ANNUAL GENERAL MEETING
PRESENTATION

20 NOVEMBER 2019

Life YOUR WAY

PEET

FY 2019 RESULTS HIGHLIGHTS

Financial

REVENUE	$262.9m	▼ 13%
EBITDA margin of	33%	▼ 1%
OPERATING PROFIT AFTER TAX	$47.5m	▼ 3%
EPS	9.8cps	▼ 2%
DPS FY19 fully franked	5.0cps	▲ -%
ROCE	11.8%	▼ 2.9%
NTA per security	$1.20	▲ 2%
GEARING	24.6%	▲ 5.6%
DEBT[1,2]	$225m	▲ 12.5%

Operational

1,257
land lots under contract with a value of **$336m**

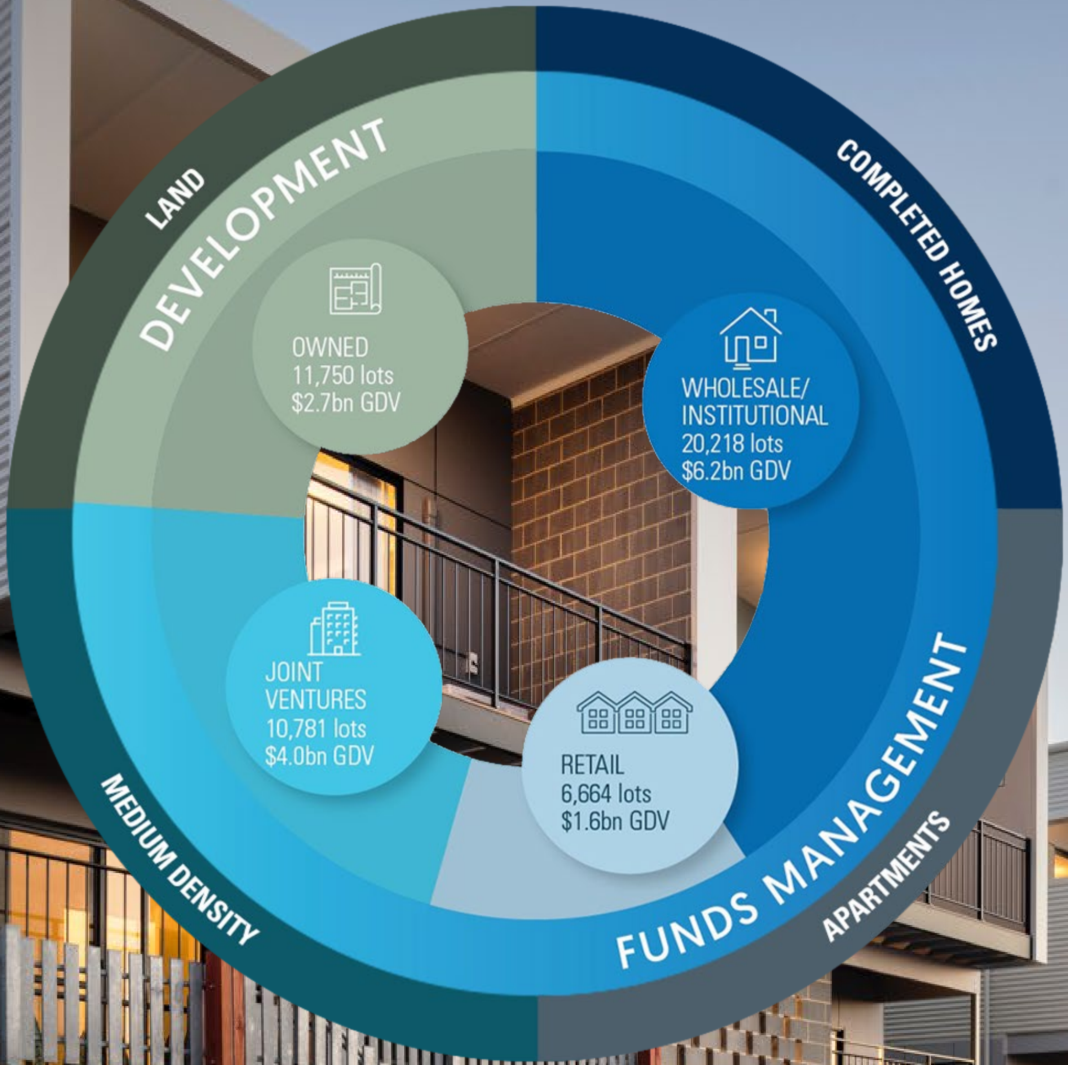
2,629
Total lots settled

c.65%
Of entire land bank under development

NOTES:
1. Excludes debt of syndicates consolidated under AASB10
2. Excluding transaction costs

WHO WE ARE

CAPITAL LITE FUNDS MANAGEMENT MODEL



- Property development company established in 1895
- Listed on the ASX in 2004
- Australia's largest listed 'pure play' residential property developer
- Manages a broad property portfolio, encompassing about 48 projects encompassing more than 49,400 lots across the country
- Focused on acquisition, development and marketing of residential land, completed homes, townhouses and apartments
- Unique funding model: combination of company-owned developments and capital efficient Funds Management and JVs

