1H14 Results Presentation

February 2014

Key achievements

- ✓ Established solid foundation for growth
  - » Capitalising on improving residential markets
- ✓ Operating performance in line with expectations
- ✓ Good progress made on business initiatives
- ✓ Process improvement and operational efficiencies emerging across the Group
- ✓ Non-core divestment program totals $93m to date, including $22m under contract
- ✓ CIC Australia Limited (“CIC”)
  - » Business performing in line with expectations
  - » CIC recently announced as the preferred proponent for the redevelopment of the residential section of Tonsley by the SA Government which will deliver approximately 1,000 dwellings

1H14 Result[1]

Operating Profit Recovery Continuing

- Operating profit[2] after tax of $14.5m
- Statutory profit[2] after tax of $13.2m
  - Includes write-downs after tax of $1.3m on non-core assets in Victoria identified for sale
- Lot sales up 101% driven by CIC acquisition and strong sales in WA
- 2,184 contracts on hand valued at $538m
- Group EBITDA[3] margin of 23%
- Gearing[4] of 33%

Notes:

1 AASB 10 *Consolidated Financial Statements* (AASB 10) and AASB 11 *Joint Arrangements* were adopted from 1 July 2013. As required by the accounting standards, comparative periods have been restated. Further detail of the restatement is disclosed in note 1 to the Financial Statements. Also, the number of lots sold and settled in comparative periods have, where relevant, been restated to consistently reflect the treatment of superlots.

2 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 totalling $15.3 million in 1H14. 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. For the half-year ended 31 December 2013, operating profit of $14.5 million is calculated as statutory profit attributable to the owners of Peet of $13.2 million, adjusted for write-downs in inventory, after tax, of $1.3 million. Statutory profit measures profit in accordance with Australian Accounting Standards.

3 Pre-write downs of $1.8 million (before tax) and includes effects of non-cash movements in investments in associates and joint ventures totalling $15.3 million in 1H14.

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 CIC and syndicates consolidated AASB 10.

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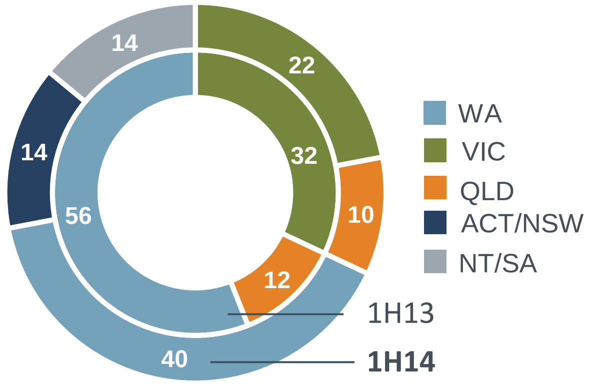
Results overview

Group financial summary

- Results reflect a broadening market improvement as well as the acquisition of CIC
  - Group performance in line with expectations
- Significant increase in lot sales due to:
  - Strong pre-sales activity in WA
  - Improved activity in Vic and Qld
  - CIC
- Significant number of contracts on hand providing good momentum into 2H14
- Group operating margins in 1H14 reflect lot pricing achieved in the previous financial year
- Development margins to improve in 2H14 as a result of lots sold in an improving market with the benefit of price growth in 1H14

	1H14	1H13	Var (%)
Lot sales	1,735	865	101%
Lot settlements	1,507	814	85%
Revenue[1]	119.4m	91.3m	31%
EBITDA[2]	27.9m	15.5m	80%
EBITDA[2] margin	23%	17%	35%
Operating profit after tax[2,3]	14.5m	1.0m	1,350%
Inventory write-downs after tax	1.3m	-	-
Statutory profit after tax[3]	13.2m	1.0m	1,220%
	31 DEC	**30 JUN**	**Var (%)**
Book NTA per share	$0.94	$0.89	6%
Market adjusted NTA[4] per share	$1.06	$1.00	6%
Contracts on hand	2,184	1,956	12%

1H14 sales by geography (%)

