for the quarters ending 30 June 2010 and 30 September 2010 were paid in the half year to 31 December 2010.

The distribution for the quarter ended 31 December 2010 was paid on 20 January 2011. This means that total cash distributions have now been paid to unitholders for the half year ended 31 December 2010 amounting to 5.70 cents per unit which is in line with the Directors' current full year forecast cash distribution of 11.40 cents per unit. This full year forecast represents a 1.3% increase on the previous year.

Distributions for the year to 30 June 2011 are currently forecast to be 51% tax deferred.

Property Valuation

The Directors of the Responsible Entity have consulted with the Fund's advisers and have concluded that the property valuation for determining fair value of the Fund's property should remain at \$47 million as at 31 December 2010, which is unchanged from the independent valuation of the property adopted at 30 June 2010.

Strategic Review of the Property

The Directors of the Responsible Entity convened an extraordinary general meeting of unitholders of the Fund which took place on 28 October 2010. As a result of a vote by unitholders at the meeting, the Directors of the Responsible Entity were authorised to investigate and pursue a sale of the Fund's property asset by 31 October 2012 on terms and conditions which the Responsible Entity considers are in the best interests of unitholders, having regard to the independent valuation of the property as at 30 June 2010.

Discussions with prospective selling agents are expected to take place over the coming weeks. Subject to the first right processes being completed with both Cebas Pty Ltd and Adelaide Airport Limited, and prevailing property market conditions, the Directors expect it may be possible to complete the sale process by mid 2011.

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.

On 28 September 2010, the Responsible Entity successfully completed the refinancing of the Fund's debt facility with National Australia Bank Limited which was due to mature in March 2011. In relation to the refinanced debt facility, the Directors confirm the following key points:

- The new term debt facility has a maturity date no earlier than 31 December 2012;
- The bank requires the Fund's loan to value ratio of the facility not to exceed 60% (the Fund's loan to value ratio at 31 December 2010 is 51.9%); and
- The bank requires the Fund's interest cover ratio not to fall below 1.90 times (the Fund's ratio for the half year ended 31 December 2010 is 2.69 times).

Despite the Fund's current liabilities exceeding current assets by \$139,000 at the reporting date, the Directors of the Responsible Entity consider it appropriate to present the half yearly report on a going concern as outlined further in Note 2(a).

Net Tangible Asset Value

As the value of the Fund's property at 31 December 2010 is unchanged from the independent valuation at 30 June 2010, the Fund's gearing level of 51.9% and net tangible asset ("NTA") value per unit of \$1.09 at 30 June 2010 also both remain unchanged.

Investors should note that the NTA value of \$1.09 is based on a valuation methodology adopted which the Directors consider reflects the fair value of the property. However, investors should seek their own independent advice when considering unit values.

SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

On 20 January 2011, distribution payments totalling \$593,000 (2.85 cents per unit) were made to unitholders for the quarter ended 31 December 2010.

AUDITORS' INDEPENDENCE DECLARATION

In accordance with Section 307C of the Corporations Act 2001, the Directors have obtained a declaration of independence from Deloitte Touche Tohmatsu, the entity's auditors. The declaration of independence is at page 5 of this report.

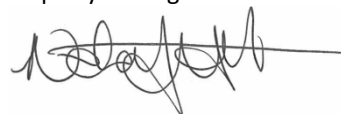
ROUNDING

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, 22 February 2011



Nicholas C Wyatt
Managing Director

The Board of Directors
LEX Property Management Limited As Responsible Entity for LEX Retail Property
Trust
8B Sunray Drive
Innaloo, WA 6018

22 February 2011

Dear Board Members

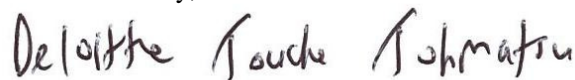
LEX Retail Property Trust

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of LEX Property Management Limited.

