

23 November 2016

Chairman's Address to 2016 Peet Limited Annual General Meeting

Introduction

Good morning, my name is Tony Lennon and a special welcome to our shareholders.

As Chairman I thank you for joining us for the 2016 Annual General Meeting of Peet Limited.

A quorum is present and I now declare the meeting open.

Before proceeding further I will introduce those who have joined me at the top table:

- Bob McKinnon – who during the year was appointed as the Lead Independent Director and is also Chairman of the Remuneration Committee;
- Brendan Gore – Managing Director and CEO;
- Anthony Lennon – Non-executive Director;
- Trevor Allen – Independent Director and Chairman of the Audit & Risk Management Committee;
- Vicki Krause – Independent Director; and
- Dom Scafetta – Group Company Secretary.

We have also arranged for Mr Geoff Lotter from Ernst & Young to be present. Later in the meeting you will be given the opportunity to ask questions relating to the 2016 audit.

Following my Chairman's Address, Brendan Gore will deliver a presentation and we will then follow with the formal part of the meeting.

There's no doubt we live in interesting times and there's no doubt that many factors internationally and nationally that affect us are beyond our control.

What we can say with confidence however is that your Company is well-positioned to deal with market volatility with a diversified portfolio, years of very disciplined capital management, and a skilled and committed management team, led of course by Managing Director and CEO, Brendan Gore.

Peet Limited is a strong business with a rich history and a sound, long-term future. It is a strong, national property group founded just over 120 years ago and today has projects in Western Australia, Victoria, Queensland, South Australia, New South Wales/ ACT and the Northern Territory.

One of the keys to our longevity and success is our ability and willingness to adapt and respond to market demand and emerging trends in the property sector.

For example, our work in the development of innovative small-lot product with innovative design and use of innovative materials ideally suited to Australia's changing demographics and to first homeowners is something of which we should all be very proud. It is fair to say our Lightsview project in South Australia, being developed in partnership with Renewal SA, is an industry leader in that regard.

There are many aspects to what we are delivering to the market and a real strength is in the breadth of our offerings and the way in which we are working to enable new homebuyers to enter the property market. Affordability is a critical issue facing this and the next generation of homebuyers and Peet takes on that challenge with innovative planning and design of masterplanned communities, to help deliver land for housing at a price-point more people can afford.

There will always be a place for larger blocks and big family homes, but demand for quality homes on blocks as small as 80 or even 50 square metres is growing – and we're keen to see how innovative we can be in meeting that demand.

FY16 Performance

In a moment I will invite Brendan Gore to address the meeting and provide some context to the past year's performance, as well as what lies ahead for Peet in the different Australian locations and markets in which we operate.

It's my pleasure to deliver the highlights – an overview of FY16.

The Peet Group achieved pleasing results in what was a year of variable market conditions. We moved into the 2017 financial year with solid momentum with more than 2,400 contracts on hand, which is a record number.

We improved our profit performance compared with the previous year, recording an increase in profit to \$42.6 million, on the back of strong performances across our eastern states' portfolio of projects and despite weak market conditions in WA and the Northern Territory.

Strategic acquisitions – positioning for growth

In addition to the increased profit performance, we continue to position the Group for the future and in FY16, there were a number of strategic transactions and innovations. Examples include:

- We sold a property at Greenvale in Melbourne's north which enabled us to redeploy funds into lower cost-base acquisitions;
- We purchased the Whole Green estate in Melbourne's western corridor where demand remains strong, particularly from first and second homebuyers;
- Lightsview in South Australia – developed in partnership with Renewal SA – continued to release innovative built-form options including very small-lot product and new apartments, and only recently Lightsview won the Urban Development Institute of Australia's Award for Excellence in Medium Density Development.

Such awards are an opportunity to benchmark our operational performance and in the past 12 months we've also earned accolades on projects in WA and in ACT/New South Wales;

- We've also announced another new partnership with the South Australian Government at Tonsley – a precinct being redeveloped for innovative industry, healthcare and research purposes, as well as residential components by us, approximately 10 kilometres from the Adelaide CBD;
- During the year we also announced the conditional agreement with the University of Canberra for the proposed residential development of approximately 3,300 dwellings with an expected gross development value in the order of \$1.7 billion – and once again, we'll have the opportunity to demonstrate skill and innovation in affordable medium density development;
- Since year end, we established a wholesale fund which has acquired the Redbank Plains residential estate less than 30 kilometres south-west of Brisbane and which is expected to yield 1,100 lots. That project is already under development and the team has done some good work in refreshing the brand and attracting additional sales; and
- The Peet Group is privileged to have thousands of property syndicate investors and we are always pleased to be able to offer a new opportunity. In 2016, the \$25 million syndication of a parcel of land in Werribee, Victoria, closed over subscribed. This new syndicate's estate, called 'Cornerstone', has commenced selling into the still strong Victorian market.

