



1H15 Results Presentation

February 2015

1H15 RESULTS OVERVIEW

Strong project performance across all business divisions aided by supportive market conditions

- » Strong improvement in 1H15 operating profit¹ after tax of \$17.1m, up 18% (in line with statutory profit)
- » Strong underlying business performance
 - Revenue up 76% over pcp with 1,456 lots settled
 - EBITDA² up 65% to \$45.9m
 - Improvement in EBITDA² margin to 25%
 - Improvement in ROCE³ to 13%
 - Record contracts on hand of 2,232 valued at \$485m
- » Pipeline strengthened through the acquisition of interests in six high quality strategic residential projects in November 2014
- » Improvement in capital position
 - Strong operating cash flows
 - Gearing⁴ reduced to 23%
 - Development of existing pipeline self funded through strengthening operating cash flows
- » Fully franked interim dividend of 1.5cps

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. 12 months rolling EBITDA (pre write-down) / (average net debt + average total equity)
4. (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 ACHIEVEMENTS FOR 1H15

ACQUISITIONS

- Acquired interests in six high quality strategic residential projects
 - New projects comprise more than 3,000 lots/dwellings with GDV¹ of circa \$750 million
 - Strong investment partners provide the opportunity to further leverage and grow the Funds Management business
 - Golden Bay and Bluestone Mount Barker estates are currently developing and selling and will contribute to FY15 earnings
 - Use of capital efficient JV ownership structures
 - Further expansion of the Group's medium density residential pipeline
- Pipeline of approximately 50,000 lots providing visibility of future earnings

RETAIL SYNDICATES

- New Victorian retail land syndicate launched February 2015
- Targeting \$10 million syndicate equity raising by April 2015
- Strong interest shown, with more than 60% subscribed, based on applications and commitments received to date

MEDIUM DENSITY

- First Peet managed built form project completed at Wellard
- Currently have 319 apartments underway with 140 settlements expected in FY15
- Pipeline of approximately 1,700 units/apartments identified across national portfolio

CASH FLOW

- Strong 1H15 net operating cash flow of \$65m
- Cash and available facilities of \$91m

CAPITAL MANAGEMENT

- Improved capital position
- Gearing within target range of 20% - 30%
- Net debt of \$188m – down 39% on 1H14 (\$306m)
- Interest cover up strongly to 3.32x

Notes:

1. Gross Development Value

CIC UPDATE

CIC Australia Limited (CIC) to buy-back all of its shares other than those held by Peet

- » On 25 February 2015, CIC announced its intention to proceed with a proposal to buy-back all of the CIC shares held by shareholders other than Peet at an indicative price of 82.7 cents per CIC share
- » If it proceeds the buy-back would result in Peet owning 100% of CIC
- » The buy-back will be implemented via a scheme of arrangement which (if all the necessary approvals are obtained) would be binding on all minority shareholders
 - Vote targeted for late April or early May 2015
- » Remains subject to an independent expert's report and a satisfactory class ruling from the ATO
- » CIC has received confirmations from minority shareholders representing c.12.2% of CIC shares indicating their intention to vote in favour of the proposal, in the absence of a superior offer and subject to CIC obtaining an ATO class ruling to the satisfaction of CIC and/or the shareholder
 - Represents almost 90% of minority shares outstanding
- » Peet has agreed to loan CIC c.\$15m to fund the buy-back



Results overview

GROUP FINANCIAL SUMMARY

- » Significant increase in revenue over 1H14 driven by both the Development business and fee income from the Funds Management business
- » Operating profit² after tax of \$17.1m - up 18%
- » Group EBITDA² of \$45.9m - up 65%
 - Gross margin improved through net price growth, cost efficiencies and greater impact of high margin projects
- » 1H15 Operating EPS of 3.8 cents - up 12%
- » Return on capital employed increased to 13%
- » Market value NTA per share at \$1.14
 - Does not include value of Funds Management business