NATIONAL REACH

EXPANDING PORTFOLIO ACROSS COUNTRY

	No. of projects
NT	1
WA	19
QLD	11
VIC	9
ACT	2
NSW	2
SA	4

49,413 LOTS

$14.5bn END-VALUE

48 PROJECTS NATIONALLY

Peet manages a broad property portfolio, encompassing **49,400 lots** across 48 projects

Diversified land bank strategically located in growth corridors of major cities in every mainland state and territory of Australia

Range of product type appealing to all buyer segments with a core focus on **first home buyers**

Majority of Peet's estates offering land, **starting at $180,000 / lot**

NET TANGIBLE ASSETS (NTA)

SIGNIFICANT OPPORTUNITY TO CAPTURE FUNDS MANAGEMENT VALUE

NET ASSET VALUATION - $2.1bn in Assets Under Management

PEET CAPITAL

NTA: $1.20

PEET INVENTORIES

$388 million[1]

19% of AUM

PEET CO-INVESTMENTS

$467 million[1]

22% of AUM

THIRD PARTY CAPITAL

NTA

FUNDS MANAGEMENT AND JV

$1,238 million[1]

59% of AUM

DEVELOPMENT

- GDV[2] of $2.7bn across 11,750 lots
- Held at lower of historical cost and net realisable value
- Generating solid margins

JV / FM CO-INVESTMENTS

- Represents Peet's economic interest in syndicates and JV projects
- Held at lower of historical cost and net realisable value

FUNDS MANAGEMENT AND JV

- GDV[2] of $11.8bn
  - Significant pipeline of 37,663 lots providing long-term earnings visibility
  - Represents more than 75% of land bank
  - Lowly geared portfolio
- Value of 'capital lite' fee streams not captured in NTA
  - High margin profit source across multiple fee streams and projects
  - Scalable platform operating across seven states and territories

NOTES:
1. Based on book value of assets at 30 June 2019
2. Gross Development Value

DELIVERING AGAINST OUR STRATEGY

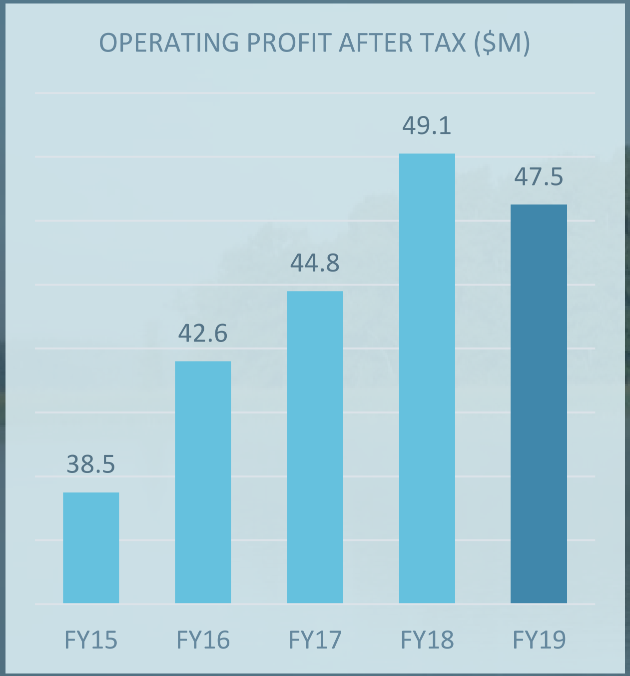
PORTFOLIO WELL POSITIONED FOR POSITIVE MEDIUM TO LONG TERM GROWTH AND VALUE CREATION

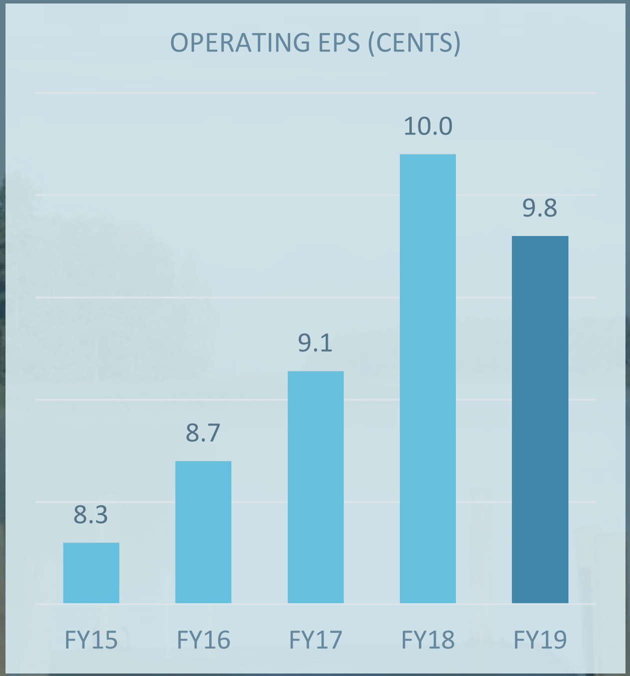
STRATEGY		KEY ACHIEVEMENTS (FY19)
INVEST	Invest in high quality land in strategic locations across country	• 49,400 lots with an end value of $14.5bn • Four medium density and one broadacre projects acquired • Expanded into growth corridors of major cities in Australia
ENHANCE	Enhance, plan and create communities and homes targeting the low to middle market segment	• Four new projects commenced development / sales • c.65% of landbank under development
EXPAND	Expand product offering and geographic presence to appeal to wider variety of customers	• Broadened product offering to Completed Homes, Medium Density Townhouses and low rise Apartments - Pipeline of 1,600 townhouses/low rise apartments • New Wholesale Fund established in 1H19
MAINTAIN	Maintain strong capital management	• Unique business model: Development, Funds Management, JVs • Disciplined balance sheet utilisation, gearing of 24.6% within target range • Completed $75m corporate bond raising • Share buyback extended

