

19 November 2008

Chairman's address to 2008 Peet Limited Annual General Meeting

Introduction

Ladies and gentlemen, this is our fifth AGM since listing in 2004 and we have reported our fifth consecutive year of NPAT growth and an increase in both earnings per share and dividend per share for the 2008 financial year.

It was a good year for us in challenging conditions.

We are here today against the backdrop of an unprecedented economic environment and the Managing Director and Chief Executive Office, Brendan Gore will have more to say about that shortly.

I imagine that you are less interested in hearing more from me about what is already in our 2008 Annual Report and more interested in our current and future outlook.

The fact is we are trading profitably, undoubtedly assisted by the highly laudable initiatives taken by our Australian Government, the Parliament and the Reserve Bank.

There are buyers for our building lots and we are highly conscious of delivering competitive product to them.

But let me, for a moment, pay credit to the 2008 financial year performance. After all, I would suggest that is relevant as an indicator of how we can perform for our shareholders when the economy returns to more normal circumstances.

Ladies and gentlemen, overall, the Company's net profit after tax for the year ended 30 June 2008 increased to \$47.9 million – up another 5.3 per cent on the previous year.

Our gross revenue increased by 15.4 per cent to almost \$168 million and earnings per share increased to 21.6 cents per share, up marginally on FY07.

There was also an increase in the dividend per share for the year – up to 19.75 cents per share fully franked, or 28.2 cents per share before tax. The total dividend payments for the year – with the final dividend payment made last month – were \$43.9 million plus fully franked tax credits.

Building on strong growth figures year-on-year isn't easy, even in good times, and to have achieved the solid set of figures mentioned in difficult trading conditions, which were emerging in 2008, is very pleasing.



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The business model

We are proud of our 113-year history and, though we're a very modern and dynamic company, the people in it never lose sight of our traditions.

Our business model has stood the test of time and we have a strong core asset – a land bank of around 37,000 lots around the country – that will continue to underpin growth in the medium to long-term and provide for current earnings.

During the 2008 financial year, Peet acquired a total of some 5,600 lots, made up of a combination of residential and some potential industrial lots, mainly in Western Australia, Victoria and Queensland.

Consistent with the historic profile of our land bank, the parcels of land we've acquired are strategically located, generally in growth corridors, close to planned or existing infrastructure – and all with identifiably good potential.

We will never deviate from the business we know best – value adding to our core asset in a way that beneficially serves our shareholders and Australian communities.

Our very straight forward, hardworking and honest approach to the property business will continue to stand us in good stead in these difficult times.

Share price and market capitalisation

Peet's share price at the close of yesterday's market was \$1.40 – for a market capitalisation of approximately \$311 million.

Sentiment towards the Australian listed property sector has suffered significantly as a result of the challenging global financial markets and the high-profile under-performance or, in certain instances, the failure by other businesses, in the sector.

While the factors contributing to the negative sentiment are beyond your Directors' control, what we are doing and what we will continue to do is to focus the Company on the fundamentals of our business and position ourselves for when conditions begin to improve.

Our priority is maintaining shareholder value; and I trust that everyone here today recognises our past and ongoing evidence of delivering the best possible results for all our shareholders.

Peet – positioning ourselves to weather the storm

Peet Limited's group cash flows remain sound. We are well positioned with 100% of total bank debt secured by our portfolio of high-quality assets, solid operating cash flows and strong banking relationship.

At this time I wish to especially recognise the service and business relationship we have with our Bankers, the National Australia Bank, with whom Peet has banked for 113 years since 1895 – spanning three centuries. The NAB has been a key player in our Company's growth, performance and present status.

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Enriching lives since 1895 | Asset Manager | Land Syndicator | Fund Manager

Peet Limited | ACN 008 665 834 | Australian Financial Services Licence 225772 | Licensed Real Estate Agent in WA

The Australian property market

In the year to September 2008, house prices rose by 5.6% in Brisbane and a very significant 8.1% in Melbourne.

If you look at the September 2008 quarter alone however, they dropped 3.3% in Brisbane and just under 2% in Melbourne.

They were down about the same amount in the weaker New South Wales market and, in Perth, where the market has been soft for a while now, the Bureau of Statistics figures show that house prices fell over the year ended 30 June 2008 by 4.1% and by 1.1% during the September quarter.

So it's a volatile market – the figures confirm what we recognised, and what we've been responding to in recent times with a series of very prudent measures, which I will discuss shortly.

Government initiatives

There have been national and state-based responses from our governments and their instrumentalities.

The Reserve Bank and Australian Federal and State Governments have moved very quickly in taking measures to restore confidence to the market and it has taken just weeks for positive signs – increased visitor numbers to our estate display villages and sales offices, and increased sales – to show.

After 12 interest rate rises in a row, the Reserve Bank has taken decisive action in the past couple of months reducing the official interest rate a total of a full two percentage points.

In October, the Federal Government announced its First Home Buyers Boost – taking the First Home Owners Grant up to \$21,000 for first home buyers purchasing or building a New Home. The first home buyer sector traditionally is the first sector of the market to show a recovery as conditions improve and the recovery then flows upwards. Notably the Victorian State Government makes additional first home buyer grants of \$5,000 to \$8,000 boosting the total grants to \$26,000 to \$29,000.

Together with earlier stamp duty reform from some state governments, the continuation of the shared-equity scheme in Western Australia and the additional first home owners' bonus in Victoria, there has emerged a confidence-boosting package of savings and opportunities for people looking to enter the property market.

We shall monitor whether increased sales over the past month prove to be sustained.

