

25 October 2023

## 2023 Annual General Meeting (“AGM”)

Enclosed are copies of an address and a presentation to be given at today’s AGM of Peet Limited (ASX: PPC) by Mr Tony Lennon, Chairman and Mr Brendan Gore, Managing Director and Chief Executive Officer, respectively.

*This announcement is authorised for release to the market by the Directors of Peet Limited.*

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25 October 2023

## Chairman's address to the 2023 Annual General Meeting

Peet is a leading Australian developer with a vision to *'imagine and realise future places where lives are enhanced by communities built on a sense of belonging'*. It has a proven track record and has demonstrated its capacity to manage through various economic and property cycles for nearly 130 years.

The financial year ended 30 June 2023 was a year in which Peet predominantly focussed on:

- securing the settlements of the near record levels of contracts on hand at the beginning of the financial year;
- implementing strategies to manage the impacts of challenging underlying market conditions; and
- at the same time, continuing to focus on executing our strategic objectives and maintaining a disciplined approach to capital management.

### **FY23 performance**

Following a record earnings performance in FY22, Peet followed up in FY23 with another record operating profit after tax and a statutory profit of \$70.1 million – up 34% on FY22.

The material increase in profit during FY23 was driven by:

- prudent focus on monetising the high number of contracts on hand at the start of the financial year, many of which had high margins as a result of strong price growth;
- the changing product mix, including an improved performance from medium density townhouse product;
- continued focus on creating and unlocking value by appropriately managing the Group's significant land bank; and
- continued focus on cost management and operational efficiencies.

This all contributed to operating and statutory earnings per share of 14.8 cents, compared to 10.8 cents in FY22. In August 2023, the Directors declared a final fully franked dividend for FY23 of 4.0 cents per share, bringing the total FY23 dividend to 7.5 cents per share (fully franked). This compares to 6.25 cents per share (fully franked) for FY22.

Brendan will provide further information on the Group's FY23 performance in his presentation.

**Strategic focus**

Peet continues to be well positioned for growth and value creation over the medium to long term, with its strategic focus areas of:

- investing in high quality land in strategic locations across the country;
- expanding our product offering – including medium density and town houses - and geographic presence to appeal to a wider variety of customers; and
- maintaining strong capital management.

Some key highlights during FY23 include the following.

- Peet progressed the acquisition of the University of Canberra project in ACT and on 11 October 2023, announced that the acquisition was now unconditional. This project, which has potential estimated gross development value of more than \$2.3 billion, together with the Flagstone City Centre in Queensland and new project commencements programmed for the next four years, are expected to unlock significant value;
- Peet improved the performance from medium density townhouse product and will continue to look to build on its townhouse and apartment pipeline as opportunities emerge; and
- as part of our capital management:
  - we continued with our on-market buy-back program (which has been extended to 30 August 2024);
  - improved cash inflows from operations to \$89.0 million (before acquisitions); and
  - at 30 June 2023, the Group's gearing was within the target range at 27.7%.

The successful implementation of our strategies ultimately results in returns to shareholders via dividends and returns of capital. Including the final fully franked dividend for FY23, total shareholder returns since FY18 total some \$173 million, including \$153 million of fully franked dividends.

### **Environment, social and governance**

As mentioned earlier, Peet's purpose is '*defining future places of belonging*'. One of the pillars of this purpose is our focus on planning, designing and developing communities that balance environmental, social and economic needs, underpinned by a broad corporate governance framework.

During FY23:

- Peet was recognised as a leader in sustainable residential development  
Capital Finance International announced Peet as the *Best Sustainable Community Developer (Australia) 2023*, with the judges highlighting matters such as Peet's focus on water conservation, energy efficiency, biodiversity preservation, land restoration and commitment to driving positive social outcomes in its communities;
- Peet's Brabham Estate in WA was awarded *Platinum Waterwise Development of the Year 2023*  
Brabham Estate offers a Waterwise Front Landscaping Package that aims to save homeowners up to 50% of their total water usage in their gardens. The package includes a smart controller installed in every home that automatically adjusts watering times based on data received from the Weather Station installed in the Estate's first Smart Park; and
- Peet launched its first *Reflect Reconciliation Action Plan*  
Peet has a long history of consulting and collaborating with Aboriginal and Torres Strait Islander Peoples across the country. Since commencing our formal reconciliation journey, it has been important to listen, learn and have conversations about how we can respect, recognise and celebrate Aboriginal and Torres Strait Islander culture and heritage within our operations and communities.

### **Board renewal**

I take this opportunity to thank my colleagues on the Board for their efforts during the year. In particular, I again recognise the contributions of Vicki Krause and Bob McKinnon during their nine years on the Board and welcome Margaret Kennedy, Michelle Tierney and Greg Wall to the Board.

As previously announced, as part of the succession planning for the Board, and to ensure an orderly transition process, I have informed the Board of my intentions to retire as Chairman and Director in the next 12 to 18 months.

