



# Contents

- » Key Achievements
- » Group Results
- » Land Bank and Market Position
- » Funds Management, Retirement and Built Form
- » Market Conditions and Outlook

## Key Highlights

### **Half year earnings in line with expectations at \$15.3 million; underlying operating businesses are in good shape**

- » Half year net profit after tax of \$15.3 million (1H07: \$19.4 million)
- » Interim dividend of 9.0 cents per share fully franked to be paid 18 April 2008 (1H07: 9.0cps)
- » Sales of some 1,025 lots from owned and managed projects, with gross sales value in excess of \$181 million
- » Settlement for lots under contract outstanding from owned and managed projects increased by 23% since June 2007 to 1,370 lots with a gross sales value in excess of \$280 million
- » Establishment of institutional distribution capability via the \$300 million Peet Wholesale Land Syndicate and its purchase of a 2,800 lot, residential zone beach front property at Alkimos (WA)
- » Acquisition of 5,450 lots potential in the first six months

## Group Financial Performance



# Group Results

**Peet has a solid track record, driven by a strong transparent business model and a quality land bank**

- » FY08 results are expected to be heavily weighted in the 2H08 due to the large number of lots under contract

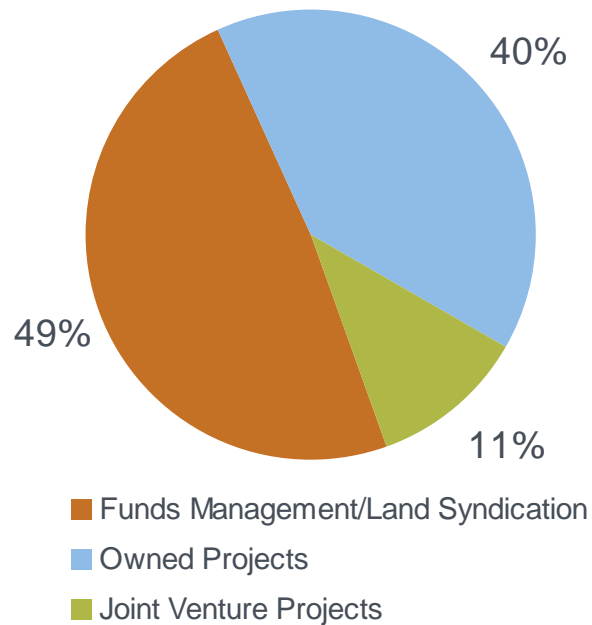
	1H08	1H07
Revenue	\$57.8M	\$61.4M
Net profit after tax	\$15.3M	\$19.4M
Earnings per share (basic)	6.9c	9.5c
(diluted)	6.8c	9.3c
Dividends per share	9.0c	9.0c

# EBIT Composition by Business Type

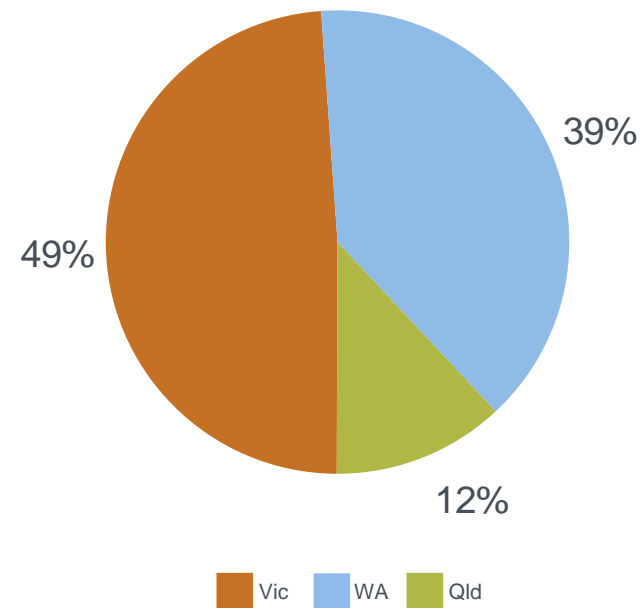
## High quality earnings stream

- » Vic and Qld contributed 61% of 1H08 EBIT
- » Qld contribution continues to grow
- » Owned project margin slightly down due to bringing on new stages in Vic to meet strong demand
- » Business segment margins to improve in 2H08

1H08 EBIT Composition by Business Type



1H08 EBIT by Geographical Region



# Capital Management

## Peet is well positioned with all debt secured by a portfolio of high quality property assets and strong operating cash flows

- » Cash at bank position has increased from \$21.6m to around \$60m since 31 Dec
- » Senior debt facilities – 3 year evergreen
- » Gearing higher due to timing of settlement cash flows
- » Syndicate debt is all non-recourse
- » Interest rate protection extended to 36% since 31 Dec

	1H08	1H07
Weighted Average Debt Maturity	2.6 years	2.8 years
Debt Fixed/Hedged	21%	27%
Weighted Average Cost of Debt*	7.4%	6.8%
Gearing (net debt/total tangible assets adjusted for market value)	41%	31%
Net Debt	\$220m	\$114m
Interest Cover	4.6x	5.1x