In any event, early indications are that Peet – with land available in attractive price ranges across the country – is well positioned to take advantage of the current circumstances in the short-term and also then in the medium to longer-term as market conditions stabilise and ultimately improve.

We commend these Government initiatives and will play our part by continuing to take responsible action to motivate the market – looking carefully at our product mix, what we can do to create attractive and accessible homesites, and ensuring our prices are right for the market in which we're operating.

Peet's management strategies and initiatives

Peet Limited has taken some sensible and responsible initiatives too.

It is a time for us to focus on prudent capital management – confident in the knowledge that we have the opportunity to come through this challenging period, in a strong position to take advantage of improved market conditions.

Given the current challenging business environment I wish to confirm to you our focus for now, and as long as it takes for some normality to resume, is:

- managing our level of debt;
- managing our capital wisely; and
- maintaining shareholder value and positioning ourselves for current opportunities and growth in the medium to long term.

Our strategy is to continue to:

- focus on our core business to deliver sustainable growth in earnings;
- maintain prudent capital management by recycling capital and managing gearing levels;
- address the affordability issue – and optimise the benefits of Government initiatives – by offering a full range of product;
- growing our existing funds management platform and capital partnering relationships; and
- ensuring our operations are environmentally responsible.

What is appropriate right now, are initiatives designed to see us through these challenging conditions in good shape and to deliver the above strategy. They include:

- Responding to shifts in the property sector and the fall in demand in some markets by selectively delaying certain projects, and this is probably most pertinent in Queensland where we had intended commencing some new projects.
- Deferring the Alkimos retail syndicate opportunity. The highlight of the Company's acquisition program during the year was the purchase of 243 hectares of prime beachfront land by Peet's first wholesale syndicate. The recent opening of the Marmion Avenue extension into Perth's northern suburban corridor underlined just how timely that project is and the enormous potential of the area. But the time is not right for the offer of the retail syndicate and the Company will assess market conditions in the months ahead to determine the best way forward.
- Reviewing overheads and operating costs. Peet has never been an extravagantly spending business, but the review of overheads and general operating costs in these volatile times is still appropriate and further demonstrates our commitment to always manage our business prudently.

Dividends

It's sensible too, to review the Company's dividend payout-out policy. Up until now, Peet has had a payout ratio policy of 90% and that has been appropriate for the recent robust economic times. However, given the current economic climate, your Board has resolved to adjust the Company's dividend payout policy to 60%.

Our track record shows that we are conscious of payout opportunities to shareholders and we will continue to review the payout policy in the best interests of shareholders.

Two key assets – land and people

As previously mentioned, our priority is maintaining shareholder value, which we will do by remaining committed to two of our key assets – our land bank and our personnel.

I've already referred to the first – our very considerable land bank; the third largest land bank of any Australian listed property group.

The second is our people. In challenging market conditions, companies who haven't invested in the quality of their human capital are found wanting.

I am very pleased to say that Peet has attracted new and talented people to the Company at all levels during the year. At the most senior level, Darren Cooper has taken up the position of Chief Operating Officer; Mario Pisano joined us as Chief Financial Officer and Peter Dumas holds the new position of Head of Funds Management.

As I have outlined in the past, part of our ability to attract fine people is that they join a company with opportunities for growth and career development, along with an atmosphere of good governance, ethical behaviour, equal opportunity policies and practices and the ongoing respect of our business partners, the community and clients.

Remuneration

In the case of our executives, our reward framework aims to ensure that reward for performance is competitive and appropriate. 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.

This vote is advisory only, and does not bind the directors or the Company. However, I assure the meeting that our remuneration packages are very appropriate and well supported by qualitative and quantitative performance data and results.

Additionally, there are resolutions proposed for the approval of the granting of Options and Performance Rights to our Executive Directors.



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You'll note I'm sure, and in line with our stated approach, that there are some very significant performance hurdles linked to earnings per share growth and, in respect to the Options, share price growth, before the Executive Directors become entitled to the Performance Rights and Options.

The Peet team

As always, we are very fortunate at Peet Limited to have an outstanding team of management and staff.

I assure each and every one of our shareholders that the team has worked harder than ever to achieve the pleasing 2008 financial year results; and they are applying the full strength of their talent and commitment to the company and its shareholders and investors as we approach the half-way mark of the current difficult financial year.

With their continued work and dedication, I believe Peet Limited will emerge stronger than ever in the years to come.

Brookland Greens

Every year brings its own trials and tests and, as if they didn't have enough to contend with, our Corporate and Victorian offices have coped extremely well with the unexpected emission issues at a former landfill site owned and managed by the City of Casey and adjoining one of our syndicated estates in Cranbourne, Victoria.

For those of you who aren't aware of that matter, some residents were advised to evacuate after high levels of methane gas were detected on a part of the estate in September. The State Ombudsman and the Environmental Protection Authority are now investigating the management of that landfill site.

Peet is actively assisting those inquiries and keeping our syndicate and Peet Limited shareholders up to date as we push for a speedy and thorough resolution to the issues impacting the estate's residents. Most recently we were able to advise that the authorities had announced that it was safe for all residents.

I pay tribute to Brendan Gore and his team in managing that difficult and sensitive issue.

The Brookland Greens estate is one of 80 projects Peet was managing across the country as at 30 June 2008 and we continue to apply our expertise and commitment to excellence in planning and design, sustainability and community building, to each and every one of them.



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Outlook

Ladies and gentlemen, it seems a very long time since I stood here last year and talked about target earnings for 2008 based on an assumption that market conditions continue to remain favourable on the east coast and stable in Western Australia.