As lead audit partner for the review of the financial statements of LEX Retail Property Trust for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully,



DELOITTE TOUCHE TOHMATSU



Chris Nicoloff
Partner
Chartered Accountants

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	<i>Notes</i>	<i>31 Dec 2010</i> \$'000	<i>31 Dec 2009</i> \$'000
Continuing operations			
Revenue			
Rental income		2,971	2,859
Other property income		457	496
Interest income		14	5
Fair value adjustment to investment property	5	-	6
Total revenue		<u>3,442</u>	<u>3,366</u>
Property ground rent		(583)	(540)
Other property expenses		(457)	(496)
Responsible entity's fees		(216)	(210)
Administrative expenses		(99)	(57)
Profit from continuing operations before finance costs		<u>2,087</u>	<u>2,063</u>
Finance costs	3	(910)	(905)
Net profit from continuing operations attributable to unitholders of the LEX Retail Property Trust		<u>1,177</u>	<u>1,158</u>
STATEMENT OF DISTRIBUTION			
Other comprehensive income		-	-
Total comprehensive income attributable to unitholders of the LEX Retail Property Trust		<u>1,177</u>	<u>1,158</u>

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

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

		31 Dec 2010 \$'000	30 June 2010 \$'000
	<i>Notes</i>		
ASSETS			
Current Assets			
Cash and cash equivalents		619	783
Prepayments		95	90
Total Current Assets		<u>714</u>	<u>873</u>
Non-Current Assets			
Investment property	5	47,000	47,000
Total Non Current Assets		<u>47,000</u>	<u>47,000</u>
TOTAL ASSETS		<u>47,714</u>	<u>47,873</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		132	254
Distributions payable	4	721	712
Interest bearing borrowings	6	-	24,245
Total Current Liabilities		<u>853</u>	<u>25,211</u>
Non-Current Liabilities			
Interest bearing borrowings	6	24,222	-
Total Non-Current Liabilities		<u>24,222</u>	<u>-</u>
TOTAL LIABILITIES		<u>25,075</u>	<u>25,211</u>
NET ASSETS		<u>22,639</u>	<u>22,662</u>
UNITHOLDERS' EQUITY			
Equity attributable to unitholders of the LEX Retail Property Trust			
Unit capital	7	15,675	15,675
Undistributed income	8	7,197	7,197
Capital distribution reserve		(233)	(210)
TOTAL EQUITY		<u>22,639</u>	<u>22,662</u>
Net tangible asset value per unit	9	<u>\$1.09</u>	<u>\$1.09</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 2010**

	<i>Notes</i>	<i>31 Dec 2010 \$'000</i>	<i>31 Dec 2009 \$'000</i>
Cash flows from operating activities			
Receipts from customers		3,423	3,270
Payments to suppliers		(1,261)	(1,019)
Payments to responsible entity		(216)	(210)
Interest received		14	5
Interest paid		(882)	(873)
Net cash flows from operating activities		<u>1,078</u>	<u>1,173</u>
Net cash flows used in investing activities			
		-	-
Cash flows from financing activities			
Payment of deferred borrowing costs		(51)	-
Distributions paid	4	(1,191)	(1,129)
Net cash flows used in financing activities		<u>(1,242)</u>	<u>(1,129)</u>
Net (decrease)/increase in cash and cash equivalents		(164)	44
Cash and cash equivalents at beginning of period		783	695
Cash and cash equivalents at end of period		<u>619</u>	<u>739</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 2010**

	<i>Unit capital \$'000</i>	<i>Undistributed income \$'000</i>	<i>Capital distribution reserve \$'000</i>	<i>Total \$'000</i>
Balance at 1 July 2009	15,675	9,191	(165)	24,701
Net profit for the year	-	1,158	-	1,158
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	1,158	-	1,158
Capital distributions payable	-	-	(23)	(23)
Income distributions payable	-	(1,152)	-	(1,152)
Balance at 31 December 2009	15,675	9,197	(188)	24,684
Balance at 1 July 2010	15,675	7,197	(210)	22,662
Net profit for the year	-	1,177	-	1,177
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	1,177	-	1,177
Capital distributions payable	-	-	(23)	(23)
Income distributions payable	-	(1,177)	-	(1,177)
Balance at 31 December 2010	15,675	7,197	(233)	22,639

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

1. CORPORATE INFORMATION

The financial report of the LEX Retail Property Trust (“the Fund”) for the half-year ended 31 December 2010 was authorised for issue in accordance with a resolution of the Directors of LEX Property Management Limited (“the Responsible Entity”) on 22 February 2011.

