

26 August 2010

**Strong result provides a growth platform for Peet
- New WA coastal land syndicate to be launched**

- Increase in statutory net profit after tax of 250% to \$42.1 million
- Statutory earnings per share of 14.1 cents per share – up 176%
- Increase in operating net profit after tax¹ of 35% to \$42.1 million
- Final dividend of 4.5 cents per share, fully franked, bringing the full year dividend to 8.5 cents per share - up 21%
- Group sales of 2,567 lots, up 7%
- A total of 1,270 contracts on hand, as at 30 June 2010, for a gross value of \$292.3 million – value up 49%
- Gearing² at 29.5% compared with 33.8% at the same time last year

asx release

Peet Limited today announced a statutory net profit after tax of \$42.1 million for the year ended 30 June 2010.

The Company also announced a new retail syndicate to be launched next month (September 2010). The new Syndicate provides investors with the opportunity to participate in the development of a 1,500 lot master planned community in Perth's northern coastal growth corridor.

Peet Managing Director and Chief Executive Officer, Brendan Gore, said the Group had achieved a pleasing performance in FY10 and the time was right to continue to build its growth platform nationally with the new land syndicate announced today.

"Peet's full-year results reflect an increase in average sales prices in Victoria and Western Australia, improved cost management and the Kingsford syndicate capital raising," he said. "This resulted in consistent growth in our operating businesses and ongoing strength in Peet's capital position."

The number of lots sold across the Group's owned and managed projects increased by 7% on the previous corresponding period to 2,567 lots.

There were a total of 1,270 contracts on hand as at 30 June 2010 – at a gross value of \$292.3 million. This represented an increase of 21% in the number of contracts and a 49% increase in the total value of those contracts, compared with the same time in 2009, and positions Peet well as it enters FY11.

Peet's funds management business performed particularly well during the year, recording an increase of 20% in EBITDA over the previous corresponding period. This result was underpinned by an increase in the EBITDA margin to 70% for the period.

Mr Gore said each half of FY10 was marked by some distinct features.

¹ Pre FY09 write-downs

² (Bank debt less cash)/(Total assets adjusted for market value of inventory less land vendor liabilities and cash)

“Our first half performance was driven by an active first home buyer market responding to the final months of the Federal Government’s First Home Owner Boost and, in the second half, by the strengthening upgrader and investor market.”

“While a series of interest rate rises in the second half of the year increased pressure on affordability, continuing State government-administered incentives for first homebuyers (the most generous of which are made available in Victoria) assisted in maintaining a more ‘normal’ level of demand for affordable land throughout the period.”

“In what was a period of consolidation and preparation for further growth, Peet’s geographical diversity and range of titled stock available to its core markets at the ‘affordable’ end of the spectrum, particularly in Victoria, continued to serve the Company well,” said Mr Gore.

Some 36 Company-owned and managed projects in Western Australia, Victoria and Queensland contributed to Peet’s results in FY10, compared with 32 projects in the previous year. More than 83% of Peet’s land bank is located in Australia’s strongest property markets of Victoria and Western Australia.

Peet’s pipeline continues to deliver new contributors to revenue with up to 4 new projects expected to commence sales in FY11.

Land portfolio metrics

	FY10	FY09	Change
Lot sales	2,567	2,409	7%
Lot settlements	2,366	2,282	4%
Contracts on hand as at 30 June	1,270	1,048	21%
Syndicates / JVs contributing to earnings	23	18	
Company-owned projects contributing to earnings	13	14	

Capital management

Peet’s ongoing capital management program continues to position the business well for future growth with a 54% increase in net operating cash flow for FY10 to \$64.8 million (excluding payments for land).

At 30 June 2010, Peet had reduced interest bearing debt, net of cash, to \$179 million while gearing³ was reduced to 29.5% as at 30 June 2010.

Peet’s successful debt management continues to be underpinned by sound banking relationships with 93% of the Group’s interest bearing debt hedged (compared with 65% at the end of FY09), resulting in an average hedge maturity profile of 4.1 years.

The weighted average debt maturity profile at 30 June 2010 was 1.9 years, compared with 1.3 years at 30 June 2009.

Peet continued to comply with all of its debt covenants during the year.

³ (Bank debt less cash)/(Total assets adjusted for market value of inventory less land vendor liabilities and cash)

Group strategy and outlook

“Peet has a clear strategic focus to further enhance its business model to deliver growth and we will achieve that growth by expanding our syndication platform nationally, improving our market share in existing and new growth corridors and focusing on our residential land development and funds management businesses,” said Mr Gore.

Improving economic conditions in Australia have seen a solid recovery in the residential market throughout 2010, though some challenges remain. These include:

- the impact on affordability of recent interest rate rises along with additional increases in bank variable mortgage rates;
- the timing for the provision of infrastructure to meet Australia’s projected population growth; and
- continued delays in the land development approvals processes.

The Company has continued to actively assess opportunities to build on its already sizeable land bank and the next move to expand its syndicate platform is a prime site in Perth’s northern growth corridor. Mr Gore said preparations were well underway for the launch of the syndicate opportunity in September 2010.

“The land is zoned residential and is located adjacent to the Sun City Country Club in Yanchep and has more than four kilometres of frontage onto the Golf Course,” he said. “The proposed residential estate will produce more than 1,500 lots.”

Meanwhile, the longer term national property market fundamentals remain very sound including population growth in all key markets and, in particular, in the growth corridors where Peet’s land is concentrated.

While there is the possibility of further interest rate rises, there remains an undersupply of housing, and Peet expects ongoing interest from homebuyers seeking affordable product, as well as upgraders and investors who were more active in the second half of the financial year and have continued to be a significant factor since.

The Company is well placed to take advantage of further opportunities in FY11 with a strong balance sheet, good banking relationships, a significant land bank and a proven management team.

Dividends

The Directors have declared a final dividend of 4.5 cents per share, fully franked, to be paid on 15 October 2010, with a record date of 24 September 2010. This brings the total dividends in respect to the financial year ended 30 June 2010 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.

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