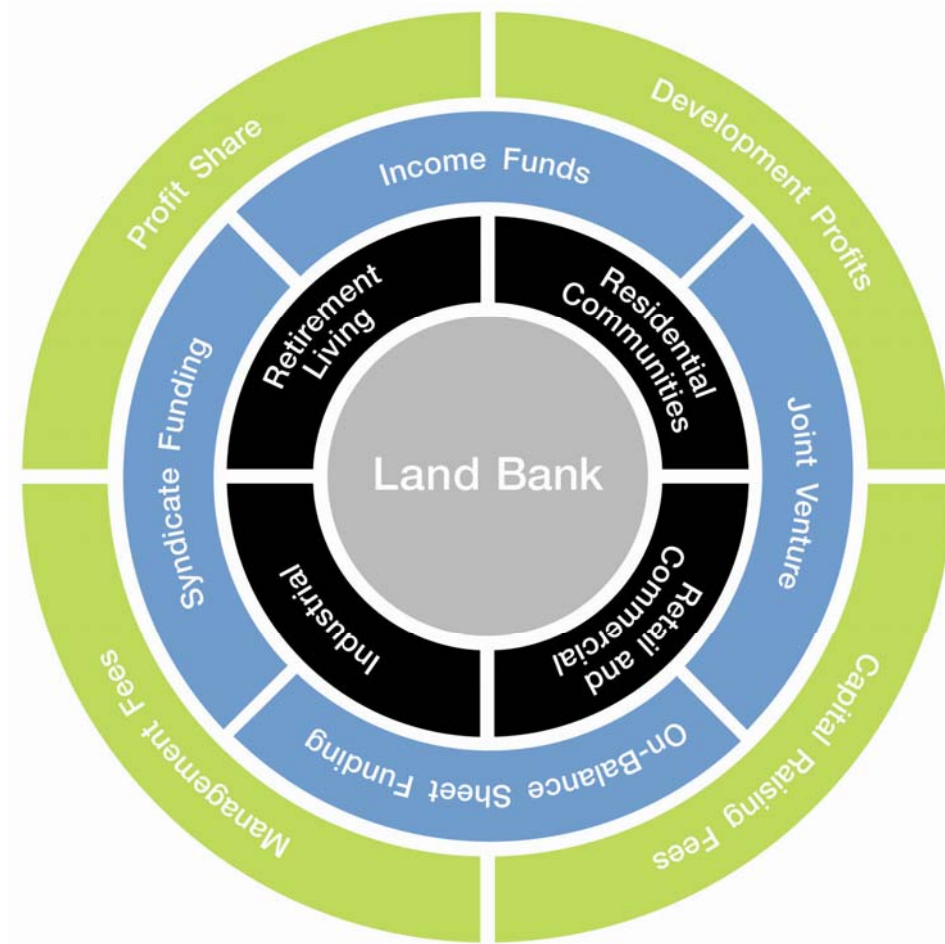
\* Including all costs, fees and margins

