PEET

Macquarie WA Forum Presentation
October 2015

FY15 RESULTS OVERVIEW

Continued strong momentum

- Strong uplift in FY15 operating profit[1] after tax to $38.5m, up 22%
- Strong underlying business performance
  - Revenue up 22% from FY14 with 3,266 lots settled
  - EBITDA[2] up 25% to $92.4m
  - Improvement in EBITDA[2] margin to 26%
  - Improvement in ROCE[3] to 13.8% from 11.0%
  - Contracts on hand of 2,061 lots[4] valued at $441m
- Improvement in capital position
  - Strong operating cash flows of $113m
  - Covenant gearing[5] reduced to 23.8%
- Fully franked final dividend of 3cps, bringing total FY15 dividend to 4.5cps, fully franked

Notes:
1. Operating profit is a non-IFRS measure that is determined to present the ongoing activities of the Group in a way that reflects its operating performance. Operating profit includes the effects of non-cash movements in investments in associates and joint ventures. Operating profit excludes unrealised fair value gains/(losses) arising from the effect of revaluing assets and liabilities and adjustments for realised transactions outside the core ongoing business activities.
2. Pre write-downs and includes effects of non-cash movements in investments in associates and joint ventures
3. Return on Capital Employed (ROCE) = EBIT (pre write-down) / (average net debt + average total equity)
4. Includes equivalent lots
5. (Total interest bearing liabilities (including land vendor liabilities) less cash) / (Total assets adjusted for market value of inventory less cash, less intangible assets). Excludes syndicates consolidated under AASB10

KEY HIGHLIGHTS FOR FY15

GROWTH AND POSITIONING

- Peet moved to 100% ownership of CIC post CIC share buyback
- Selective acquisitions of land holdings to restock pipeline, predominantly through funds platform
  - Acquired seven new projects comprising more than 4,000 lots/dwellings with GDV[1] of circa $1 billion
  - Average acquisition price per lot of approximately $30,000
- Continued focus on wholesale relationships to pursue further growth opportunities
  - Funds Management fees
  - Exposure to project profits through co-investment stakes
- Pipeline of approximately 47,000 lots geographically spread and balanced between Development, Funds Management and JVs
- Sale of Greenvale for $93.1m in August 2015, significantly above market value NTA per share

RETAIL SYNDICATES

- New Tarneit (VIC) retail land syndicate successfully completed
- Sales currently ahead of forecast
- Significant increase in applications from new investors, predominantly from east coast, further strengthening the Group's retail investor base
- New syndicate under active consideration for 2H16

Notes:
1. Gross Development Value

KEY HIGHLIGHTS FOR FY15 (CONTINUED)

MEDIUM DENSITY

- A total of 140 apartments settled in FY15
- A further 340 apartments under construction or in the design phase
- Pipeline of approximately 1,700 units/apartments identified across national portfolio

CASH FLOW

- Business in strong cash generating position
- Acquisitions/developments to be self funded through operating cash flows going forward
- Strong FY15 net operating cash flow of $113.3m
- Cash interest cover up strongly to 4 times

CAPITAL MANAGEMENT

- Gearing at lower end of target range of 20 - 30%
- Net debt of $177m - down 31% on FY14 ($257m)
- Cash and available facilities of $127.4m as at 30 June 2015

Results overview

GROUP FINANCIAL SUMMARY

- Significant increase in revenue over FY15 driven by the Development business
- Operating profit[2] after tax of $38.5m - up 22%
- Group EBITDA[2] of $92.4m - up 25%
- FY15 operating EPS of 8.3 cents - up 14%
- Return on capital employed increased to 13.8%
- Market adjusted NTA per share of $1.17
  - Does not include uplift from Greenvale sale

KEY PERFORMANCE STATISTICS	FY15	FY14	VAR (%)
Lot sales	3,229	3,525	(8%)
Lot settlements	3,266	3,491	(6%)
Revenue[1]	$360.9m	$296.7m	22%
EBITDA[2]	**$92.4m**	**$73.7m**	**25%**
EBITDA[2] margin	26%	25%	1%
Operating profit after tax[2,3]	**$38.5m**	**$31.6m**	**22%**
Inventory write-downs and acquisition costs after tax	-	$1.3m	-
Statutory profit after tax[3]	**$38.5m**	**$30.3m**	**27%**

KEY METRICS	FY15	FY14	VAR (%)
EPS (operating)	8.3c	7.3c	14%
DPS[4]	4.5c	3.5c	29%
ROCE[5]	13.8%	11.0%	2.8%

	JUN 15	JUN 14	VAR (%)
Book NTA per share	$1.04	$1.00	4.6%
Market adjusted NTA[6] per share	$1.17	$1.18	(0.8%)

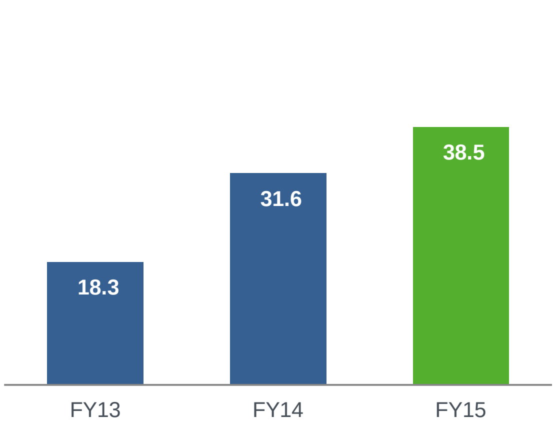
Notes:
1 Includes share of net profit / (loss) of associates and joint ventures accounted for using the equity method
2 Pre write-downs and includes effects of non-cash movements in investments in associates and joint ventures
3 Attributable to owners of Peet Limited
4 FY15 fully franked (FY14 unfranked)
5 Return on Capital Employed (ROCE) = EBITDA (pre write-down) / (average net debt + average total equity)
6 Market adjusted NTA is based on independent bank-instructed mortgage valuations, adjusted for development costs and settlements post valuation date

