

30 June 2010

Dear Unitholder

PEET INCOME PROPERTY FUND (ARSN: 113 746 615)

The Peet Income Property Fund ("the Fund") was established in 2005 as an income focussed fund which owned commercial and industrial properties across Australia with a strategy to pay quarterly distributions to unitholders. The Fund has maintained consistent quarterly distributions through the financial crisis and has returned over \$9 million dollars to investors since inception through annual distributions of 9.16 cents per unit over the last four years. This has been achieved through the manager maintaining a high occupancy rate and conservative debt levels.

The portfolio owned by the Fund consists of nine properties located throughout Australia with a total asset value of \$51 million based on 30 June 2009 valuations. The portfolio has been managed by Peet Limited and is currently c. 95% leased with no lease expiries until the 2012 calendar year.

The structure of the Fund requires a Redemption Offer to be made to all unitholders during the six month period commencing on 1 July 2010 and then every three years thereafter. Peet Limited ("Peet") as Responsible Entity of the Fund may cancel a redemption offer where it determines that the Offer would not be in the best interests of unitholders.

Following a review of the Fund's portfolio and the potential requirement to sell individual properties to fund Redemption requests, Peet has determined to cancel the Redemption Offer and that there should be an orderly sale of the assets of the Fund and it should then be wound up. This sale may occur either through individual asset sales or a portfolio sale. Proceeds will be returned progressively to unitholders, subject to the requirements of the existing National Australia Bank Facility.

The sale of the Fund's assets will commence immediately with the first sale expected to be finalised before the end of the 2010 calendar year.

Peet thanks all unitholders for their support since inception of the Fund in 2005 and will continue to focus on the creation of further residential land syndicates as well as creating new syndicates for investors focussed on developing retail centres within its residential estates.

Yours sincerely

PEET LIMITED



**BRENDAN GORE
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**