KEY PERFORMANCE STATISTICS	1H15	1H14	VAR(%)
Lot sales	1,610	1,735	(7%)
Lot settlements	1,456	1,507	(3%)
Revenue ¹	\$184.2m	\$119.4m	54%
EBITDA²	\$45.9m	\$27.9m	65%
EBITDA ² margin	25%	23%	2%
Operating profit after tax^{2,3}	\$17.1m	\$14.5m	18%
Inventory write-downs and acquisition costs after tax	-	\$1.3m	-
Statutory profit after tax³	\$17.1m	\$13.2m	30%

KEY METRICS	1H15	1H14	VAR(%)
EPS (Operating)	3.8c	3.4c	12%
DPS ⁴	1.5c	-	-
ROCE ⁵	13%	10%	3%

	DEC 14	JUN 14	VAR(%)
Book NTA per share	\$1.03	\$1.00	3%
Market adjusted NTA ⁶ per share	\$1.14	\$1.18	(3%)

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 Fully franked
- 5 12 months rolling 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

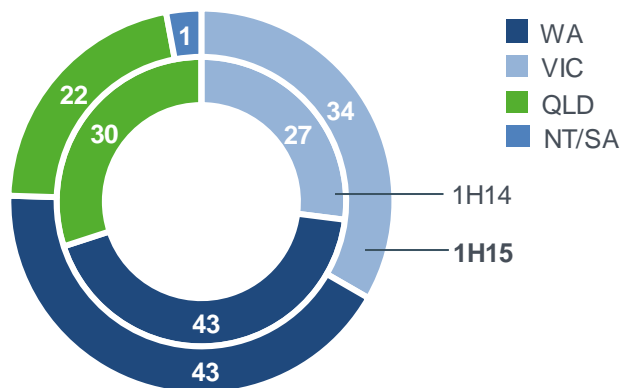
FM OPERATING PERFORMANCE

- » 1H15 fee revenue increased strongly to \$21.2m – up 23% on 1H14
 - EBITDA² margins increased to 65% from 63%
- » Funds management business provided solid earnings base representing 31% of Group's EBITDA
 - Earnings down slightly to \$14.2m due to lower equity accounted profits during 1H15
- » Contracts on hand up 21% to almost 1,200 lots

KEY PERFORMANCE STATISTICS	1H15	1H14	VAR(%)
Lot sales ¹	906	839	8%
Lot settlements			
– Retail	783	751	4%
– Super lots	3	-	100%
Revenue	\$21.2m	\$17.2m	23%
Share of net profit of equity accounted investments	\$0.9m	\$7.3m	(88%)
EBITDA ²	\$14.2m	\$15.5m	(8%)
EBITDA ² margin	65%	63%	2%

	DEC 14	JUN 14	VAR(%)
Contracts on hand ³	1,176	968	21%

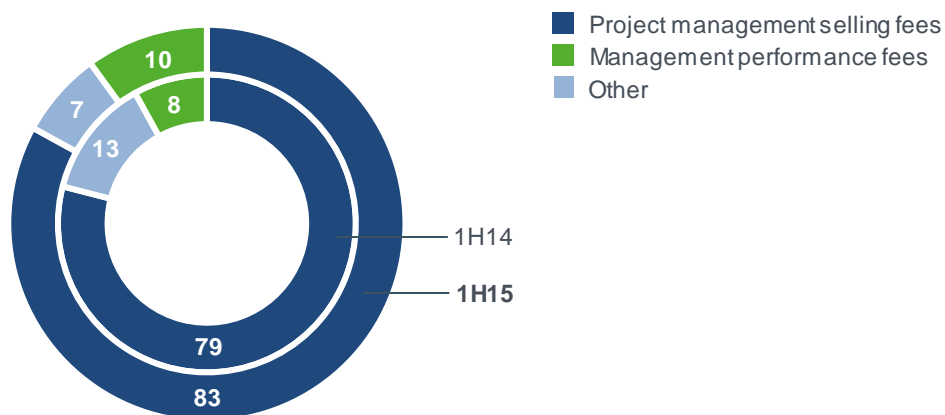
FM revenue composition by geography (%)



