

15 November 2011

Chairman's address to 2011 Peet Limited Annual General Meeting

Introduction

Ladies and gentlemen. Thank you for joining us at the Peet Limited Annual General Meeting.

We come together at a very challenging time for the residential property sector when there has been a sustained period of poor consumer confidence right across the country.

Nonetheless, the Company was able to record a net operating profit of \$44 million after tax for the last financial year, though the statutory net profit recorded – including the write-down in inventories and development costs – was \$22.1 million. On the other hand there was an overall net increase in the valuation of our landholdings.

However, since the release of Peet's 2011 full-year results in late August 2011, trading conditions have continued to prove challenging. Consumer sentiment in particular continues to be challenged by ongoing domestic and global economic uncertainty, and has deteriorated over the past couple of months. Whilst the underlying fundamentals for the residential market and Peet's business remain sound, and the level of buyer enquiry remains relatively consistent with prior periods, Peet in common with the broad market is experiencing reluctance by consumers to make significant financial commitments in the current environment.

In light of these factors, Peet's Board and management have decided to defer capital expenditure on some of its major projects until conditions normalise and greater confidence emerges around sales and settlement activity. This will have the impact of deferring settlement revenue to future periods.

As a result, Peet's profit for the 2012 financial year will be negatively impacted. Peet expects to report a net operating profit after tax of between \$15 million and \$20 million for the year ending 30 June 2012, which is expected to be largely weighted to the second half of the year.

This range assumes that current market conditions persist for the remainder of this financial year.

Peet's dividend policy will remain unchanged at 60% of operating earnings, however this is all likely to be paid as a final dividend in respect to the 2012 financial year, by which time a clearer picture of the future may emerge.

Peet's board and management are focused on strong capital management and positioning the company to take advantage of improvements in the residential market, anticipated to emerge during the second half of FY12 or early FY13.

Experience

As many of you know, Peet was established in 1895 and has been in the land development business for 116 years continuously.

We have seen economic cycles come and go, wars, recessions and booms and we are still here today.

I believe we have coped with this downturn responsibly. I look forward to being here for the next upturn and improved earnings.

2010/2011 Performance

Our Managing Director and Chief Executive Officer, Brendan Gore, will provide you with a summary of the key financial and operational factors and achievements for FY11 following my address.

As I have mentioned, Peet recorded an increase in net operating profit after tax to \$44 million.

Our capital management strategy remained on track and gearing at year end stood at 33.5 per cent.

Net Tangible Assets per share as at 30 June 2011 increased by 10.5% to \$1.37, which does not include the value attributed to the Company's Funds Management business, and we are pleased to have declared a fully franked dividend of 4.5 cents per share, bringing the total dividend for the year to 8.5 cents, fully franked.

I wish to emphasise that the 2011 financial year will be remembered for the considerable progress made in line with our stated business strategy to grow and increase our Funds Management business.

By the end of the 2011 financial year, we had added more than 17,000 residential lot equivalents to our national land bank bringing the total to more than 50,600 lots – almost 70% of which is held within the Group's Funds Management and Joint Venture businesses.

That represents a sound platform for sustainable future growth over the medium to long-term.

In fact Peet ended last financial year on a significant high – having just announced a major partnership with MTAA Super in a major residential and Town Centre project in Flagstone, Queensland, and then announcing the establishment of a partnership with the Future Fund, Australia's only Sovereign Investment Fund, with a mandate to acquire and develop broad-acre residential land across Australia.

We were also selected during the 2011 financial year to manage and market a whole new Oceanside residential estate south of Perth for the WA Department of Housing, an arm of the Government of Western Australia.

In the current financial year, we've followed that up with the announcement by Defence Housing Australia, an arm of the Australian Federal Government, that they have appointed Peet to manage and market another significant Queensland project.

The Australian property market

In the short-term, we have a clear strategy for meeting the challenges presented by current conditions.

This time last year there had been signs of increasing consumer confidence and demand for property, but then official interest rates were increased and for the last 12 months consumers have feared further increases.

These factors had the desired effect of dampening residential demand.

However, the official interest rate has just been cut by 0.25% and the outlook is for further cuts.

It's a first step, we hope, in returning confidence to the residential property market where the fundamentals remain very sound:

- there is continued population growth;
- wages and salaries in Australia grew last financial year – and affordability is improving; and
- there is high employment.

The Peet team

I want to thank the entire team at Peet and I want to commend the work they do for you, our shareholders and for our syndicate investors and our joint venture partners and other clients.