Dividend

The Directors are pleased to have declared a final dividend for the 2016 financial year of 2.75 cents per share, fully franked, bringing the total dividend for the 2016 financial year to 4.5 cents per share, fully franked. That is in line with the FY15 dividend and the Company's 50% payout ratio. This continues to be a prudent policy as the Group targets gearing at the lower end of its target gearing range of 20-30%.

Outlook

Australia is part of a global community and as I said in my introduction there is much that may affect our business which is beyond our control.

The challenge is in managing our national property group in such a way that allows us to mitigate the various risks and to optimise the opportunities that also arise.

Our strategic acquisitions and new partnerships are the fruit of our strategic planning.

The Peet Group's land bank of more than 48,000 lot equivalents has an estimated on-completion value of approximately \$12 billion, with more than 70% of all lots held within the Funds Management and Joint Venture businesses.

Overall, the Group's portfolio is well-positioned for long-term growth and value creation, with the low interest rate environment, and modest economic growth, auguring well for the year ahead.

In the 2016 financial year we commenced a number of new projects and up to eight new projects are expected to commence development within the next two to three years. The 2017 financial year will see up to four new projects commencing development and/or sales and we look forward to maximising the returns on those and delivering opportunities for the next generation of homebuyers.

I will leave it to Brendan to go into more detail on the outlook for the Company but suffice to say that for some time, the Group's strategy has been designed to manage the variable market conditions around the country and we continue to enjoy very positive conditions on the east coast, balancing out what has now been a sustained period of subdued market conditions in WA and in the Northern Territory.

The Board

My colleagues you see facing you today take their responsibilities as directors of your Company very seriously and work exceptionally hard to achieve results for shareholders, syndicate investors and co-investment partners.

I take this opportunity to thank them for their skills and their good counsel which they deliver and for their willingness at all times to apply their very considerable experience in concert with our management team.

Our strategies and their implementation have resulted in good performance again and put Peet in a sound position for FY17 and beyond.

The Peet Team

Peet is fortunate to have a high-quality team headed up by Brendan Gore, and a talented and driven senior management team who take responsibility for our operations right across Australia.

The breadth and depth of skills in the Peet team not only means each project is well-managed but that there is opportunity across the Group for value-adding across projects, wherever in the country they may be.

It's appropriate that the members of the Peet Team are incentivised and remunerated competitively – it's a sensible investment for the Company to make.

Remuneration

A detailed remuneration report is provided as part of our Annual Report and it outlines the factors we take into consideration when determining the right level of remuneration for our key people.

We seek to achieve a balance between Peet's current financial performance and the development and implementation of strategies that will deliver the Group long-term benefits.

With the benefit of independent advice, as required, and the careful deliberations of our Remuneration Committee, we have reached outcomes I believe are in the best interests of the Peet Group.

The *Corporations Act 2001* requires a resolution to be put to the Meeting adopting the Remuneration Report, appearing in the Annual Report. This vote is advisory only, and does not bind the Directors or the Company. We will come to that vote later in today's meeting.

Shareholders

To our Shareholders and also our Bond Holders, our Syndicate Investors and our Joint Venture and Investment Partners, thank you for your ongoing support and loyalty to the Peet Group.

We are privileged to have established many long-term relationships and to be forging new relationships every year.



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We constantly challenge ourselves to deliver outstanding liveable and affordable residential communities that meet the needs of thousands of new Australian homeowners. Because of the depth, breadth and variety in our landbank which by the way has taken many years to put together, we are able to achieve returns on our capital invested and reward our shareholders.

On behalf of the Board and everyone at Peet, I wish you and your families a very safe and happy festive season and a wonderfully successful year ahead. I look forward to joining you here again next year.

I now invite our Managing Director and Chief Executive Officer, Brendan Gore, to address the meeting.

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