**Outlook**

Residential markets continue to adjust from their peak following interest rate increases, inflationary pressures, low consumer confidence and (in Victoria in particular) builder uncertainty. Despite markets being at or close to bottoming, and with an improvement in enquiry levels, we expect the market will require a further period of stabilisation in interest rates before buyer confidence begins to return and market conditions normalise.

However, with underlying fundamentals remaining positive - including undersupplied markets, low unemployment, above-average wage growth and increasing immigration - Peet remains well positioned to navigate the current environment, with a flexible delivery program in place to respond strongly to a recovery in activity and to take advantage of these positive underlying market fundamentals.

**Conclusion**

On the Board's behalf I thank Brendan Gore and his team for their continued contributions to the success of our business.

Finally, on behalf of the whole Peet team, I would like to thank all our shareholders, our fund investors and our joint venture partners and all other stakeholders for their ongoing support.

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# ANNUAL GENERAL MEETING 2023

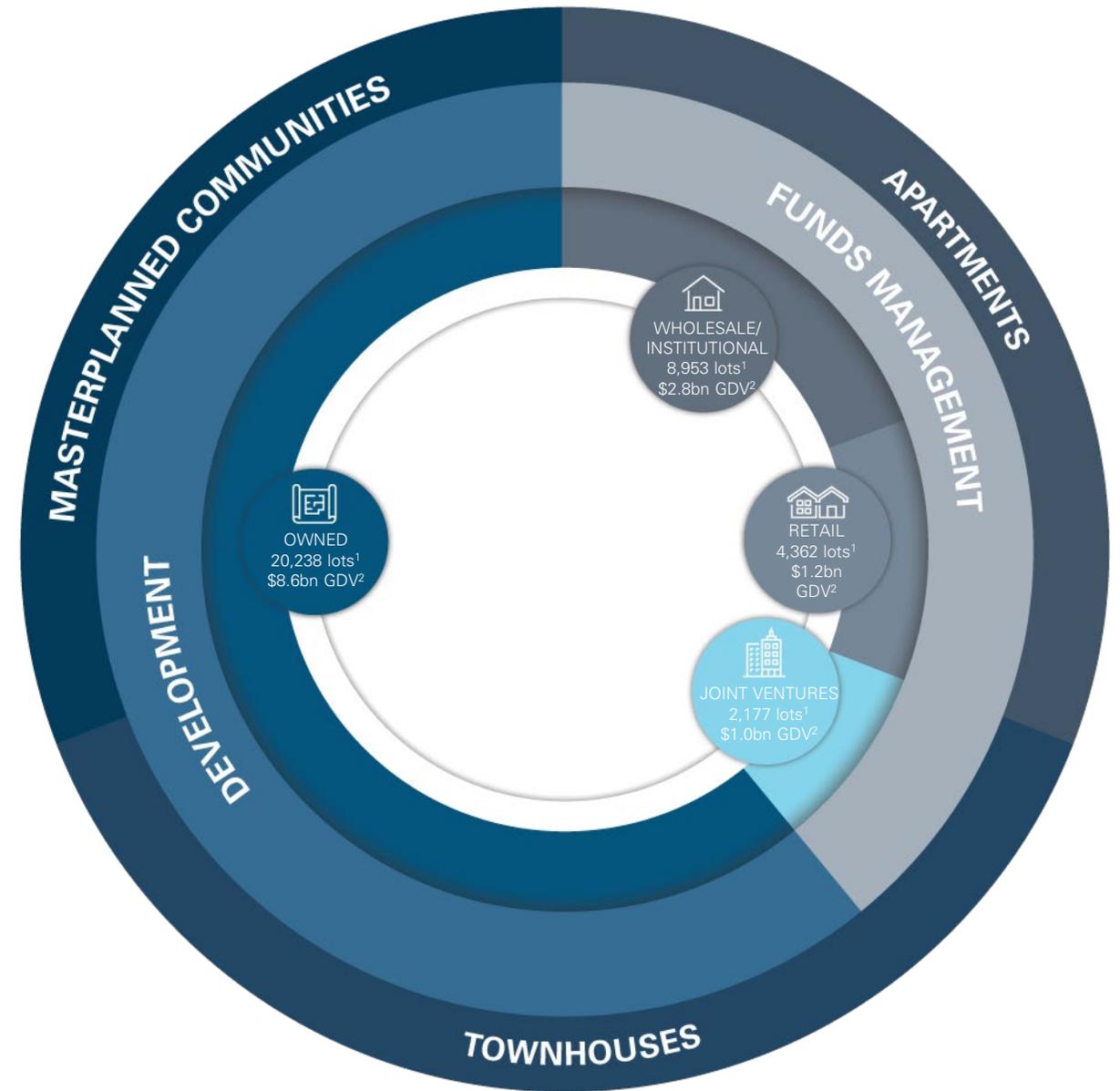


Where *you* belong

**PEET**

# Company Overview

- Leading Australian developer of quality residential communities with a proven track record for nearly 130 years
- Large, nationally diverse land bank provides economies of scale to deliver a wide range of product at lower cost
- Extensive capabilities in acquisition, design, delivery and marketing
- Proven ability to expand business into new opportunities such as townhouses and low-rise apartments
- Well established funds management capability with long term retail and institutional capital partners
- Strong culture, brand and customer focus

