

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

The quarter marked the end of the 2008 financial year, which was another successful year for the Fund. In 2007/08 the value of the portfolio grew by more than \$7 million and the Net Tangible Asset backing increased by 20% to \$1.58 per unit.

### **Highlights**

- Tattersall's, the lessee at 15 Brandl Street, Eight Mile Plains (QLD), has recently completed a new fit-out of the building. Rent has been payable under the lease since 1 July 2008. This 10-year lease significantly enhances the lease expiry profile for the Fund and will underpin the Fund's revenue over the next few years.
- The Manager has commenced discussions with Canon Food Services Pty Ltd, the lessee at 30 Magnet Court, Canning Vale (WA), about a proposed extension to the existing building. If an agreement is reached, the extension will result in organic growth for the Fund and have a positive valuation result for the building.
- With lease expiries due in the next two years at 50 Lionel Street, Naval Base (WA) and 6 Frances Drive, Palmerston (NT), the Manager is now reviewing the long-term strategy for these properties. The Manager will provide updates on these strategic reviews in the next update for the period to 30 September 2008.
- The portfolio currently has one vacancy, with the lease for part of the ground floor at 36 Brandl Street, Eight Mile Plains (QLD) having expired on 1 July 2008. The leasing market in the business park is quiet and there has been limited interest in the space to date. The Manager is now considering changing leasing agent to stimulate interest and will continue to investigate all opportunities to source a tenant for this space.

### **Distribution**

A distribution of 2.29 cents per unit has been paid for the quarter to 30 June 2008.

### **Portfolio statistics**

The portfolio remains well diversified geographically, by tenant and by rent review type as highlighted by the charts overleaf. With a weighted average lease term of 4.6 years, the Fund has a secure income base from which to manage expiries as they arise and to 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.

#### **Peet Income Property Fund**

ARSN 113 749 615  
ABN 65 355 468 412

#### **Responsible Entity Peet Limited**

ABN 56 008 665 834  
AFSL 225772

#### **Registered Office Perth**

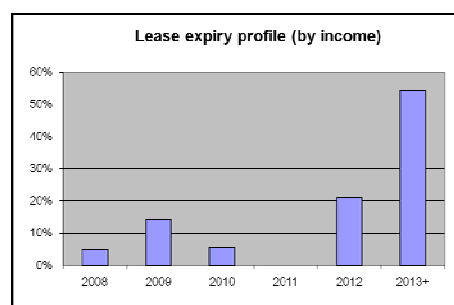
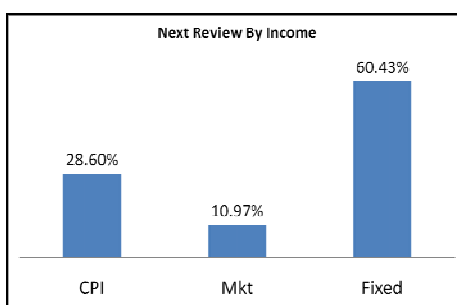
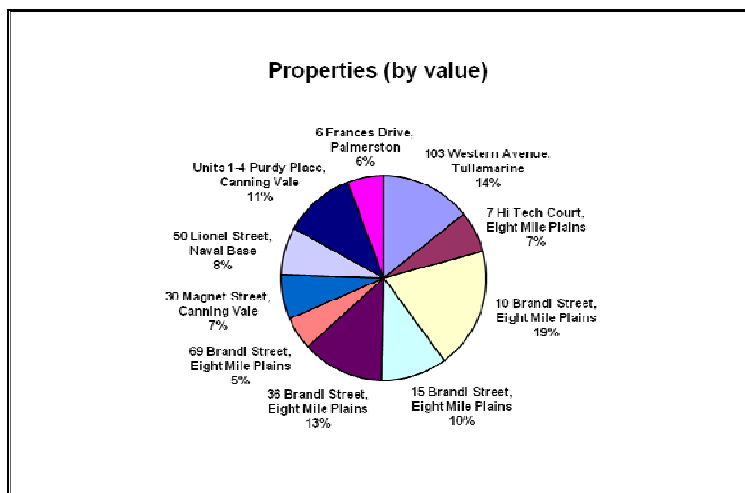
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**Liquidity facility**

The \$100,000 per quarter liquidity facility offered by Peet Limited was offered for the final time in the quarter to 30 June 2008.

**Outlook**

The property market in Australia is currently being affected by the global credit crisis, which is impacting negatively on valuations.

The Fund is well placed to manage these challenging times with the geographic diversity of the portfolio's properties, and long-term tenancies expected to continue underpinning the Fund's earnings.

We will continue to actively manage the portfolio to maximise value for unit holders.

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

**Brendan Gore**  
Managing Director  
Peet Limited

**Peter Dumas**  
Head of Funds Management  
Peet Limited

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