IMPROVING FINANCIAL PERFORMANCE

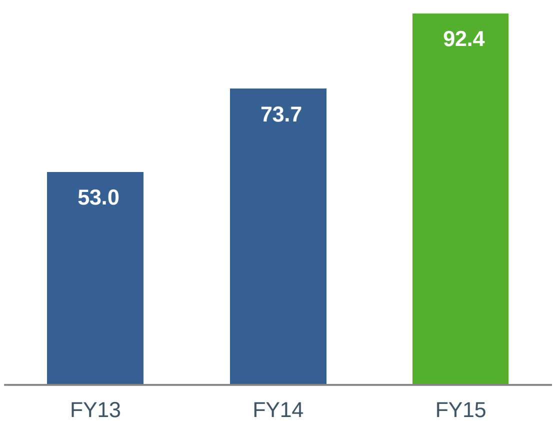
Growth in earnings via improvement in margins and ROCE

- Operating profit[1] after tax up 110% since FY13 representing a CAGR[2] of 45%, boosted by acquisition of CIC
- EBITDA[1] CAGR of 32% since FY13, helped by improving margins
  - Ongoing EBITDA[1] margin improvement to be driven by improved gross margin through net price growth, cost efficiencies and greater impact of high margin projects

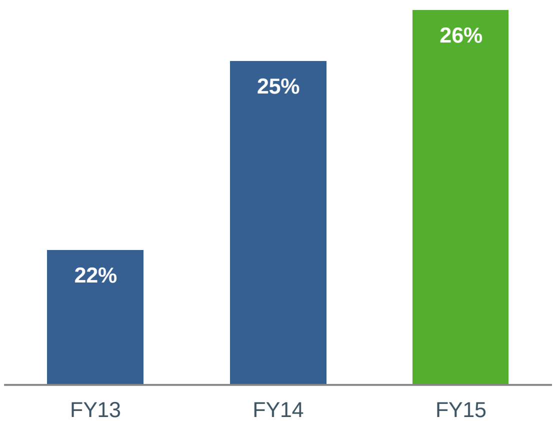
OPERATING PROFIT[1] AFTER TAX ($M)



EBITDA[1] ($M)



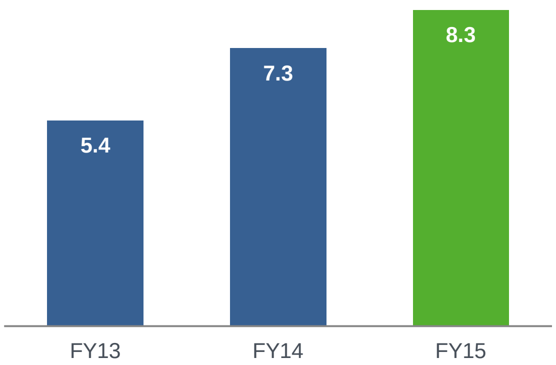
EBITDA[1] MARGIN



Notes:
1 Pre write-downs and includes effects of non-cash movements in investments in associates and joint ventures
2 CAGR = Compounded Annual Growth Rate

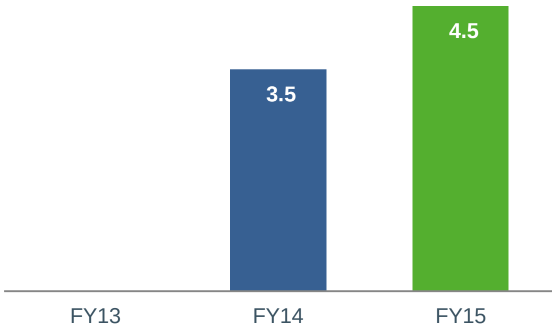
FOCUS ON DRIVING SHAREHOLDER RETURNS

OPERATING EPS (CPS)



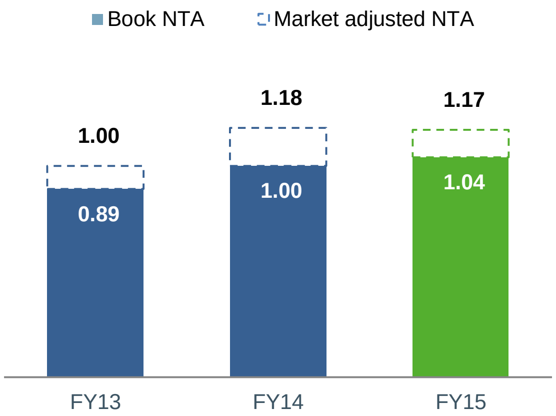
- EPS CAGR of 24% since FY13
- Increase of 14% from FY14 includes $51m capital raise in November 2014

DPS (CPS)



- FY15 DPS of 4.5cps, fully franked
- Representing a payout ratio of 54% of operating EPS
- Target payout ratio of 50% going forward

NTA PER SHARE ($)



- 4% increase in book NTA per share from FY14
- Market adjusted NTA[1] per share includes bank instructed independent valuations on development assets only
- Does not include value uplift on co-investment stakes in funds and JVs
- Does not include value for Funds Management business

Notes:
1 Market adjusted NTA is based on independent bank-instructed mortgage valuations, adjusted for development costs and settlements post valuation date

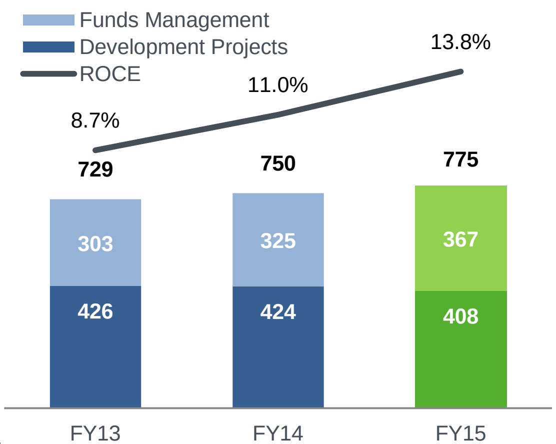
CAPITAL MANAGEMENT

Significant improvement in capital position

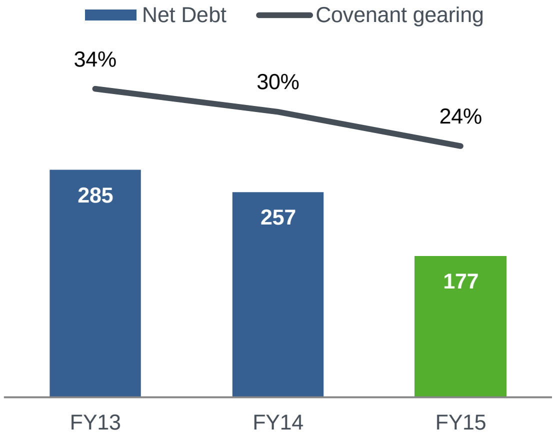
» Increase in ROCE to 13.8%
  - Increase in ROCE through increasing use of capital efficient structures
  - Improved underlying earnings performance
  - Targeted sale of non-core assets
  - Successful launch of retail syndicates