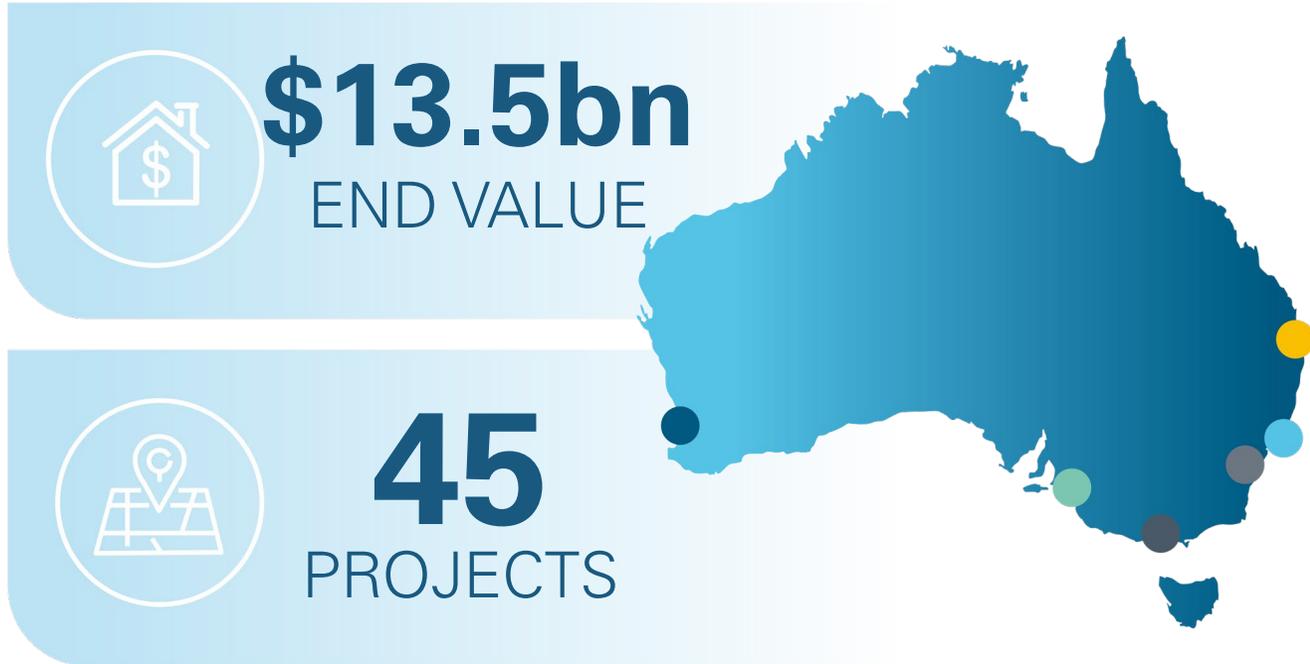


Notes:

- 1 Includes equivalent lots
- 2 Gross development value

# Strong Platform for Growth

130-year track record of developing through cycles



| QLD            | WA             | VIC           | SA            | NSW           | ACT          |
|----------------|----------------|---------------|---------------|---------------|--------------|
| 10<br>PROJECTS | 18<br>PROJECTS | 9<br>PROJECTS | 5<br>PROJECTS | 2<br>PROJECTS | 1<br>PROJECT |

## GEOGRAPHICALLY DIVERSE PIPELINE

- Benefit from various growth corridors – positioned for future Australian population growth
- Allows Peet to leverage state-base fluctuations
- Ability to manage land bank and capital through market cycles

## HIGHLY DESIRABLE LOCATIONS

- Projects located across inner to outer rings of capital cities
- Developing where people want to live now

## LOW COST

- Strong embedded margins
- Average age of land bank is 10 years
- Large land bank provides economies of scale to deliver wide range of product at lower cost

# Our Commitment to Sustainability

## Our Sustainability Approach

As a leading residential developer with a large national footprint, our approach focuses on sustainable practices to create long-term shared value for our communities, shareholders and people



### ENVIRONMENT

#### ENVIRONMENTALLY CONSCIOUS DEVELOPMENT

- Water conservation and recycling
- Use of solar and energy reduction in building design
- Long history of operating in highly environmentally regulated industry
- Biodiversity and land restoration



### SOCIAL

#### POSITIVE SOCIAL IMPACT IN OUR COMMUNITIES AND TEAM

- Employee diversity, wellbeing and engagement
- Building strong community partnerships
- Providing opportunities for affordable housing for homebuyers



