



Peet Limited

2009 Annual General Meeting

November

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FY09 key messages

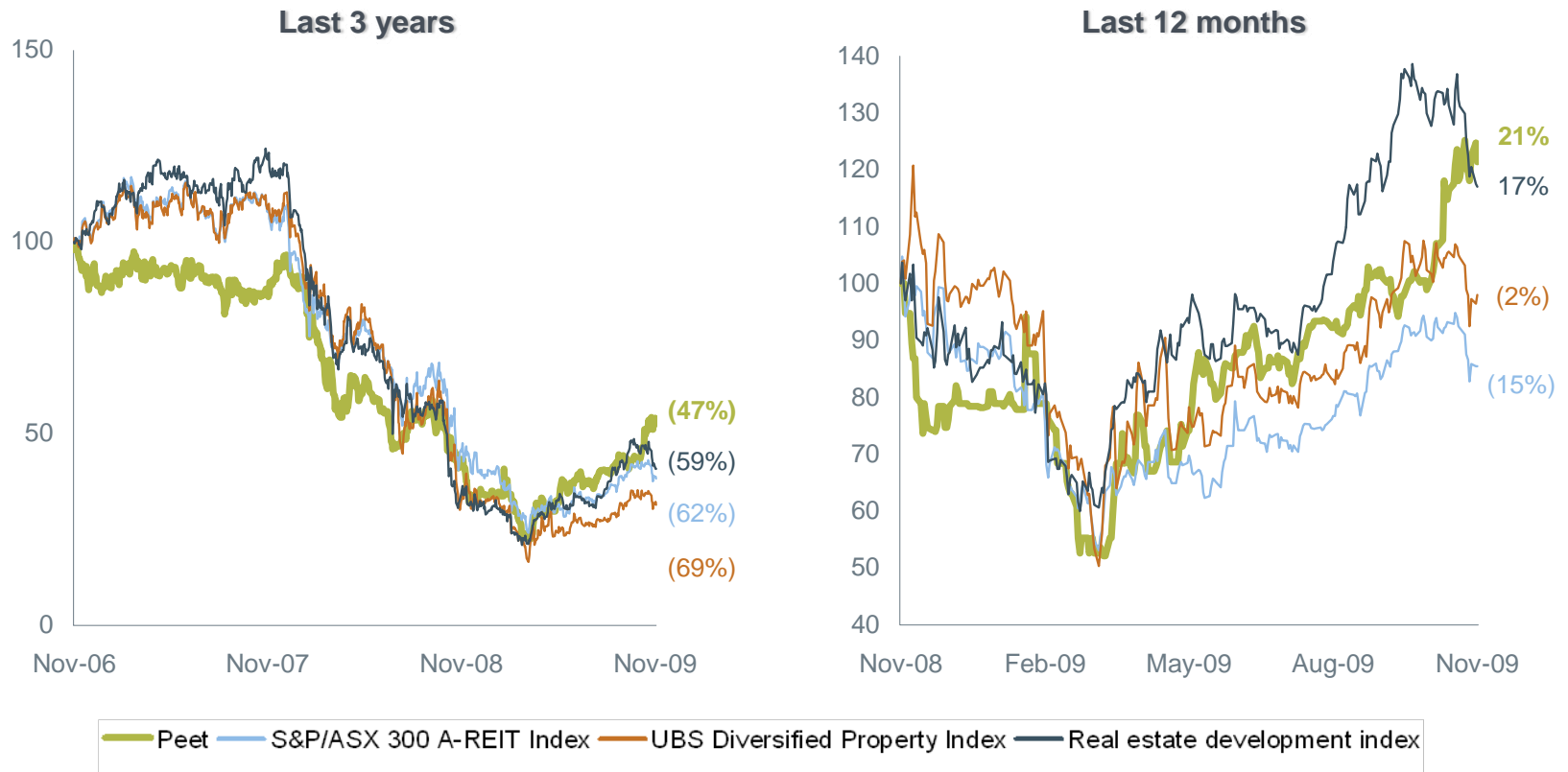
- » Solid operating performance in challenging trading conditions
- » Good capital management, disciplined approach to be maintained
- » Strengthened balance sheet – capital raising and gearing reduction
- » Debt facilities have been extended
- » Full year dividend of 7.0¢ per share fully franked
- » Economic conditions expected to remain challenging; improve towards the end of FY10