Peet has achieved awards and accolades in all of our key markets – with UDIA awards for Innisfail in Victoria; Carramar Golf Course Estate in Western Australia and Warner Lakes in Queensland; and EnviroDevelopment accreditation from the UDIA for one of our syndicated projects in Cranbourne West in Victoria and for Avon Ridge in Brigadoon in WA.

Our aims for excellence and competitiveness are fostered by a very positive and productive culture built on our six core values – integrity, respect, teamwork, adaptability, accountability and customer service.

A combination of factors attract and retain quality people. They include the working environment, personal and career development opportunities, the quality of the projects they get to work on and, of course, fair and competitive remuneration packages.

I turn now to that important area of disclosure of remuneration in so far as it pertains to some of the most senior and experienced people at Peet.

Remuneration

I assure you, your Board, executive and management team at Peet are working harder than ever.

It's important that we hold onto our very good people – and continue to attract other industry leaders to our Company.

Part of doing that is providing an appropriate and competitive remuneration framework for our people, including our executives, staff and Board members. Our approach is designed to be of mutual benefit to the Company (and therefore shareholders) and to our employees.

The Corporations Act requires a resolution to be put to the Meeting adopting the Remuneration Report, appearing in the Annual Report.

While this vote is advisory only, and does not bind the directors or the Company, the new so-called “two strikes” rule now comes into play. I will discuss more about this in the formal part of today’s meeting. However, I assure the meeting that our remuneration packages are appropriate and well supported by qualitative and quantitative performance data and results and independent advice.

I also note that non-executive directors have decided not to increase their fees despite an independent review showing that they were at the low end of their range.

The Board

I take this opportunity to thank my fellow Board members for their diligence throughout the year – Managing Director and CEO, Brendan Gore, National Business Development Director, Anthony Lennon and Non-executive Directors, Stephen Higgs and Graeme Sinclair.

I also thank our key Board support officer, Group Company Secretary Dom Scafetta, who has delivered unwavering service over many years and is highly respected for his carefully considered advice.

Shareholders

This year in particular, I would like to thank our many shareholders and investors for their continued support – through the most successful of years and the most challenging of years.

We look forward to your continued confidence in the fundamental strength of Peet Limited and our ability to grow and develop the business as we have done over many years.

I wish you and your families a very safe and happy festive season and look forward to joining you here again next year.

I now pass you onto our Managing Director and Chief Executive Officer, Mr Brendan Gore.



PEET LIMITED

Annual General Meeting — November 2011

PEET
Success through experience

Key messages

FY11 RESULT

- » Operating net profit of \$44.0m¹, up 2.8%
- » Operating EPS of 14.6c, up 2.1%
- » Statutory profit of \$22.1m, down 47.5% due to write-downs of inventory
- » DPS of 8.5c in line with FY10
- » NTA of \$1.37² per share, up 10.5% due to portfolio net valuation gain
- » Gearing³ of 33.5%, down from 36.0%

BUSINESS REPOSITIONING

- » Countercyclical repositioning of land bank to longer term growth states of WA and QLD
- » Growth in land bank driven through Funds Management, now representing approximately 70% of land bank by GDV and lots
- » Continued growth of wholesale platform during FY11 - Future Fund and MTAA Super partnerships
- » Re-weighting to large scale projects
- » Inventory is strategically positioned geographically and at price points to achieve volume from improving markets

¹ Pre FY11 write-downs

² Net assets adjusted for market value of inventory. NTA does not include the value attributed to the Company's Funds Management business

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

Market conditions

- » Since the release of Peet's FY11 results in late August 2011, trading conditions have continued to prove challenging
 - » Market conditions trending towards those experienced in FY09
 - » Consumer sentiment has deteriorated, challenged by domestic and global economic uncertainty
 - » Although buyer enquiry remains relatively consistent with prior periods, there is a reluctance by consumers to make significant financial commitments and therefore lower sales
 - » Results in a lack of confidence around sales and settlements
 - » Recent interest rate cut helpful, although not enough on its own to restore confidence
- » Sales of 327 for four months to 31 October 2011 (668 in previous corresponding period)
- » Contracts on hand of 1,090 as at 31 October 2011 (1,125 as at 30 June 2011)
- » Residential market anticipated to improve during second half of FY12 or early FY13

Residential market overview

Peet has product with geographic balance and positioned at price points to achieve volume from improving markets

- » The affordable to mid-market segment has moderated, whilst the higher end of the market has seen a more pronounced decline
- » More positive indicators in the medium to long-term – moderating interest rate environment, household savings high, dwelling approvals below long-term average, population growth, shortage of skilled labour, wages growth and low unemployment

