

20 November 2019

## Chairman's Address to 2019 Peet Limited Annual General Meeting

### Introduction and welcome

Good morning. My name is Tony Lennon and I welcome our shareholders, other guests, and members of the Peet team to Peet Limited's 2019 Annual General Meeting.

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

I 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 2019 audit.

Following my 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.

### FY19 performance

The 2019 financial year was challenging for the Group, with consumer uncertainty, state and federal elections, restrictive lending conditions and the general economic and regulatory environment resulting in reduced consumer confidence and a more moderate real estate market.

However, by focussing on the elements within our control - active portfolio management and executing on our strategic priorities – Peet delivered a sound financial result for FY19 with a net operating and statutory profit of \$47.5 million and earnings per share of 9.8 cents.

This allowed the Directors to declare a final dividend for FY19 of 3.0 cents per share, fully franked, bringing the total dividend for FY19 to 5.0 cents per share, fully franked.

Brendan will provide further information on the Group's FY19 performance in his presentation.

### Strategic focus

We continue to make progress against our strategy to deliver quality residential communities around Australia through four key pillars:

- investing in quality land;
- enhancing, planning and creating communities;
- expanding our product offerings; and
- maintaining strong capital management.

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

- established a new wholesale fund to acquire an 82-hectare property in Perth's northern coastal corridor where we have approval to develop 1,100 lots;
- our 50% owned Flagstone project in south east Queensland entered an infrastructure agreement with the Queensland State Government which will see the Logan City Council fund more than \$1.2 billion of essential infrastructure via developer contributions from across Greater Flagstone and other sources of government capital, which will underpin development of the Flagstone community;
- continued to expand our market reach by broadening our offering in Completed Homes, Medium Density Townhouses and low-rise Apartments. This has been in response to changing customer demands and saw the Group acquire four sites for medium density projects; and
- we raised \$75 million from the issue of senior unsecured notes via the wholesale debt market, which together with the extension of the Group's existing senior debt facility, increased the tenor of the Group's debt maturity profile.

Additionally, given the Group's strong balance sheet and its share price trading at or below its NTA at the time, we announced an on-market share buy-back in August 2018 for up to 5% of Peet's issued ordinary shares and we extended the buy back for an additional 12 months in August 2019.

### Sustainability and community building

Peet is one of Australia's leading residential real estate developers, creating places to live for thousands of Australians every year. It has played a key role in shaping and enhancing the urbanisation of cities by creating desirable communities with a strong commitment to affordability.

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

Examples include:

- the water sensitive urban design at Lightsview in South Australia, where treated stormwater is piped to each household and plumbed internally to toilets and for outdoor uses;
- the installation of 'Smart City' infrastructure at Googong, New South Wales, where technology funded via a grant from the Federal Government Smart Cities Program will help reduce everyday community service costs including waste management, utility consumption and the maintenance of amenities; and
- our National Community Grants Program, which supported over 50 community groups and organisations around the country in FY19.

## Outlook

While we are seeing a gradual improvement in enquiry from potential buyers, we expect the market to take some time to normalise. Steady employment growth combined with record low interest rates and high investment in infrastructure by Government, is being offset by the broad uncertainty driven by reduced credit availability, weak consumer sentiment and low wages growth.

We remain cautious about the timing of a sustainable recovery in the residential market and therefore expect a challenging year ahead. The lower contracts on hand as at 30 June 2019 will impact settlements in FY20 and result in earnings being significantly weighted towards the second half of the year.

The Board and Management will continue to focus on acquisitions for broadacre and infill land developments as well as medium density and completed home projects, while at the same time maintaining a disciplined approach to capital management.

## The Board and Peet Team

I take this opportunity to thank my fellow Board members for their commitment and work during the year, and on their behalf thank Brendan Gore and his team for their continued diligence and contributions throughout the 2019 financial year.

## Remuneration

It is appropriate that Brendan and his team are incentivised and remunerated competitively, and the remuneration report included in the 2019 Annual Report outlines the factors taken into account when determining the level of remuneration for our Key Management Personnel.

There were no changes to the remuneration structure of our KMPs during FY19.

The Corporations Act 2001 requires a resolution to be put to the Meeting adopting the Remuneration Report in the 2019 Annual Report. We will come to that vote later in today's meeting.

## Major stakeholders

A final thank you goes to our Shareholders, our Bond holders, our Syndicate investors and our Joint Venture partners for your ongoing support.

On behalf of the whole Peet team, I wish you and your families a very safe, happy and successful year ahead.

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

### For investor inquiries, call:

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