1H12 Results Presentation

February 2012

PEET

Success through experience

Summary

- Expect FY12 operating earnings to be cyclical low point, although at upper end of guidance of $15-20 million
- 1H12 revenue and profit impacted by slowdown in sales in Victoria and delays in receiving titles due to inclement weather on eastern seaboard
- 2H12 revenue to be impacted by deferral of Greenvale (VIC) major infrastructure costs announced in November 2011, however expect improvement in lot sales flowing into FY13 settlements as development recommences
- Key focus for Peet in short-term is reduction of debt
- Gearing[1] of 38.8% at 31 December 2011 the result of acquisition of Flagstone City and lower settlement revenue
- Gearing to fall in next 12 months towards medium-term target of 20-30%, driven by
  - Operating cash flows from settlement revenue
  - Contracts on hand of 1,053 lots, down 6%, however approximately 70% expected to settle by 30 June 2012
  - Supplemented by super lot and non-core asset sales
- Key projects to support earnings in FY13 include Greenvale / Craigieburn (VIC), Yanchep (WA), Caboolture (QLD) and Gladstone (QLD)

Notes:
1 (Total interest bearing liabilities (including deferred payment obligations) less cash) / (Total assets adjusted for market value of inventory less cash, less intangible assets)

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Financial summary

	1H12			1H11
Statutory Profit	$8.7m	▼	(60.8%)	$22.2m
Operating Profit	$8.7m	▼	(60.8%)	$22.2m
Operating Earnings per Share	2.7 cents	▼	(63.5%)	7.4 cents
NTA per Share[1,2]	$1.48	▲	7.2%	$1.38
Gearing (incl. convertible notes)[3]	38.8%	▲	5.3%	33.5%

Notes:
1 Net tangible assets (adjusted for market value of inventory as at 30 June 2011; subsequent development costs incurred; and settlements achieved)
2 Does not account for value of Funds Management business / earnings
3 (Total interest bearing liabilities (including deferred payment obligations) less cash) / (Total assets adjusted for market value of inventory less cash, less intangible assets)

Group key financial summary

- Group revenue of $63.8m
- Operating EBITDA of $18.5m
- Operating NPAT of $8.7m
- Statutory NPAT of $8.7m
- NTA per share[3] of $1.48
  - does not account for value of funds management business / earnings
- Gearing[2] of 38.8%
  - Based on revised covenant definition
  - Includes convertible notes
- No interim dividend

$m	1H12	1H11	Var (%)
Revenue	63.8	98.7	(35%)
EBITDA	18.5	41.3	(55%)
Net EBITDA margin	29%	42%	(13%)
Operating NPAT	8.7	22.2	(61%)
Operating EPS (¢)	2.7	7.4	(64%)
ROCE[1] (%)	8.5%	12.7%	(4.2%)
ROE[1] (%)	11.4%	17.5%	(6.1%)
Statutory NPAT	8.7	22.2	(61%)
Statutory EPS (¢)	2.7	7.4	(64%)
Gearing[2] (%)	38.8%	33.5%	5.3%
NTA per share[3]	$1.48	$1.38	7.2%

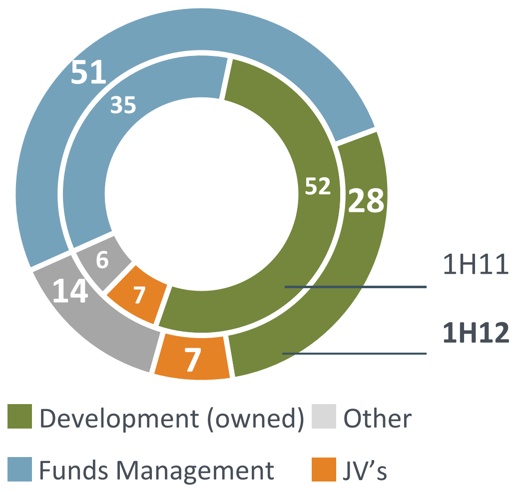
Notes:
1 Based on average balance of assets and equity for the year
2 (Total interest bearing liabilities (including deferred payment obligations) less cash) / (Total assets adjusted for market value of inventory less cash, less intangible assets)
3 Net tangible assets (adjusted for market value of inventory as at 30 June 2011; subsequent development costs incurred; and settlements achieved)