Assuming greater clarity in market conditions, your Directors aim to provide a further update on trading activities at the time of announcing the Company's half-year result in February 2009.

The Board

Before I close, may I thank the Board of Peet Limited for wise, diligent and responsible work throughout the year – Managing Director and CEO, Brendan Gore, National Business Development Director, Anthony Lennon and Non-executive Directors, Warwick Hemsley, Stephen Higgs and Graeme Sinclair.

This team of very experienced and dedicated professionals provides first-class shareholder representation.

I also wish to again note the highly valued contributions of key Board support officers, Company Secretary Dom Scafetta and Chief Financial Officer Mario Pisano and their assistants.

Shareholders

Which brings me to you, our investors and shareholders.

I trust you appreciate that your interests underpin every decision we make and hope you are satisfied with another year of growth in FY08, and our management of the Company moving forward.

I thank you for your ongoing faith and support of the Peet team and look forward to delivering my Chairman's Address in more certain global conditions, this time next year.

We are in for challenging times, but I assure you the Company is in a sound position and is in very good hands with a team totally committed to the highest standards of corporate governance.

I now pass you onto our Managing Director, Mr Brendan Gore, to deliver his presentation.

Peet Limited 2008 Annual General Meeting Presentation

November 2008

asset manager land syndicator fund manager asset manager land syndicator fund manager asset manager land syndicator fund manager asset manager



Group performance highlights

Peet achieved NPAT growth of 5.3% for FY08; full year dividend of 19.75 cents per share fully franked

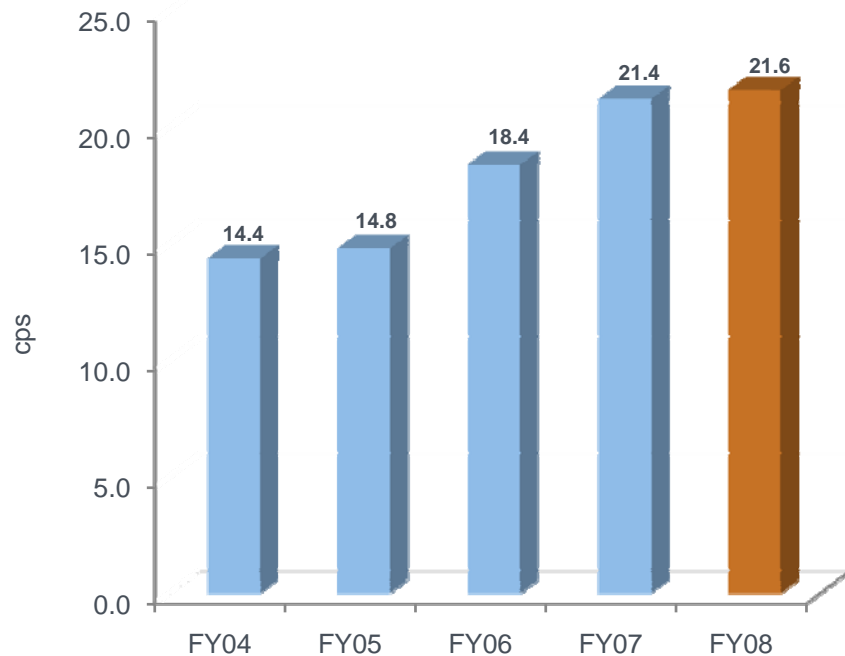
- » Full year net profit after tax of \$47.9 million (FY07: \$45.5 million)
- » Final dividend of 10.75 cents per share fully franked
- » Sales of 2,274 lots from managed and owned projects, with gross sales value in excess of \$370 million
- » A total of 5,600 lots potential acquired
- » Establishment of institutional partnership via the \$300 million Peet Wholesale Land Syndicate and its purchase of a residentially zoned beach front property at Alkimos (WA) – expected yield of approximately 3,000 lots

Strong shareholder returns

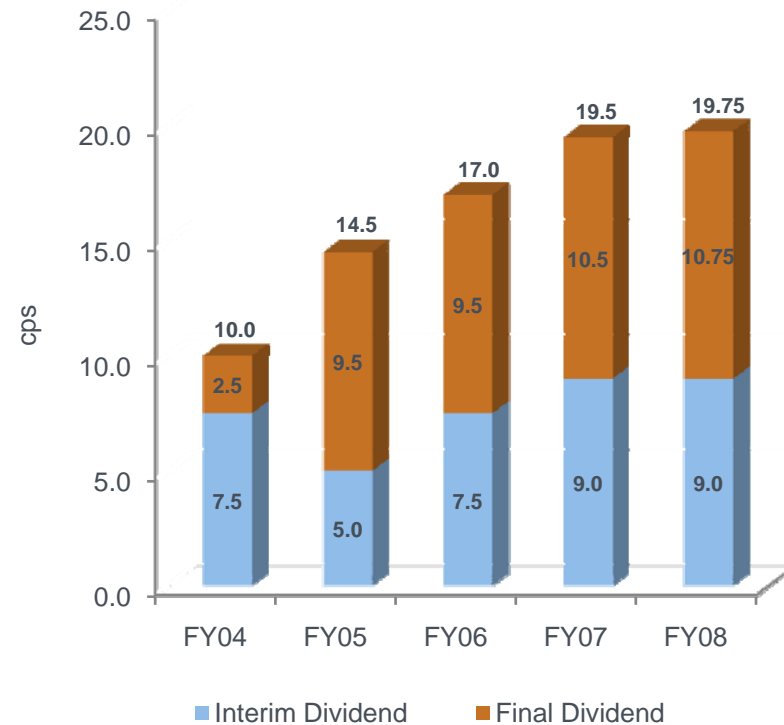
Peet's strong earnings growth has provided high dividends for shareholders