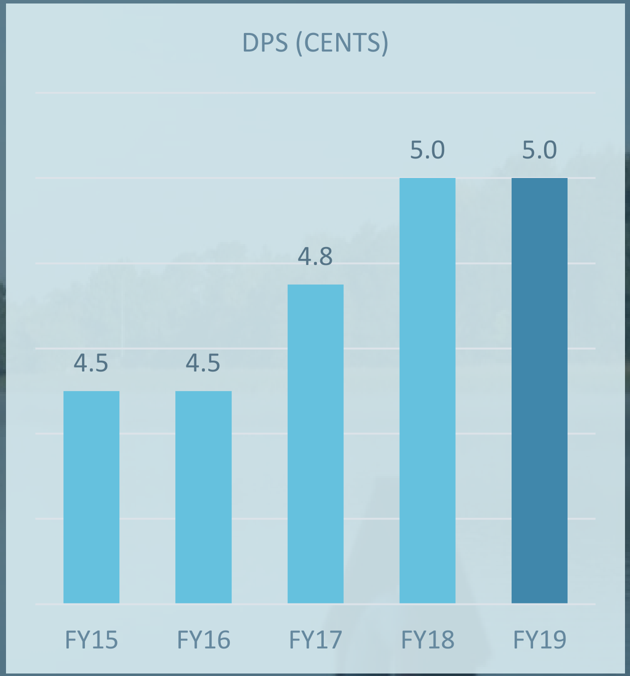
FY19 RESULTS OVERVIEW

LONG-TERM GROWTH IN SHAREHOLDER RETURNS

KEY HIGHLIGHTS







LONG-TERM GROWTH IN EARNINGS DRIVEN BY OUR FOCUSED STRATEGY AND NEW PROJECTS

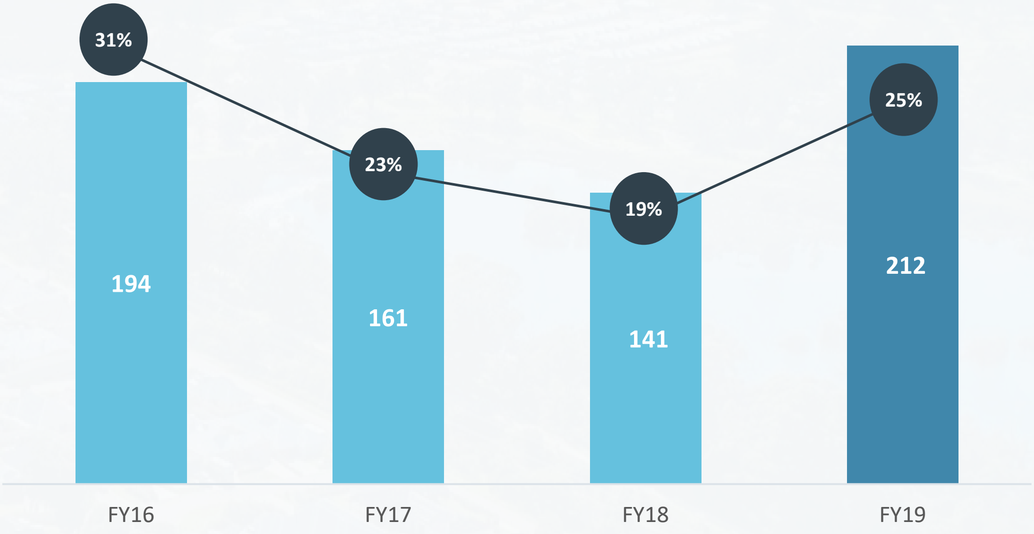
- Business well established across seven states and territories
  - Provides good geographic spread with well located projects across key growth corridors
  - Expanding market reach by broadening product offering to Completed Homes, Medium Density and low rise Apartment product
- The Group has continued to transition to a solid delivery phase
  - Substantial portfolio of large master planned community projects providing long term earnings visibility
- FY19 Operating EPS down 2% to 9.8 cps
- FY19 DPS of 5 cps, fully franked