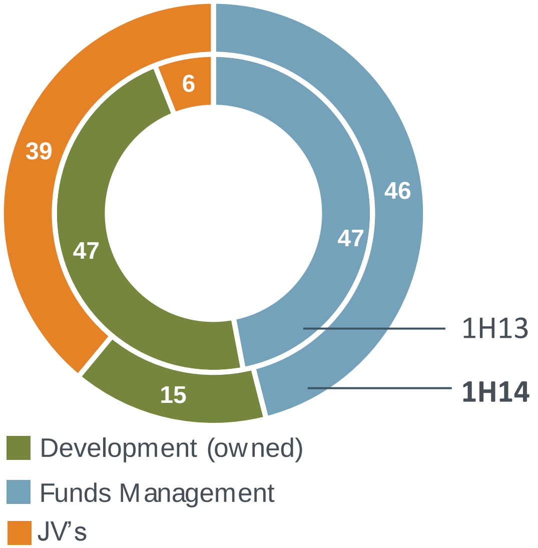


Notes:
1 Includes share of net profit / (loss) of associates and joint ventures accounted for using the equity method.
2 Pre-write downs of $1.8 million (before tax) and includes effects of non-cash movements in investments in associates and joint ventures totalling $15.3 million in 1H14.
3 Attributable to owners of Peet Limited.
4 Market adjusted NTA is based on independent bank-instructed mortgage valuations, adjusted for development costs and settlements post 30 June 2013.

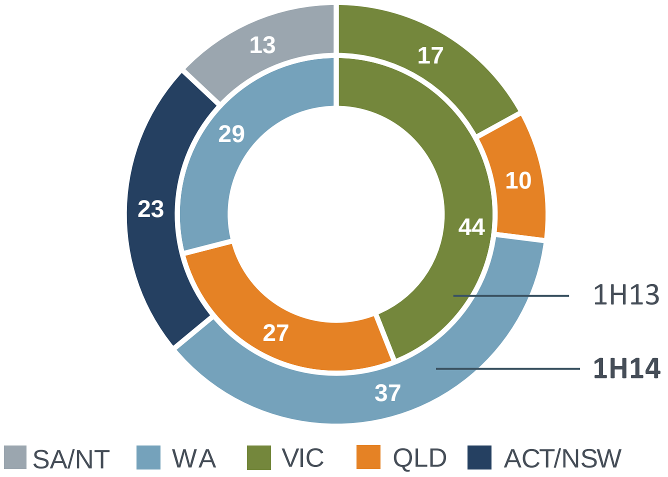
Group operating performance

- Reflects first full reporting period of CIC
- Business transformation continues with increased weighting towards capital efficient structures through its Funds Management and Joint Venture businesses
- Development performance was impacted in 1H14 as a result of FY13 sales pricing and delayed settlement revenue.
  - Earnings to improve in 2H14
- Significantly improved geographical spread with an appropriate exposure to different market cycles

EBITDA[1] composition by business type (%)



EBITDA[1] composition by geography (%)