Group operating performance

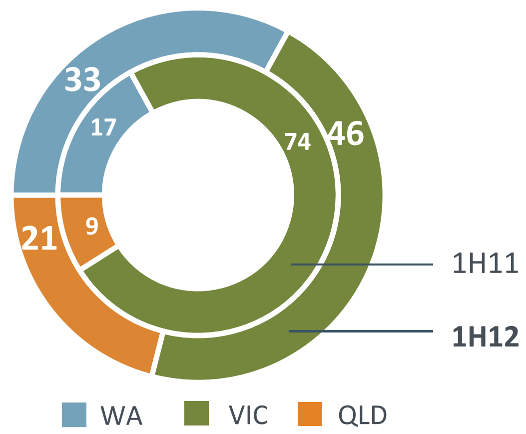
- Funds Management business provides recurring earnings
  - 25 syndicates / JVs contributing to profit
- Improved performance in WA supplements softening in Victoria

	1H12	1H11	Var (%)
Lot sales	870	1,179	(26%)
Lot settlements	872	1,125	(22%)
No. of syndicates/JVs contributing to profit	25	18	
No. of owned projects contributing to profit	7	9	

1H12 EBITDA composition by business type (%)

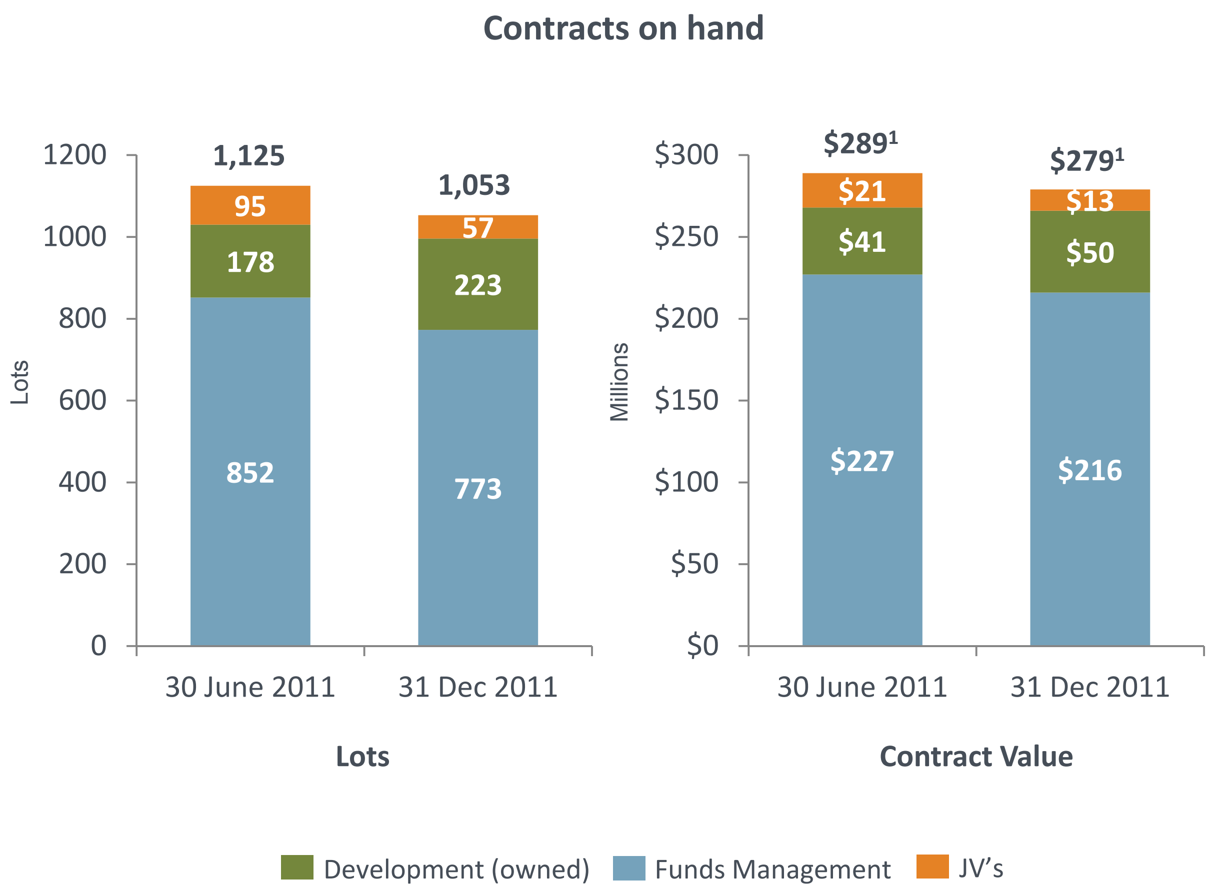


1H12 EBITDA composition by geography (%)