GROUP BALANCE SHEET

CONTINUED EXECUTION OF CAPITAL MANAGEMENT STRATEGY

CAPITAL MANAGEMENT METRICS	FY19	FY18	FY17
Cash at bank[1]	$33.6m	$76.7m	$88.4m
Bank debt[2]	$23.2m	$69.5m	$151.7m
Peet bonds/convertible notes[3]	$225.0m	$150.0m	$100.0m
Gearing[4]	24.6%	19.0%	23.0%
Interest cover ratio[5]	4.0x	4.8x	4.5x
Weighted average debt maturity	3.1 years	2.3 years	2.7 years
Debt fixed/hedged	91%	91%	89%
Weighted average cash cost of debt	8.0%	7.3%	6.8%

NET DEBT[6] ($M) AND GEARING[4] (%)



FLEXIBLE AND DIVERSE

The Group has a flexible and diverse funding profile

Long term debt maturity profile including Corporate Bonds

BALANCE SHEET

Balance sheet remains strong

- Total net debt[6] of $212m, including corporate bonds
- Debt cost higher due to increased weighting to non-bank debt and interest rate hedges
- Gearing[4] of 24.6% - within target range

SHARES

Commenced on-market share buy-back for up to 5% of shares on issue

- Total of 6.7m shares purchased (27%)
- Share buy-back extended

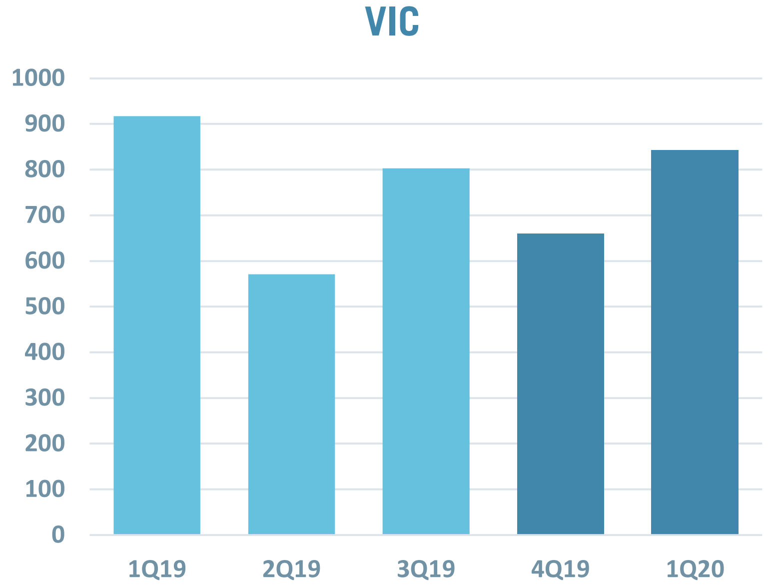
Notes:
1 Includes cash at bank of syndicates consolidated under AASB10
2 Includes bank debt of syndicates consolidated under AASB10
3 Excluding transaction costs
4 (Total interest bearing liabilities (including land vendor liabilities) less cash) / (Total assets less cash, less intangible assets)
5 12 month rolling EBIT / Total interest cost (including capitalised interest). Excludes syndicates consolidated under AASB10
6 Net of transaction costs