Share Price Performance

Peet has outperformed peers and all relevant indices

- » Both over the mid and long term, Peet's share price has fared better than all relevant indices

Relative share price performance



Source: IRESS, as at 4 November 2009

FY09 group performance highlights

Peet achieved revenue growth of 5% for FY09; full year dividend of 7 cents per share fully franked

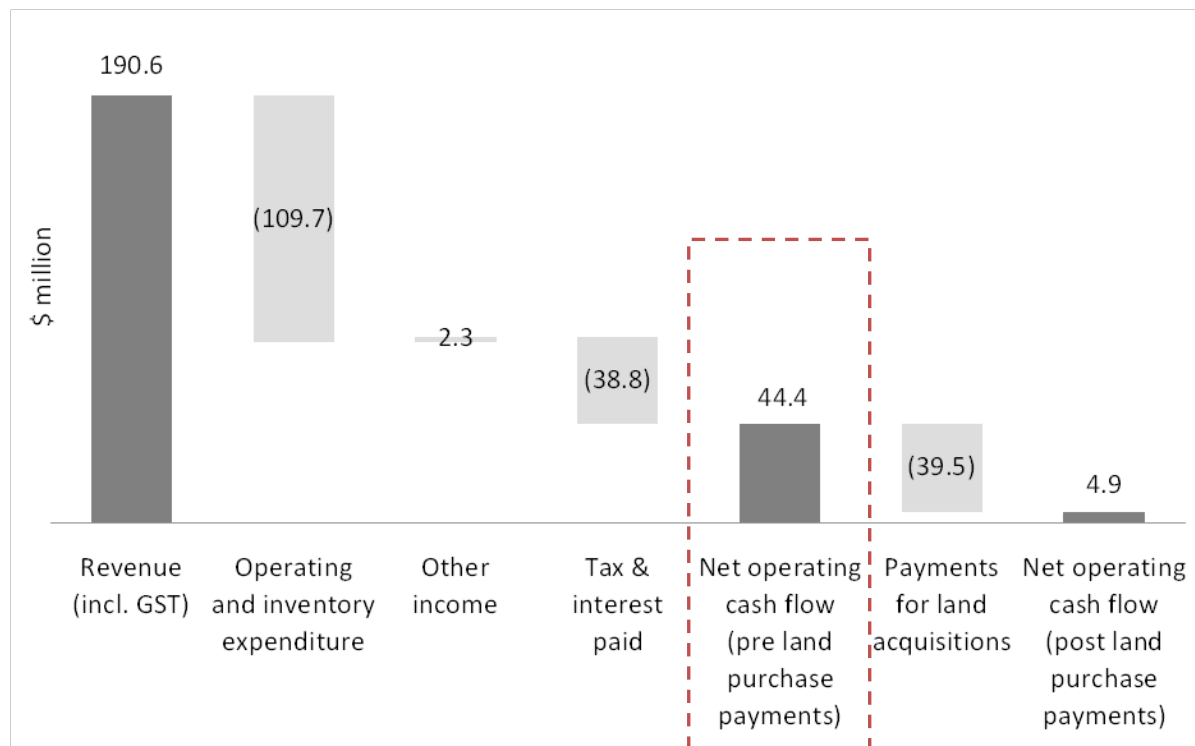
- » Full year operating net profit after tax of \$31.2 million (FY08: \$47.9 million)
- » Statutory NPAT of \$12.0m
 - » Impacted by pre-tax write-down of inventories of \$27.4m (\$19.2m post-tax)
 - » Primarily impairments of industrial land portfolio and write-down of capitalised costs associated with non-core projects
- » NTA per share of \$1.34 as at 30 June 2009
 - » Does not account for value of funds management business / earnings
 - » Based on mortgage valuations
- » Gearing of 34%
- » Final dividend of 4 cents per share fully franked
- » Sales of 2,409 lots from managed and owned projects