VIC

Weighting

21%

- » High-performing market in recent years
- » Market has softened towards the end of 2H11 and into FY12
- » Prices and volumes moderating
- » Longer-term fundamentals remain sound

WA

Weighting

42%

- » Residential market soft in FY11 – slowdown in dwelling starts and falling home prices
- » Positive economic fundamentals including population growth, lowest unemployment in Australia
- » Strong mining and engineering sectors boosting the labour market and income growth
- » Early signs of market stabilisation

QLD

Weighting

37%

- » Poor performing market in FY11 and into FY12 – suffering the impact of natural disasters and flow-on effects
- » Strong resource sector with good longer-term fundamentals
- » State Government Building Boost Grant (\$10,000) expected to help stimulate the market
- » Enquiry levels improving since July 2011

Notes:

State weighted by land bank by lots

FY12 outlook

- » Due to market conditions, Peet has decided to defer capital expenditure on certain projects
 - » Therefore, settlement revenue will be deferred to future periods when conditions normalise and there is greater confidence around sales and settlement activity
 - » Craigieburn and Greenvale in Victoria and Gladstone in Queensland are expected to be major profit drivers for Peet in the years ahead
- » Peet is focused on maintaining a strong balance sheet in light of weak market conditions and a lack of certainty around settlements
 - » Current action consistent with strategy during FY09 which ensured Peet emerged with a solid capital position
 - » Will position the company well once conditions improve - anticipated second half of FY12 or early FY13
- » Expected net operating profit after tax for FY12 of between \$15 million and \$20 million, largely weighted to the second half of the year
 - » Assumes current market conditions persist for the remainder of FY12
- » Dividend policy will remain unchanged at 60% of operating earnings, however dividend likely to be paid as a final dividend

Group Business model

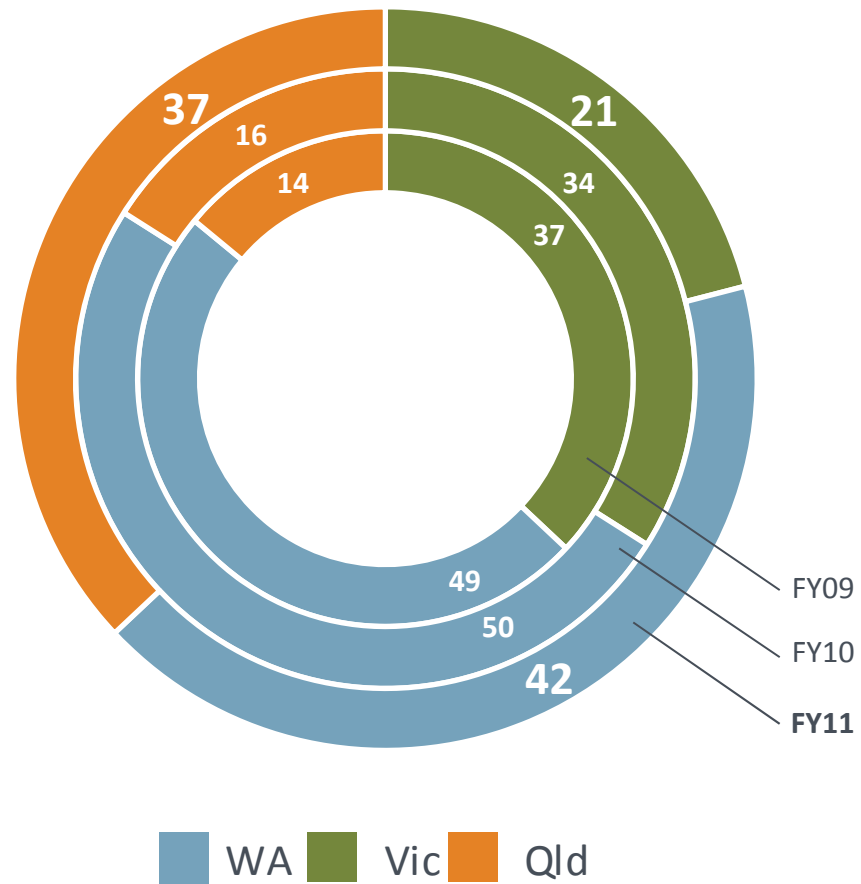
Target EBIT Composition		Target EBIT Margin	Land Bank Diversification by Geography (%)	Land Bank	Capital Employed ¹	Sources of Revenue
40% – 50% EBIT	Development	25% -35%	<p>Legend: WA (Blue), Vic (Green), Qld (Orange)</p>	Lots: 14,728 GDV (\$bn): 2.8 # Projects: 32	\$548m	» Development profit
50% – 60% EBIT	FM ² Retail Wholesale	65% -75%	<p>Legend: WA (Blue), Vic (Green), Qld (Orange)</p>	Lots: 17,606 GDV (\$bn): 3.3 # Projects: 31 Lots: 18,350 GDV (\$bn): 3.0 # Projects: 4	\$125m ³	» Underwriting and capital raising fees » Project management fees » Performance fees » Profit shares
				Lots: 50,684 GDV (\$bn): 9.1 # Projects: 67		