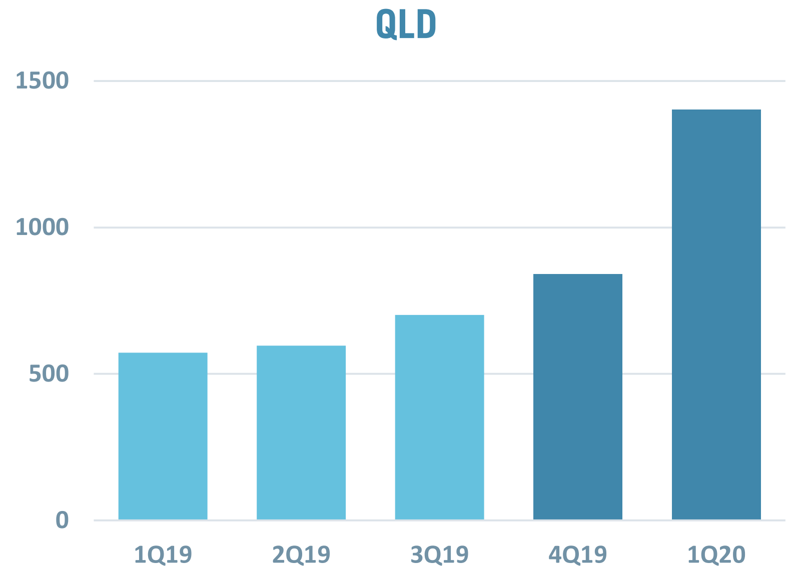
MARKET OVERVIEW + PROJECT PIPELINE

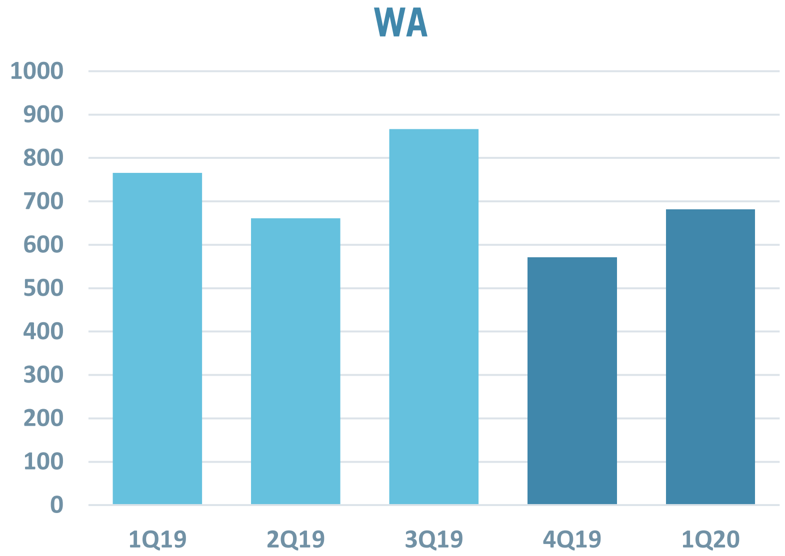
ENQUIRY LEVELS IMPROVING

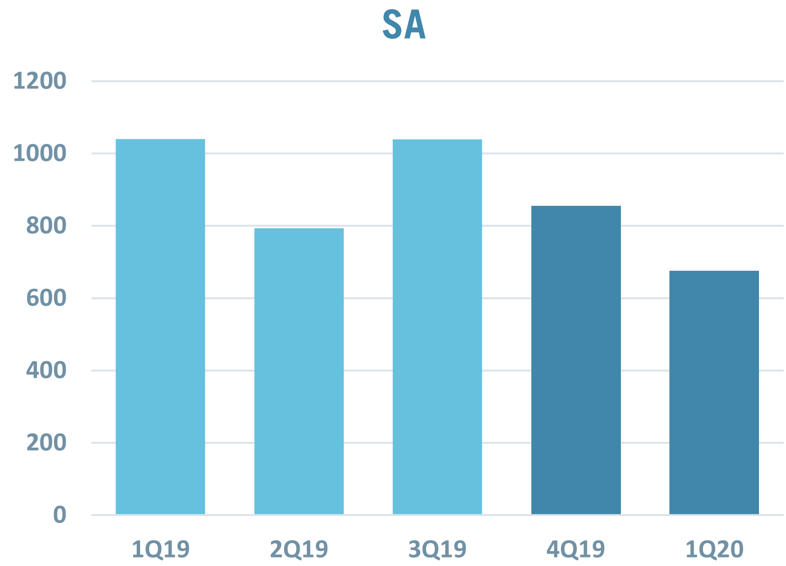
- Enquiry levels improving following the Federal election, interest rate and income tax cuts and improved loan serviceability assessments by banks
- Prices stabilised across the portfolio with VIC and QLD showing early signs of volume increases
- New projects with expected first settlements in FY20 and FY21 include Palmview and Strathpine in QLD, Brabham in WA and Jumping Creek in ACT