FY09 factors

- » Tighter margins
 - » Highly competitive environment
 - » Part of capital recycling strategy
 - » Strategic decision to meet the market
- » Funds management – no new syndications in FY09
- » Improved affordability
 - » FHOB, FHOG, stamp duty relief, low interest rates, industry incentives
 - » Flow-on to second and third home buyers
- » Investors re-entering the market
 - » Rising house prices, increasing rents, improving yields, low vacancies, under supply of housing
 - » Low interest rates
- » Credit squeeze for home buyers – some benefits
 - » Enhanced the credit worthiness of buyers – no significant increase in cancellations
 - » Most bank LVRs still 85% or above
 - » LVRs and lending criteria appear to have stabilised

Cash flow analysis

- » Operating cash flow influenced by focus on
 - » Working capital optimisations, i.e. sales activity
 - » Cost-conscious management
 - » Deferral of some developments
 - » Fewer cancellations of agreed sales



Capital management

- » Core debt facility of \$250m extended for a further 3 years to Oct. 2012
 - » No debt maturity until July 2011
 - » Single banking relationship for over 114 years
- » Gearing covenant based on market value of inventory
- » Compliant with all debt covenants
- » Entered into \$200m+ new interest rate hedges in April 09 – cost of debt benefit
- » DRP activated for final FY09 dividend

	New facility ⁴	30 Jun 09	30 June 08
Weighted average debt maturity	2.4 years	1.3 years	2.2 years
Weighted average hedge maturity	4.7 years	5.1 years	2.1 years
Debt fixed/hedged	88%	65%	37%
Weighted average cost of debt ¹	6.3%	5.9%	7.8%
Net debt	\$195m	\$184m	\$224m
Gearing ²	34%	34%	39%
Interest cover ³	3.7x	2.7x	4.2x

Notes:

1 Including all costs, fees and margins

2 Net debt / total assets adjusted for market value of inventory less land vendor liabilities and cash

3 EBITDA/total interest cost (including capitalised interest)

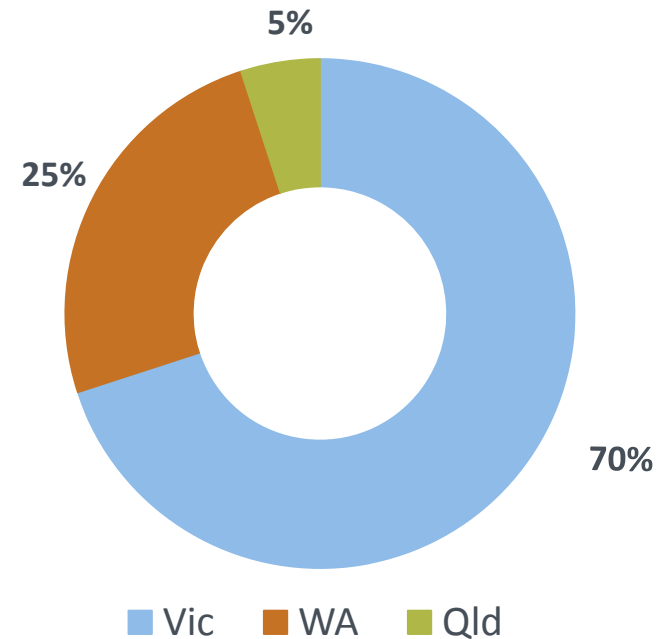
4 As at 31 October 2009

Current market conditions

Diversification important in a generally challenging environment

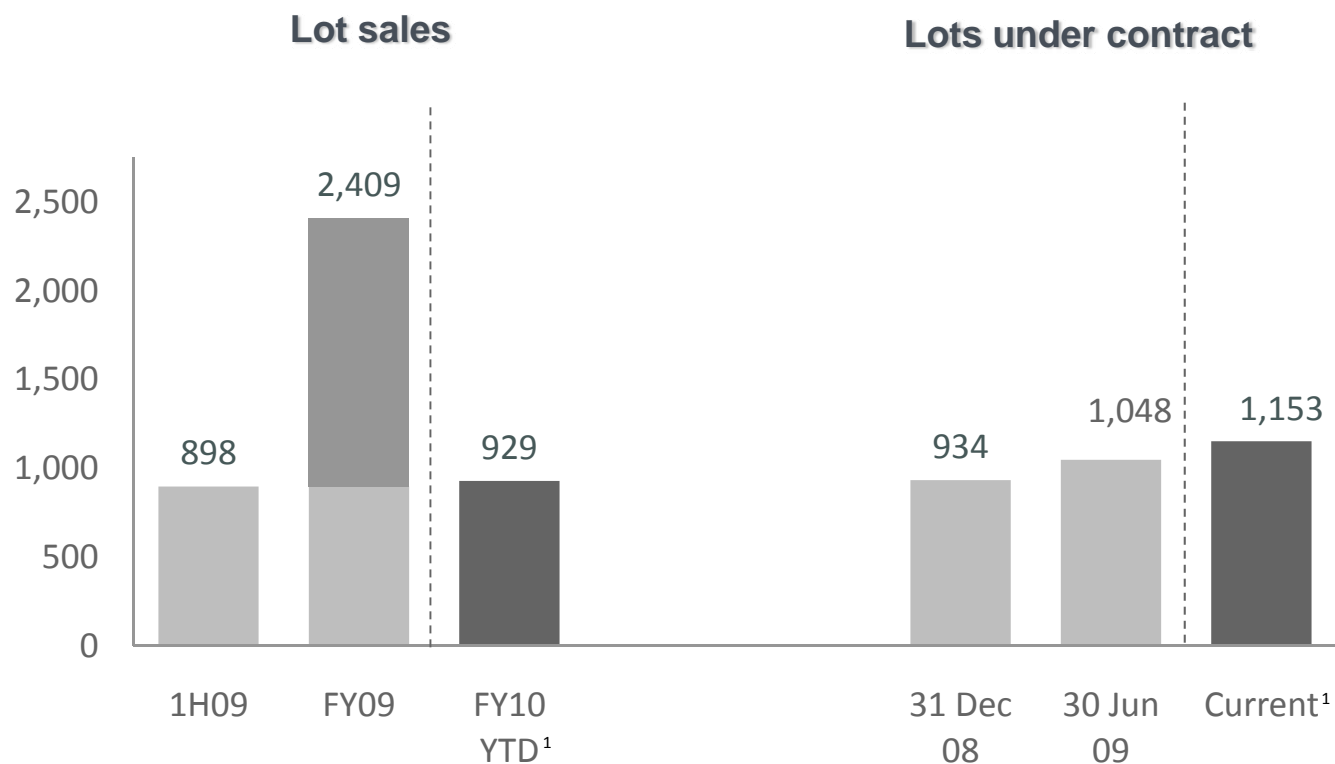
- » 70% of FY09 EBIT from Victoria, market remains strong, currently the most stable and affordable market of the major states
- » Cautious but confident on WA – Long term fundamentals remain strong based on infrastructure and resource projects announced as well as stock deficiency
- » Qld market remains mixed however SEQ has rebounded recently with encouraging sales momentum
 - » Fundamentals remain sound for the medium to long term
- » Government and RBA recognise importance of sufficient land supply and sound housing market

EBIT FY09 composition by geography



Sales update – FY10 YTD

- » Already 929 lot sales for the period ended 31 October 2009
- » 1,153 lots under contract (\$230.1m)¹



Note:
¹ As at 31 October 2009

Peet Point Cook Kingsford Syndicate

Funds management growth strategy on track

- » Offer closed oversubscribed; total equity raising of \$22 million
- » Subscriptions from new Peet investors accounted for more than 40% of capital raised
 - » East coast subscribers made up more than 35% of all investors
- » Development of 567-lot community in Point Cook, Victoria
- » Planning for development progressing well with construction expected to commence in March 2010