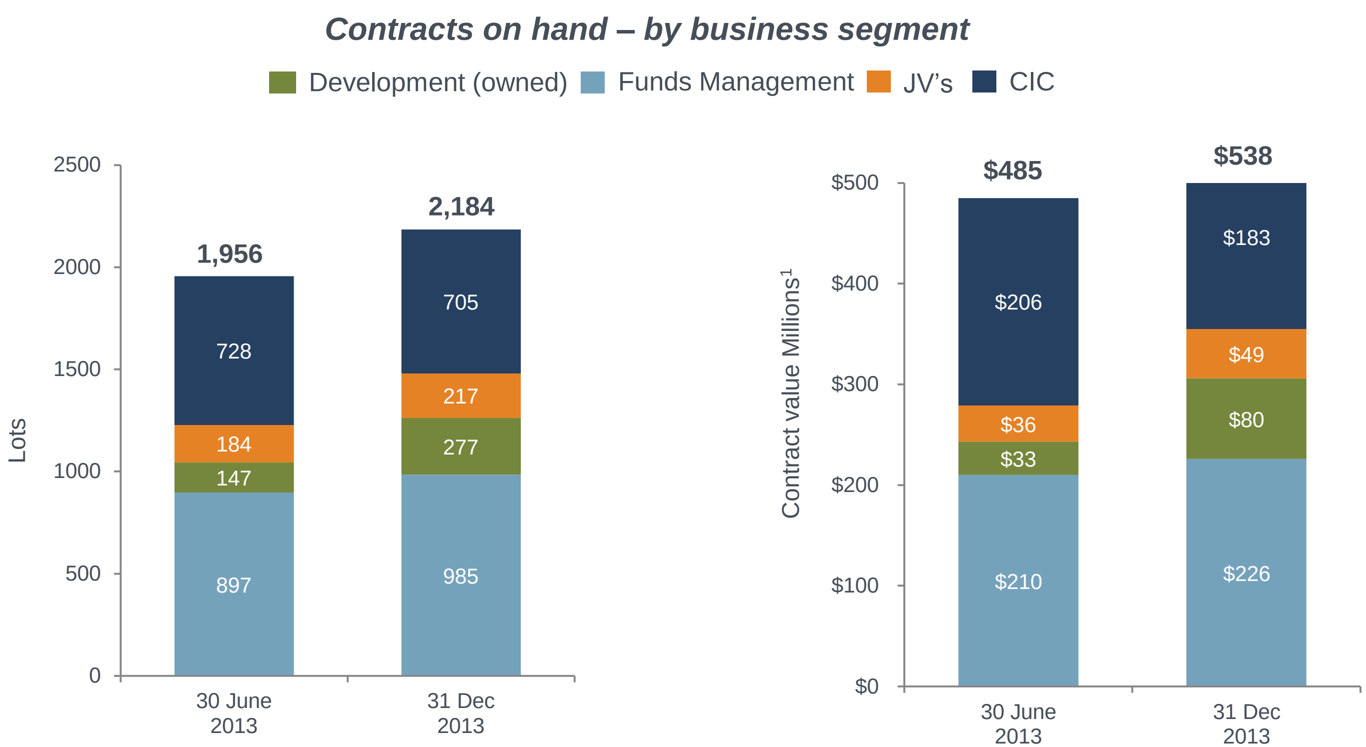


Notes:
1 Pre-write downs of $1.8 million (before tax) and includes effects of non-cash movements in investments in associates and joint ventures totalling $15.3 million in 1H14. Pre inter-segment eliminations and other unallocated.

Contracts on hand

» Significant number of contracts on hand provides momentum into 2H14 – up 12% since 30 June 2013

  » Development revenue expected to improve in 2H14 as lots under contract settle



Notes:
1 Includes GST.

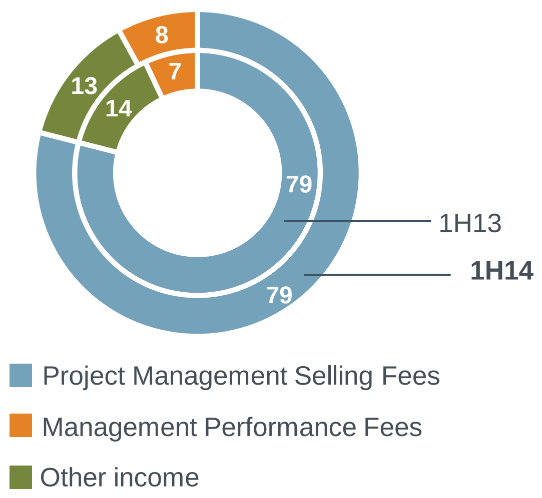
FM operating performance

- Increased sales from key projects: Alkimos (WA), Golden Bay (WA), Yanchep (WA), Warner Lakes (QLD), Kingsford (VIC)
- Project management fees continue to drive FM earnings
- Expect improvement in Management Performance fees as markets improve
- Contracts on hand up 10%