Notes:

- 1 Balance sheet assets at cost as at 30 June 2011 post write-downs
- 2 Includes joint ventures
- 3 Includes July 2011 settlement of Flagstone acquisition

Land bank by geography (%)

- » Countercyclical repositioning of land bank to longer term growth states of WA and QLD
- » During the year Peet added another 17,300 lots with an on-completion value of \$2.7 billion to it's Funds Management business



Key projects underpinning outlook for FY12 and beyond

Flagstone, QLD



lots remaining: 13,297 GDV: \$1,929m

Shorehaven at Alkimos, WA *shorehaven* ALKIMOS



lots remaining: 3,014 GDV: \$802m

Greenvale/Craigieburn, VIC



lots remaining: 3,630 GDV: \$723m

Vantage Gladstone, QLD *vantage* 



lots remaining: 513 GDV: \$101m

Yanchep Golf Estate, WA 



lots remaining: 1,497 GDV: \$340m

Riverbank Caboolture, QLD *riverbank* where life just flows



lots remaining: 1,325 GDV: \$189m

Flagstone Project

- » Peet has established a \$90 million Flagstone partnership with MTAA Super through the acquisition of a 50% interest in Flagstone West
 - » MTAA Super to retain a 50% interest
 - » The proposed masterplan includes c.10,000 residential lots plus the 200 hectare future town centre of Greater Flagstone including provision for retail centres, neighbourhood centres, schools, healthcare, retirement, childcare and other community facilities
 - » Greater Flagstone is located in a key growth corridor and is one of four large scale sites in SEQ nominated by the State Government as an Urban Development Area



Source: Peet

Acquisition overview



Illustration

Acquisition rationale

1. Unique opportunity – large scale off-market opportunity
2. Acquisition equivalent to \$7,000/lot (\$70,000/hectare), enhancing future profitability
3. Location – growth corridor targeted by Qld Government to accommodate SEQ's forecast growth
4. Site de-risked – largely cleared land with planning, environmental and infrastructure certainty and located near existing services and infrastructure
5. Fast track planning regime – 1 of 4 large scale sites governed by Urban Land Development Authority with Development Scheme now gazetted in line with key assumptions
6. Facilitates strategic and counter cyclical investment in SEQ
7. Leverages existing funds platform and institutional relationship
8. Expected to be significant medium to long-term contributor to Peet earnings and growth

Land bank – key projects

Project name	Location	GDV	Lots ¹ remaining (at 30 June 11)	FY12	FY13	FY14
Owned projects						
Greenvale	VIC	\$410m	1,985			
Craigieburn	VIC	\$313m	1,645			
Gladstone	QLD	\$101m	513			
Chase	WA	\$87m	506			
Brigadoon	WA	\$121m	216			
Other		\$1,744m	9,863			
Total owned projects		\$2776m	14,728			
Funds Management						
Flagstone	QLD	\$1,929m	13,297			
Alkimos	WA	\$802m	3,014			
Yanchep	WA	\$679m	2,152			
Lakelands	WA	\$297m	2,079			
Caboolture	QLD	\$189m	1,325			
Botanic Village	VIC	\$129m	1,006			
Oakford	WA	\$179m	1,001			
Cranbourne East	VIC	\$167m	883			
Burns Beach	WA	\$371m	795			
Cranbourne West	VIC	\$147m	778			
Forrestdale	WA	\$139m	719			
Other		\$909m	6,622			
Total FM projects		\$5,937m	33,671			
Joint Ventures						
Wellard	WA	\$361m	2,094			
Quattro	WA	\$37m	191			
Total JV projects		\$398m	2,285			
TOTAL PIPELINE		\$9,111m	50,684			