Project update

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Alkimos – Western Australia

- » Peet's largest managed fund
 - » Will comprise approximately 3,300 dwellings
 - » Est. end land sales of \$1bn (today's \$) over 11 yrs
 - » Peet equity interest approx. \$25m / 14%
 - » Institutional partners
- » District Structure Plan and Local Structure Plan approvals now received
- » First sales / settlements expected to occur in FY10
- » To provide long-term recurrent fee income



*Computer generated concept image

Greenvale - Victoria

- » 25km north of Melbourne CBD
- » Approximately 2,500 lots
- » Catholic school in operation
- » Stages 9 & 10 (73 lots) pre-sold, now under construction
- » Public open space being constructed around wetlands, with 10 hectare district open space to come



Craigieburn - Victoria

- » 28km's north west from Melbourne CBD
- » Now within Urban Growth Boundary – planning progressing
- » 1,500 lots
- » Proposed state school
- » Proposed neighbourhood activity centre



Outlook and strategy

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Land / residential investment case

Medium and long-term fundamentals for residential land remain compelling

- » Population growth of 1.1% p.a. for the foreseeable future
 - » Population expected to grow by approx. 1 million between FY09 and FY13
 - » Need to house population – irrespective of ownership
- » Current housing stock deficiency in all states likely to increase due to
 - » Overseas migration / population growth
 - » Decline in production due to current environment/lack of credit/planning constraints
- » Continued federal and state government support of sector
 - » Federal Government's First Home Owners Grant remains post December 2009
 - » A number of State Governments' first home buyers initiatives remain; state based grant programs, stamp duty concessions, shared equity models
- » Increasing rental yields and low residential vacancy rates likely to underpin future residential demand

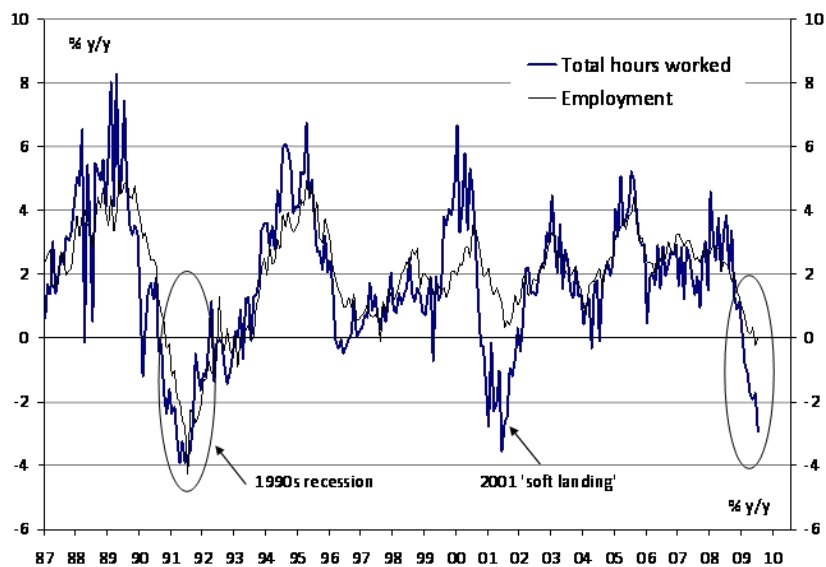
Source: ABS, Federal Minister for Housing, UBS Economic Research