- » Strong historical performance
- » Despite this performance, Peet is not immune to the current macroeconomic trends that are affecting the broader market

Earnings



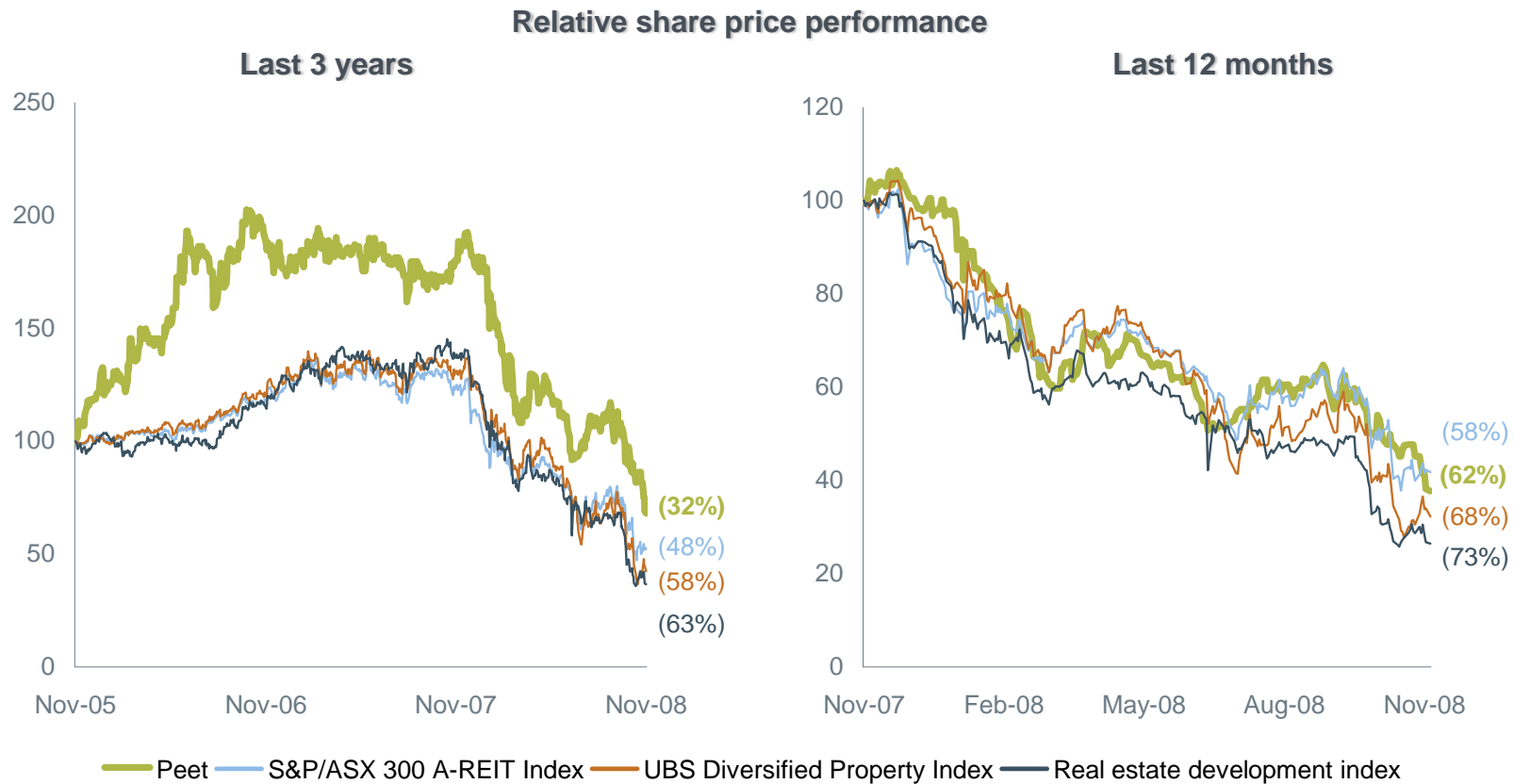
Dividends



Share price performance

Peet has outperformed peers and the relevant indices

- » Although Peet's share price has fallen, Peet has outperformed the relevant indices over medium term