Notes:

- 1 Includes super lots
- 2 Includes effects of non-cash movements in investments in associates
- 3 Includes equivalent lots

FM revenue composition by type (%)



JV OPERATING PERFORMANCE

- » Sales and settlements down as a result of Crace (ACT) being substantially completed in FY14
- » 1H15 revenue of \$47.7m, up 5% on 1H14 due to continued solid performance at Wellard (WA) and The Heights (NT)
- » Earnings down to \$10.2m due to lower equity accounted profits during 1H15
 - Crace (ACT) substantially completed in FY14
- » Contracts on hand up 9% to 820 lots with a gross value of more than \$200m

KEY PERFORMANCE STATISTICS	1H15	1H14	VAR(%)
Lot sales	448	625	(28%)
Lot settlements	381	619	(38%)
Revenue	\$47.7m	\$45.4m	5%
Share of net profit of equity accounted investments	\$1.6m	\$8.1m	(80%)
EBITDA ¹	\$10.2m	\$13.1m	(22%)
EBITDA ¹ margin	21%	24%	(3%)

	DEC 14	JUN 14	VAR(%)
Contracts on hand ^{2,3}	820	753	9%

Notes:

- 1 Includes effects of non-cash movements in investments in joint ventures
- 2 Includes 100% Googong sales
- 3 Includes equivalent lots

DEVELOPMENT OPERATING PERFORMANCE

- » 1H15 settlements up strongly due to Aston (Vic), The Chimes (WA) and Quayside apartments (ACT)
- » Revenues up strongly for 1H15 to \$94.8m – up 225% on 1H14
- » EBITDA increased strongly to \$19.6m, up 308%
 - EBITDA margins increased to 21% from 16%
- » Contracts on hand of 236 lots with a gross value of more than \$60m

KEY PERFORMANCE STATISTICS	1H15	1H14	VAR(%)
Lot sales ¹	256	271	(6%)
Lot settlements			
Retail	287	137	109%
Super lots	2	-	100%
Revenue	\$94.8m	\$29.2m	225%
EBITDA ²	\$19.6m	\$4.8m	308%
EBITDA ² margin	21%	16%	5%
	DEC 14	JUN 14	VAR(%)
Contracts on hand ³	236	269	(12%)

Notes:

- 1 Includes super lots
- 2 Pre write-downs
- 3 Includes equivalent lots



Capital management

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CAPITAL MANAGEMENT

Capital management strategy tracking in line with expectations

- » Covenant gearing¹ decreased to 23%
- » Bank debt reduced by a further \$54m during the half-year
- » Significant strengthening of ICR to 3.32x
- » Weighted average cash cost of debt (excluding convertible notes) reduced to 6.6%
- » Executed new forward starts lowering future fixed interest costs

CAPITAL MANAGEMENT METRICS	1H15	FY14	1H14
Cash at bank	\$54.7m	\$38.8m	\$26.6m
Bank debt	\$194.1m	\$247.9m	\$285.8m
Convertible notes	\$48.2m	\$47.6m	\$47.1m
Covenant gearing ¹	23%	30%	33%
Balance sheet gearing ²	26%	31%	39%
Interest cover ratio ³	3.32x	2.81x	2.13x
Weighted average debt maturity	2.0 years	2.4 years	1.1 years
Weighted average hedge maturity	3.9 years	1.8 years	1.5 years
Debt fixed/hedged	51%	47%	73%
Weighted average cash cost of debt ⁴	7.7%	7.7%	8.2%
Weighted average cash cost of debt (excluding convertible notes)	6.6%	6.8%	7.5%

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

Operational cash applied to accelerate production to meet demand

- » Development spend in 2H15 fully self funded through operating cash flow
- » Borrowing cash costs anticipated to be lower due to reduced debt levels and newly entered interest rate hedges