Australian economic fundamentals

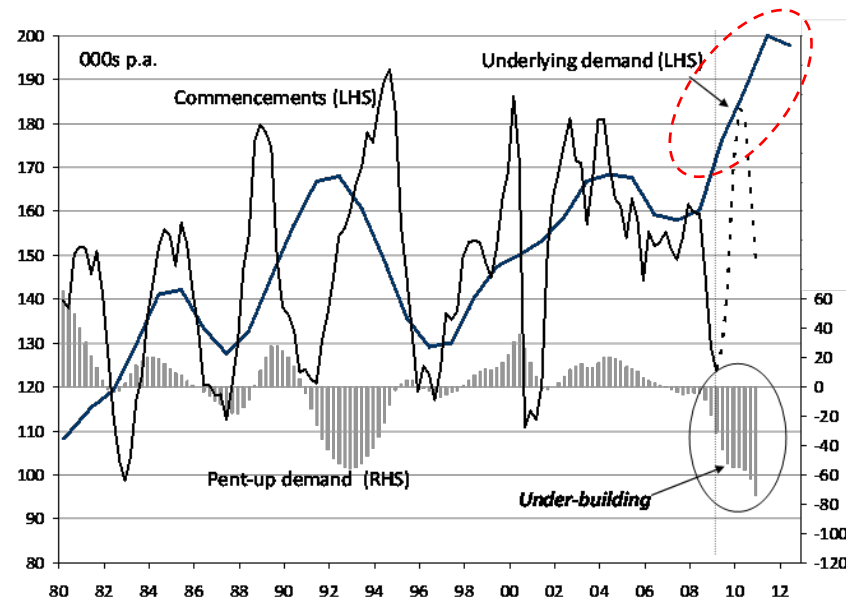
Several signs that the worst is over

- » Unemployment rate has been rising, but is not forecast to increase markedly above 6.5%
- » Reduction in hours worked rather than loss of jobs therefore supporting consumer confidence
- » Population continues to grow, while housing supply continues to fall short of demand

Employment vs. hours worked



Housing demand vs. supply



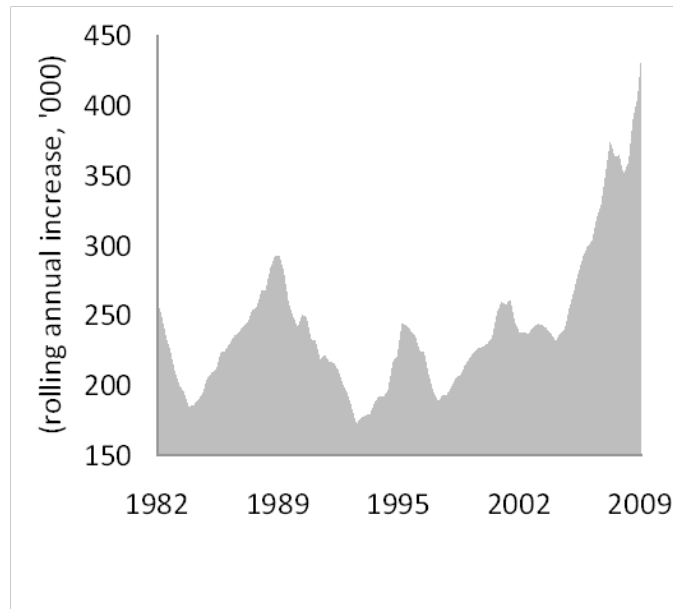
Source: ABS, UBS Investment Research, ANZ, NAB

Australian economic fundamentals

Economic fundamentals point to future growth

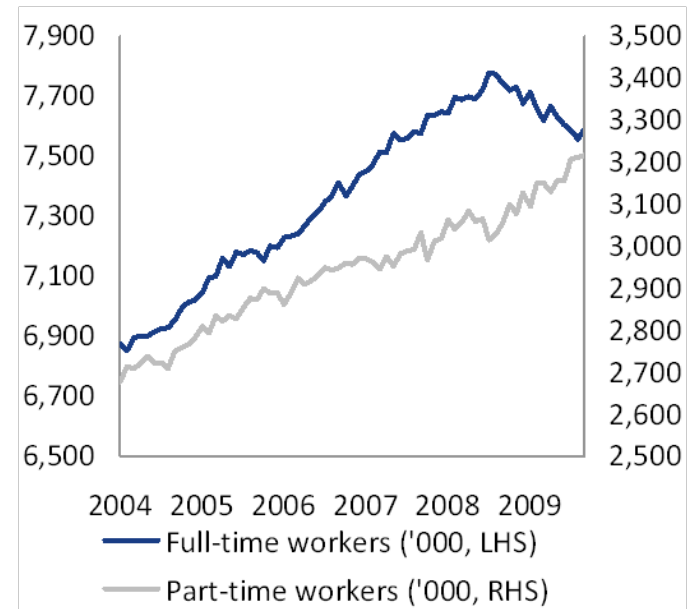
- » Population continued to grow at more than 1.5% p.a. since 2006
- » Population increase of 2.1% over the year to the March 2009 quarter – implying a demand for around 165,000 new dwellings per annum