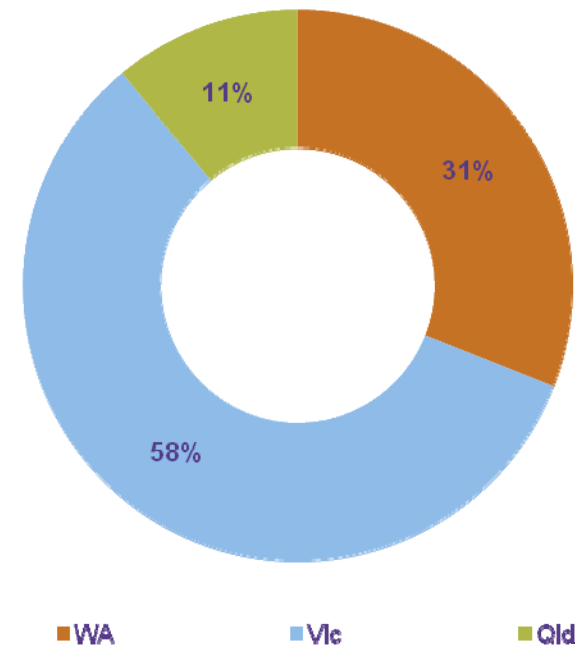
Source: IRESS, as of 17 November 2008

Current market conditions

Diversification important in a generally challenging environment

- » 58% of FY08 EBIT from Victoria, currently the most stable and affordable market of the major states
- » Significant slowdown across Qld currently being experienced
- » Cautiously optimistic on WA due to first home buyers grant, shared equity scheme and increased stamp duty concessions
- » Government and RBA recognise importance of sound land and housing market
 - » Revamped first home buyers grant scheme well received by potential buyers
 - » Lower interest rates improving mortgage affordability
 - » State gov't initiatives e.g. stamp duty relief and additional first home buyers grants
- » Currently 1,010 lots sold from managed and owned projects that are yet to settle with gross sales value of \$196 million
 - » compared to 940 lots/\$183 million at 30 June 2008

EBIT FY08 composition by geography



A stable residential market

Australia is fundamentally different to foreign markets

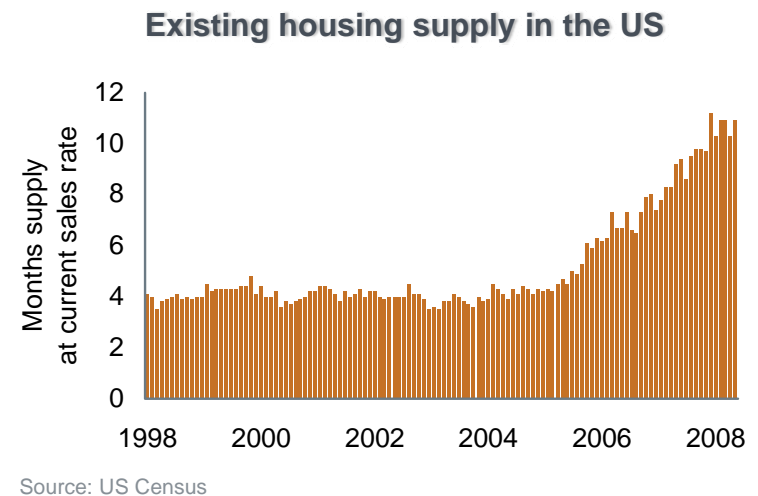
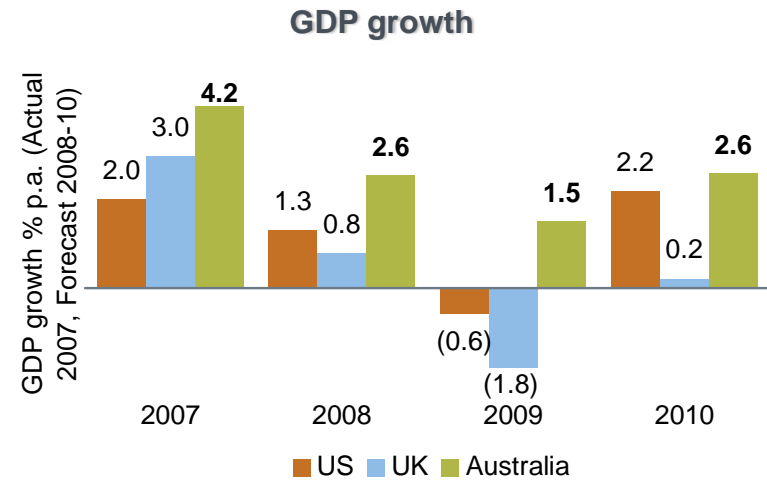
- » US/UK housing market oversupplied
 - » more than 10 months oversupply in the US, leading to lower prices
 - » In comparison, Australia suffers from fundamental undersupply

- » US housing market had relied on dangerous “innovative” mortgage structures, some of which have no recourse to home buyers

- » Higher population growth in Australia forecast for the next decade – organic (45% of growth) and through immigration (55% of growth)

- » Total forecast population growth p.a.:
 - » 1.4% in Australia
 - » 1.0% in the US
 - » 0.7% in England