	1H15	1H14
CASH FLOWS RELATED TO OPERATING ACTIVITIES	\$M	\$M
Receipts from customers	198.4	119.3
Receipts from asset divestments	10.5	-
Payments to suppliers and employees	(48.7)	(35.6)
Borrowing costs	(11.3)	(13.9)
Distributions and dividends received from associates and joint ventures	8.3	12.1
Net taxes paid	(4.3)	(3.4)
Payments for development and infrastructure	(78.7)	(88.8)
Operating cash flow before acquisitions	74.2	(10.3)
Payments for new land acquisitions	(8.8)	(9.3)
Net operating cash flow	65.4	(19.6)



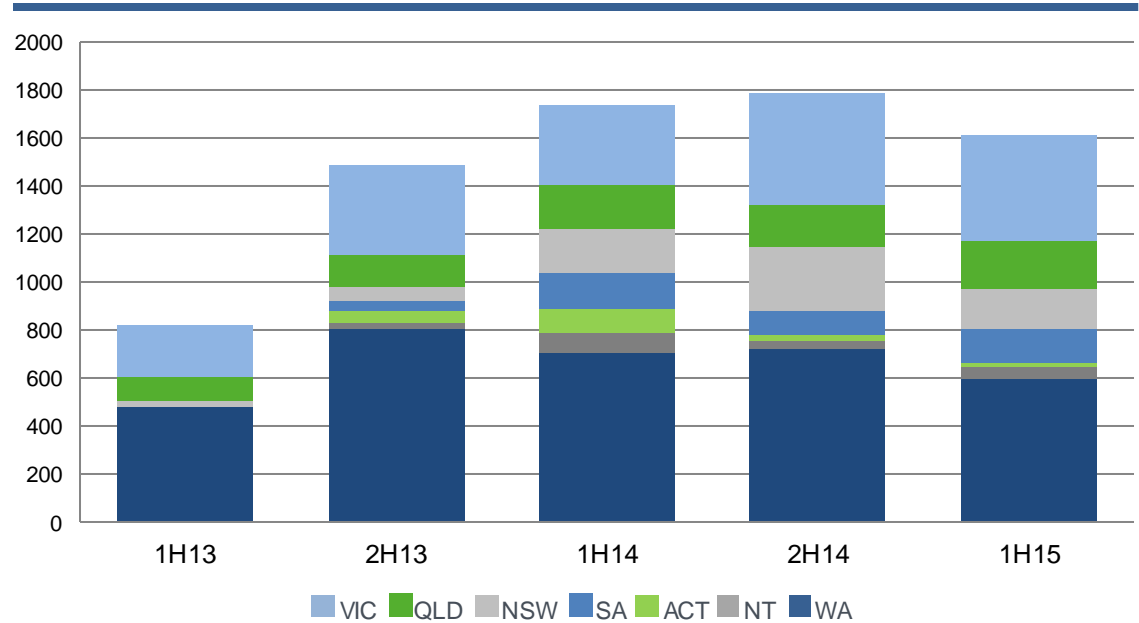
Operational Update

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GROUP SALES ACTIVITY

- » Group sales for 1H15 were 1,610 - down 7% on pcp
- » 1H15 WA sales volumes moderated, with prices stabilising following strong growth in FY14
- » 1H15 sales across Vic and Qld improved on 1H14 and were in line with 2H14 despite two projects being substantially completed during the period
- » Two new projects expected to commence development during late 2H15
 - Flagstone City (Qld)
 - Tarneit (Vic)