Contracts on hand

- Contracts on hand of 1,053 lots for $279 million
- Down 6% since 30 June 2011 due to Victoria slowdown
- 70% of contracts on hand due to settle by 30 June 2012
  - Due to decision to limit time between pre-sales and titles being available



Notes:
1 Includes GST

Capital management

- Available cash and debt facilities of $57m
- Gearing[1] increased to 38.8% due to
  - Acquisition of 50% interest in Flagstone City
  - Development expenditure on major new projects including Craigieburn, Gladstone and Greenvale pre-start costs
  - Decreased cash flow due to delayed settlement revenue
- Balance sheet actively managed in 1H12 to ensure secure long-term capital position
- Medium-term gearing target of 20-30% with gearing to be reduced due to
  - Positive operating cash flows from Craigieburn and Gladstone
  - Non-core and super lot asset sales over next 18 months
  - No requirement for near term on-balance sheet investment in land bank

Notes:
1 (Total interest bearing liabilities (including deferred payment obligations) less cash) / (Total assets adjusted for market value of inventory less cash, less intangible assets)

Capital management

» Interest cover ratio of 2.3x versus covenant of 1.5x

	31 Dec 11	30 June 11
Cash at bank	$26.2m	$57.2m
Net debt (includes convertible note)	$291m	$217m
Gearing[1]	38.8%	33.5%
Interest cover[2]	2.3x	3.7x
Weighted average debt maturity	2.6 years	3.3 years
Weighted average hedge maturity	3.0 years	3.5 years
Debt fixed/hedged	78%	91%
Weighted average cost of debt[3]	8.59%	8.63%

Notes:
1 (Total interest bearing liabilities (including deferred payment obligations) less cash) / (Total assets adjusted for market value of inventory less cash, less intangible assets)
2 EBIT (pre write-downs) / Total cash interest cost (including capitalised interest)
3 Including all costs, fees and margins and convertible notes

Key projects underpinning outlook for FY12 and beyond

Development (owned)

Greenvale/Craigieburn, VIC

Lots remaining: 3,588 **GDV: $715m**

- Located in the strong Hume growth corridor
- Historical acquisitions – low underlying cost base
- Range of product types and price points having broad market appeal

Vantage Gladstone, QLD

Lots remaining: 433 **GDV: $101m**

- Historical acquisition, low cost base
- Leveraged to one of Australia's strongest markets
- 3+ years project life remaining

Flagstone, QLD

Lots remaining: 13,270 **GDV: $1,924m**

- Fast-tracked planning under ULDA
- Government assistance with start-up infrastructure funding
- Opportunity to drive long-term value from a large, integrated master-planned community
- Owned in 50/50 JV with MTAA Super

Key projects underpinning outlook for FY12 and beyond

Funds Management

Shorehaven at Alkimos, WA

Lots remaining: 2,924 **GDV: $786m**

- Located in the City of Wanneroo, in the north western coastal growth corridor of Perth
- Strong project commencement. Compelling overall project vision – 256 lots settled with a further 118 under contract
- Coastal stages and village centre detailed design and negotiations with builder/bulk purchaser partners being progressed now to deliver the coastal vision

Yanchep Golf Estate, WA

Lots remaining: 1,477 **GDV: $345m**

- Attractive location in the north western coastal growth corridor of Perth
- Bordering the Yanchep Country Club
- Pre-release sales have commenced, strong builder interest

Riverbank Caboolture, QLD

Lots remaining: 1,320 **GDV: $189m**

- Unique project location, adjacent to the existing town centre and bordering the Caboolture river with extensive parklands
- Affordable housing corridor, with the project assisted by the Federal Government's Housing Affordability Fund
- Access bridge to be completed in 2H FY12, with buyer access and retail sales commencing in FY13