## Land Bank and Market Position



# Strategic Growth Model

Peet's strategic objective is to deliver EPS growth and TSR out-performance

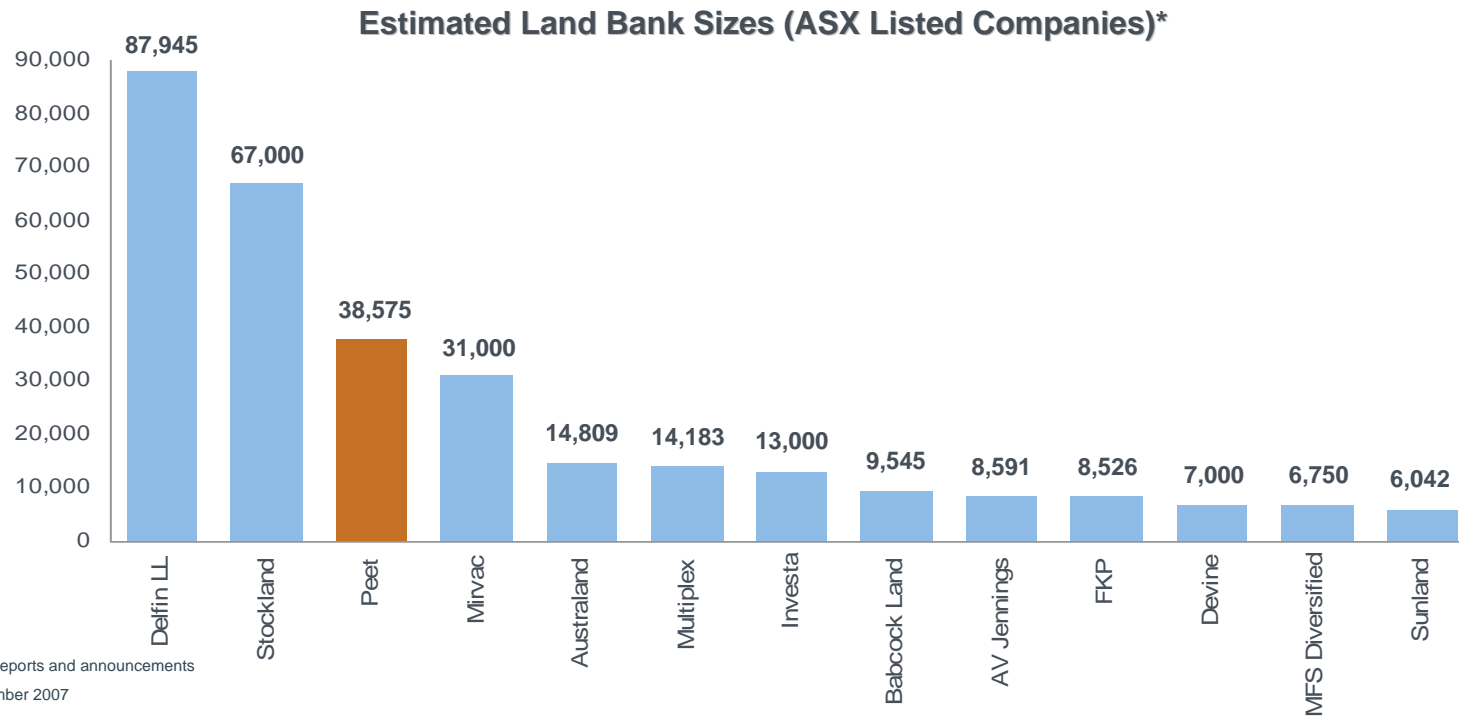


- » Funds and asset management underpinned by Australia's third largest land bank (ASX) and an established company-owned distribution network
- » Business model allows use of syndication and income fund platform to manage cash-flow and capital position
- » Solid organic growth projected from existing development pipeline

# Land Bank and Market Position

**Significant land bank with an on-completion value of approximately \$7.6 billion<sup>1</sup>**

- » Australia's third largest land bank amongst ASX listed entities
- » Existing controlled lots stand at approximately 38,000 with a further pipeline of 575 lots under conditional contract or due diligence\*\*
- » Size of land bank provides ability to purchase well ahead of production, providing significant competitive advantage
- » Over 90% of Peet's land bank is within designated urban growth boundaries



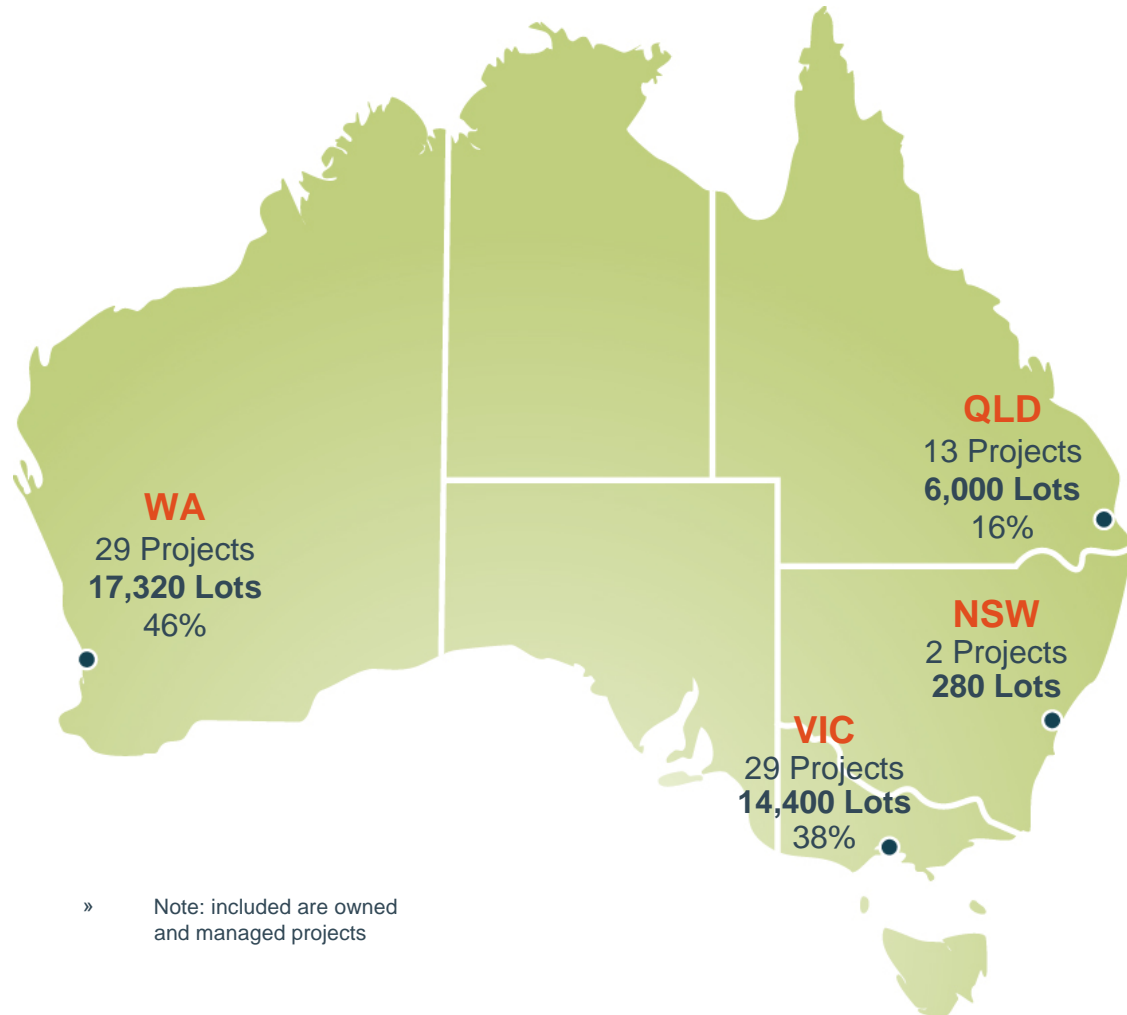
\* 2008 Company reports and announcements