» Reduction in covenant gearing of ~10% from FY13
  - At lower end of target gearing range of 20 – 30%
  - Declining cost of debt with further reductions expected
  - Significant strengthening of cash interest coverage to 4.0x

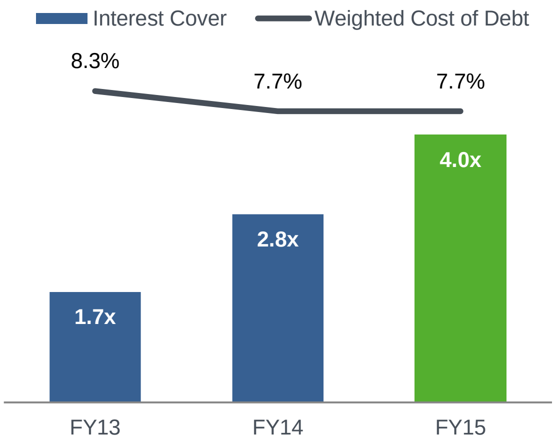
CAPITAL EMPLOYED ($M)[1] AND ROCE[2]



NET DEBT ($M) AND COVENANT GEARING[3]

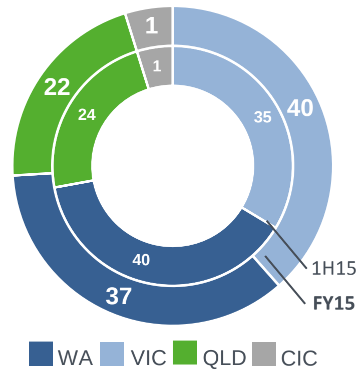
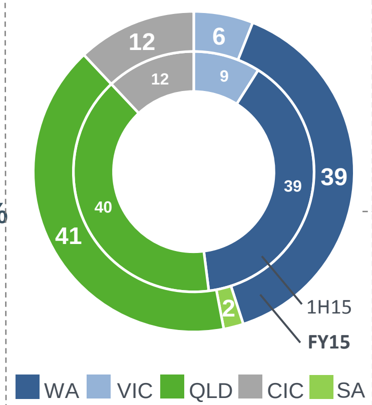


INTEREST COVER AND CASH COST OF DEBT



Notes:
1 Development projects and Funds Management/JV only
2 Rolling 12 month EBITDA / (average net debt + average total equity)
3 (Total interest bearing liabilities (including land vendor liabilities) less cash) / (Total assets adjusted for market value of inventory less cash, less intangible assets). Excluding syndicates consolidated under AASB10)

GROUP BUSINESS MODEL

Target EBIT Composition		Target EBIT Margin	Land Bank Diversification by Geography (%)[1]	Land Bank	Capital Employed[2]	Sources of Revenue
40% – 50% EBIT	Development	20%-25%		Lots: 12,572 GDV ($bn): 2.6 # Projects: 28	$407.8m	» Development profit
50% – 60% EBIT	FM[3]: Retail; Wholesale	60%-70%		Lots: 17,456 GDV ($bn): 4.0 # Projects: 34 Lots: 17,264 GDV ($bn): 4.7 # Projects: 5	Retail $92.6m Wholesale $172.2m JV $102.3m **Total $367.1m**	» Underwriting and capital raising fees » Project management fees » Performance fees » Profit shares
				Lots: 47,292 **GDV ($bn): 11.3** **# Projects: 67**	$875m[4]	

Notes:
1. Based on number of lots
2. Balance sheet assets at cost as at 30 June 2015
3. Includes joint ventures
4. Includes $100m of unallocated assets & cash

PEET

Operating performance

GROUP OPERATING PERFORMANCE

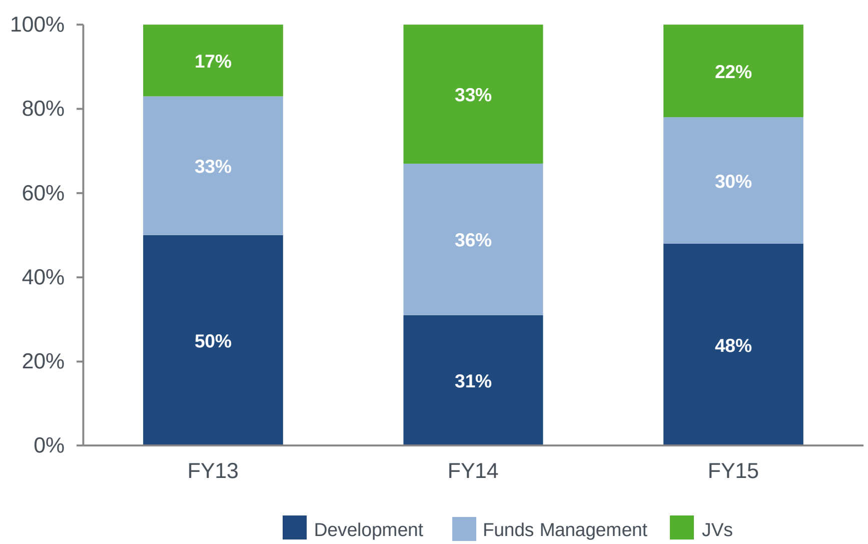
» Increased contribution from Development projects

» Higher contribution from Victoria driven by Aston and NSW/ACT driven by Quayside

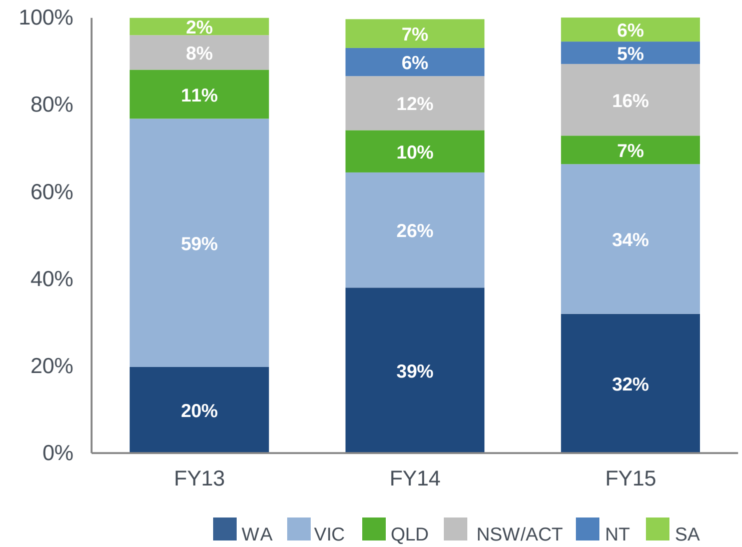
» Funds Management business provided solid earnings base representing 30% of Group EBITDA[1]