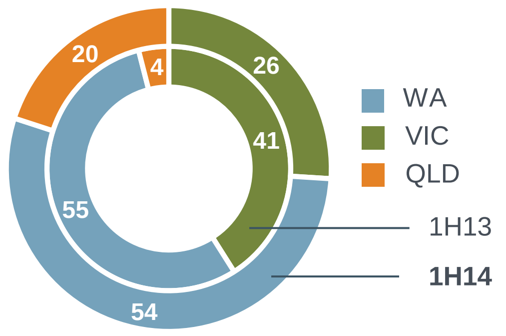
Key performance statistics	**1H14**	**1H13**	**Var (%)**
Lot sales	839	595	41%
Lot settlements			
Retail	751	590	27%
Super lots	-	1	(100%)
Revenue	17.2m	15.1m	14%
Share of net profit of equity accounted investments	7.3m	(1.0m)	830%
EBITDA[1]	15.5m	9.1m	70%
EBITDA[1] margin	63%	64%	(2%)

	31 DEC	**30 JUN**	**Var (%)**
Contracts on hand	985	897	10%

FM revenue composition by type (%)



FM EBITDA[1] composition by geography (%)

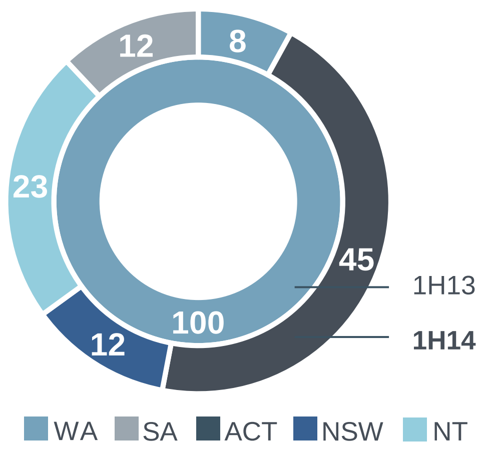


Notes:
1 Includes effects of non-cash movements in investments in associates.

JV operating performance

- Significant increased sales from CIC and Wellard (WA) project
- Revenue and margins improved as a result of increased sales activity and sales price growth across CIC projects and Wellard in WA
- Solid JV performance expected to continue in 2H14

EBITDA[1] composition by geography (%)



Key performance statistics	1H14	1H13	Var (%)
Lot sales	625	119	425%
Lot settlements	619	89	596%
Revenue	45.4m	9.1m	399%
Share of net profit of equity accounted investments	8.1m	-	100%
EBITDA[1]	13.1m	1.2m	992%
EBITDA[1] margin	24%	13%	85%

	31 DEC	30 JUN	Var (%)
Contracts on hand	837	831	1%

Notes:
1 Includes effects of non-cash movements in investments in joint ventures.

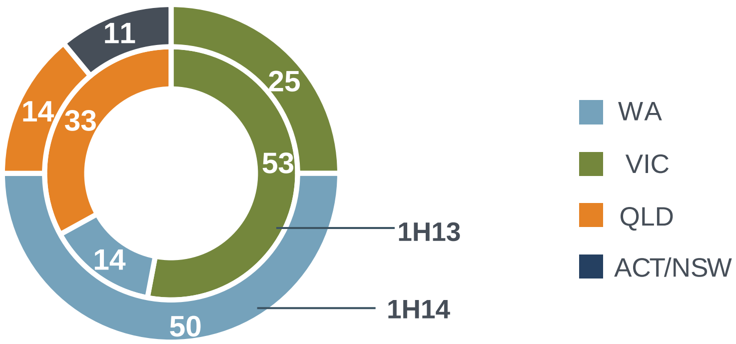
Development operating performance

- Increased sales at key owned projects : Craigieburn (VIC) and Baldivis (WA)
- Revenue (excluding superlots) is in line with 1H13
- Development margins impacted by FY13 sales prices and delayed settlement revenue
- Development performance expected to improve in 2H14 as a result of
  - Strong increase in contracts on hand – up 59%
  - Improved operating margins due to higher sales prices being achieved in 1H14