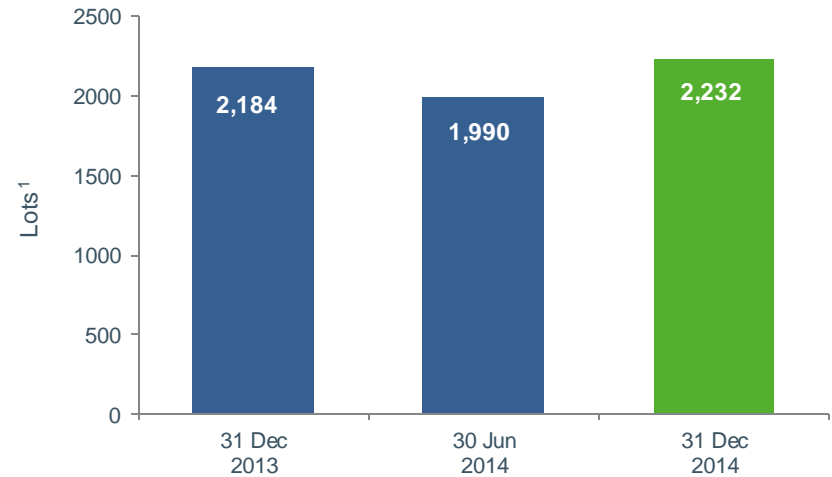
SALES ACTIVITY BY LOTS



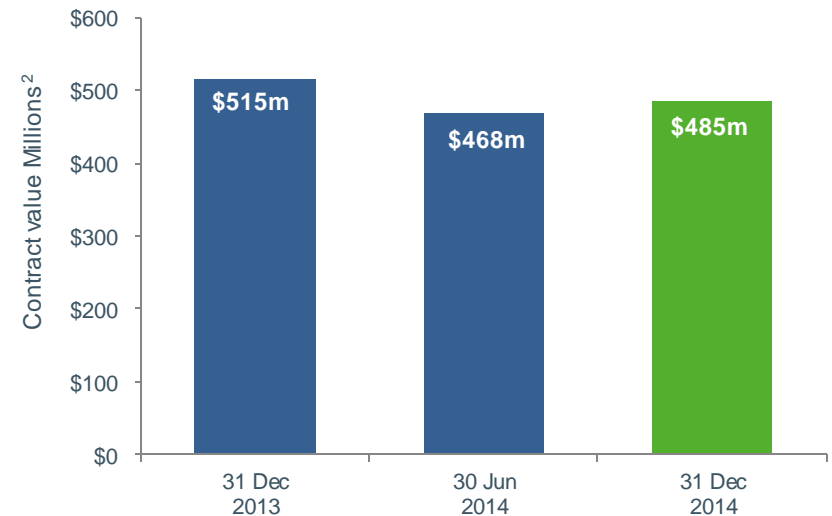
CONTRACTS ON HAND

- » Record number of contracts on hand¹ provides momentum into 2H15, up 12% since 30 June 2014
 - Solid increase driven by stable and improving east coast market conditions
 - Development revenue expected to remain strong in 2H15 as lots under contract settle

CONTRACTS ON HAND BY LOTS



CONTRACTS ON HAND BY VALUE



Notes:

1. Includes equivalent lots
2. Includes GST

NEW PROJECTS IN FY15 - FY17

Pipeline of approximately 50,000 lots providing visibility of future earnings

- » Up to 10 new projects expected to commence development within the next 2-3 years
 - More than 90% of the lots in these projects sit within the Funds Management business
 - This represents approximately 40% of existing pipeline
 - Average project duration of 9 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

FY15-FY17 PROJECT RELEASE SCHEDULE

Project	State	Segment	First Sales	Lots	Project Life (Years)
Oakford	WA	Funds	2015	1,060	10yrs
Mt Barker	SA	Funds	2015	845	8yrs
Botanic Village	VIC	Funds	2016	783	6yrs
Flagstone City	QLD	Funds	2016	11,767	25yrs+
Forrestdale	WA	Funds	2016	997	8yrs
Midvale	WA	Funds	2016	613	5yrs
Tarneit	VIC	Funds	2016	300	4yrs
Rockbank	VIC	Owned	2017	557	5yrs
Mundijong	WA	Funds	2017	852	8yrs
Werribee	VIC	Owned	2017	961	7yrs
Total				18,735	Ave: 9 yrs