» East coast EBITDA contributions expected to increase in FY16 due to strengthening sales activity and new project commencements

EBITDA[1] COMPOSITION BY BUSINESS TYPE (%)



EBITDA[1] COMPOSITION BY GEOGRAPHY (%)



Notes:
1 Pre write-downs of nil (FY14: $1.8 million) (before tax) and includes effects of non-cash movements in investments in associates and joint ventures totalling $6.4 million (FY14:$20.6 million). Pre inter-segment eliminations and other unallocated

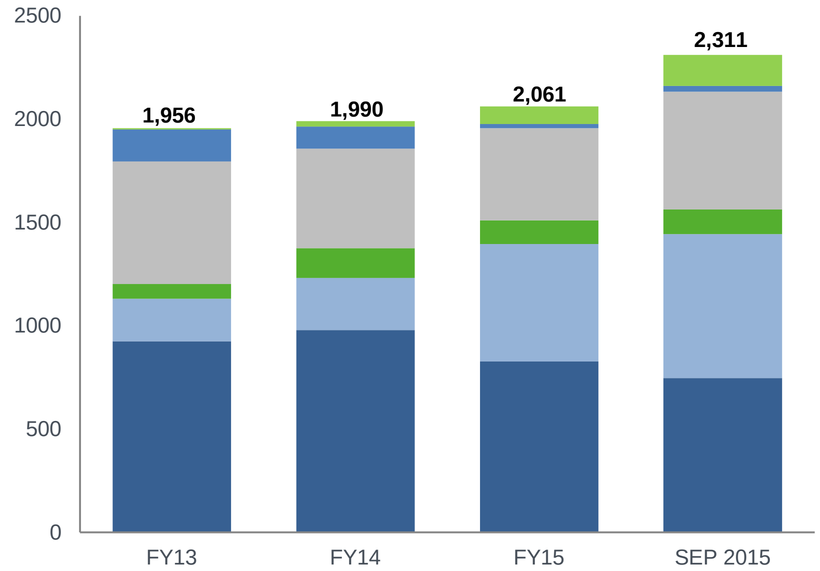
CONTRACTS ON HAND

» Contracts on hand[1,2] up 12% to 2,311 lots since 30 June 2015

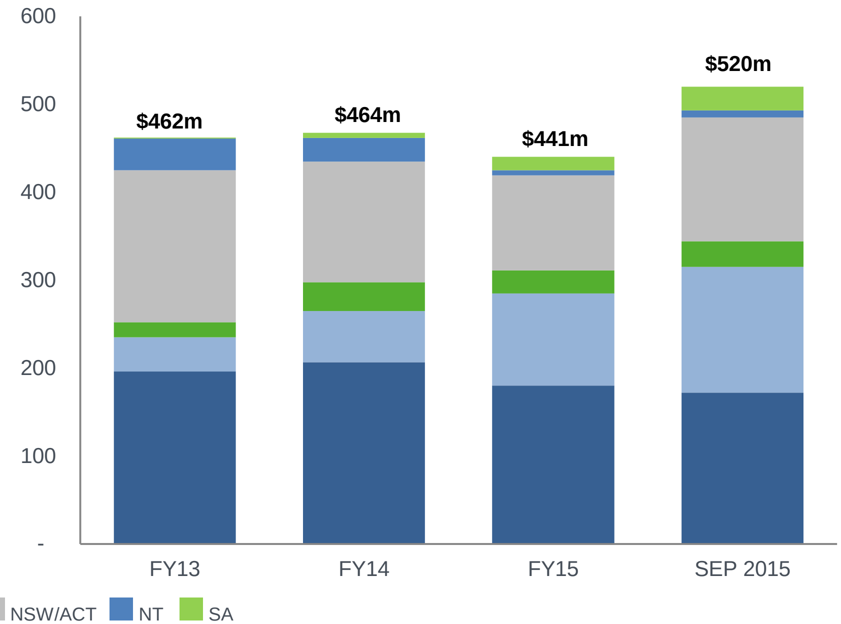
- Increase driven by continuing solid east coast market conditions

» Victorian and ACT/NSW contracts on hand have increased since year end contributing to an 18% increase in the contract value to $520m

CONTRACTS ON HAND BY GEOGRAPHY (LOTS)[1,2]



CONTRACTS ON HAND BY GEOGRAPHY (VALUE)[1,2]



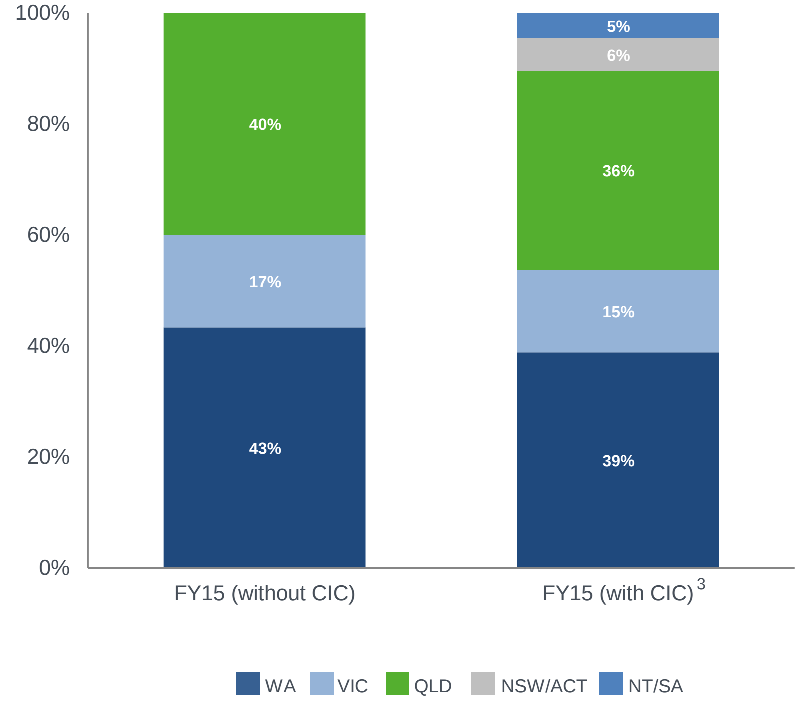
Notes:
1. Includes equivalent lots
2. Excludes Arena englobo sale of $93.1m