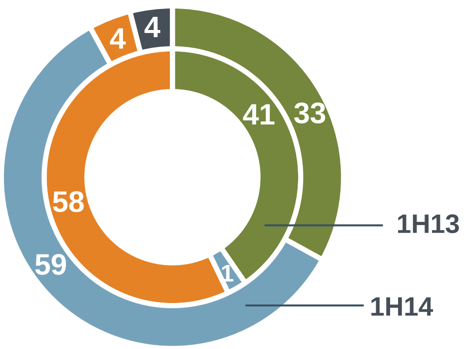
Key performance statistics	1H14	1H13	Var (%)
Lot sales	271	151	79%
Lot settlements			
Retail	137	132	4%
Super lots	-	2	(100%)
Revenue	29.2m	55.9m	(48%)
EBITDA[1]	4.8m	9.2m	(48%)
EBITDA[1] margin	16%	16%	-

	31 DEC	30 JUN	Var (%)
Contracts on hand	362	228	59%

Revenue composition by geography (%)



EBITDA[1] composition by geography (%)



Notes:

1 Pre write-downs of $1.8 million (before tax).

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Capital management

Capital management

Capital management strategy tracking in line with expectations

- New 4-year Syndicated Loan Facility expected to be finalised in March 2014
- Group debt increased as a result of:
  - Bringing on new inventory to settle contracts on hand and to meet continuing market demand
  - Construction of CIC's Quayside apartment project – approximately 88% sold
- Settlement revenue of $22m from contracted asset sales during CY14 will be applied to further reduce debt
- Weighted average cost of debt to improve during 2H14 as $90m in hedges expire

	31 DEC	30 JUN
Cash at bank	$26.6m	$36.4m
Debt	$332.9m	$321.0m
Gearing[1] (excluding Convertible Notes)	27%	22%
Gearing[1] (including Convertible Notes)	33%	29%
Interest cover ratio[2]	2.13x	1.65x
Debt fixed/hedged	73%	78%
Weighted average cost of debt[3]	8.2%	8.3%
Weighted average cost of debt[3] (excluding convertible notes)	7.5%	7.7%

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). Excludes CIC and syndicates consolidated under AASB 10.
2 12 month rolling EBIT (pre write-downs) / 12 month rolling Total interest cost (including capitalised interest). Includes CIC.
3 Including all costs, fees and margins and convertible notes.

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Group cash flow summary

- Operating cash flow impacted by
  - Development and infrastructure expenditure increased mainly due to the acquisition of CIC and its development pipeline
  - Peet's development expenditure is in line with 1H13
  - Settlement revenue from Development projects to increase in 2H14

	1H14	1H13
Cash flows related to operating activities	**$m**	**$m**
Receipts from customers	119.3	84.0
Receipts from asset divestments	-	28.7
Payments to suppliers and employees	(35.5)	(31.3)
Borrowing costs	(14.0)	(16.1)
Distributions from associates and jointly controlled entities	12.1	11.4
Net taxes (paid)/refund	(3.4)	8.1
Payments for development and infrastructure	(88.7)	(54.4)
Operating cash flow before acquisitions	**(10.2)**	**30.4**
Payments for new land acquisitions	(9.3)	(3.0)
Net operating cash flow	**(19.5)**	**27.4**

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Market overview & outlook

Residential market overview

- » Fundamentals underpinning the housing market remain supportive of both prices and volumes
- » Construction activity continues to remain strong across Melbourne and Perth
- » Affordability, softening labour market conditions and consumer caution is likely to make for a subdued uplift
- » Peet is in a position to capture residential market uplift through geographical spread

WA Market stabilising after good price growth

- Market conditions expected to moderate and stabilise
- Developer stock remains tight
- Vacancy rates have increased, but mostly for inner-city apartments – suburban vacancy rates stable
- Positive economic fundamentals remain despite softness in mining sector

↔ 2H14

↔ Medium term forecast

VIC Stable market conditions

- Improved activity supported by low interest rates and increased investor interest; however market remains price sensitive
- Oversupply of stock has been absorbed
- Consumer sentiment potentially impacted by uncertain employment outlook

↔ 2H14

↔ Medium term forecast

QLD Activity levels improving

- Vacant land sales growing, albeit off a low base
- Enquiry levels continue to improve
- Residential market activity remains at historical lows
- Affordability has improved relative to other major cities

↗ 2H14

↗ Medium term forecast

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Residential market overview (cont.)