Population



Source: ABS

Employment

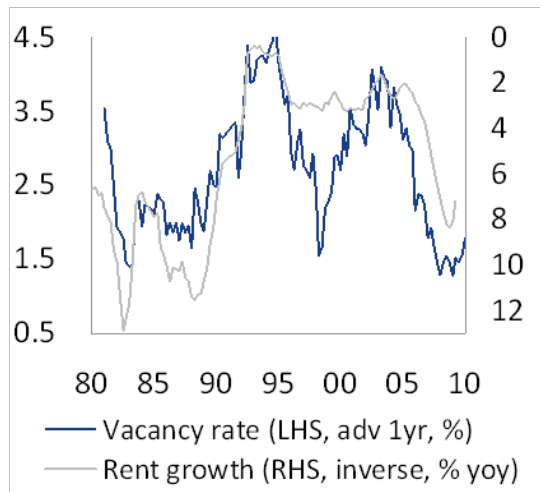


Australian residential market fundamentals

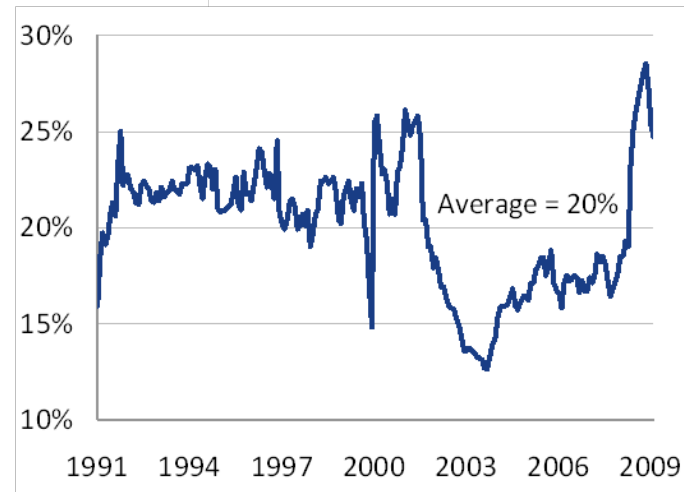
First Home Buyers will not disappear

- » There is no doubt that FHOB has brought forward some demand from first home buyers
- » First home owners have been re-entering the market due to improving affordability
- » Affordability still significantly better than in 2006-07
- » Surge in first home buyer demand now slowly permeating through to greater demand from upgraders who are trading over to their next dwelling after selling to the first home buyers
- » Strong rental environment price stabilisation also beginning to attract investors back into the market

