

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

The commercial property market continues to be impacted by the Global Financial Crisis, although Australia's State and national economies are recovering earlier than previously expected. While pressure remains on rental rates, vacancies are stabilising in many markets and the level of new enquiry has improved in the Western Australian market where the Fund has its only vacancies.

Highlights and key points

- The Fund continues to maintain quarterly distributions at 2.29 cents per unit, and the September 2009 quarterly distribution was paid on 28 October 2009.
- Negotiations have been finalised with Lands Community Services to lease the vacant space on the ground floor at 36 Brandl Street in Queensland. The new lease is for a period of four years and commenced on 1 November 2009.
- Rental income for the Fund will increase by approximately \$60,000 per annum as a result of rental increases in a number of the single tenant buildings in Queensland, as well as CPI increases applying to the Western Australian and Victorian properties:
 - 15 Brandl St, QLD 4% fixed increase
 - 103 Western Ave, VIC 4% fixed increase
 - 50 Lionel St, WA 1.4% (CPI increase)
 - 30 Magnet St, WA 1.4% (CPI increase)
- The only vacancy within the portfolio is Suite 1 at Purdy Place, Canning Vale in Western Australia. The leases on the remaining three suites in the building expire in December 2009.

Agreement has been reached for new two year leases with sub-tenants for the two smaller suites. Coventry Motors has advised they will be leaving at expiry of their lease in December 2009 and, as a result, advertising for both suites 1 and 2 is underway and joint leasing agents have been appointed.

- Credit approval has now been received for the new debt facility from National Australia Bank. Documentation will commence in the next quarter.

Peet Income Property Fund

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ABN 65 355 468 412

Responsible Entity Peet Limited

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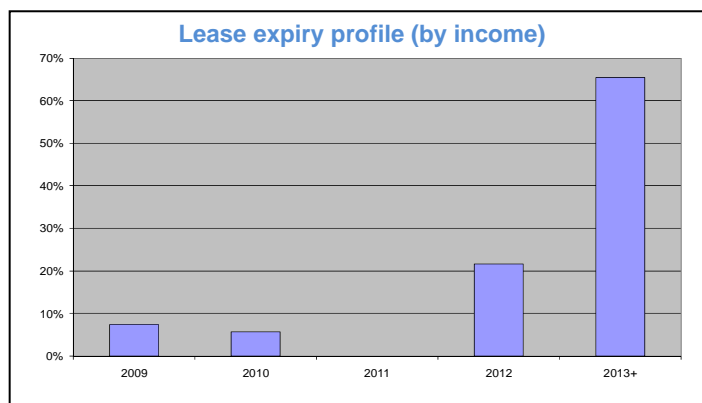
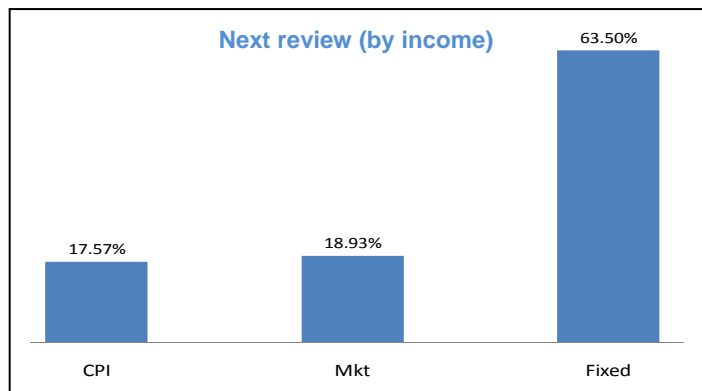
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SEPTEMBER 2009

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 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.



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 (as at 30 September 2009)

Gearing ratio	39.0%
Gearing covenant	50%
Interest cover	3.73 times
Interest cover covenant	1.75 times

Outlook

The Australian economy did not go into a technical recession, as expected by most economic commentators during the 2009 calendar year, and has outperformed most other western economies. The unemployment rate is also expected to peak well below that previously forecast, which is likely to have a positive impact on the Australian property market. The Fund has its greatest exposure to the Western Australian and Queensland economies, which are anticipated to recover quickly driven by continued strong demand for resources by China. With limited vacancies over the next year, the Fund is well positioned to be able to maintain distributions at the current level.