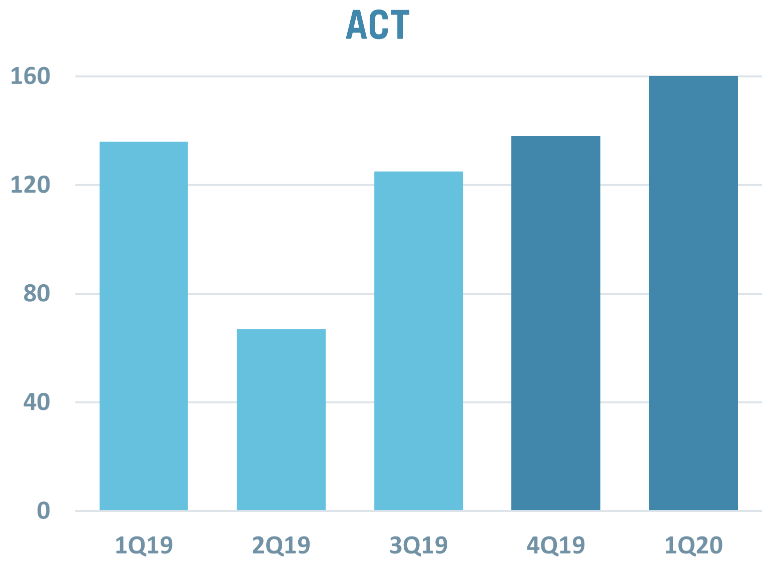
TOTAL ENQUIRY BY STATE



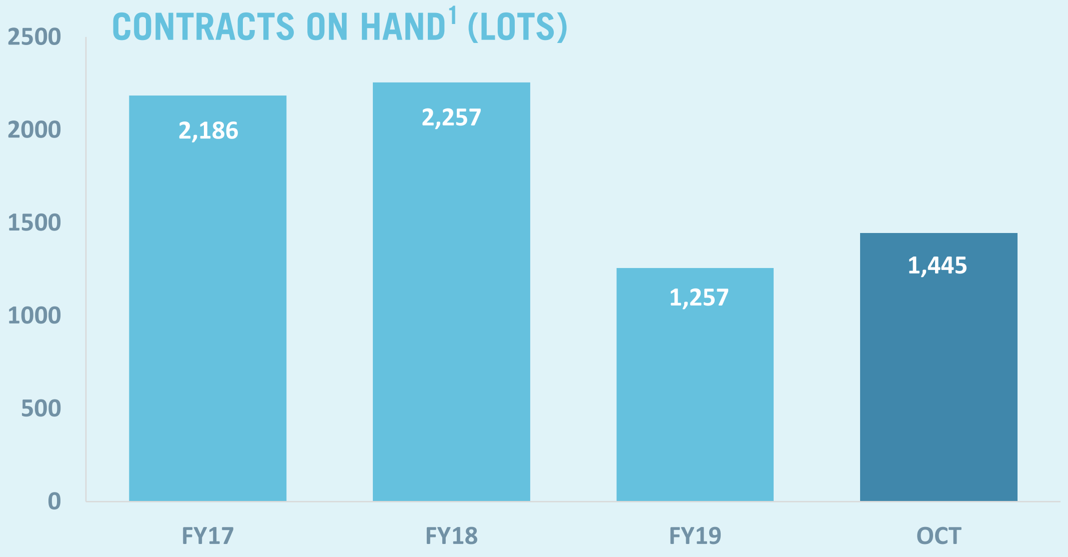


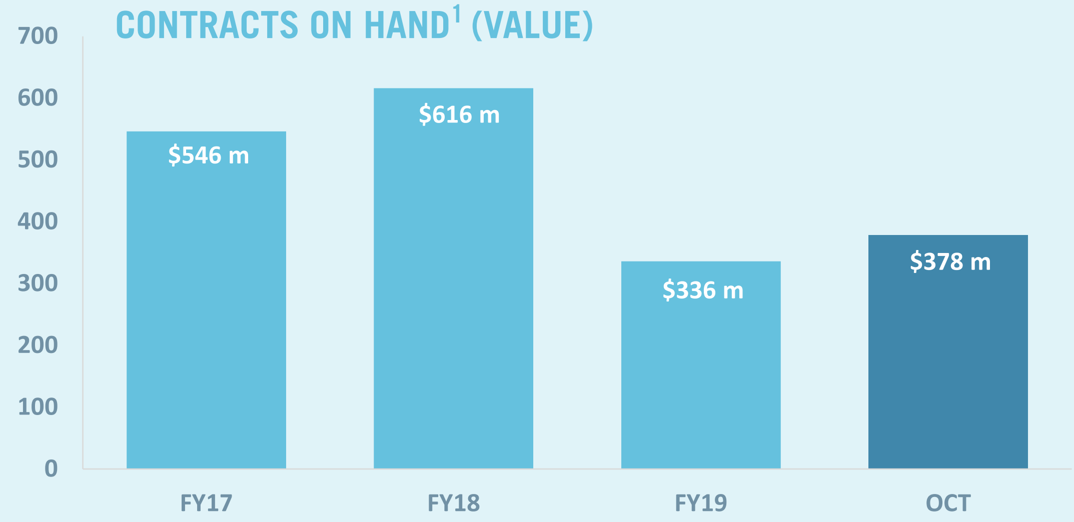






CONTRACTS ON HAND





Notes:
1. Includes equivalent lots.

CONTRACTS ON HAND REFLECTS IMPROVING MARKET CONDITIONS

- **Contracts on hand[1] have increased by 15% since 30 June 2019 to 1,445 lots**
  - Reflects gradually improving market conditions across eastern states
  - Sales activity momentum gradually improving however restrictive lending conditions still impacting conversion timeframes
- **Contracts value of $378m – up 12.5% since 30 June 2019**
- **Lower contracts on hand to impact lot settlements in FY20**
  - The number of cancellations across the eastern states is moderating and is expected to improve over the balance of FY20 and to normalised levels during FY21

MARKET VOLUMES AND OUTLOOK

MARKET VOLUMES EXPECTED TO STABILISE ACROSS MOST MARKETS

PEET SUMMARY

VICTORIA
FY19

- Strong economic growth, with significant Government investment in infrastructure
- Economic outlook and population growth to underpin dwelling demand
- Sales volumes impacted by restrictive lending conditions and moderating market

QUEENSLAND
FY19

- Net migration strong and above 10-year average
- Sales impacted by reduced credit availability
- Modest price growth occurring in house & land

WESTERN AUSTRALIA
FY19

- Ongoing challenges in WA market impacting volumes across a number of corridors
- Established market metrics remain soft, however sales and prices generally stable albeit at low levels
- Rental vacancy and rents gradually improving

AUSTRALIAN CAPITAL TERRITORY
FY19

- Growth in employment and wages supporting a steady market
- Volumes down primarily due to restrictive lending conditions