Low vacancy rates



FHBs as % of owner-occupier finance

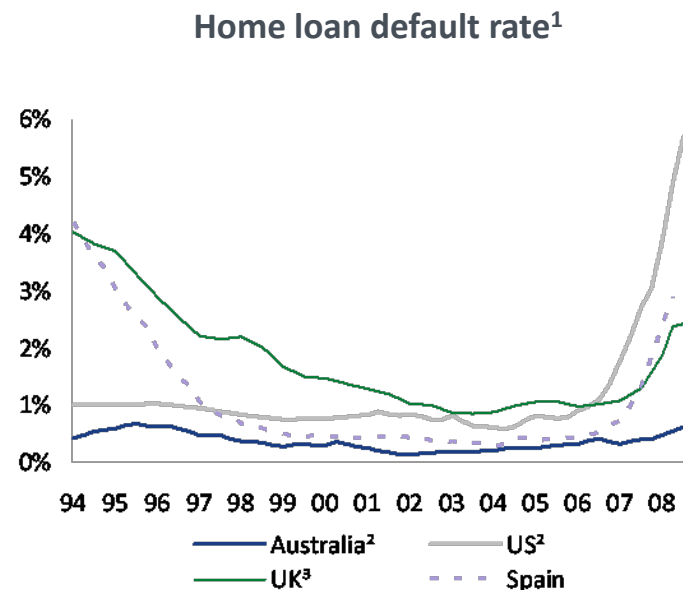
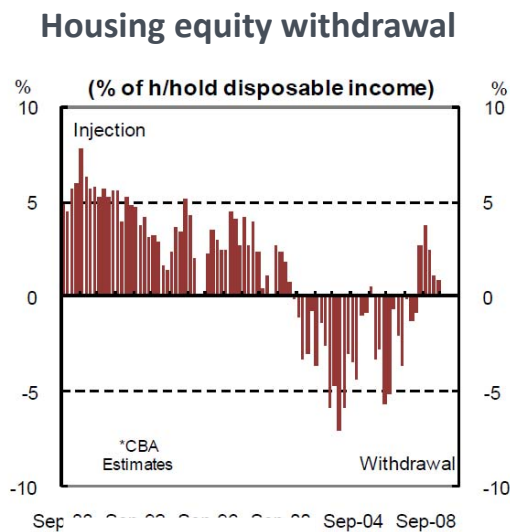
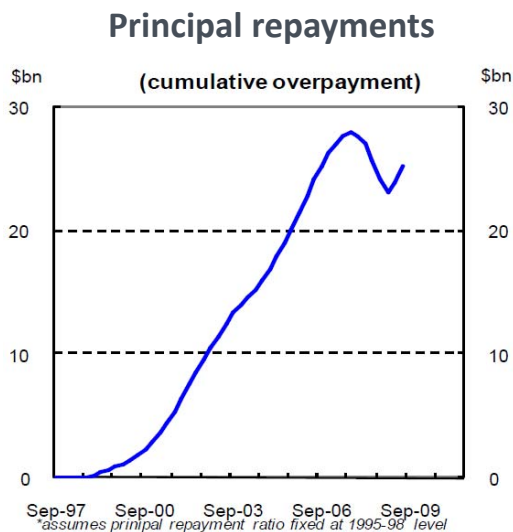


Source: ABS, HIA Economics Group, UBS Investment Research, CBA, HIA, REIA

Note: Housing Affordability Index based on quarterly data for 2009

Australian residential market fundamentals

- » Banks continue to lend to homebuyers; in international comparison, low default rate on home loans
- » Households have been taking steps to protect their balance sheets and are injecting equity
- » Peet has been experiencing a solid pick up in activity since the beginning of CY 2009



Source: CBA, ABS, UBS Investment Research, Council of Mortgage Lenders

Notes: 1) % of loans by value. Includes 'impaired' loans unless otherwise stated. For Australia only includes 90+ day arrears prior to 9/03

2) Banks only

3) % of loans by number that are 90+ days in arrears

Strategy

- » Peet's strategic priorities remain
 - » Focusing on core businesses of funds management and residential development
 - » Continuing expansion of retail funds management platform nationally
 - » Continuing to meet the needs of its core markets – first and second homebuyers – with a range of product at affordable prices
 - » Remaining proactive and prudent with capital management by recycling capital and managing gearing levels
 - » Maintaining a commitment to being environmentally responsible across its operations
- » While pro-actively managing itself through the recent economic downturn, Peet will continue to responsibly identify and explore growth opportunities, building on a quality asset base
- » Expand and build the capability of our people and processes

Outlook

- » Peet's core market is first and second home buyers
 - » First home buyers' market likely to remain strong in 1H10, supported by grants
 - » Second+ home buyers and investors re-entering the market as confidence increases
 - » *Interest rates still at historically low levels*
 - » *Significantly improved affordability compared to 2005-2007*
 - » *Flow-on from first home buyer activity*
 - » *Has unemployment peaked?*
- » Encouraging start to 1H10 – solid sales results achieved for period ended 31 October 2009
 - » 1,153 lots under contract (\$230.1m) as at 31 October 2009
- » Peet is well placed to benefit from improved conditions
 - » Significant land bank – over 15 years supply at current rate of production
 - » 5 new projects coming to market over the next 12 months – subject to market conditions
 - » Average land bank age is 6.1 years

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