### GOVERNANCE

#### A TRUSTED PARTNER AND SUSTAINABLE BUSINESS

- Ethical and responsible business practices
- Robust risk management framework
- Board Charter and Corporate Governance Statement

### FY23 HIGHLIGHTS



Peet named Australia's Best Sustainable Community Developer 2023 by Capital Finance International



Woodville Road, SA and The Landing, Strathpine and Little Eagle, Nudgee in Qld feature 100% electric homes, reducing carbon footprint and cost savings in household bills



Brabham Estate named Waterwise Development of the Year 2023, and Golden Bay awarded Excellence in Social and Community Infrastructure at UDIA WA 2023 Awards



10-year Vegetation Management Plan underway to protect and enhance Yellow Box Grassy Woodland at Googong



Multi-cultural inclusion through national Harmony Week initiative across Peet communities and offices



National Community Grant Program support for 26 local community groups across Australia



Endorsement of *Reflect* Reconciliation Action Plan



Engaged workforce through a values-driven people-centric culture



**Black Dog**  
Institute

Supporting mental health through 3-year partnership



Engaged, active communities through Principal Partnership of the Perth Scorchers

# FY23 Results Highlights

Strong performance in challenging conditions

## FINANCIAL

Net Operating Profit<sup>1</sup>  
**\$70.1m**  
+34% on FY22

Operating EPS  
**14.79c**  
+37% on FY22

EDITDA<sup>2</sup> MARGIN  
**29%**

DPS  
**7.50c**  
+20% on FY22

NTA  
**\$1.29**  
6% higher than FY22

Operating Cash Flow<sup>3</sup>  
**\$89.0m**

## OPERATIONAL



**1,399**  
LOTS<sup>4</sup> SOLD



**2,594**  
LOTS<sup>4</sup> SETTLED



**\$476m**  
CONTRACTS ON  
HAND<sup>4</sup>



**27.7%**  
GEARING<sup>5</sup>

### Notes:

- 1 Operating profit is a non-IFRS measure that is determined to present the ongoing activities of the Group in a way that reflects its operating performance. Operating profit excludes unrealised fair value gains/(losses) arising from the effect of revaluing assets and liabilities and adjustments for realised/(unrealised) transactions outside the core ongoing business activities
- 2 EBITDA is a non-IFRS measure that includes effects of non-cash movements in investments in associates and joint ventures
- 3 Before acquisitions

<sup>4</sup> Includes equivalent lots

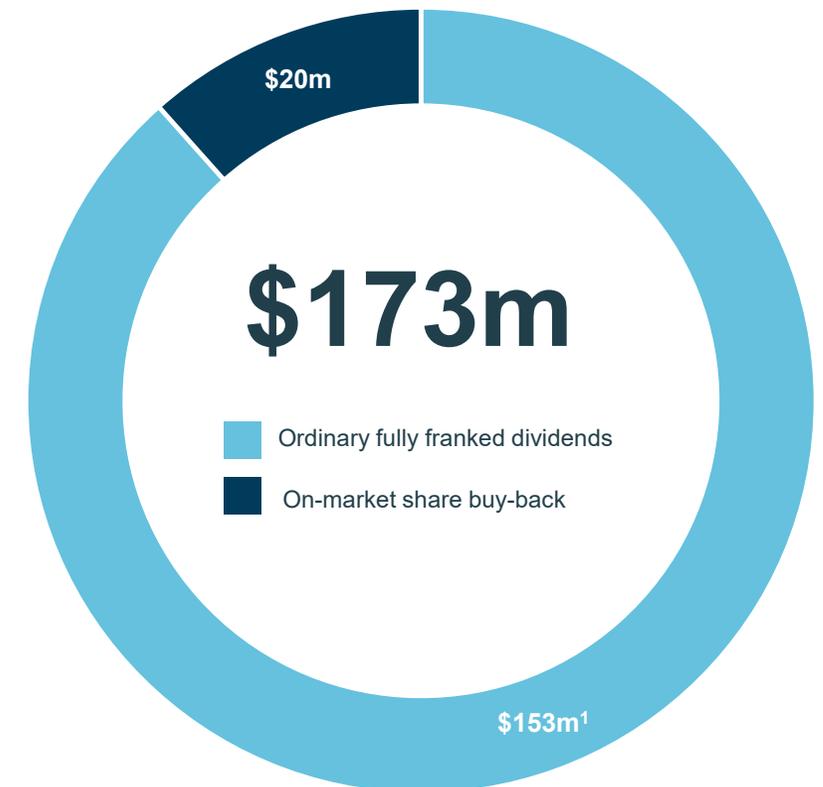
<sup>5</sup> Calculated as (Total interest-bearing liabilities (including land vendor liabilities) less cash)/(Total assets less cash, less intangible assets)

# Our Shareholder Returns

We have returned \$173m<sup>1</sup> to shareholders since FY18, through fully franked dividends and our ongoing capital management program