\*\* As at 31 December 2007

<sup>1</sup> Includes owned and managed projects

# Land Bank

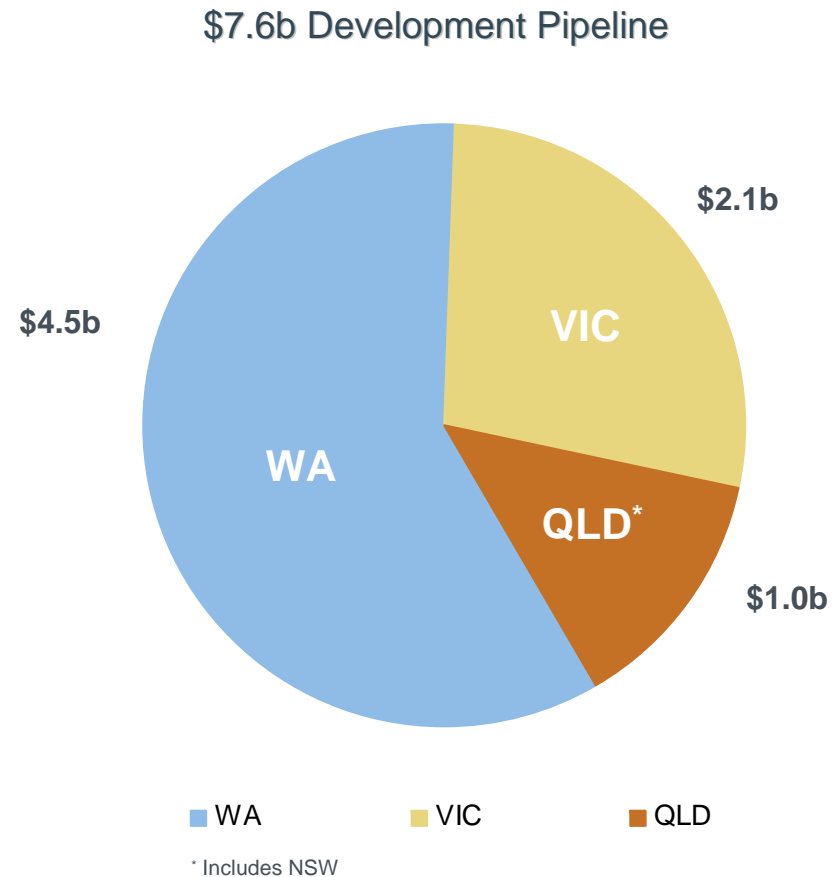
- » Peet has established a quality national land bank that provides a diversified production profile
  - » 73 projects
  - » 38,000 lots managed or owned
- » Large and growing exposure to improving east coast property market
- » Estimated on-completion value approx. \$7.6 billion



