

29 November 2017

Chairman's Address to 2017 Peet Limited Annual General Meeting

Introduction and welcome

Good morning, my name is Tony Lennon. Welcome to our shareholders and guests for joining us for the 2017 Annual General Meeting of Peet Limited.

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

Before proceeding, I confirm that all Directors are present at today's AGM and we have arranged for the Company's auditor, 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 2017 audit.

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

FY17 performance

The 2017 financial year represented another year of solid growth for Peet, with an increase achieved in operating and statutory profit after tax (up 5% to \$44.8 million), increase in earnings per share (up 5% to 9.14 cents per share) and an increase in dividends to shareholders (up 6%).

All our business units contributed positively to the overall results, underpinned by the strong market conditions on the east coast of Australia which more than offset the continued subdued WA market – again showing the benefits of our diversified pipeline of projects.

Brendan will provide further context to our FY17 performance shortly.

Strategic focus

These positive results are an outcome of the continued discipline in the implementation of our strategies, which focus on:

- delivering high-quality, masterplanned communities;
- managing the Group's land bank of approximately 52,000 lot equivalents, with a focus on maximising return on capital employed;
- continuing to assess opportunities to selectively acquire residential land holdings in a disciplined manner, under our funds management platform, and as appropriate in market conditions; and
- maintaining a focus on cost and the level of debt.

During the year, Peet established two new wholesale funds with Supalai Public Company – a development company listed on the Thailand Stock Exchange. The funds involve the co-ownership of residential land projects at Newhaven in Tarneit in Melbourne's strong western corridor and Eden's Crossing in Redbank Plains, less than 30 kilometres west of Brisbane. These two projects are expected to contribute strongly to Peet's earnings over the next decade.

In July 2017, Peet was named the Western Australian Government's preferred proponent for final negotiations as development partner for a major housing project on a 220-hectare landholding in Brabham, 22 kilometres north-east of the Perth CBD. The project will be delivered in partnership with the WA Housing Authority and Peet will establish a new wholesale fund to jointly develop the project, with Peet appointed as the development manager.

These growth opportunities have been secured on the back of the Group's strong balance sheet and continuing focus on capital management, with a strong increase in cash in-flows from operations contributing to a reduction in gearing to 21.4% by the end of FY17, which is at the lower end of the Group's target range of 20% to 30%.

Subsequent to 30 June 2017, Peet issued \$50 million of Series 2, Tranche 1 Peet Bonds. The Bonds further diversified the Group's debt profile, increased the weighted average maturity of Peet's debt, and further strengthened the Group's balance sheet to support its growth objectives.

Sustainability and community building

Sustainability is at the heart of how Peet creates communities across Australia and, during FY17, our commitment to sustainability was acknowledged with The Village at Wellard, in Western Australia, receiving the Best Sustainable Urban Development Award at the UDIA (WA) Awards for Excellence and the Value Adding award at the 2016 National Growth Areas Alliance Congress Awards.

Peet's community partnerships program is designed to provide grants that build capacity in our own communities and in the regions in which our residents and their families become involved. Throughout the 2017 financial year, we were pleased to support more than 30 local groups and organisations, and to continue working alongside our five corporate partners; Military Art Program Australia, Alongside, Legacy Australia's Operation Legacy Australia Kokoda Challenge 2017, Anglicare WA's Peet Big Lunch and the Santos UCI Tour Down Under.

A variety of other sustainability and community building initiatives are detailed in the 2017 Annual Report.

Dividend

The Directors are pleased to have declared a final dividend for the 2017 financial year of 3.00 cents per share, fully franked, bringing the total dividend for the 2017 financial year to 4.75 cents per share, fully franked. That represents a 6% increase on the FY16 dividend and is in line with the Company's 50% payout ratio.

Outlook

I will leave it to Brendan to go into more detail on the outlook for the Company. However, the Group's strategy has been designed to manage the variable market conditions around the country and we continue to enjoy strong conditions on the east coast, balancing out the sustained period of subdued market conditions in WA.

The Board

I take this opportunity to thank my fellow Board members for their continued diligence and contributions throughout the 2017 financial year. Independents Vicki Krause and Bob McKinnon are up for re-election later in the meeting, and your Directors endorse their re-election.

The Peet Team

On behalf of the Board, I pass on our thanks to our management team, ably led by Brendan Gore, and the rest of the Peet team for their dedication to, and hard work for, Peet during the year.

It's appropriate that the members of the Peet team are incentivised and remunerated competitively.

Remuneration

A detailed remuneration report is provided as part of the 2017 Annual Report and it outlines the factors we take into consideration when determining the level of remuneration for Key Management Personnel.

During FY17 there was no change to the Fixed Pay of any member of the Key Management Personnel. The Fixed Pay of these KMP will also not change in FY18. I note that the Fixed Pay of Brendan Gore and of the Non-executive Directors was last amended with effect from 1 July 2014.

The performance measures applying to the Company's long-term incentives over the last several years have been Funds Under Management Growth and Return on Capital Employed. The performance measures applying to the proposed grant of performance rights to Brendan Gore for FY18 are Earnings Per Share Growth and Funds Under Management Growth. This change aligns with the status of the implementation of the Company's strategies.

The *Corporations Act 2001* requires a resolution to be put to the Meeting adopting the Remuneration Report, appearing in the 2017 Annual Report. This vote is advisory only, and does not bind the Directors or the Company.

Major stakeholders

To our shareholders, bond holders, our syndicate investors and our joint venture and investment partners, thank you for your ongoing support and loyalty to the Peet Group.

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

For investor inquiries, call:

Brendan Gore
Managing Director and Chief Executive Officer
Peet Limited
(08) 9420 1111

For media inquiries, call:

Marie Mills
Mills Wilson
(08) 9421 3600, 0418 918 202
mariem@millswilson.com.au