- Disciplined application of our capital management framework and strong balance sheet means shareholders benefit as our financial performance improves
- FY23 full year dividend of 7.50 cents per share fully franked – up 20%
- Our value driven on-market share buy-back has reduced our shares on issue by c.4%, further benefitting our per-share dividends through time
  - Book NTA as at 30 June 2023 of \$1.29
  - Average buy-back price of c.\$1.05 per share
  - On market buy-back extended to August 2024

**Shareholder returns since FY18 (\$m)**

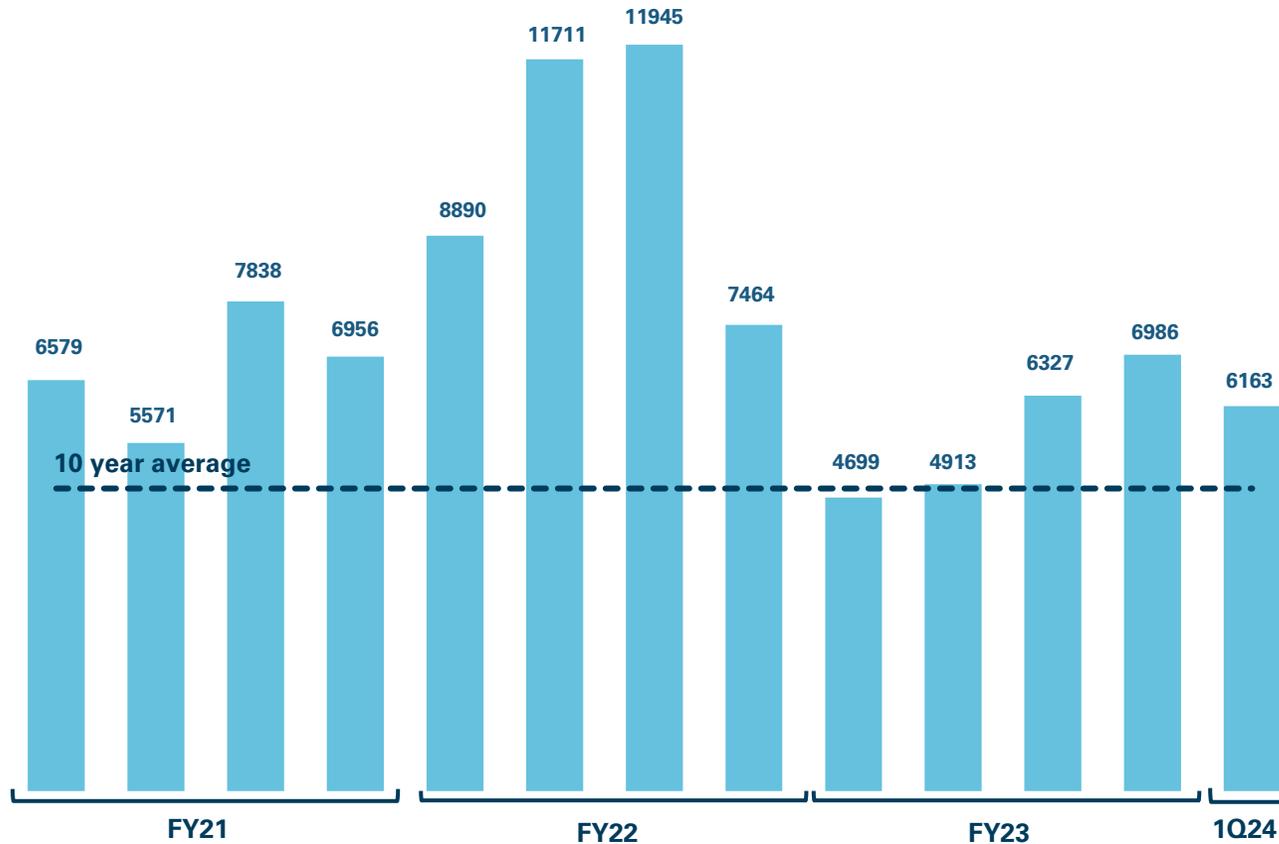


Notes:

<sup>1</sup> Includes FY23 final dividend payable

# Enquiry Levels Remain Solid

Sales are tracking in line with expectations



- 1Q24 net sales of 552 reflecting an 81% increase on 4Q23
  - WA market conditions continued to improve throughout 1Q24
  - New sales releases in existing and new projects in SA
  - Sales volume activity is expected to remain sensitive to the interest rate outlook and consumer confidence
- Enquiries are trending above pre-COVID levels and the 10-year average
- Conversion rates continued to improve during 1Q24
- Cancellation rates are trending down towards longer term averages
- Value of contracts on hand at the end 1Q24 has increased to \$487m since 30 June 2023

# Delivering against our Strategy

Significant value to be unlocked

## **INVEST** in high quality land in strategic locations across country

- Land bank weighted to undersupplied east coast markets
- Recent acquisitions have resulted in increasing embedded margins
  - Average age of land bank is 10 years
- Key projects have environmental and planning approvals in place
- Significant value creation to be unlocked through
  - Flagstone City – Town Centre
  - University of Canberra project
  - New project commencements
- Continue to assess selective acquisitions to restock pipeline
  - Anticipating opportunities to emerge as markets moderate