# Diversified Pipeline

## Development pipeline continues to facilitate future growth – 17 new projects commencing development in next 18 months

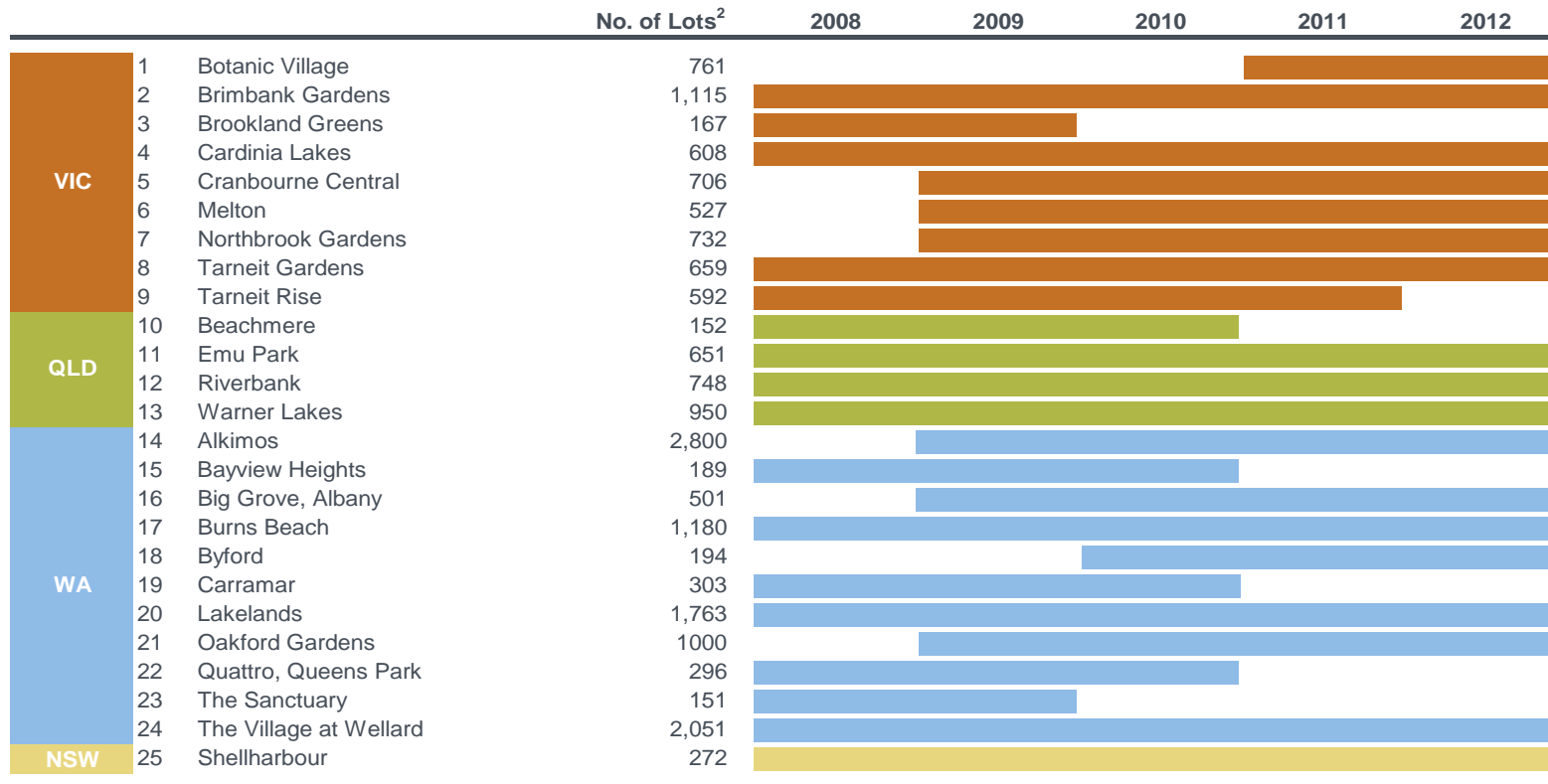
- » 13 new east coast projects coming into production
- » Increased pipeline in key markets – around 5,450 lots acquired since June 2007
- » Industrial land holdings acquired in Vic
- » Target acquisitions in growth corridors in key states of Vic, Qld and WA
- » Building the pipeline to position the business for medium to long term growth



# Syndicated and JV Project Pipeline

**Some 20,600 lots under management, with an estimated on-completion value of \$4.8 billion<sup>1</sup>**

- » Increased profitability projected over longer term as increased profit shares are realised on more recent syndicates



<sup>1</sup> Calculated adopting current average lot sales price

<sup>2</sup> Lots remaining (including lots under contract)

\* Above pipeline includes material projects only

# Owned Project Pipeline

**Some 17,400 lots owned with a combined estimated on-completion value of \$2.2 billion<sup>1</sup>**

- » Owned projects contributing to profits projected to increase from 11 in FY08 to 14 in FY09
- » Number of owned projects have historically low cost base

		No. of Lots <sup>2</sup>	2008	2009	2010	2011	2012
VIC	2	Castlereagh, Point Cook	512				
	3	Craigieburn South	1,457				
	5	Greenvale Lakes, Greenvale	1,313				
	6	Greenvale Rise & Gardens	1,014				
	7	Innisfail Estate, Point Cook	705				
	9	Sherwood Park, Cranbourne	264				
	11	South Gippsland Hwy, Cranbourne	519				
	12	The Crest, Pakenham	291				
	13	Werribee	1000				
QLD	14	Beaudesert	779				
	16	Cooroy	174				
	17	Gladstone	604				
WA	18	Kerry Hills	740				
	21	Ashton Heights, Tapping	158				
	22	Baldivis	502				
	23	Brigadoon	214				
	25	The Chase at Baldivis	136				
	26	The Ridge, Baldivis	106				

