

29 August 2011

Successful repositioning for Peet in FY11

- Operating net profit of \$44 million after tax¹, up 3%
- Operating earnings per share of 14.6 cents
- Statutory net profit of \$22.1 million, down 47%
- NTA per share of \$1.37², up 10.5%
- Gearing³ at 33.5% as at 30 June 2011
- Final dividend of 4.5 cents per share, fully franked, bringing the full year dividend paid to 8.5 cents per share

Peet Limited today announced an operating net profit after tax¹ of \$44 million for the year ended 30 June 2011.

Peet Managing Director and Chief Executive Officer, Brendan Gore, said the Group had successfully repositioned itself as Australia's largest pure-play residential developer, with a funds management platform comprising retail syndicates and wholesale funds and a focus on large-scale projects in Australia's key markets.

"Peet has made considerable progress in line with our stated business strategy to grow and increase the significance of our Funds Management business," he said. "They include the recently announced major acquisition in Flagstone in South East Queensland and the establishment of a partnership with the Future Fund, with a mandate to acquire and develop broad-acre residential land in growth areas across Australia.

"FY11 has seen Peet invest in its future – balancing its land portfolio, implementing its capital management strategy and positioning the operating business for growth in the medium to long-term with new, larger-scale managed and Company-owned projects in the growth corridors of Western Australia, Queensland and Victoria.

"The Group achieved its key strategic objective to grow its Funds Management business and continued the expansion of its wholesale platform."

Mr Gore said the strength of Peet's Funds Management business and the Group's ability to manage operating margins underpinned pleasing operating results achieved in challenging market conditions across the country, particularly in the second half of FY11.

"While deteriorating consumer confidence impacted the number of sales and settlements (down 14% and 7% respectively), margins held firm and there was a 13% increase in the average selling price of residential lots settled," he said.

¹ Pre write-downs

² Net assets adjusted for market value of inventory

³ (Total interest bearing liabilities (including deferred payment obligations) less cash)/(Total assets adjusted for market value of inventory less cash less intangible assets)

“The results also reflect a year when sales concluded at a number of mature projects and significant investment commenced in new medium to long-term projects including a number of large-scale Company-owned assets.”

As part of its medium to long-term growth strategy, during the year Peet added another 17,300 lots with an on-completion value of \$2.7 billion to its Funds Management business. This included the Flagstone acquisition in South East Queensland and others in Perth’s northern and southern coastal corridors.

The major acquisition of a 50% interest in MTA Super’s 1,244-hectare Flagstone West land holding is situated next to MTA Super’s Flagstone East project which has existing services and infrastructure, and a community of around 3,500 residents. Peet will project manage the Flagstone West project and the delivery of the 300 lots remaining in Flagstone East. These appointments will also provide the Group with development management and performance related fees.

The Flagstone West project involves the delivery of an estimated 10,000 residential lots focused on the affordable market segment over the next 25 years, and a 200-hectare town centre for Greater Flagstone with provision for retail centres, neighbourhood activity centres, schools, healthcare, retirement housing, childcare and other community facilities.

With the addition of the Flagstone projects, Peet’s land bank has increased to more than 50,600 lots with an estimated on-completion value of \$9.1 billion (in today’s dollars) of which 69% or \$6.3 billion is held within the Group’s Funds Management and Joint Venture businesses.

Capital Management

Peet’s capital management strategy continues to position the Company well for growth in the medium to long-term and reflects Peet’s investment in its inventory during the past year.

In line with this strategy, Peet has commenced a process to divest a number of non-core assets. Proceeds received will be used to fund Peet’s current development pipeline, reduce debt or pursue other capital management initiatives. Peet is committed to maintaining a strong balance sheet.

Overall in FY11, the independent bank mortgage valuations of Company-owned landholdings increased to \$586 million, resulting in a 10.5% increase in NTA to \$1.37 per share.

However, Peet recorded write-downs in the carrying value of inventories of \$31.3 million (before tax) for the year. These related predominantly to longer-dated assets in our Queensland portfolio where the market has declined due to the widespread economic impact of natural disasters and deteriorating business and consumer confidence.

The carrying value of inventories adjustment has no impact on the production pipeline over the next five years.

The newly acquired Flagstone West property was not affected by the write-downs.