SOUTH AUSTRALIA
FY19

- Sales volumes and prices steady
- Continued Government investment in defence / shipbuilding will support an increase in population
- Rental vacancy and rents improving

MARKET OUTLOOK

VICTORIA

- Volumes expected to improve through the course of FY20 and into FY21 off low base
- Prices showing early signs of increases

QUEENSLAND

- Balanced market conditions expected to continue in FY20
- SEQ to benefit most from an improvement in lending conditions due to affordability

WESTERN AUSTRALIA

- Volumes expected to show modest growth in 2H20 from a low base
- Current price stability expected to continue

ACT

- Tight supply to underpin demand in the short to medium term
- Modest price growth forecast for FY21

SOUTH AUSTRALIA

- Outlook for SA economy is continued steady growth
- Volumes and price growth expected to be steady in FY20 but improve into FY21

Decelerating | Maintained | Modest growth | Strong growth

GROWTH AND RESILIENCE, THROUGH CYCLES

TRACK RECORD OF GROWING SHAREHOLDER VALUE OVER THE LONG-TERM

BROAD AND DIVERSE PORTFOLIO

- A diversified portfolio of property assets captures opportunities across key markets and provides strength through cycles
- Counter cyclical acquisition strategy has allowed the Group to capitalise on strong market conditions in Victoria and secure holdings with favourable cost bases
- Strategically targeted opportunities across QLD, WA and SA over the past 3 years ensuring a strong market position in affordable markets with a low cost base
- Avoided acquiring broadacre land across Melbourne and Sydney during the past 3 years

LOW COST BASE PROVIDES FLEXIBILITY

- Solid embedded margins given pipeline age and location
- Average age of land bank is 9 years
- More than 90% of lot acquisitions since FY12 have been on capital-efficient terms
- Operating cash and financing facilities support funding of current portfolio
- Wide-range of price points offered provides good affordability

BUSINESS MODEL UNDERPINS STRENGTH

- Balance sheet strong with gearing of 24.6%, within target range of 20% to 30%
- A flexible and diverse funding profile
- 59% of capital employed is third party
- Funds Management / Joint Venture business provides solid capital-lite earnings base representing 39% of Group EBITDA

EXPERIENCED AT NAVIGATING MARKET CYCLES

- A high quality management team, with significant residential and commercial property market experience
- The Group has delivered an average annual earnings growth of 6% p.a in the last 4 years

NEW PROJECTS SUPPORTING GROWTH

PIPELINE OF APPROXIMATELY 49,400 LOTS PROVIDING VISIBILITY OF FUTURE EARNINGS

Up to seven new land projects and five medium density townhouse sites to commence development within the next two years

- **Approximately 87% of the lots in these projects sit within the FM/JV business**
- **Average project duration of circa 7 years providing visibility of future earnings and cash flows**

Land portfolio well balanced across key growth corridors

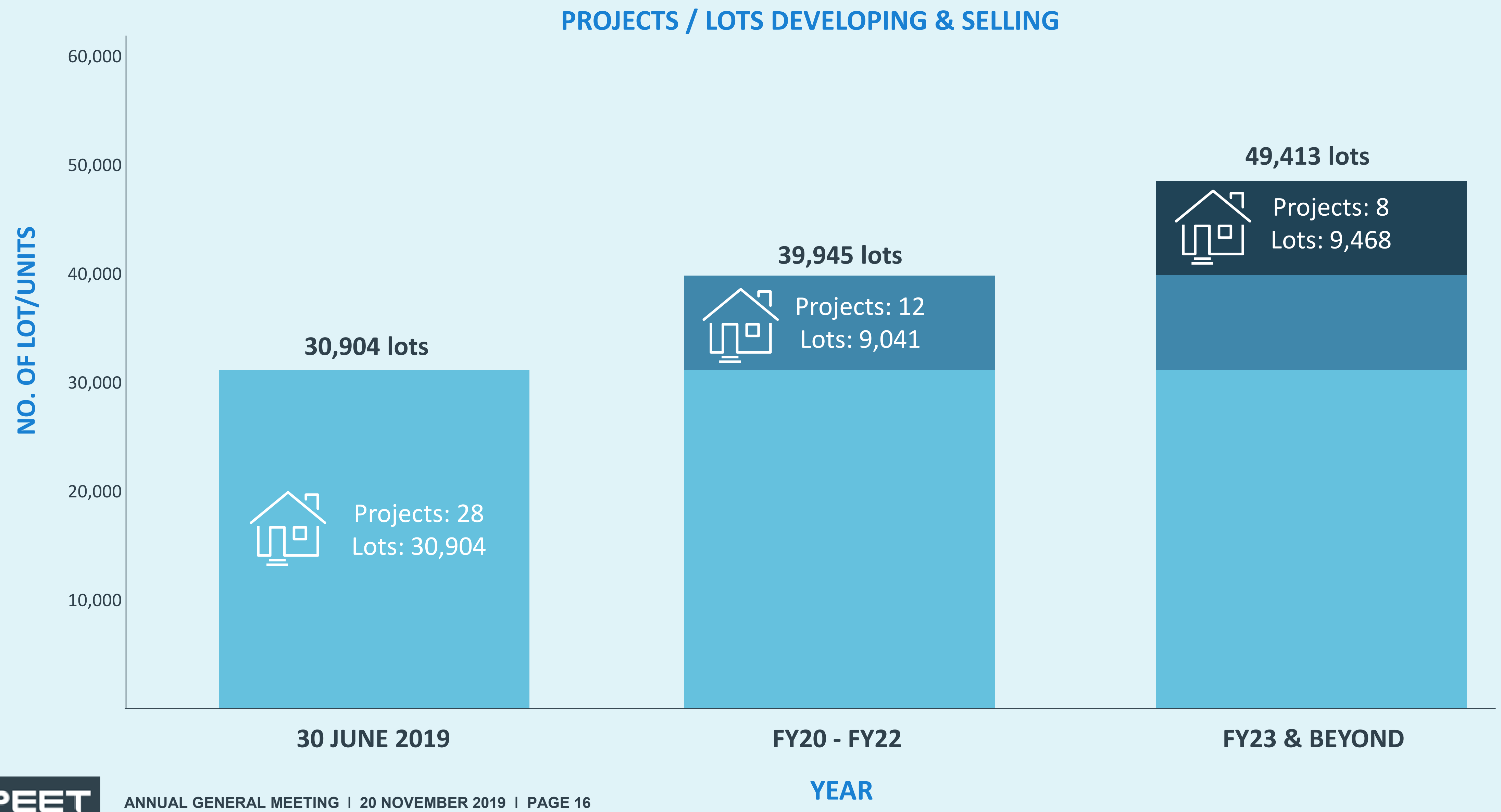
Operating cash and financing facilities support funding of current portfolio