<sup>1</sup> Calculated adopting current average lot sales price

<sup>2</sup> Lots remaining (including lots under contract)

\* Above pipeline includes material projects only

# Estates – Western Australia



# Estates - Victoria



# Estates - Queensland



## Alkimos Project



# Project Overview

## Key strategic objective achieved; institutional distribution capability established



- » Acquisition of coastal residential zoned project – 40km north of Perth CBD
- » Project duration of approximately 12 years
- » Estimated sales revenue of approximately \$1.4billion
- » Peet appointed Marketing and Development Manager

# The Site



- » Wide diversity of housing
- » R20 single housing – R80 multistorey
- » High densities – close to coast and train station precinct
- » Primary school
- » Serviced commercial
- » Retail
- » Transit orientated uses



# Local Structure Plan - Overview



- » Land zoned residential
- » Total yield 2,852 lots
- » Opportunities to modify layout
- » LSP preparation and approval 1-2 years
- » Detailed design and construction 1<sup>st</sup> stages – 8-12 months

# Funds Management, Retirement and Built Form



# Syndicate Capital Raising and Distribution

**Direct retail distribution network of around 4,000 active investors; strong repeat investment in excess of 65%**

- » Peet syndicates are special purpose companies established to acquire specific assets
- » 25<sup>th</sup> retail syndicate launched – Peet Tri State syndicate with land located in Qld, NSW and WA
- » Expansion of existing funds management platform with the establishment of institutional distribution capability
  - » Diversify capital sources to institutional investors allows Peet to further leverage business model enabling participation in larger and more diverse range of opportunities
  - » Launch of new funds to both retail and wholesale investors
  - » Head of Funds Management appointed
- » Preparation underway for launch of a Peet Alkimos retail syndicate in first quarter FY09
  - » Strong national interest received from potential investors

## Retirement - Senior Living



- » Demographics point to major growth opportunity
- » Priority is organic growth – adding value to Peet land estates
- » Solid pipeline of developments already identified
- » Focus on strata-title resort-style villages
- » Initial projects – Lakelands, Warner Lakes and Point Cook (approximately 500 houses)
  - » Latitude Lakelands development on track

# Commercial and Residential Built Form

## More than 100 residential built form and commercial projects identified in land bank; potential syndication and income fund feedstock

- » Peet Living delivers value-added living solutions to desirable suburbs and locations, offering boutique low rise apartments, townhouses and gated villa complexes.
- » Peet Commercial is responsible for the planning and development of quality commercial facilities within selected land estates, such as shopping centres and light industrial development
- » Asset pipeline to support future funds management initiatives.
- » First two residential built form projects 100% pre-sold with further projects underway throughout Australia
- » First shopping centre under development at Carramar, WA with a number of others in the pipeline and under consideration across Australia
- » Further built-form opportunities will be pursued where they are value-accretive on a risk adjusted basis to the business

## Market Conditions and Outlook



# Market Overview

## Residential demand underpinned by:

- » Population growth
- » Employment growth
- » Historically low vacancy rates
- » Increasing rental yields

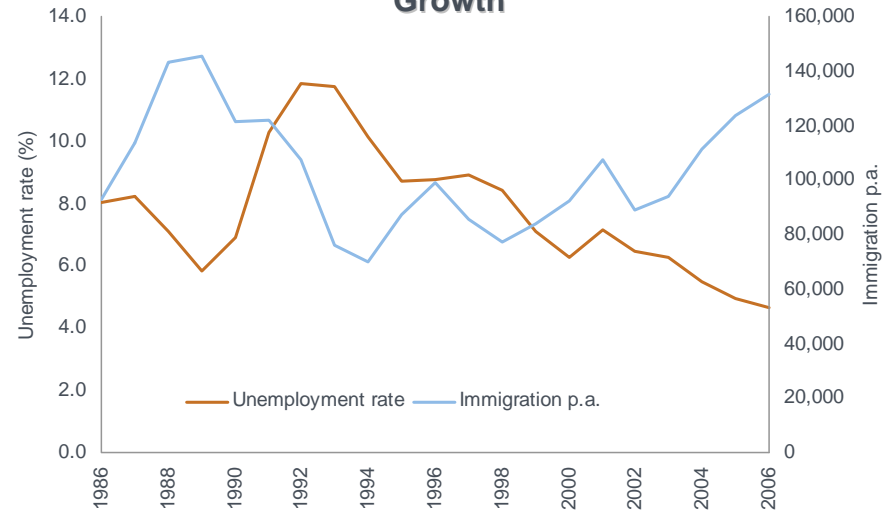
## Challenges

- » Interest rates
- » Housing affordability
- » Tightening credit market
- » Volatile equity market