## **EXPAND** product offering and geographic presence to appeal to wider variety of customers

- Targeting infill projects of major capital cities
- Two new projects commenced development/sales during FY23
- First settlements from nine new projects by FY25 increasing activation of landbank to c.83%
- Continued focus on increasing the Group's townhouse pipeline
  - Current pipeline of c.1,200 townhouses nationally
- Look to build on townhouse and apartment pipeline as opportunities emerge



## **MAINTAIN** strong capital management

- \$150m of liquidity available
- Gearing of 27.7% within target range
- Focus on improving operating cash flows
  - Operating cash flows (before acquisitions) of \$89m
- Maintaining a disciplined approach to capital management
  - Aligning production levels and development spend with sales demand
- Group well positioned to consider capital management initiatives to further improve shareholder returns
  - On-market share buy back has reduced shares on issue by 4% to date



## **VALUE CREATION**

- Good visibility of future earnings underpinned by a low-cost land bank
- Ability to leverage well established funds management capability where appropriate to unlock value
- Improved shareholder returns
  - reduce share price discount to market NTA
  - Dividend payout ratio 50-60%
  - On-market share buy back extended
- Continue to assess opportunities to maximise market cycles to unlock value where appropriate

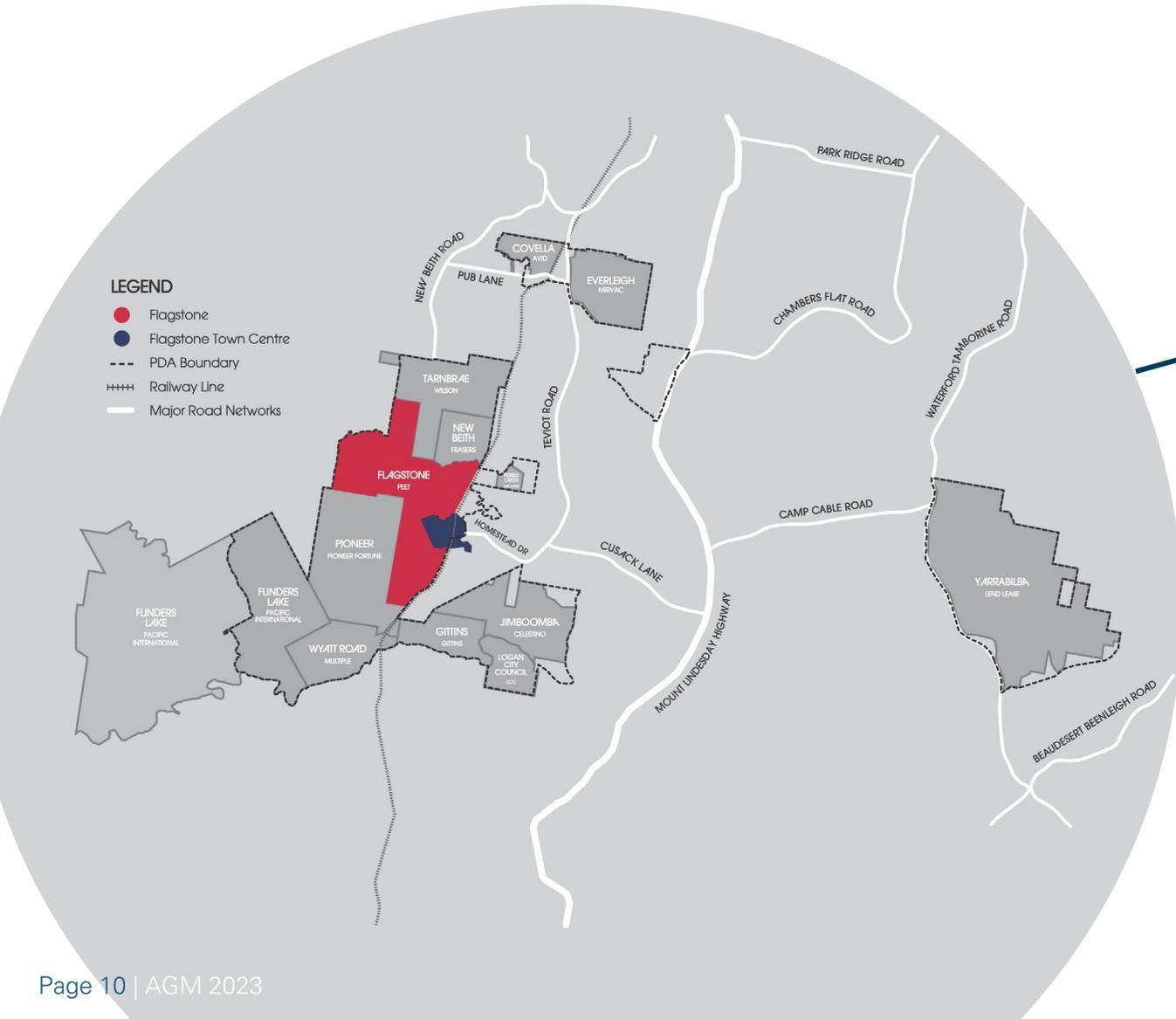


Creating a future **city**  
Flagstone 

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# Greater Flagstone Priority Development Area