CIC INVESTMENT RETURN

CIC continues to deliver strategic and financial benefits

- CIC acquisition has delivered Peet strong returns and significant geographic diversification at an attractive acquisition price
- Strong returns and earnings contribution
  - NPAT of $27m between acquisition in June 2013 and 30 June 2015
  - Represents ROE[1] of 19.7% after tax per annum based on acquisition value of $65.6m
- Positive cash flow generation ($56m in FY15)
- Franking credits of $24m post share buyback
- CIC provides substantial increase in diversification
  - Peet now has an established and growing presence in NSW, ACT, SA and NT
- Peet has been able to leverage and grow the CIC business since acquisition
  - Mt Barker (SA)
  - Kingston Apartments (ACT)

LAND BANK CONTRIBUTION BY GEOGRAPHY (LOTS[2])

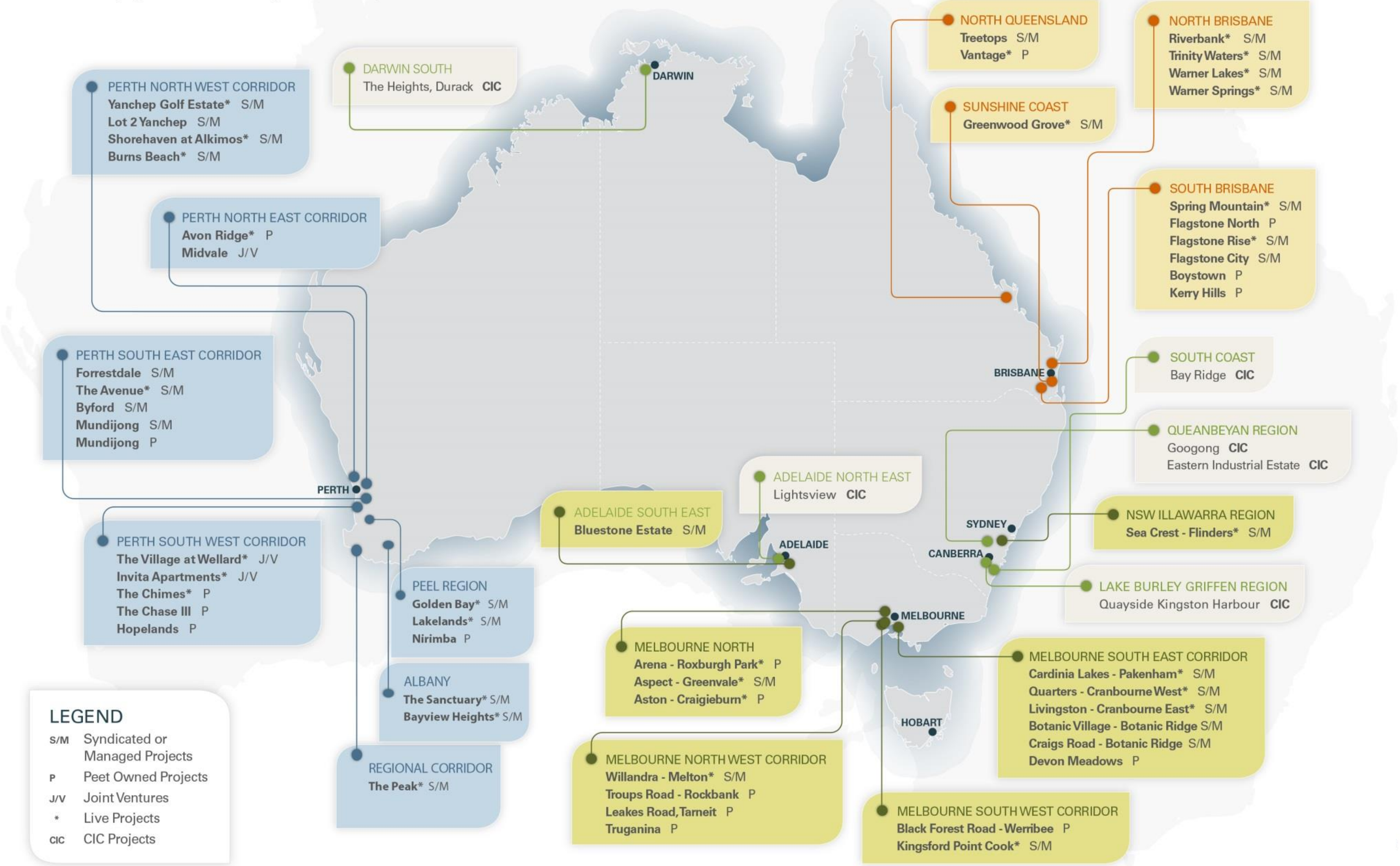


Notes:
1 Return on Equity = NPAT/acquisition value based on 25 months
2 Includes equivalent lots
3 Includes 50% share of Googong

Operational update

Extensive experience in land development

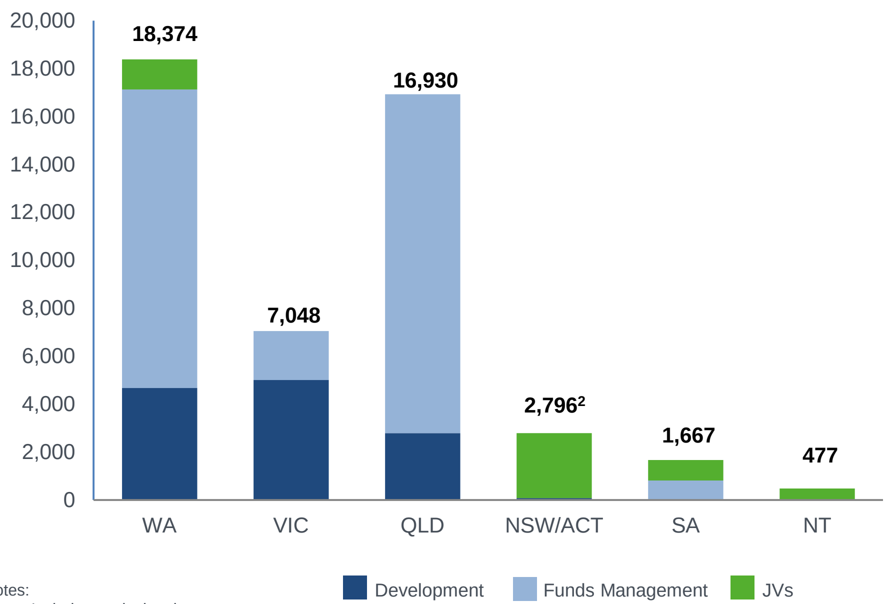
Peet is developing some of the most significant master-planned communities across Australia.