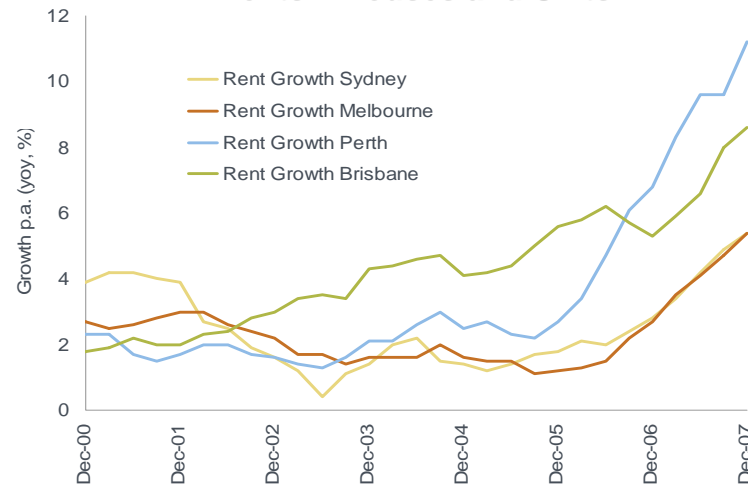
## Summary

- » Residential market remains sound

**Low Unemployment is Supporting Strong Immigration Growth**



**Rents – Houses and Units**



Source: ABS

# Market Outlook - Residential

**Peet is well placed to take advantage of improving market conditions in the east coast market**

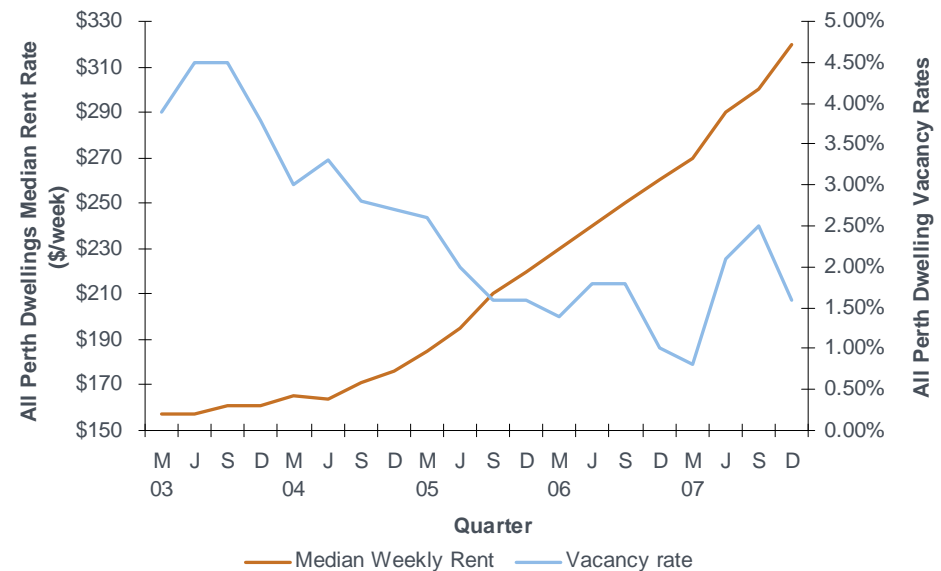
Last 6 Months		Next 12 Months	
<b>VIC</b>	Strengthening demand.	Strong market fundamentals as demand outstrips supply.	▲
<b>WA</b>	Outer suburban markets slowed albeit from a high base.	Fundamentals still strong. Further easing in volumes. Prices to stabilise.	◀▶
<b>QLD</b>	Strong fundamentals driving demand.	Increased demand due to population growth and supply constraints.	▲
<b>NSW</b>	Trading conditions remain challenging, sentiment improving.	Similar to 2007 with some chance of improvement in late 2008.	◀▶

Source: MacroPlan Australia

# Market Environment - WA

- » The residential market in Western Australia is some 18 months into a correction phase following the market peak in late 2006.
- » Evidence from the preceding four market cycles in WA would suggest that a recovery in real estate sales should commence within the next 12 months
- » The modest corrective phase in most WA markets on the value side can be attributable to the continuing strong economic fundamentals in the State. This includes annual population growth between 2.0% and 2.5%, which exceeds population growth rates in all other States.
- » The shortage of properties available for rental in WA and rising rent levels in WA would suggest that the excess in property stocks is overstated.
- » Median Rent increase - 23% over past 12 months