Source: ABS, BIS Shrapnel, US Census, UK National Statistics

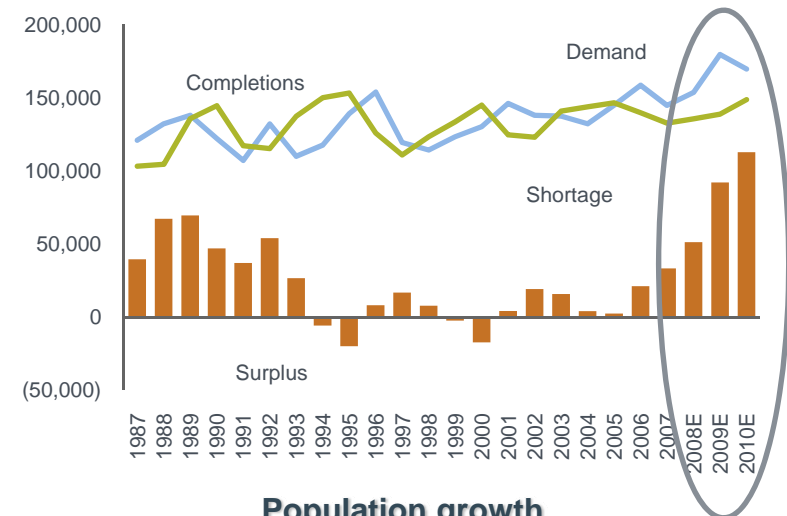


Solid fundamentals in Australia

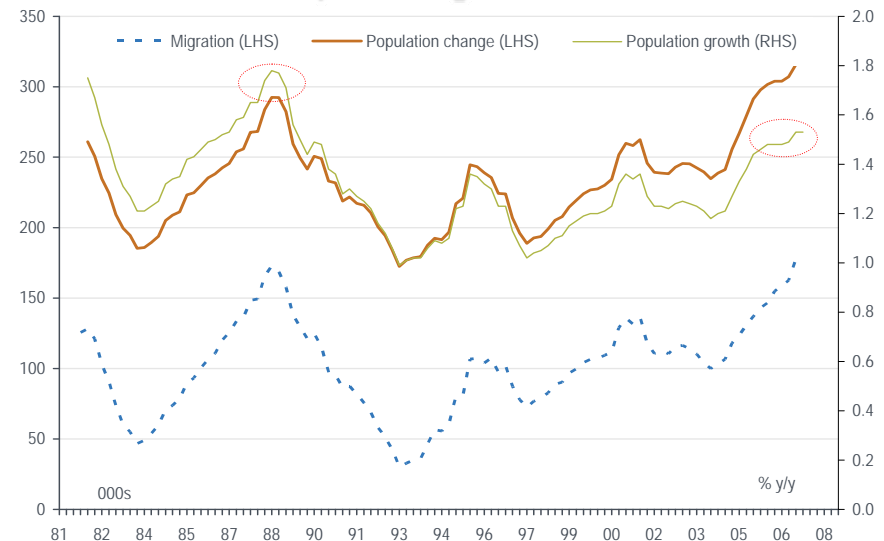
Residential demand underpinned by:

- » Interest rates – expected to ease to 3.5-4.0% in 2009 (from peak of 7.25% only three months ago)
- » Undersupply in major 4 states rising to more than 107,000 dwellings by 2010 due to net migration and supply constraints
- » Strong population growth primarily fuelled by immigration
 - » 1.4% p.a. over next 10 years (184,500 persons p.a.)
- » Government initiatives on federal and state level such as First Home Buyers Grant

Unprecedented residential stock deficiency in 2009/10



Population growth

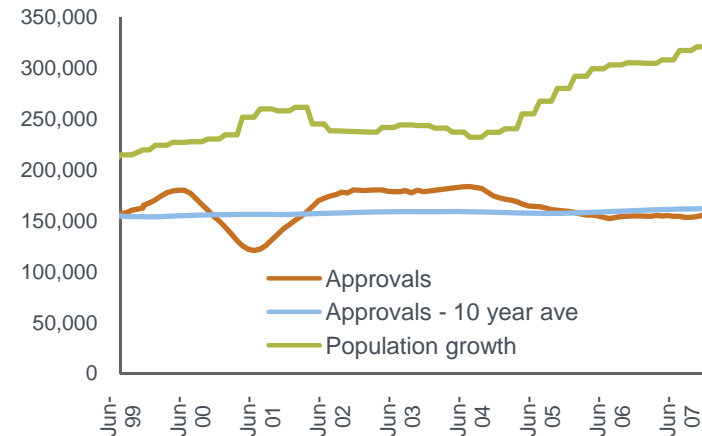


Solid fundamentals in Australia

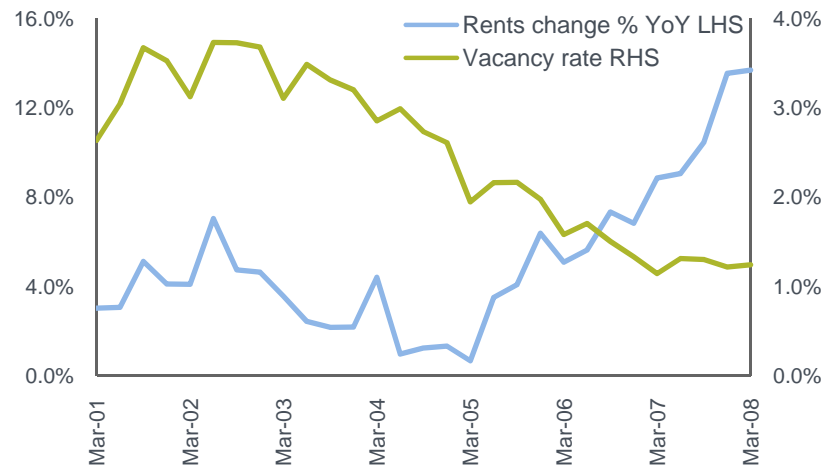
Residential demand underpinned by:

- » Historically low vacancy rates
 - » less than 2% in capital cities
- » Significant increase in rental costs
- » New dwelling approvals significantly below population growth

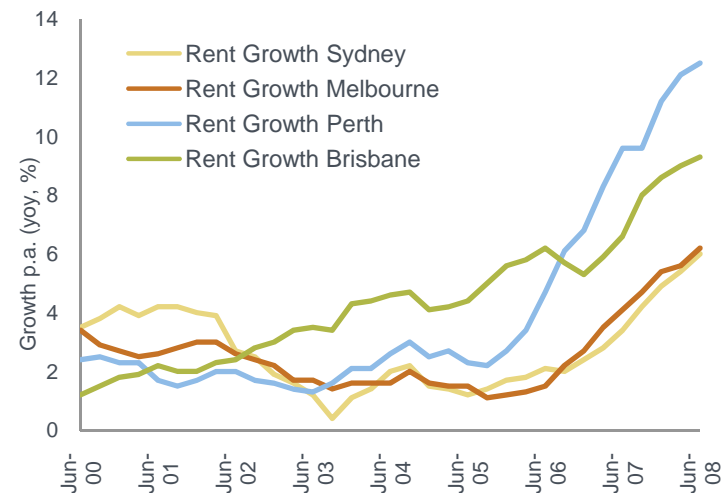
Dwelling approvals versus population growth – moving annual turnover