ACT and adjoining NSW

- Land sales remain solid in the mid term due to a shortage of supply
- The residential construction market remains reasonably buoyant

2H14

Medium term forecast

SA Market showing tentative signs of improvement

- Evident recovery in land sales being reported across Metropolitan Adelaide
- NRAS allocations showing up both in terms of sales and new home building
- Infill development in city locations seeing strong demand

2H14

Medium term forecast

NT Strong residential demand for purchase & rent off the back of resource (LNG) projects

- Strong demand for residential land
- US Defence starting to increase its presence
- High rentals adding to increased demand for house land packages
- Marine supply base servicing Browse oil & gas fields represent major opportunity for population growth

2H14

Medium term forecast

Outlook

Peet positioned to take advantage of improving markets

- Underlying foundations of the residential sector remain sound
- Mixed market conditions expected to persist throughout FY14
- Three new projects are expected to commence development in 2H14
- Progressing medium density opportunities within existing land bank
  - Wellard (WA) 82 unit townhouse development underway
- Actively pursing growth opportunities in a disciplined manner
- Dividend intended to be reinstated for full year FY14

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1H14 Annexures

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Summary income statement[1]

$m	1H14	1H13	Var (%)
Funds management	17.2	15.1	14%
Development	29.2	55.9	(48%)
Joint venture	45.4	9.1	399%
Share of net profit of equity accounted investments	15.3	(0.6)	2,650%
Other[2]	12.3	11.8	4%
Revenue	119.4	91.3	31%
EBITDA (Pre inventory write-down)	**27.9**	**15.5**	**80%**
Finance costs[3]	(9.6)	(13.6)	29%
Depreciation and amortisation	(1.5)	(1.3)	(15%)
NPBT (Pre inventory write-down)	**16.8**	**0.6**	**2,700%**
Income tax expense	(1.5)	(0.2)	(650%)
Outside equity interest	(0.8)	0.6	(233%)
Operating NPAT	**14.5**	**1.0**	**1,350%**
Adjustments for inventory write-down (net of tax)	(1.3)	-	-
Statutory NPAT[4]	**13.2**	**1.0**	**1,220%**

Notes:
1. AASB 10 *Consolidated Financial Statements* (AASB 10) and AASB 11 *Joint Arrangements* were adopted from 1 July 2013. As required by the accounting standards, comparative periods have been restated. Further detail of the restatement is disclosed in note 1 to the Financial Statements.
2. Includes AASB10 Syndicates, unallocated and elimination entries.
3. Finance costs includes interest and finance charges amortised through cost of sales.
4. Attributable to the owners of Peet Limited.

Summary balance sheet[1]

$m	31 Dec 2013	30 Jun 2013
Assets		
Cash	26.6	36.4
Receivables	58.7	68.5
Inventories	563.0	542.1
Investments accounted for using the equity method	166.9	147.1
Other	33.4	36.2
Total assets	**848.6**	**830.3**
Liabilities		
Trade and other payables	47.6	49.6
Land vendor liabilities	27.3	31.7
Interest bearing liabilities	332.9	321.0
Other	40.1	47.7
Total liabilities	**447.9**	**450.0**
Net assets	**400.7**	**380.3**
NTA (book value)	$0.94	$0.89
NTA (market value)[2]	$1.06	$1.00

Notes:

1. AASB 10 *Consolidated Financial Statements* (AASB 10) and AASB 11 *Joint Arrangements* were adopted from 1 July 2013. As required by the accounting standards, comparative periods have been restated. Further detail of the restatement is disclosed in note 1 to the Financial Statements.
2. Market adjusted NTA is based on independent bank-instructed mortgage valuations, adjusted for development costs and settlements post 30 June 2013.