**Perth Median Rent and Vacancy Rates**



# Strong Population Growth has Driven Housing Demand

**Underlying housing demand running at approximately 3,365 dwellings per week**

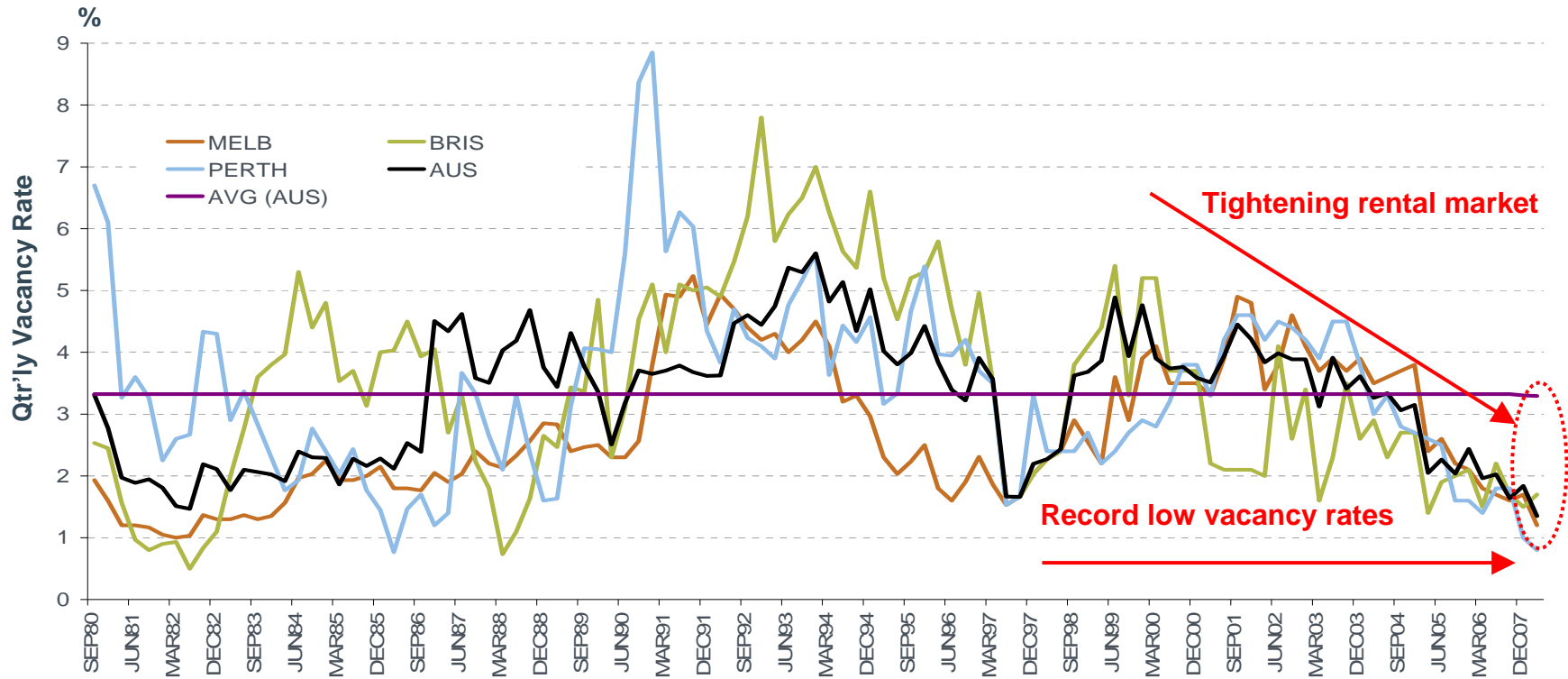
- » Dwelling commencements trailing underlying demand

State	Underlying Demand Average ('000's) 2007/08 to 2011/12	Dwellings Commencement ('000's) 2007/08	Dwelling Stock Deficiency ('000's) As at June							
							Forecast			
			2003	2004	2005	2006	2007	2008	2009	2010
New South Wales	49.4	30.8	4.9	1.9	-1.9	2.5	20.3	40.2	57.4	68.6
Victoria	46.0	40.6	7.6	6.3	5.4	4.8	13.1	21.7	27.0	27.8
Queensland	44.9	44.1	12.5	13.8	13.6	14.0	20.0	25.1	25.1	21.1
South Australia	11.0	12.4	1.4	1.3	0.4	-1.0	0.2	-0.2	-1.2	-2.3
Western Australia	23.6	21.9	2.3	3.1	3.2	0.9	1.0	2.9	5.2	5.9
<b>AUSTRALIA</b>	<b>175.0</b>	<b>149.8</b>	<b>28.7</b>	<b>26.4</b>	<b>20.7</b>	<b>21.2</b>	<b>54.6</b>	<b>89.7</b>	<b>113.5</b>	<b>121.1</b>

# Record Low Vacancy Rates

## All key states experiencing record low vacancy rates

» A tightening rental market is resulting in rents rising which may also drive prices further.



Source: REIA

# Peet's Growth Strategy

## **Solid and transparent platform for growth 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;
- » Continuing to generate further development opportunities from within our existing land bank; and
- » Remaining prudent with our capital management by recycling capital and managing gearing levels.

# Outlook

## East Coast strength to drive future Peet growth

- » Operating businesses performing well
- » Strategic initiatives on track
- » Strong balance sheet and operating cash flows
- » Continue to manage business in a low risk manner
- » Dividend payout ratio projected at CIRCA 90%, dividends continue to be 100% franked
- » Maintaining full year earnings growth target of 10% for FY08 – assuming settlements are achieved as scheduled and a reasonable level of consumer confidence is maintained

# About Peet

More than a 112 year track record of Asset and Funds Management



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# Asset Manager Land Syndicator Fund Manager