FY20 – FY22 NEW PROJECT RELEASE SCHEDULE

Project	State	Segment	Commencement of Sales/Development	Lots[1]/Units	Project Life (Years)
Palmview	QLD	Owned	**FY20**	441	**4**
University of Canberra	ACT	JV	**FY21**	3,300	**18**
Brabham	WA	JV	**FY21**	3,333	**14**
Medium Density – Townhouses	VIC/QLD	Owned	**FY20 – FY22**	336	**3**
Pier Street Apartments	WA	JV	**FY21**	184	**3**
Strathpine	QLD	Owned	**FY20**	187	**4**
Eglinton	WA	Funds	**FY21**	1,041	**8**
Jumping Creek	NSW	Owned	**FY21**	219	**3**
Total				**9,041**	**Av 7**

Notes:
1 Refers to lots and/or dwellings

NEW PROJECTS SUPPORTING GROWTH



OUTLOOK

MARKET OUTLOOK

FOCUSED ON POSITIONING FOR AN IMPROVING MARKET THROUGH A CONSERVATIVE APPROACH TO PROJECT DELIVERY AND IDENTIFYING GROWTH OPPORTUNITIES

- Market conditions remain mixed, however sentiment is gradually improving
- Steady employment growth, record low interest rates, recent income tax cuts and high Government infrastructure investment are expected to support underlying demand
- Despite markets being at or close to bottoming and an improvement in residential enquiry, we expect the market to take some time to normalise as our buyers continue to experience challenges achieving loan approvals
- Given current market conditions, the Group will continue to have a strong focus on capital management
  - Selective deployment of development capital to reflect market conditions and outlook
  - Recycling of capital from medium density and completed home pipeline
  - Continued focus on overhead management and other operational efficiencies
- The Group's lower contracts on hand as at 30 June 2019 will impact lot settlements in FY20 and result in earnings being significantly weighted towards the second half of the year
- We remain cautious about the timing of a sustainable recovery in the residential market and expect a challenging FY20. However, our strong pipeline of projects and the underlying fundamentals of the residential property sector means that Peet is well positioned to deliver supply to the market as demand improves and lending conditions normalise.

STRATEGIC OUTLOOK

PORTFOLIO WELL POSITIONED FOR POSITIVE MEDIUM TO LONG TERM GROWTH AND VALUE CREATION

STRATEGY | **OUTLOOK**

INVEST

Invest in high quality land in strategic locations across country

- Selective acquisition of projects as cycles, markets and opportunities allow to restock pipeline
- Focus on securing low cost projects, predominantly through funds platform

ENHANCE

Enhance, plan, and create communities and homes targeting the low to middle market segment

- Delivery of affordable product targeted at the low and middle market segments
- Accelerating production where possible and appropriate, and active management of product mix

EXPAND

Expand product offering and geographic presence to appeal to wider variety of customers

- Up to seven new land projects and five Medium Density Townhouse sites to commence development within the next two years
- Well-placed to deliver supply to the market as demand improves

MAINTAIN

Maintain strong capital management

- Maintain strong balance sheet through
  - Recycling of capital from medium density pipeline
  - Selective deployment of development capital to reflect market conditions and outlook

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