Residential vacancy and rates – weighted average of SYD, MEL, BNE and PER



Rent growth – houses and units



Source: ABS, Peet Research, BIS Shrapnel, REIA

Solid fundamentals in Australia

Challenges

- » Increasing unemployment
- » Tight credit market
- » Poor consumer confidence and sentiment
- » Discounting by competitors

Summary

- » Residential market remains sound over the medium to long term
- » Strong fundamentals
- » Government initiatives to mitigate some negative short-term economic effects

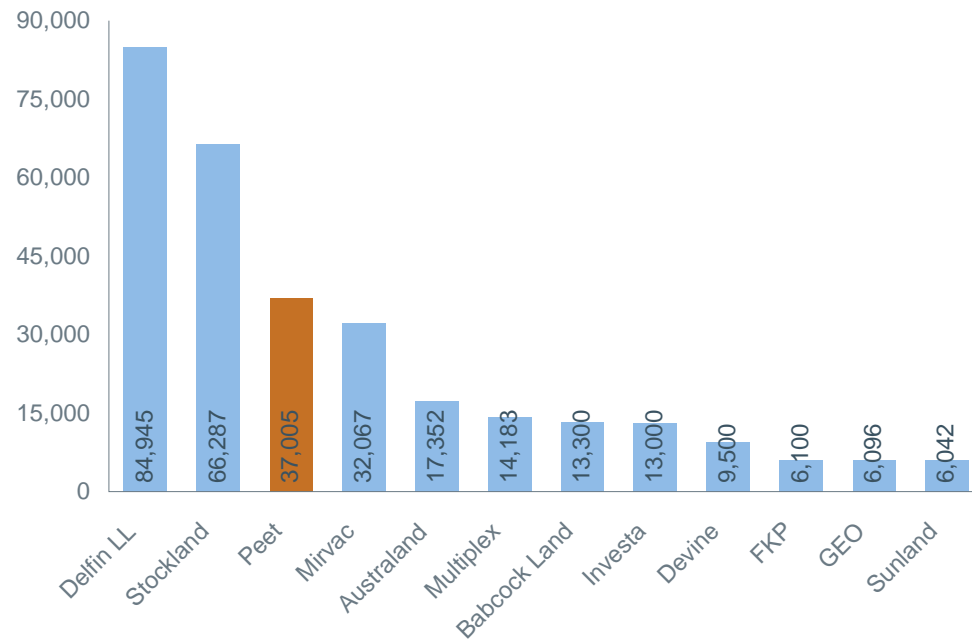
Peet is well positioned to benefit from market recovery

Peet – strong and stable business

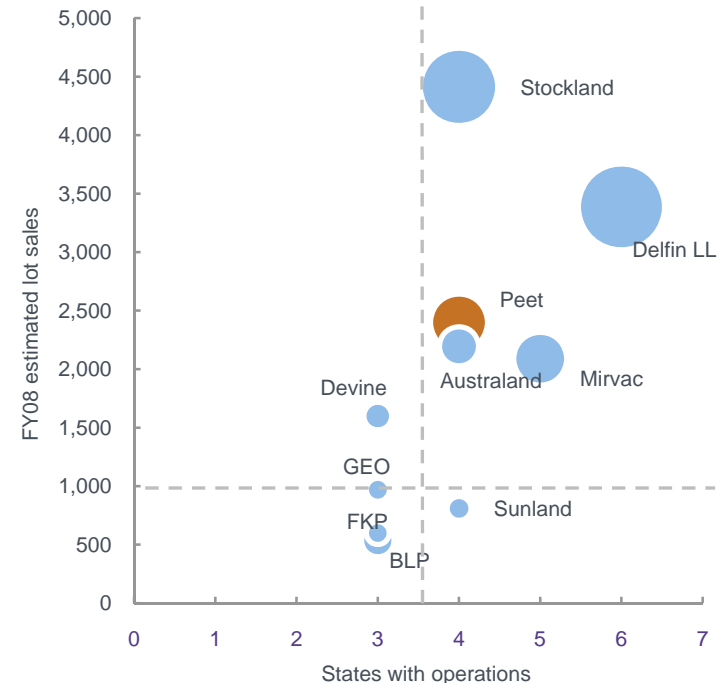
Peet is a specialist in the residential land development market

- » 80 Projects (28 currently being developed) with 37,000 lots managed and owned illustrate Peet’s extensive expertise
- » Solid organic growth projected from existing development pipeline
- » Capital efficient funds management platform

Land bank



Market position



Source: Company filings, company websites, Peet research

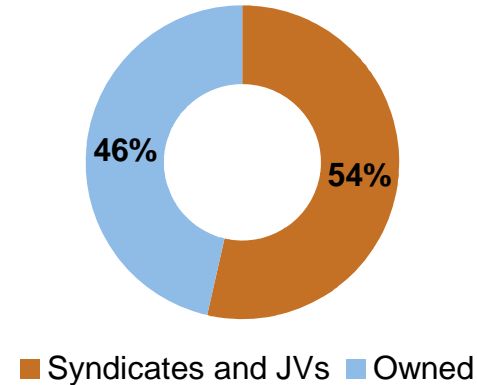
Note: Includes owned and managed projects

