

21 November 2018

Chairman's Address to 2018 Peet Limited Annual General Meeting

Introduction and welcome

Good morning. My name is Tony Lennon and it's a pleasure to welcome our shareholders, other guests, and many of the Peet executive and other team members I see here, to the 2018 Annual General Meeting of Peet Limited.

A quorum is present and I now declare the meeting open.

To start, I am pleased to confirm that all Directors are present at today's AGM and we have also arranged for the Company's auditor, Mr Geoff Lotter from Ernst & Young, to be present. Later in the meeting you will be given the opportunity to ask questions relating to the 2018 audit.

Following my Chairman's Address, Peet's Managing Director and CEO, Brendan Gore, will deliver a presentation and we will then follow with the formal part of the meeting.

FY18 performance

The 2018 financial year was another positive year for the Peet Group.

The variable market conditions in the residential property sector continued across the country, and Peet's geographically diversified portfolio enabled the Group to leverage opportunities across different markets and changing cycles throughout the financial year.

This culminated in a solid increase in operating profit after tax (up 10% to \$49.1 million), increases in earnings per share (up 10% to 10.02 cents per share) and an increase in dividends to shareholders (up 5%).

Brendan will provide further context to our FY18 performance in his presentation.

Strategic focus

These positive results are an outcome of continued discipline in the implementation of our strategies which focus on:

- delivering high-quality, masterplanned communities;
- managing the Group's land bank of approximately 50,000 lot equivalents;
- continuing to assess opportunities to selectively acquire residential land holdings in a disciplined manner, predominantly under our funds management platform, and as appropriate to market conditions;
- maintaining a focus on costs, the level of debt and operating cash flows; and
- broadening the Group's product offering in the completed homes and medium density markets.

During the year, the Peet Group, among other initiatives:

- commenced sales at two Funds Management/Joint Venture developments - Eden's Crossing in Queensland and Tonsley Village in South Australia;

- finalised a formal Project Management Agreement with the Western Australian Government to deliver the Brabham project – a new transit oriented community on a 220-hectare landholding 22 kilometres north-east of the Perth CBD, in a prime growth corridor. Detailed planning for this project estimated to deliver some 3,300 dwellings is now underway; and
- acquired four medium-density sites across the country that will position the Group as it further diversifies its product offering to meet an increasing market demand for medium density and completed home product.

These growth opportunities have been secured on the back of the Group's strong balance sheet and continuing focus on capital management, with a strong increase in cash in-flows from operations contributing to a reduction in gearing to 18.2% by the end of FY18. During the year, Peet also reduced its net debt to \$140 million as at 30 June 2018, compared with \$161 million at 30 June 2017.

Additionally, on 23 August 2018, Peet announced an on-market share buy-back for up to 5% of its issued ordinary shares. This has been implemented and to date we have acquired more than 6.3 million shares. At current market pricing, we consider acquiring our own shares to be an appropriate and accretive use of our capital.

So as to ensure that Peet is best positioned to maintain market share and momentum across all our projects, we will continue to monitor the economic and political factors that may influence capital markets and the property sector. These factors form a key component of the Group's risk management framework and include continuing to pay careful attention to the outcomes of the current review of the banking sector and its impact on bank lending practices, and in turn the housing market.

Sustainability and community building

The housing market has evolved significantly over the life of the Group and the communities that Peet deliver continue to become a permanent part of Australia's urban fabric. Key focuses of our development activities include sustainability, community-building and the importance of our customers.

In all our new communities we focus on planning, designing and delivering outcomes that balance environmental, social and economic needs.

As industry leaders, we not only build or facilitate the provision of infrastructure and amenities that support communities, like roads, parks and other public open spaces, schools, neighbourhood centres and communications, transport and other services, we ensure homes are integrated with existing landscapes, neighbouring communities and employment centres so they may grow sustainably over time.

Some of the highlights in FY18 include:

- the completion of an outdoor classroom at Lakelands Estate south of Perth – purpose-built to help the community learn about and connect to the area's rich environmental and indigenous heritage;
- the launch of Tonsley Village, which is an important part of the award-winning Tonsley Innovation District 10 kilometres from the Adelaide CBD. Tonsley Village will be a well-located community contributing to the social and economic sustainability of the region; and

- construction of a new bridge over the Brisbane-Sydney rail line at Flagstone in Queensland which connects the future Flagstone CBD with the existing community.

Peet's community partnership program is designed to provide grants that build capacity in our own communities and in the regions in which our residents and their families become involved. Throughout the 2018 financial year, we were pleased to support more than 30 local groups and organisations, and to continue working alongside our corporate partners, including Military Art Program Australia, Alongside and also Legacy Australia's Operation Legacy Kokoda Challenge 2017.

A variety of other sustainability and community building initiatives are detailed in the 2018 Annual Report.

Dividend

The Directors are pleased to have declared a final dividend for FY18 of 3.0 cents per share, fully franked, bringing the total dividend for FY18 to 5.0 cents per share, fully franked – representing a 5% increase on the FY17 dividend.

Outlook

I will leave it to Brendan to go into more detail on the outlook for the Company but I will say that Peet will continue to manage its portfolio of projects by adapting to the current variable market conditions, including moderating conditions in Victoria, and to target growth over the long-term.

Much commentary has been made of the tightening of bank lending practices, including its impact on offshore and other investor participation in residential markets. I note that such investors have not been aggressively targeted by Peet. Indeed, we have sought a balance weighted towards owner occupiers rather than investors generally.

The tightening of bank lending practices is also resulting in longer finance approval timeframes for homebuyers. We expect that there will be a transitional period while consumers adapt to these changes, however we also expect these practices will prove to be a positive for them in the long-term.

In the meantime, the Board and Management will continue to focus on strategic acquisitions for broadacre and infill land developments as well as medium density and completed home projects. We will do this while maintaining the development program of our existing landbank.

We will continue to maintain a disciplined approach to capital management and seek to further grow our Funds Management business, co-investing with selected investors with Peet as development manager.

The Board

It has been a year where there has been a sharp focus on the expectations and performance of company boards and I take this opportunity to acknowledge and thank my fellow Board members for their commitment, continued diligence and contributions throughout the 2018 financial year.

The Peet Team

On behalf of the Board, I pass on our thanks to our management team, ably led by Brendan Gore, and to the rest of the people across the country who make up the Peet team for their dedication to, and hard work for, Peet during the year.

It's appropriate that the members of the Peet team are incentivised and remunerated competitively.

Remuneration

A detailed remuneration report is provided as part of the 2018 Annual Report and it outlines the factors we take into consideration when determining the level of remuneration for our Key Management Personnel.

We strive to achieve a balance between Peet's current financial performance and the development and implementation of strategies that will deliver the Group long-term benefits and I believe we have reached outcomes that are in the best interests of the Peet Group.

The *Corporations Act 2001* requires a resolution to be put to the Meeting adopting the Remuneration Report, appearing in the 2018 Annual Report. This vote is advisory only, and does not bind the Directors or the Company. We will come to that vote later in today's meeting.

Major stakeholders

To our Shareholders, our Bond holders, our Syndicate investors, and our Joint Venture partners, thank you for your ongoing support to the Peet Group.

We are privileged to have established many long-term relationships and to be forging new relationships.

On behalf of the Board and everyone at Peet, I wish you and your families a very safe, happy and a wonderfully successful year ahead. I look forward to joining you here again next year.

I now invite our Managing Director and Chief Executive Officer, Brendan Gore, to address the meeting.

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