

We are pleased to provide this update for the Fund for the period to 30 June 2009.

The commercial property market has continued to feel the impact of the Global Financial Crisis, with falling rental rates and increasing vacancies continuing to negatively impact the values of commercial properties. While the Fund's portfolio has limited vacancies over the remainder of this calendar year, valuations completed during the quarter fell by 10%, which is in line with falls seen across the commercial property market.

Highlights & key points

- The Fund continues to maintain quarterly distributions at 2.29 cents per unit. The March quarter distribution was paid on 28 July 2009.
- All properties were valued during the quarter with the individual values shown below:

Property	30 June 2009 Valuation (\$)	30 June 2008 Valuation (\$)	% change
7 Hi-Tech Court, Qld	4,000,000	3,990,000	0.0%
10 Brandl St, Qld	10,700,000	11,700,000	-8.5%
15 Brandl St, Qld	5,700,000	6,320,000	-9.8%
36 Brandl St, Qld	6,800,000	7,900,000	-13.9%
69 Brandl St, Qld	2,900,000	3,200,000	-9.4%
30 Magnet Court, WA	3,850,000	4,275,000	-9.9%
1-4 Purdy Place, WA	6,100,000	6,850,000	-10.9%
Navel Base, WA	4,100,000	4,600,000	-10.9%
103 Western Ave, Vic	7,650,000	8,700,000	-12.1%

- Negotiations are nearing finalisation with a tenant for the vacant space at 36 Brandl St, Queensland. This space has been vacant since April 2008 and, when concluded, will result in the Queensland portfolio of five properties being fully leased.
- Rental income for the Fund will increase by more than \$75,000 p.a. as a result of rental increases in a number of the single tenant buildings in Queensland, as follows:
 - 7 Hi-Tech Court CPI increase (4.3%)
 - 69 Brandl St CPI increase (4.3%)
 - 10 Brandl St Structured increase (6%)
- The remaining vacancy in the portfolio is suite 1 at Purdy Place, Canning Vale, WA. While there has been some enquiry in the space there are no active negotiations underway and management continues to review its marketing strategy for this vacancy.
- Credit approval has now been received for the new debt facility from National Australia Bank. Documentation will commence next quarter.

**Peet Income
Property Fund**

ARSN 113 746 615
ABN 65 355 468 412

**Responsible Entity
Peet Limited**

ABN 56 008 665 834
AFSL 225772

**Registered Office
Perth**

Level 7
200 St Georges Terrace
Perth WA 6000
Tel (08) 9420 1111
Or 1800 673 222
Fax (08) 9481 4712

Internet

www.peet.com.au/property-pipf.asp

Email

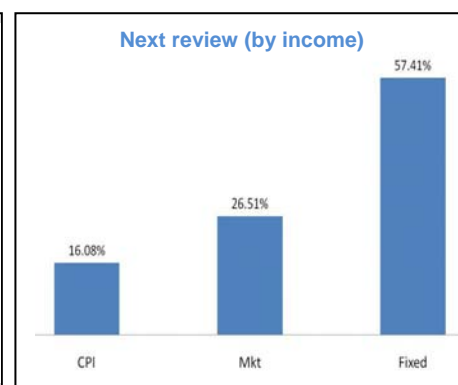
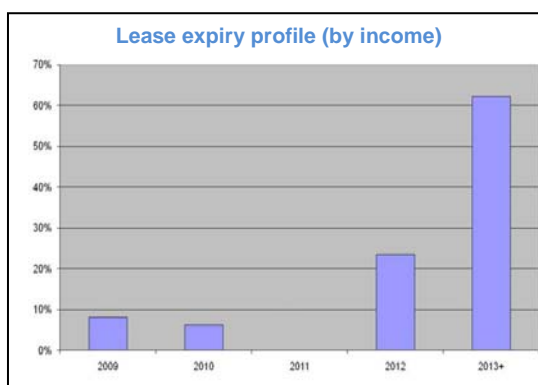
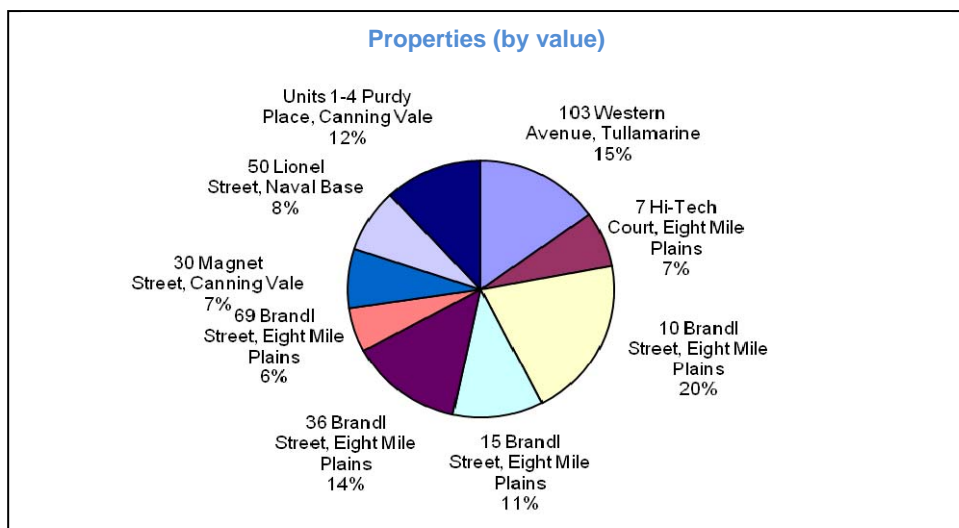
pipf@peet.com.au

PEET INCOME PROPERTY FUND

Portfolio statistics

The portfolio remains well diversified geographically, by tenant and by rent review type. The charts below highlight this diversification. 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 unitholders.

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.



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Liquidity facility

The Fund does not offer an annual liquidity facility but will make a Redemption Offer to all unitholders commencing on 1 July 2010. This Offer will provide the opportunity for all unitholders to redeem their units.

Debt ratios

Gearing ratio	38%
Gearing covenant	50%
Interest cover	3.98 times
Interest cover covenant	1.75 times

Outlook

The outlook for commercial property in Australia remains challenging with pressure remaining on valuations as occupancy and rental levels continue to fall. Management remains focused on maximising returns to unitholders through minimising vacancies across the portfolio.

Brendan Gore
 Managing Director
 Peet Limited

Peter Dumas
 Head of Funds Management
 Peet Limited