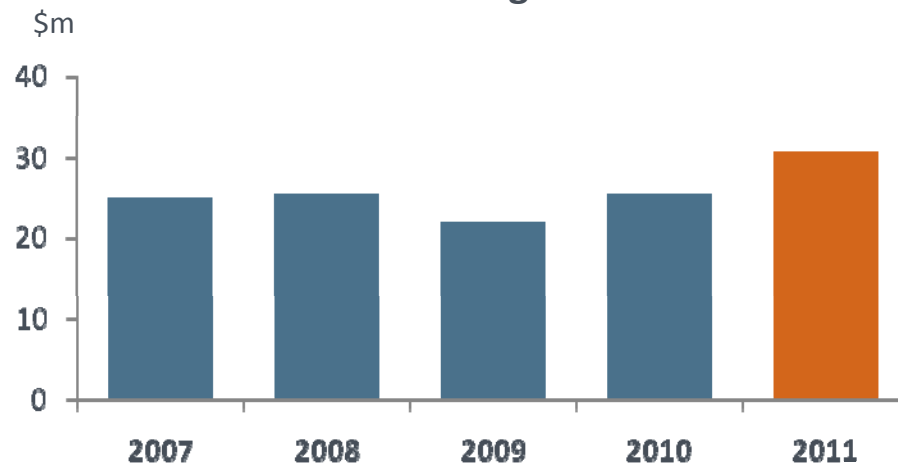
Notes:

1 Lots equivalent

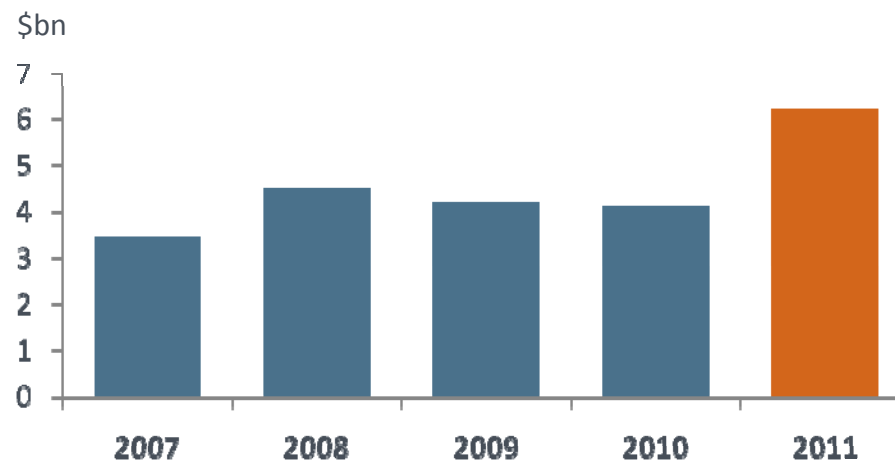
Significant expansion of funds management business

- » Strong and recurrent earnings base
- » Delivered on strategy identified three years ago of growing a wholesale funds platform
- » Have partnered with three significant wholesale investors who are invested across four funds
 - » MTAA Super
 - » Future Fund
 - » Myer Family Company
- » Significant capital commitment to fund growth of business moving forward
- » GDV of wholesale now \$3bn¹, representing 48% of funds management GDV
- » Secures significant future earnings

Historical Funds Management EBITDA



Historical Funds Management GDV



Notes:

1 In today's dollars. Assumes 100% of lots in each syndicate / joint venture

Capital management

- » Significant capital management achievements over FY11
 - » Diversified capital sources – introduced new lender and issued convertible bonds
 - » Increased weighted average debt maturity to 3.3 years
 - » Divestment program for non-core assets underway
 - » Proceeds to fund current development pipeline, reduce debt and pursue other capital management initiatives

	30 June 11	30 June 10
Cash at bank	\$57.2m	\$41.1m
Net debt	\$217m	\$179m
Gearing ¹	33.5%	36.0%
Interest cover ²	3.7x	3.4x
Weighted average debt maturity	3.3 years	1.9 years
Weighted average hedge maturity	3.5 years	4.1 years
Debt fixed/hedged	91%	93%
Weighted average cost of debt ³	8.63%	7.13%

Notes:

- 1 (Total interest bearing liabilities (including deferred payment obligations) less cash) / (Total assets adjusted for market value of inventory less cash, less intangible assets)
- 2 EBIT (pre write-downs) / Total interest cost (including capitalised interest)
- 3 Including all costs, fees and margins and convertible notes

Strategy

Peet is focused on delivering the right projects to the right markets under a capital efficient model

- » Peet's strategic priorities remain
 - » Focused businesses of residential land development and funds management
 - » Continued focus on customer, product and community to drive competitive advantage
 - » Work with wholesale partners to acquire large-scale greenfield development projects
 - » Continuing expansion of retail syndication and wholesale funds management platform nationally
 - » Prudent capital management
 - » Continued commitment to being environmentally responsible across all operations

thank you



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