

We are pleased to provide this update for the Fund for the period to 30 September 2008.

While the quarter saw continued turmoil in global financial markets the Fund portfolio remains nearly fully leased and revenue continues to increase.

Highlights

- Tattersall's, who have a 10-year lease at 15 Brandl Street, Eight Mile Plains (QLD), commenced paying rent on 1 July 2008.
- As advised in the June 2008 quarter update, a strategic review of the Naval Base (WA) and Palmerston (NT) properties has been undertaken and both are now being marketed for sale. These properties have been selected for sale due to their short lease expiry profile and the age of the buildings. If sold, the proceeds will be used to retire debt.
- McGees Property has been appointed to market the space at Purdy Place, Canning Vale (WA) for lease. This property will become vacant in December when the existing tenant, Hobson Engineering, vacates. The market rental is considered to be in line with the rent currently being paid by Hobson Engineering under a short term extension which was negotiated earlier this year.
- The vacant suite at 36 Brandl Street, Eight Mile Plains (QLD) remains unleased. Management has recently offered an incentive to any agent who can secure a tenant. This has resulted in some additional potential lessees viewing the space but no firm interest has been received at this time.
- The Fund has two loan facilities with the National Australia Bank (NAB). The senior facility of \$21.5 million expires in July 2009 and the remaining facility of \$5 million has recently been extended until 31 December 2008. Discussions are underway with NAB in respect to a longer term extension of the \$5 million facility and we will continue to keep you updated as discussions progress.

Distribution

A distribution of 2.29 cents per unit was paid in October for the quarter ended 30 September 2008.

Portfolio statistics

As previously reported the portfolio remains well diversified geographically, by tenant and by rent review type (see charts overleaf). With a weighted average lease term of 4.3 years the Fund has a secure income base from which to manage expiries as they arise and continue to pay distributions to unit holders.

The diversification across rent review type provides the Fund with a stable and growing income base through structured annual rent increases while also capturing increases in market rental on a periodic basis.

Peet Income Property Fund

ARSN 113 746 615
ABN 65 355 468 412

Responsible Entity Peet Limited

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AFSL 225772

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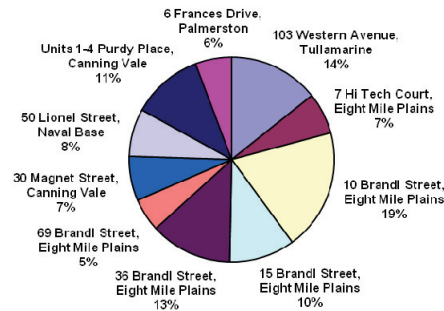
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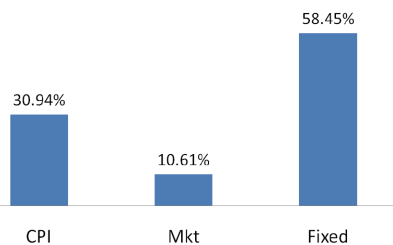
PEET INCOME PROPERTY FUND

NOVEMBER 2008

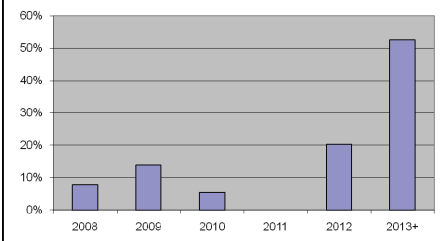
Properties (by value)



Next review by income



Lease expiry profile (by income)



Redemption offer

Under the Fund's Constitution it is required to make a redemption offer to all investors five years after commencement of the Fund and then every three years. Please be advised the first full redemption offer will be made from 1 July 2010.

Outlook

The property market continues to be affected by global financial turmoil and there is a risk that valuations will fall when the portfolio is revalued in June 2009.

However, the Fund is well positioned to withstand current market conditions with a high occupancy level and an active capital management strategy in place.

If you have any queries about your Fund, please contact our Funds Management Team on (08) 9420 1111.

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Peet Limited

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