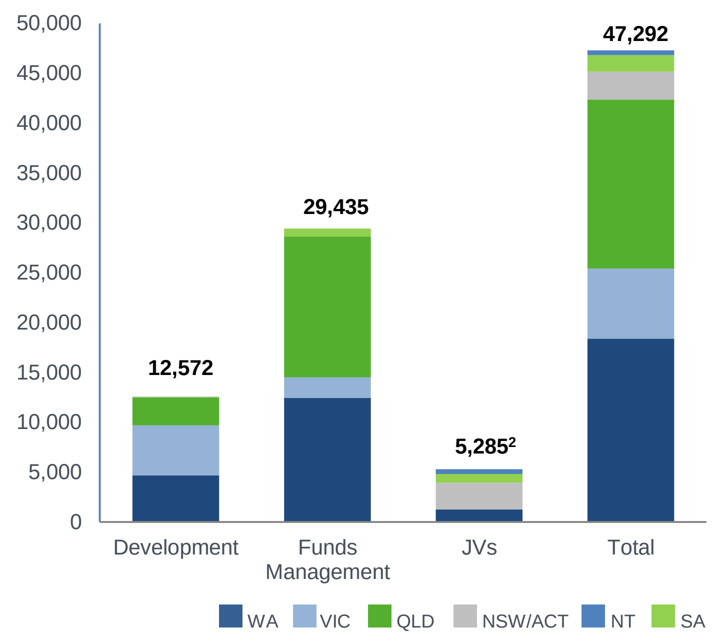
OVERVIEW OF PEET'S LAND BANK

- » Diversified land bank across all mainland states and territories
- » WA exposure balanced against Eastern seaboard
- » WA exposure weighted toward FM and JV, with relatively lower proportion of development projects located in WA

LANDBANK COMPOSITION BY BUSINESS TYPE AND GEOGRAPHY (LOTS[1])



LANDBANK COMPOSITION BY GEOGRAPHY AND BUSINESS TYPE (LOTS[1])



Notes:
1 Includes equivalent lots
2 50% of Googong

ASTON, CRAIGIEBURN, VICTORIA

Aston is a 200 hectare greenfield master planned community located 32 km north of the Melbourne CBD, in the thriving northern growth corridor. The community will accommodate approximately 2,500 lots along with a range of amenities, including a Neighbourhood Activity Centre, a State Government secondary school, 8 hectares of sporting fields and 12 hectares of waterways and parklands.

PROJECT UPDATE

Aston was launched to the market in June 2011 and since that time, the first sixteen stages have been developed along with 6 hectares of waterways and parklands. During FY15, several adjoining land holdings were acquired to supplement the existing Aston development, resulting in the addition of 62 hectares and increasing Aston's total area to 200 hectares.

SUMMARY INFORMATION – IN PROGRESS

Acquisition Date	2002
Location	Craigieburn, Victoria
Project Value (Incl. GST)	$595m
Total Lots[1]	2,479
Lots Remaining	1,733
Expected Settlement Period	FY12 – FY24
Ownership Structure	100% Peet Limited
Price Range	$197,000 - $252,000

Notes:
1 Includes equivalent lots

GOOGONG, NSW/ACT

GOOGONG

Googong is a 780 hectare greenfield master planned community situated 16 km from Canberra CBD. The community will accommodate approximately 6,000 homes, three schools, community and childcare facilities, two local Neighborhood Centres, a Major Town Centre and 30 hectares of sporting facilities linked by 200 hectares of open space. The project is being developed in joint venture with the Mirvac Group and is expected to house approximately 16,000 residents upon completion.

PROJECT UPDATE

In excess of 300 sales achieved during FY15 with approximately 200 homes now occupied. A total of 5 stages now completed with a further 4 stages commencing development.

SUMMARY INFORMATION – IN PROGRESS

Acquisition Date	June 2010
Location	Queanbeyan, NSW/ACT
Project Value (Incl. GST)	$1,700m
Total Lots[1]	6,000
Lots Remaining	5,084
Expected Settlement Period	FY12 – FY33
Ownership Structure	50% CIC Australia; 50% Mirvac Group
Price Range	$100,000 - $460,000

Notes:
1 Includes equivalent lots

120 YEARS 1895 2015 PEET

FLAGSTONE CITY, QLD

Flagstone is a 1,245 hectare greenfield master planned community situated 38 km South West of Brisbane's CBD. The community will accommodate over 11,000 lots, four schools, community and childcare facilities, a local District Centre, a Central Business District and 30 hectares of sporting facilities linked by over 200 hectares of open space. The project is being developed in joint venture with MTAA Super and is expected to house approximately 30,000 residents upon completion.

PROJECT UPDATE

In FY15 the Flagstone project delivered more key approvals, including EPBC approval for the entire development site, development approvals for the first phase of development being 714 residential lots, parkland and 34 commercial lots, detailed engineering and landscaping approvals for the first 128 residential lots and approval for the $5 million bridge over the interstate railway line to access the core site area. Approval for the balance 1,800 lots of the original 2,500 lot development application is expected in December 2015.

