

We are pleased to provide this update for the Fund for the period to 31 December 2009.

The property market across Australia has continued to stabilise and this has been supported by an increased level of transactions across all sectors of the property market. Improving economic data is also leading to increased business confidence, which will result in a higher level of demand for space from industrial and commercial tenants.

Highlights and key points

- The Fund continues to maintain quarterly distributions at 2.29 cents per unit, and the December 2009 quarter distribution was paid on 28 January 2010.
- The only vacancies in the portfolio are separate suites at Purdy Place, Canning Vale in Western Australia, which continue to be marketed through a joint marketing arrangement with two local agents. Enquiry levels have remained steady and a leasing offer has been submitted to a potential tenant in respect to suite 1.
- The only expiry in the 2010 calendar year is for the Lionel Street, Navel Base property in Western Australia, which expires in June 2010. Management has commenced negotiations with the tenant in respect to an extension of the existing lease.
- The terms of the loan offer from National Australia Bank to renew the loan facilities are as follows:
 - 2 year term, expiring 31 December 2011
 - Facility limit of \$23 million
 - Financial covenants unchanged.

Portfolio statistics

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

With a weighted average lease term of 3.9 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.

Peet Income Property Fund

ARSN 113 746 615
ABN 65 355 468 412

Responsible Entity Peet Limited

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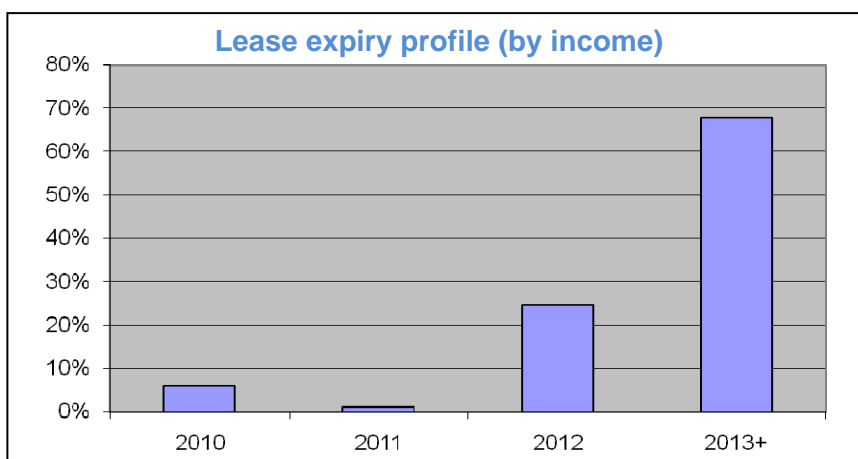
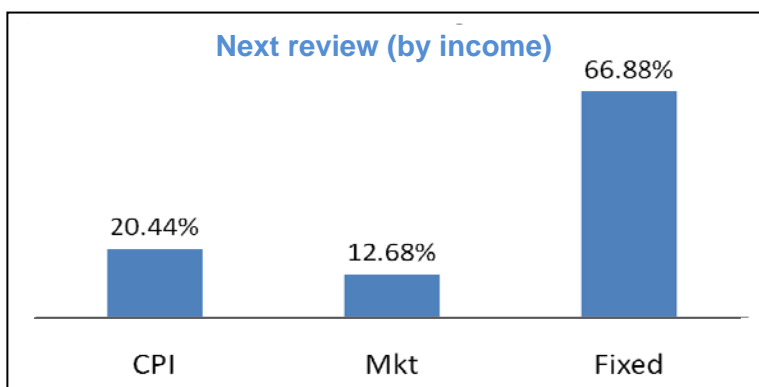
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PEET INCOME PROPERTY FUND

DECEMBER 2009

Portfolio statistics



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Liquidity facility

In accordance with the Prospectus, a redemption opportunity will be available to unitholders for a six month period commencing on 1 July 2010. Redemption of units will then occur in the first quarter of the 2011 calendar year. The level of requests for redemption will determine how funds are sourced to satisfy the redemption requests.

Peet will write to all unitholders prior to 1 July 2010 in respect to the redemption offer.

Debt ratios (as at 31 December 2009)

Gearing ratio	38.5%
Gearing covenant	50%
Interest cover	4.06 times
Interest cover covenant	1.75 times

Outlook

The Australian economy continues to recover with consumer and business confidence continuing to improve. The level of unemployment, which is a key driver for demand for commercial and office space, appears to have peaked below 6% which is positive for the Australian property market.

The focus of management over the next six months is to secure tenants for the only vacancies in the portfolio being suites 1 and 2 at Purdy Place, Canning Vale in Western Australia.