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 2010.

(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 98/100. 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 2010 of \$1,177,000 (31 December 2009: \$1,158,000). There is no non-cash fair value adjustment to investment property recognised in the period (31 December 2009: \$6,000 surplus). Hence, net profit of the Fund for the half year before fair value adjustments was \$1,177,000 (31 December 2009: \$1,152,000 profit).

As at the reporting date, the current liabilities exceed the amount of current assets by \$139,000 (30 June 2010: \$24,338,000). The deficiency at 30 June 2010 arose through the reclassification of the Fund’s interest bearing liabilities (\$24,245,000) as a current liability, being the Fund’s existing debt facility with National Australia Bank Limited which had a maturity date in March 2011.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

On 28 September 2010, the Responsible Entity successfully completed the refinancing of the Fund's debt facility with National Australia Bank Limited which was due to mature in March 2011. In relation to the refinanced debt facility, the Directors confirm the following key points:

- The new term debt facility has a maturity date no earlier than 31 December 2012;
- The bank requires the Fund's loan to value ratio of the facility not to exceed 60% (the Fund's loan to value ratio at 31 December 2010 is 51.9%); and
- The bank requires the Fund's interest cover ratio not to fall below 1.90 times (the Fund's ratio for the half year ended 31 December 2010 is 2.69 times).

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.

Based on the cash flow forecasts and the refinancing of the Fund's debt facility which was completed in the reporting period, the Directors of the Responsible Entity are satisfied that the going concern basis of preparation is appropriate. The half yearly 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 2010.

(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 2010.

Amendments/revisions of Accounting Standards and interpretations would not impact the Fund as the Fund is not engaged or expected to be engaged in transactions noted in such amendments/revisions.

3. FINANCE COSTS

	31 Dec 2010	31 Dec 2009
	\$'000	\$'000
Interest charges - banks	887	882
Amortisation of debt funding costs	23	23
	910	905

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

4. DISTRIBUTIONS PAID OR PAYABLE

	<i>31 Dec 2010</i>	<i>30 June 2010</i>
	<i>\$'000</i>	<i>\$'000</i>
Distributions payable		
Balance brought forward	712	628
Income distributions payable to unitholders	1,177	2,337
Capital distributions payable to unitholders	23	45
Cash distributions paid to unitholders	<u>(1,191)</u>	<u>(2,298)</u>
Balance carried forward	<u>721</u>	<u>712</u>
	<i>31 Dec 2010</i>	<i>30 June 2010</i>
	<i>Cents per unit</i>	<i>Cents per unit</i>
Cash distributions paid to unitholders	<u>5.73</u>	<u>11.05</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 2010</i>	<i>30 June 2010</i>
	<i>\$'000</i>	<i>\$'000</i>
Fair value of investment property brought forward	47,000	49,000
Cost of leasehold improvements completed in the period and transferred to investment properties at completion	-	(6)
Fair value adjustment to investment property	-	(1,994)
Fair value of investment property carried forward	<u>47,000</u>	<u>47,000</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 2010 to be \$47,000,000, which has not changed since a short form independent valuation report was prepared by Knight Frank Valuations (SA) as at 30 June 2010.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

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.

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.

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

	<i>31 Dec 2010</i>	<i>30 June 2010</i>
	<i>\$'000</i>	<i>\$'000</i>
Current		
Interest bearing liabilities at amortised costs	-	24,245
Non Current		
Interest bearing liabilities at amortised costs	24,222	-

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

At 31 December 2010, 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 2010 was \$200,000. The position of the principal amounts is:

	<i>Date of</i>	<i>31 Dec 2010</i>	<i>30 June 2010</i>
	<i>Maturity</i>	<i>\$'000</i>	<i>\$'000</i>
Current			
Term Facility	14/03/11	-	24,400
Non Current			
Term Facility	31/12/12	24,400	-

The existing Term Facility with National Australia Bank Limited is for a period of five years and is due to expire on 14 March 2011 and hence was classified as a current liability at the last reporting date.