SUMMARY INFORMATION – IN PROGRESS

Acquisition Date	June 2011
Location	Greater Flagstone, Logan
Project Value (Incl. GST)	$3,230m
Total Lots[1]	11,749
Lots Remaining	11,749
Expected Settlement Period	FY17 – FY41
Ownership Structure	50% Peet Limited; 50% MTAA Super
Price Range	$130,000 - $240,000
Lot Size Range	250m^2 – 720m^2

Notes:
1 Includes equivalent lots

NEW PROJECTS IN FY16 - FY18

Pipeline of approximately 47,000 lots providing visibility of future earnings

- Up to 12 new projects expected to commence development within the next 2-3 years
  - More than 85% of the lots in these projects sit within the Funds Management business
  - Represents approximately 40% of existing pipeline
  - Average project duration of 7 years providing visibility of future earnings and cash flows
- Over 80% of entire land bank is expected to be in development by end of FY17
- Land portfolio well balanced across key growth corridors

FY16 - FY18 PROJECT RELEASE SCHEDULE

Project	State	Segment	First Sales	Lots	Project Life (Years)
Botanic Village	VIC	Funds	2016	783	6yrs
Flagstone City	QLD	Funds	2016	11,749	25yrs+
Greenlea	WA	Owned	2017	430	3yrs
Hilbert Park	WA	Funds	2016	997	8yrs
Stratton	WA	Funds	2017	745	5yrs
Yanchep Wholesale	WA	Funds	2017	888	7yrs
Tarneit	VIC	Funds	2016	300	4yrs
Rockbank	VIC	Owned	2018	557	5yrs
Mundijong	WA	Funds	2018	852	8yrs
Mundijong	WA	Owned	2018	508	6yrs
Werribee	VIC	Owned	2017	961	7yrs
Eyre Kingston	ACT	JV	2017	167[1]	2yrs
Total				**18,937**	**Ave: 7 yrs**

Notes:
1 Apartments

Capital management

CAPITAL MANAGEMENT

Strong capital management strategy outcomes

- Cash and available facilities of $127.4m
- Weighted average cash cost of bank debt (excluding convertible notes) reduced to 6.6%
  - FY17 forecast weighted average cash cost of bank debt is expected to reduce to 5.9% based on hedge profile
- Covenant gearing[1] decreased to 23.8%
- Net bank debt decreased by 38% to $129m
- Significant strengthening of ICR to 4.0x
- Convertible notes maturing in June 2016
  - Considering options but redemption can be funded out of existing cash reserves

CAPITAL MANAGEMENT METRICS	FY15	FY14
Cash at bank	$57.7m	$38.8m
Bank debt	$186.2m	$247.9m
Convertible notes	$48.7m	$47.6m
Covenant gearing[1]	23.8%	29.8%
Balance sheet gearing[2]	28%	31%
Interest cover ratio[3]	4.0x	2.8x
Weighted average debt maturity	2.0 years	2.4 years
Weighted average hedge maturity	3.4 years	1.8 years
Debt fixed/hedged	51%	47%
Weighted average cash cost of debt[4]	7.7%	7.7%
Weighted average cash cost of debt (excluding convertible notes)	6.6%	6.8%

Notes:
1 (Total interest bearing liabilities (including land vendor liabilities) less cash) / (Total assets adjusted for market value of inventory less cash, less intangible assets). Excluding syndicates consolidated under AASB10
2 (Total interest bearing liabilities (including land vendor liabilities) less cash) / (Total assets less cash, less intangible assets). Includes syndicates consolidated under AASB10
3 EBIT (pre write-downs and CIC acquisitions costs) / Total interest cost (including capitalised interest). Includes CIC
4 Including all costs, fees and margins and convertible notes

GROUP CASH FLOW SUMMARY

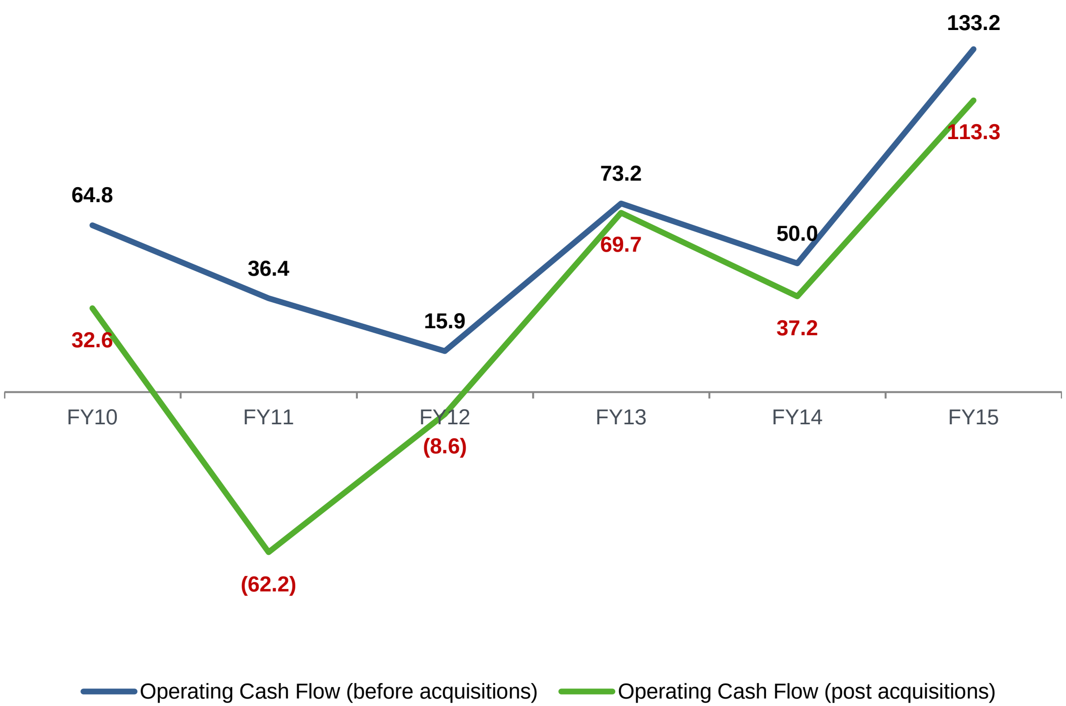
Cash generated from operations applied to accelerate production from new and existing projects to meet demand

- Cash borrowing costs anticipated to be lower due to reduced debt levels and newly entered interest rate hedges

CASH FLOWS RELATED TO OPERATING ACTIVITIES	FY15 $M	FY14 $M
Receipts from customers	357.7	281.5
Receipts from syndication – Tarneit	11.6	-
Receipts from asset divestments – Other	14.4	16.2
Distributions and dividends received from associates and joint ventures	9.1	18.1
Payments to suppliers and employees	(87.3)	(81.7)
Borrowing costs	(20.4)	(26.9)
Net taxes paid	(4.3)	(4.5)
Payments for development and infrastructure	(147.6)	(152.7)
Operating cash flow before acquisitions	**133.2**	**50.0**
Payments for land acquisitions – Term payments	(7.5)	(12.8)
Payments for land acquisitions – New land	(12.4)	-
Net operating cash flow	**113.3**	**37.2**