Land bank – key projects

Project name	Location	GDV	Lots[1] remaining (at 31 Dec 11)	FY12	FY13	FY14	FY15	FY16
Owned projects								
Greenvale	VIC	$402m	1,943					
Craigieburn	VIC	$313m	1,645					
Gladstone	QLD	$101m	433					
Chase	WA	$87m	506					
Brigadoon	WA	$120m	214					
Other		$1,722m	9,629					
Total owned projects		***$2,744m***	***14,370***					
Funds Management								
Flagstone City	QLD	$1,872m	12,997					
Flagstone East	QLD	$52m	273					
Alkimos	WA	$786m	2,924					
Yanchep Golf Estate	WA	$345m	1,477					
Lakelands	WA	$269m	1,866					
Caboolture	QLD	$189m	1,320					
Botanic Village	VIC	$129m	1,006					
Oakford	WA	$179m	1,001					
Cranbourne Central	VIC	$156m	831					
Burns Beach	WA	$361m	771					
Cranbourne West	VIC	$141m	744					
Forrestdale	WA	$139m	719					
Other		$1,195m	6,367					
Total FM projects		***$5,813m***	***32,296***					
Joint Ventures								
Wellard	WA	$372m	2,040					
Quattro Values	WA	$27m	133					
Total JV projects		***$399m***	***2,173***					
TOTAL PIPELINE		$8,956m	48,839					

Notes:
1 Lots equivalent

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Residential market overview

Peet has product with geographic balance and positioned at price points to achieve volume from improving markets

- » The affordable to mid-market segment is maintaining price stability, whilst the higher end of the market has seen a decline
- » More positive indicators in the medium to long-term - household savings high, dwelling approvals below long-term average, population growth, shortage of skilled labour, wages growth and low unemployment

VIC

Weighting

20%

- » High-performing market in recent years
- » Market softened materially during 1H12. Activity beginning to stabilise.
- » Prices and volumes moderating
- » Longer-term fundamentals remain sound

WA

Weighting

42%

- » Residential market soft in FY11 – slowdown in dwelling starts and falling home prices
- » Positive economic fundamentals including population growth
- » Strong mining and engineering sectors boosting the labour market and income growth
- » Most key market indicators point to the “bottoming” of the market and the start of a recovery
- » Jan / Feb sales strong across the market

QLD

Weighting

38%

- » Poor performing market in FY11 – suffering the impact of natural disasters and flow-on effects
- » Strong resource sector with good longer-term fundamentals
- » Enquiry levels improving since November 2011

Notes:
State weighted by land bank by lots equivalent

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Outlook

FY12 to remain challenging, however expect improved sales and settlements in 2H12

- Expect FY12 to be cyclical low point, with an improvement in lot sales in 2H12 vs 1H12
- Improved cash flow expected over next 18 months which will significantly reduce gearing
  - Recommencing key projects which will increase revenue, significant capex already spent
  - No incremental balance sheet capital commitments – Peet's existing land bank is well diversified and will support profitability in the medium-term
  - Sale of non-core assets and super lots will be used to reduce debt over next 18 months
- Diversified pipeline ensures Peet is well placed for steady improvements in the residential property market
- Funds management division continues to support profitability in a difficult operating environment
- Expect to be at upper end of operating earnings guidance of $15-20 million for FY12

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thank you

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Success through experience

FY11 Annexures

Summary income statement

$m	1H12	1H11	Var (%)
Funds management	15.5	21.6	(28%)
Development	36.0	66.1	(46%)
Other[1]	12.3	11.0	12%
Revenue	63.8	98.7	(35%)
EBITDA (pre inventory write-downs)	18.5	41.3	(55%)
Finance costs[2]	(7.6)	(8.5)	(11%)
Depreciation and amortisation	(1.1)	(0.8)	(38%)
NPBT (pre-inventory write-down)	9.8	32.0	(69%)
Income tax expense	(1.1)	(9.8)	(89%)
Operating NPAT[3]	8.7	22.2	(61%)
Operating EPS (cents)	2.7	7.4	(64%)
Statutory NPAT[3]	8.7	22.2	(61%)
Statutory EPS (cents)	2.7	7.4	(64%)

Notes:

1 Includes joint ventures, interest income and elimination entries

2 Finance costs includes interest and finance costs expensed through cost of sales

3 Attributable to the owners of Peet Limited

Summary balance sheet

$m	31 Dec 11	31 Dec 10
Assets		
Cash	26.2	28.3
Receivables	77.4	61.4
Inventories	436.1	421.9
Investments accounted for using the equity method	92.2	32.1
Other	14.1	13.2
Asset classified as held for sale	70.7	103.6
Total assets	**716.7**	**660.5**
Liabilities		
Trade and other payables	30.5	25.6
Land vendor liabilities	45.2	51.3
Interest bearing liabilities	317.3	231.1
Other	35.0	31.2
Liabilities directly associated with assets classified as held for sale	19.5	58.9
Total liabilities	**447.5**	**398.1**
Net assets	**269.2**	**262.4**
Gearing[1] (%)	38.8%	33.5%
NTA per share[2,3] ($)	1.48	1.38

Notes:
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3 Does not account for value of Funds Management business / earnings

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Development operating performance

Key performance statistics

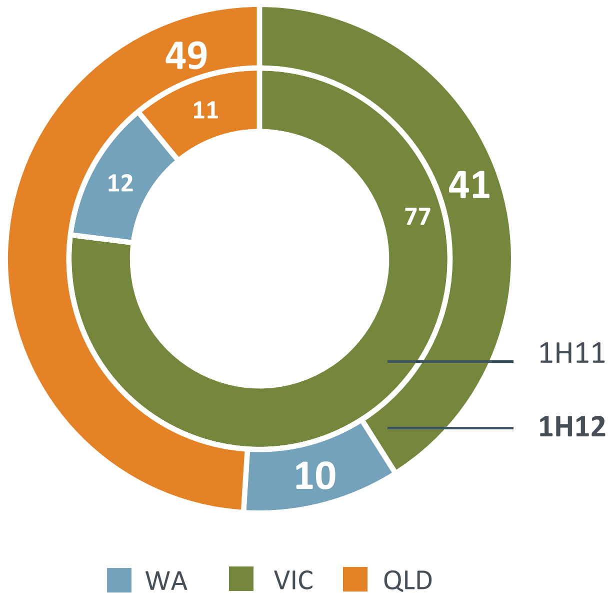
$m	1H12	1H11	Var (%)
Revenue	36.0	66.1	(46%)
Operating expenses[1]	(30.9)	(44.5)	31%
EBITDA	5.1	21.6	(76%)
Net EBITDA margin	14%	33%	(19%)

Key operating statistics

	1H12	1H11	Var (%)
Lot sales	182	222	(18%)
Lot settlements	140	307	(54%)
No. of contract on hand at 31 Dec	223	254	(12%)
No. of owned projects contributing to profit	7	9	

Notes:
1 Excludes interest and finance costs expensed through cost of sales

1H12 revenue composition by geography (%)



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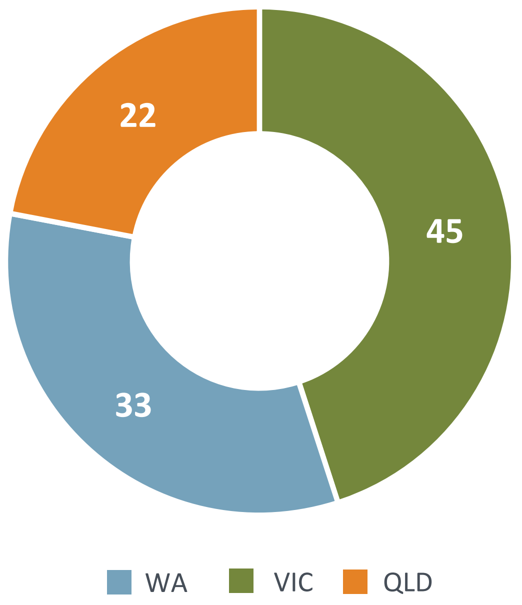
Composition of development pipeline

- Targeted towards affordable home-buyer market
- Land bank located in strong markets
    - Strong presence in resource states of WA & QLD

Geographic composition of Company-owned land bank by value (%)