Equivalent to  
**Australia's 20<sup>th</sup>**  
largest city



**The largest**  
residential priority  
development area  
in Australia

# Peet Flagstone City Project Snapshot

## A 20 YEAR VISION



Highest lot sale  
\$325,000.  
Highest re-sale  
house \$865,000



Gross  
Development  
Value \$4.1bn



100ha of  
commercial town  
centre land plus  
30 ha of school  
sites



Anchored by a  
Health Precinct and  
a future passenger  
railway station

# Peet Flagstone City Project Snapshot

## A 20 YEAR VISION



12,000  
new homes



30,000+  
population



1,200  
residential  
settlements  
to date at 7.6%  
compound price  
growth



10,800  
residential  
dwelling  
remaining to  
develop



Springfield

Brisbane CBD

Flagstone City Centre

Future Residential Stages

Stage 2 Residential - Selling

Future Train Station

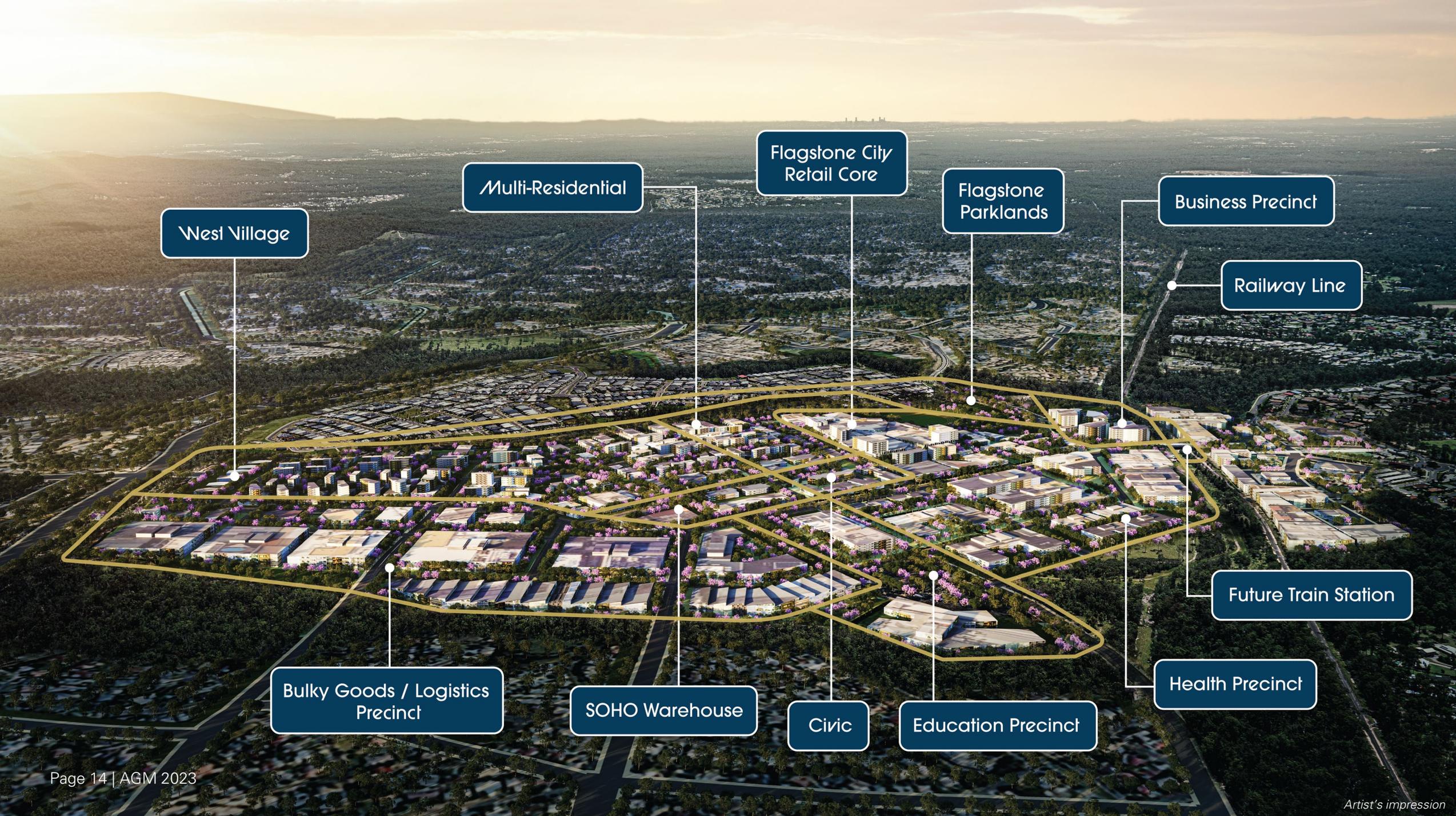
Flagstone East - Complete

Future Residential Stages

Stage 1 Residential Complete

Railway Line





West Village

Multi-Residential

Flagstone City  
Retail Core

Flagstone  
Parklands

Business Precinct

Railway Line

Future Train Station

Health Precinct

Education Precinct

Civic

SOHO Warehouse

Bulky Goods / Logistics  
Precinct

# Flagstone City – Town Centre

## 100 hectare Town Centre

373,000 m<sup>2</sup> Commercial/  
Non-Residential GFA

1,700 dwelling &  
accommodation units

## 20 hectare existing commercial in Town Centre East

Over 13,500m<sup>2</sup> GFA  
already developed

Achieving up to \$400/m<sup>2</sup>  
for Town Centre  
land to date

# University of Canberra Project – ACT

- Urban infill project comprising c.2,700<sup>1</sup> dwellings with a GDV of c.\$2.4 billion
  - comprising a mix of townhouses and apartments
- Located 6.5km from Canberra City and providing significant presence in the Belconnen Town Centre growth corridor
- Significant sustainability initiatives comprising 7-8 star buildings, solar passive design including street lighting and infrastructure and central waste facility
- The acquisition of the property was finalised in October 2023 with the purchase price to be paid in instalments over six years commencing in November 2023



Notes:

1 Includes option of c.1,000 dwellings

# University of Canberra – ACT



Artist's impression

# University of Canberra – ACT



# New Projects Provide Medium Term Earnings Visibility

Pipeline of approximately 35,700 lots<sup>1</sup> providing visibility of future earnings

- Up to **two** new land community projects and **six** townhouse/apartment sites to commence development within the next three years
- Planned project releases will be fully funded from internally generated cash flows and existing debt facilities

## FY24 – FY26 NEW PROJECT RELEASE SCHEDULE

| PROJECT                      | STATE | SEGMENT       | PROJECT LAUNCH <sup>2</sup> | LOTS <sup>3</sup> / UNITS | GDV             | PROJECT LIFE (YEARS) |
|------------------------------|-------|---------------|-----------------------------|---------------------------|-----------------|----------------------|