In June 2011, Peet announced three capital management initiatives which underpin its growth strategy providing working capital for strategic expansion of the land bank and investment in several new projects in the year ahead. They comprised:

- \$50 million of convertible notes;
- \$20 million fully underwritten share purchase plan; and
- \$300 million syndicated debt facility extension for three years to 2014.

These capital management initiatives were reflected in key metrics at year end including:

- A weighted average debt maturity profile of 3.3 years at 30 June 2011;
- Group interest cover of 3.7 times; and
- Gearing as at 30 June 2011 of 33.5%.

Group Strategy

In FY11, Peet has delivered on its strategy for medium to long-term growth, repositioning the Group and firmly establishing a complete retail syndicate and wholesale Funds Management platform.

Strategic priorities for the Group continue to include:

- a clear focus on the businesses of residential land development and funds management;
- working with wholesale partners to acquire large-scale greenfield developments;
- the continued national expansion of the retail syndication and wholesale funds management platform;
- a focus on our customers, quality product and community to drive Peet's competitive advantage;
- prudent capital management; and
- a commitment to being environmentally responsible across our operations.

“Housing affordability is a critical challenge right across Australia and will remain so in the short to medium term, due to a structural supply/demand imbalance,” said Mr Gore. “Peet will help address this challenge and meet market demand for affordability with its large and flexible land bank by expanding its product mix and offering a range of lot sizes in a variety of locations across the country.

“Peet remains focused on the basics – product, price and customer service - under a capital efficient model,” said Mr Gore.

Outlook

The Australian residential market is expected to continue to be impacted by weak consumer sentiment across the country as householders react to the deterioration in major global economies, rising living costs, speculation over interest rates and ongoing uncertainty and speculative debate over the impact, on business and consumers alike, of federal government policy including a carbon tax.

However, while the housing market continued to soften during the second half of FY11, supply/demand drivers show the trend is cyclical rather than structural and the longer-term outlook remains positive. Household savings remain high, dwelling approvals are below the long-term average while population growth is above average, unemployment remains low and there remains a shortage of skilled labour, particularly in Western Australia and Queensland.

Despite the strength of the resources sector, the Western Australian and Queensland property markets remain two of the weakest in the country and building approvals are well below trend.

A key feature of the economic uncertainty and cautious consumer sentiment is an increase in household savings, which will be a positive for the residential land market in the longer-term. It is expected that savings will level out as confidence returns and consumer spending should revert to more normal levels.



Enriching lives since 1895

Asset Manager
Land Syndicator
Fund Manager
www.peet.com.au

Perth

Level 7, 200 St Georges Terrace, Perth WA 6000
PO Box 7224 Cloisters Square WA 6850
Telephone (08) 9420 1111 | Facsimile (08) 9481 4712
Email perth@peet.com.au

“While Peet remains confident in Australia’s long-term economic outlook, the national residential property market is expected to remain weak through FY12,” said Mr Gore.

“The Group has a large, geographically balanced land bank and we will continue to meet the demands of the market in terms of product, price and service, with a particular focus on the affordable segment. The Group is well-positioned and well prepared for a challenging year ahead, with earnings expected to be weighted towards the second half of FY12. “

Dividends

The Directors have declared a final dividend of 4.5 cents per share, fully franked, to be paid on 18 October 2011, with a record date of 23 September 2011. This brings the total dividends paid in respect to the financial year ended 30 June 2011 to 8.5 cents per share, fully franked.

The Company’s Dividend Reinvestment Plan (DRP), which provides shareholders with an opportunity to acquire shares in the Company, remains in place. Details of the final pricing and terms of the DRP will be communicated to shareholders in due course.

Full-year results presentation

Peet Limited Managing Director and CEO, Brendan Gore will provide a results presentation via conference call at **10.00am (AEST) on Monday 29 August 2011**.

To participate in the conference call, please dial:

1800 157 000 (for participants in Australia);
3002 1675 (for participants in Hong Kong); or
+61 2 8223 9380 (for other international participants)

All participants should quote pass code 182 615 41.

For media inquiries, call:

Marie Mills
Mills Wilson Communication Consultants
08 9228 1999, 0418 918 202
mariem@millswilson.com.au

For investor inquiries, call:

Brendan Gore
Managing Director and Chief Executive Officer
Peet Limited
(08) 9420 1111