LAND BANK – FUNDS MANAGEMENT KEY PROJECTS

PROJECT NAME	STATE	GDV	LOTS ¹ REMAINING	PROJECT LIFECYCLE				
				2015	2016	2017	2018	
Alkimos	WA	\$814m	2,468	Selling				
Burns Beach	WA	\$298m	580	Selling				
Golden Bay	WA	\$305m	1,345	Selling				
Lakelands	WA	\$203m	1,186	Selling				
Yanchep Golf Estate	WA	\$364m	1,560	Selling				
Oakford	WA	\$201m	1,060	Selling				
Forrestdale	WA	\$228m	997	Start up	Selling			
Midvale	WA	\$155m	613	Start up	Selling			
Mundijong	WA	\$136m	852	Planning	Start up	Selling		
Yanchep (Wholesale)	WA	\$171m	888				Planning	
Other	WA	\$184m	1,015					
Warner Lakes	QLD	\$1m	3	Selling	Completion			
Flagstone Rise	QLD	\$148m	485	Selling				
Caboolture	QLD	\$250m	1,067	Selling				
Warner Springs	QLD	\$89m	382	Selling				
Flagstone City	QLD	\$3,108m	11,767	Start up	Selling			
Other	QLD	\$95m	614					
Tarneit (Leakes Rd) - South	VIC	\$56m	300	Start up	Selling			
Cranbourne Central	VIC	\$94m	455	Selling				
Cranbourne West	VIC	\$73m	378	Selling				
Greenvale	VIC	\$97m	377	Selling				
Botanic Village	VIC	\$166m	783	Start up	Selling			
Melton	VIC	\$103m	661	Selling				
Other	VIC	\$9m	44					
Mt Barker	SA	\$142m	845	Selling				
Total Funds Management		\$7,490m	30,725					

Notes:

1 Equivalent lots as at 31 December 2014

LAND BANK – COMPANY-OWNED KEY PROJECTS

PROJECT NAME	STATE	GDV	LOTS ¹ REMAINING	PROJECT LIFECYCLE			
				2015	2016	2017	2018
Brigadoon	WA	\$70m	155	Selling			
Chase, Baldivis	WA	\$89m	476	Selling			
Mundijong	WA	\$116m	509	Planning		Start up	Selling
Other	WA	\$612m	3,619				
Gladstone	QLD	\$81m	342	Selling			
Beaudesert	QLD	\$245m	1,045	Planning			
Flagstone North	QLD	\$224m	1,400	Planning			
Aston, Craigieburn	VIC	\$386m	1,834	Selling			
Werribee	VIC	\$190m	961	Planning	Start up	Selling	
Arena, Greenvale	VIC	\$275m	1,094	Selling			
Tarneit (Leakes Road) – North	VIC	\$51m	250	Planning			
Mt Aitken	VIC	\$57m	230	Planning			
Rockbank	VIC	\$115m	557	Planning	Start up	Selling	
Other	VIC	\$113m	274				
Bay Ridge	NSW	\$4m	21	Selling			
Eastern Industrial Estate	ACT	\$29m	73	Selling			
Quayside Apartments	ACT	\$15m	12	Selling	Completion		
Total company-owned		\$2,672m	12,852				

Notes:

¹ Equivalent lots as at 31 December 2014

LAND BANK – JOINT VENTURE KEY PROJECTS

PROJECT NAME	STATE	GDV	LOTS ¹ REMAINING DEC 14	PROJECT LIFECYCLE			
				2015	2016	2017	2018
Googong ²	NSW	\$618m	2,628	<i>Selling</i>			
Crace	ACT	\$1m	2	<i>Selling</i>	<i>Completion</i>		
Wellard	WA	\$282m	1,336	<i>Selling</i>			
The Heights	NT	\$134m	494	<i>Selling</i>			
Lightsview	SA	\$174m	994	<i>Selling</i>			
Total joint venture		\$1,209m	5,454				
TOTAL PIPELINE		\$11,371m	49,031				