| <b>Communities</b>           |       |               |                             |                           |                 |                      |
| Craigieburn West             | Vic   | Owned         | <b>FY24</b>                 | 806                       | \$327m          | <b>5</b>             |
| Palmview DMA                 | Qld   | Funds         | <b>FY26</b>                 | 737                       | \$133m          | <b>5</b>             |
| <b>Townhouses/Apartments</b> |       |               |                             |                           |                 |                      |
| University of Canberra       | ACT   | Owned         | <b>FY25</b>                 | 2,694                     | \$2,358m        | <b>15</b>            |
| Keysborough                  | Vic   | Owned         | <b>FY25</b>                 | 101                       | \$118m          | <b>3</b>             |
| Cranbourne East              | Vic   | Owned         | <b>FY25</b>                 | 60                        | \$36m           | <b>3</b>             |
| Glendalough                  | WA    | Owned         | <b>FY25</b>                 | 100                       | \$91m           | <b>3</b>             |
| Forestville                  | SA    | Joint Venture | <b>FY24</b>                 | 188                       | \$102m          | <b>4</b>             |
| Glyde Street                 | WA    | Owned         | <b>FY25</b>                 | 50                        | \$64m           | <b>3</b>             |
| <b>Total</b>                 |       |               |                             | <b>4,736</b>              | <b>\$3,229m</b> |                      |

Notes:

- 1 Includes equivalent lots
- 2 Commencement of sales/development
- 3 Refers to lots and/or dwellings

# Group Outlook

Flexible delivery program in place to take advantage of shortage of market supply

- Residential markets continue to adjust from their peak as a result of interest rate increases, inflationary pressures and consumer confidence
- Despite markets being at or close to bottoming and along with an improvement in enquiry levels, we expect the market to wait for stabilisation in interest rates before buyer confidence begins to return
- Markets remain undersupplied, with underlying fundamentals remaining positive including low unemployment, above-average wage growth, and increasing overseas migration
- The Group remains well positioned to navigate the current environment and is well placed to respond strongly to a recovery in activity
- Focus remains on executing our strategic objectives and maintaining a disciplined approach to capital management

**Focused on positioning the Group for growth through a prudent approach to project delivery and identifying growth opportunities**

- The Group achieved an operating profit after tax for FY23 of \$70.1 million
- Given the current economic backdrop, which Peet expects to persist throughout 1H24, Peet will continue to adopt a cautious approach as it enters FY24 with earnings expected to be strongly weighted to 2H24



*Thank  
You*

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