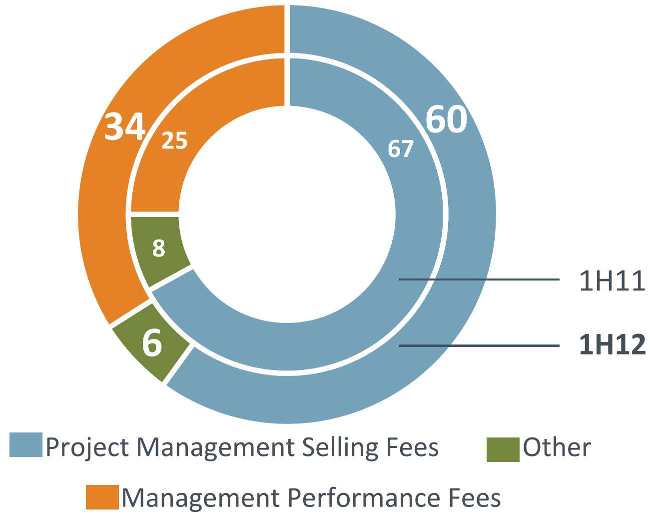


FM operating performance

Key performance statistics

$m	1H12	1H11	Var (%)
Revenue	15.5	21.6	(28%)
Operating expenses	(6.0)	(7.0)	14%
EBITDA	9.5	14.6	(35%)
Net EBITDA margin	61%	68%	7%

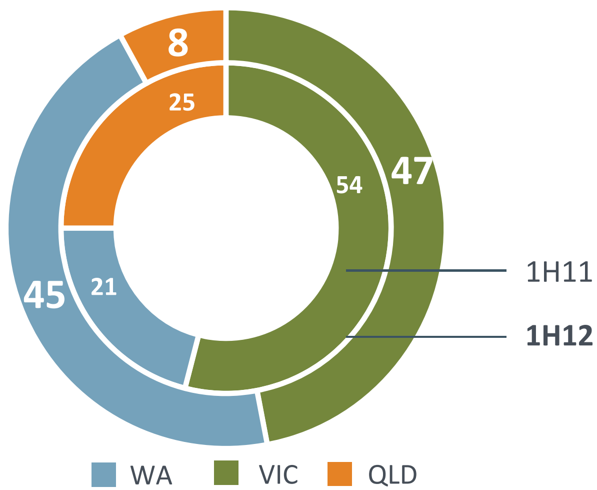
1H12 FM revenue composition by type



Key operating statistics

	1H12	1H11	Var (%)
Lot sales	576	915	(37%)
Lot settlements	582	762	(24%)
No. of contract on hand at 31 Dec	773	940	(18%)
No. of syndicates contributing to profit	23	16	

1H12 FM revenue composition by geography



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JV operating performance

Key performance statistics

$m	1H12	1H11	Var (%)
Revenue	9.7	8.5	14%
Operating expenses	(8.4)	(5.8)	(45%)
EBITDA	1.3	2.7	(52%)
Net EBITDA margin	13%	32%	(19%)

Key operating statistics

	1H12	1H11	Var (%)
Lot sales	112	42	167%
Lot settlements	150	56	168%
No. of contracts on hand at 31 Dec	57	54	6%
No. of JV projects contributing to profit	2	2	

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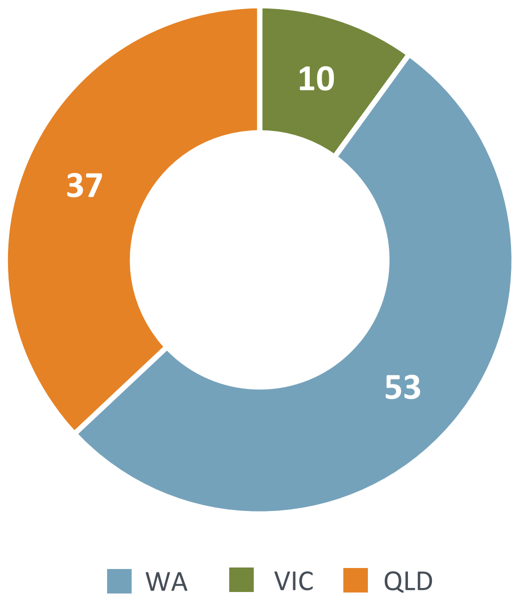
Composition of FM and JV managed pipeline

- Funds management business is well positioned
- Land bank located in right growth markets
  - WA, VIC and QLD
- Targeted towards the affordable market

Geographic composition of FM and JV land bank by value (%)



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