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Land bank – *funds management key projects*

Funds Management

	Project name	GDV	Lots[1] remaining (at 31 Dec 13)	Project Lifecycle			
				2014	2015	2016	2017
WA	Alkimos	$869m	2,409	*Selling*			
	Burns Beach	$345m	677	*Selling*			
	Golden Bay	$236m	1,387	*Selling*			
	Lakelands	$216m	1,338	*Selling*			
	Yanchep Golf Estate	$400m	1,573	*Selling*			
	Oakford	$209m	1,198	*Start Up*	*Selling*		
	Forrestdale	$196m	904	*Planning*	*Start Up*	*Selling*	
	Byford	$49m	279	*Planning*		*Start Up*	*Selling*
	Mundijong	$161m	710	*Planning*		*Start Up*	
	Yanchep (Wholesale)	$147m	804	*Planning*	*Start Up*	*Selling*	
	Other	$130m	753				
QLD	Warner Lakes	$34m	136	*Selling*		*Completion*	
	Flagstone East	$147m	690	*Selling*			
	Caboolture	$242m	1,099	*Selling*			
	Warner Springs	$102m	467	*Start Up*	*Selling*		
	Flagstone City	$3,093m	11,359	*Planning*	*Start Up*	*Selling*	
	Other	$96m	619				
VIC	Kingsford	$32m	148	*Selling*		*Completion*	
	Cranbourne Central	$140m	663	*Selling*			
	Cranbourne West	$121m	605	*Selling*			
	Greenvale	$121m	455	*Selling*			
	Botanic Village	$195m	786	*Planning*		*Start Up*	*Selling*
	Melton	$111m	698	*Selling*			
	Other	$40m	193				
Total Funds Management		***$7,432m***	***29,950***				

Notes:
1 Lots equivalent.

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Land bank – *company-owned key projects*

Company-owned

	Project name	GDV	Lots[1] remaining (at 31 Dec 13)	Project Lifecycle 2014	2015	2016	2017
WA	Brigadoon	$77m	173	*Selling*			
	Chase, Baldivis	$115m	565	*Selling*			
	Mundijong	$110m	508	*Planning*	*Start Up*	*Selling*	
	Other	$875m	3,632				
QLD	Gladstone	$81m	343	*Selling*			
	Boystown/Kerry Road	$245m	1,045	*Planning*			
	Flagstone North/New Beith	$288m	1,800	*Planning*			
	Other	$28m	114				
VIC	Aston, Craigieburn	$308m	1,354	*Selling*			
	Werribee	$170m	803	*Planning*	*Start Up*	*Selling*	
	Ardan, Greenvale	$228m	853	*Start Up*	*Selling*		
	Tarneit (Leakes Road)	$64m	293	*Planning*		*Start Up*	*Selling*
	The Crest	$9m	291	*Planning*		*Start Up*	*Selling*
	Mt Aitken	$60m	224	*Planning*		*Start Up*	*Selling*
	Rockbank	$115m	557	*Planning*		*Start Up*	*Selling*
	Other	$127m	439				
NSW	Bay Ridge	$7m	39	*Selling*			
ACT	Eastern Industrial Estate	$31m	82	*Selling*			
	Quayside	$62m	110	*Selling*			
Total company-owned		**$3,000m**	**13,225**				

Notes:
1 Lots equivalent.

Land bank – *joint venture key projects*

Joint Venture

Project name		GDV	Lots[1] remaining (at 31 Dec 13)	Project Lifecycle 2014	2015	2016	2017
NSW	Googong[2]	$685m	2,964	*Selling*			
ACT	Crace	$8m	25	*Selling*			
WA	Wellard	$378m	1,587	*Selling*			
NT	The Heights	$188m	161	*Selling*			
SA	Lightsview	$227m	1,254	*Selling*			
Total joint venture		***$1,486m***	***5,991***				
TOTAL PIPELINE		**$11,918m**	**49,166**				

Notes:
1 Lots equivalent.
2 Googong represent 50% shareholding of project.

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