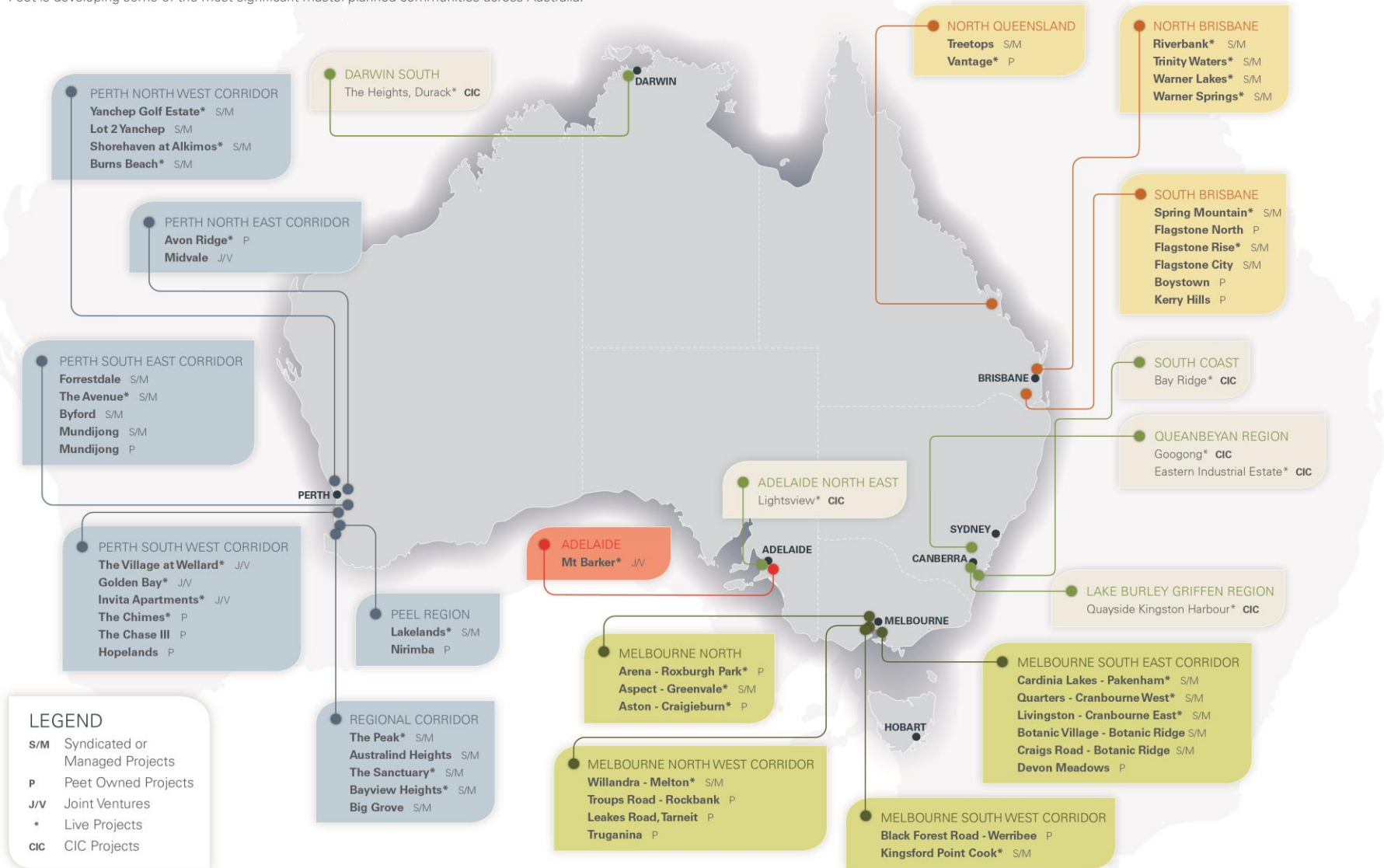
Notes:

1 Equivalent lots as at 31 December 2014

2 Googong represents 50% shareholding of project

Extensive experience in land development

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





*Market overview &
outlook*

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RESIDENTIAL MARKET OVERVIEW

Monetary policy continues to encourage home building activity

- » Sales volumes moderated in Western Australia during 1H15, where a combination of the lower iron ore price and the transition from the construction phase of major resource projects in particular has impacted the economy. However, while that trend is expected to continue, sales prices have stabilised in line with a market in or around equilibrium. These market conditions, together with:
 - continued population growth;
 - relatively low level of unemployment compared to the national average; and
 - the diversity of the Group's WA land bank including the start of sales to the public from a new project in Perth's eastern suburbs,are expected to help underpin a continued solid contribution from WA overall in FY15.
- » Activity in the Queensland residential market is increasing (though coming off historic low levels) and there has been an improvement in affordability, relative to other eastern states and conditions are expected to improve, despite a fall in investment in the mining sector.
- » Strong population growth in Victoria has supported increased activity in the residential housing market and price growth is also positive. We anticipate a stabilising of sales rates over the remainder of FY15.
- » The ACT and adjoining NSW markets continue to perform well where the Group has a reduced exposure following the completion of both the Crace joint venture and Quayside apartment project.
- » The South Australian residential property market is expected to continue in recovery mode with increased interest from buyers in the affordable and middle segments, boosted by continued low interest rates.
- » Demand remains robust for residential land in the Northern Territory, where government incentives for first homebuyers were restricted to purchasers of new properties from 1 January 2015 and supply remains relatively limited. This market is expected to continue to perform well with large infrastructure projects and a strong Australian and US military presence underpinning growth.

OUTLOOK

Portfolio well positioned for sustainable long term growth and value creation

- » Outlook supported by market fundamentals
 - WA sales have moderated with sales prices stabilising
 - Qld results to improve on the back of Flagstone City commencing development in late 2H15

- » Peet's key focuses to remain
 - Accelerating production where possible and active management of product mix
 - Actively managing landbank with a view to 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 3,400 settlements in FY15

- » Subject to a continuation of current market conditions and the timing of lot settlements, the Group is anticipating FY15 operating net profit after tax in the order of \$38 million



Thank you

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7715 Annexures

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SUMMARY INCOME STATEMENT

	1H15 \$M	1H14 \$M	Var (%)
Funds management	21.2	17.2	23%
Development	94.8	29.2	225%
Joint venture	47.7	45.4	5%
Share of net profit of equity accounted investments	1.4	15.3	(91%)
Other ¹	19.0	12.3	55%
Revenue	184.1	119.4	54%
EBITDA (Pre inventory write-down)	45.9	27.9	65%
Finance costs ²	(14.3)	(9.6)	(49%)
Depreciation and amortisation	(1.6)	(1.5)	(7%)
NPBT (Pre inventory write-down)	30.0	16.8	79%
Income tax expense	(9.1)	(1.5)	(507%)
Outside equity interest	(3.8)	(0.8)	(375%)
Operating NPAT	17.1	14.5	18%
Adjustments for inventory write-down and CIC acquisition related costs (net of tax)	-	(1.3)	100%
Statutory NPAT³	17.1	13.2	30%

Notes:

1 Includes AASB10 Syndicates, unallocated and elimination entries

2 Finance costs includes interest and finance charges amortised through cost of sales

3 Attributable to the owners of Peet Limited

SUMMARY BALANCE SHEET

	1H15 \$M	FY14 \$M
Assets		
Cash	54.7	38.8
Receivables	80.4	81.1
Inventories	515.5	540.6
Investments accounted for using the equity method	177.7	152.7
Other	27.1	33.9
Total assets	855.4	847.1
Liabilities		
Trade and other payables	59.4	55.5
Land vendor liabilities	23.8	24.5
Interest bearing liabilities	242.3	295.5
Other	49.3	51.6
Total liabilities	374.8	427.1
Net assets	480.7	420.0
NTA (book value)	\$1.03	\$1.00
NTA (market value) ¹	\$1.14	\$1.18

Notes:

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

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