The existing Term 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.

This 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 until maturing in March 2011.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

The Responsible Entity successfully completed the refinancing of the Fund's debt facility with National Australia Bank Limited which was due to mature in March 2011 during the reporting period. In relation to the refinanced debt facility, the Directors confirm the following key points:

- The new term debt facility has a maturity date no earlier than 31 December 2012;
- The bank requires the Fund's loan to value ratio of the facility not to exceed 60% (the Fund's loan to value ratio at 31 December 2010 is 51.9%);
- The bank requires the Fund's interest cover ratio not to fall below 1.90 times (the Fund's ratio for the half year ended 31 December 2010 is 2.69 times).

As the refinanced debt facility with National Australia Bank Limited is due to mature no earlier than 31 December 2012, it is presented in this half yearly report as a non current liability.

7. UNIT CAPITAL

	<i>31 Dec 2010</i>	<i>30 June 2010</i>
	<i>No. of units</i>	<i>No. of units</i>
<i>Issued capital</i>		
Fully paid units on issue	20,800,100	20,800,100
<i>Movements in issued capital</i>		
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 51.9% at the reporting date.

	<i>31 Dec 2010</i>	<i>30 June 2010</i>
	<i>\$'000</i>	<i>\$'000</i>
<i>Unit Capital</i>		
Balance brought forward and carried forward	15,675	15,675

Unit capital represents receipts from unitholders less capital raising costs incurred.

8. UNDISTRIBUTED INCOME

	<i>31 Dec 2010</i>	<i>30 June 2010</i>
	<i>\$'000</i>	<i>\$'000</i>
At 1 July 2010		
Net profit attributable to unitholders	1,177	343
Income distributions payable to unitholders	(1,177)	(2,337)
At 31 December 2010		
	7,197	7,197

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.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

9. NET TANGIBLE ASSET VALUE PER UNIT

	<i>31 Dec 2010</i>	<i>30 June 2010</i>
	<i>\$'000</i>	<i>\$'000</i>
Net tangible assets (\$'000)	22,639	22,662
Number of units on issue used in calculation	20,800,100	20,800,100
Net tangible asset value per unit	\$1.09	\$1.09

The net tangible assets of the Fund take into account total equity of the Fund as shown in the balance sheet.

10. COMMITMENTS AND CONTINGENCIES

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 next market rent review is due on 19 March 2015.
- The Fund has provided a bank guarantee in the amount equivalent to six months' rent.

Future minimum rentals payable under the lease as at 31 December 2010 are as follows:

	<i>31 Dec 2010</i>	<i>30 Jun 2010</i>
	<i>\$'000</i>	<i>\$'000</i>
Within one year	1,135	1,135
After one year but not more than five years	4,540	4,540
More than five years	36,805	37,377
	42,480	43,052

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 \$4,776,000 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. The first market rent review is due on 14 March 2011.
- 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

Future minimum rentals receivable under the lease with Cebas as at 31 December 2010 are as follows:

	<i>31 Dec 2010</i>	<i>30 Jun 2010</i>
	<i>\$'000</i>	<i>\$'000</i>
Within one year	5,911	5,911
After one year but not more than five years	23,644	23,644
More than five years	30,754	33,734
	<u>60,309</u>	<u>63,289</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

Cash Distributions

On 20 January 2011, a cash distribution of \$593,000 (2.85 cents per unit) was paid to unitholders for the quarter ending 31 December 2010.

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 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 2010 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, 22 February 2011

Independent Auditor's Review Report to the Unitholders of LEX Retail Property Trust

We have reviewed the accompanying half-year financial report of LEX Retail Property Trust, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the fund as set out on pages 6 to 17.

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 Interim and Other Financial Reports 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of LEX Retail Property Trust's financial position as at 31 December 2010 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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of LEX Property Management Limited on 22 February 2011 would be in the same terms if provided to the directors as at the date of this auditor's review report.

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 Fund's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Nicoloff

Chris Nicoloff
Partner
Chartered Accountants
Perth, 22 February 2011