CASH FLOW

CASH FLOW PRE AND POST ACQUISITIONS ($M)



- Development of existing pipeline to be self-funded through operating cash flows
- Disciplined execution of capital management strategy to reduce cash flow needs
  - Majority of land bank now in Funds Management or capital efficient structures
- Continued reweighting of business to Funds Management increasing earnings contribution of development and sales management fees
- Future cash flow supported by sale of Greenvale, with settlement to occur in instalments over 3 years
  - $28.0m due December 2015
  - $27.0m due June 2016
  - $38.1m due June 2018

Market overview & outlook

RESIDENTIAL MARKET OVERVIEW

Melbourne

» Ongoing strong population growth to support dwelling demand
  - Metropolitan Melbourne will see an additional 1.8m people over the next 20 years, equals 90,000 new residents per year
  - Volumes expected to stabilise near current high levels
  - Available stock remains tight supporting moderate price growth

Perth

» Subdued economic conditions are generally impacting the market
  - Demand for affordable product is being supported by policy incentives such as low interest rates and First Home Buyers' grants
  - Land market demand has reverted back to more average levels, with lower price markets performing better
  - Moderate decline in prices expected as production levels are adjusted to reflect current market conditions

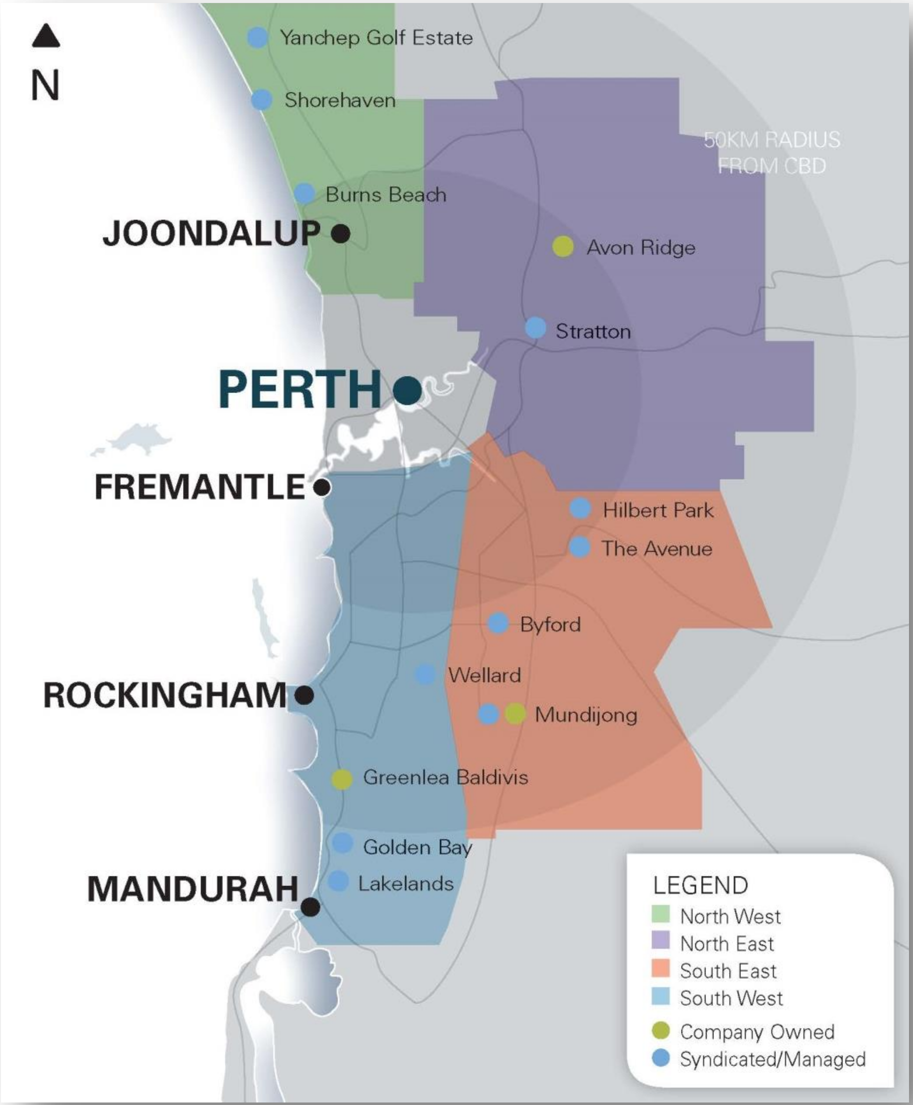
Brisbane

» Market demand continues to remain steady
  - Brisbane land market has not seen the same supply increases and as a result is seeing moderate price growth
  - Price growth continues to lag Vic & NSW to date
    - Increased demand via a recovery in interstate migration would see improved price growth

Sydney

» Demand remains strong supported by pent-up demand and improved economy
  - NSW seeing lowest level of net interstate outflow migration since 1970s
  - Undersupply of dwellings relative to demand is expected to continue for some time yet
  - Price growth expected to moderate

PERTH CORRIDOR EXPOSURE



» North West corridor demand has moderated the most as a result of strong volume and price growth over the past few years

» South West corridor demand and pricing relatively stable

» North East & South East corridors performing well due to affordable price points
   - Majority of new project commencements over the next 3 years are located in NE & SE corridors

OUTLOOK

Portfolio well positioned for sustainable long-term growth and value creation

- Outlook supported by market fundamentals
  - Greatest near term exposure to well-performing Vic market
  - Qld contribution to increase due to Flagstone City commencing development during FY16
  - WA market conditions have moderated however lower priced lots still selling, majority of recently released and planned estates located in the affordable eastern corridor

- Peet's key focus
  - Accelerating production where possible and active management of product mix
    - Delivery of affordable product targeted at the low and middle market segments, including an increasing focus on medium density
  - Actively managing landbank with a focus on increasing ROCE
  - Development spend to be self-funded through operating cash flows
  - Further improvement in EBITDA margins
  - Selective acquisition of projects to restock pipeline, predominantly through funds platform

- Well positioned to deliver more than 3,500 settlements in FY16 and target earnings growth
  - FY16 earnings expected to be skewed to the second half

Thank you

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