Peet – well placed to benefit from improved market conditions

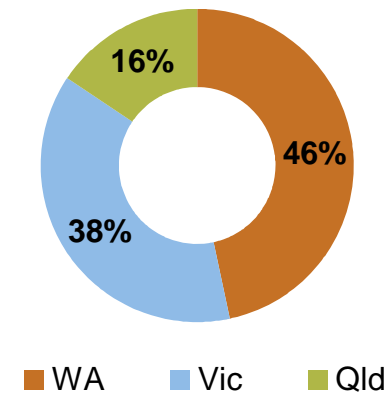
- » Peet is well placed to benefit from improved conditions
 - » low historical cost base of land assets
 - » greater operating leverage provided through funds management platform

- » Funds management earnings not reliant on establishment fees/creating new funds
 - » small percentage of group EBITDA provided through establishment fees
 - » funds management profitability for many years to come
 - » 16 syndicates currently under development
 - » 9 syndicates yet to be developed
 - » Alkimos retail syndicate deferred due to market conditions; will be reviewed in H2/FY09
 - » Wholesale fund to add considerable incremental profits moving forward

Land bank diversification by ownership



Land bank diversification by state



Note: By number of lots. Peet owns minority stakes in some JVs, which are included in the “Syndicates and JVs” percentage. Split by State excludes NSW (less than 1% of Peet managed lots)

Competitive position

Peet is in a strong position relative to its competitors

- » Significant land bank
 - » Peet is not compelled to make acquisitions to support its earnings for several years

- » Australian-focused business
 - » no offshore exposure
 - » core competency of delivering quality Australian residential real estate

- » Low cost base of owned and syndicated land bank
 - » business profitability locked in through existing land bank
 - » embedded value not lost in slower market, but deferred to future periods

- » Diversified pipeline with virtually no exposure to NSW
 - » no balance sheet exposure - less than 1% exposure to NSW off balance sheet
 - » NSW likely to be affected by rising unemployment and uncertainty in financial services
 - » located in the right markets – Vic, WA and Qld

Competitive position

Peet is in a strong position relative to its competitors

- » Capital efficient model
 - » over 50% of Peet's land bank is currently off balance sheet
 - » establishing wholesale distribution capability
 - » strategy to increase off balance sheet weighting over time
 - » this model will result in higher return on equity than Peet's competitors, who manage their asset base on balance sheet

- » Limited exposure to capital intensive medium density built form

- » Funds management revenue not dependent on establishment of new funds
 - » scale and structure of syndicates/partnerships to deliver profitability for many years

Capital management

All Peet debt is secured by a portfolio of high-quality property assets and solid operating cash flows

- » Senior debt facilities – 3 year evergreen
- » Syndicate debt is all non-recourse
- » At year end gearing was 37%
- » Direct benefit from lower rates due to hedging profile
- » Sole banking relationship for more than 113 years

	FY08	FY07
Weighted Average Debt Maturity	2.2 years	2.8 years
Debt Fixed/Hedged	36.5%	25.4%
Weighted Average Cost of Debt*	7.8%	7.4%
Net Debt	\$224m	\$128m
Gearing (net debt/total tangible assets adjusted for market value)	37%	28%
Interest Cover**	4.2x	5.6x

* Including all costs, fees and margins

** EBITDA/total interest cost (including capitalised interest)

Capital management

A changing market environment demands changes to business practices

Dividend policy

- » Over the last 12 months, key focus of equity investors has changed from high dividends to protecting shareholders' equity
- » Peet has acknowledged this change and proposes to adjust its dividend policy
 - » Increasing its cash reserves will further strengthen Peet's balance sheet and enable Peet to opportunistically grow its pipeline
- » Peet has adjusted its dividend payout policy to 60%

Other initiatives

- » Peet is selectively delaying the commencement of certain development starts where management considers it prudent to do so in light of current market conditions – particularly in Queensland
- » Management is conducting a review of all corporate costs and corporate overheads

Peet – the most stable land syndicator

Track record of more than 113 years of asset and funds management

- » Peet bears no similarities to “funds managers” that had shown large profits over the last boom years due to complex structuring and high gearing
- » Peet has a proud 113 year history and continuous relationship with its bank
- » Prudent investments with extensive due diligence periods
- » Land syndicates with stable investor base lower need for PPC capital investments
- » Trusted and experienced management team and ownership structure



Peet's business strategy

Solid and transparent platform from existing businesses

- » Continuing to focus on our core business to deliver sustainable growth in earnings
- » Growing our existing funds management platform and capital partnering relationships
- » Remaining prudent with our capital management by recycling capital and managing gearing levels
- » Addressing the affordability issue, ensuring a full range of product offering
- » Ensuring our operations are environmentally responsible

Outlook

Uncertain market but longer term fundamentals remain sound

- » Property markets have been subdued over the past six months given the challenging economic environment
- » Recent cuts to interest rates and government initiatives have stimulated demand in the first home buyer segment in some locations
 - » usually the first segment of the market to experience a recovery as conditions improve
- » Broader market fundamentals remain sound
 - » structural undersupply; high rental growth and low vacancy rates; strong population growth
- » Market recovery should commence when financial markets normalise and further interest rate cuts improve affordability
- » Assuming greater clarity in market conditions, Peet aims to provide a further update on trading activities at the announcement of its half year result in February 2009

Disclaimer

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Asset Manager Land Syndicator Fund Manager

