

**PEET**

# ANNUAL GENERAL MEETING

NOVEMBER 2016

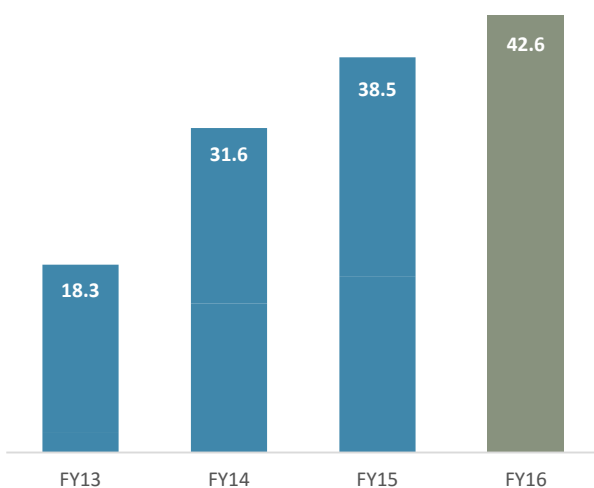


# IMPROVING FINANCIAL PERFORMANCE

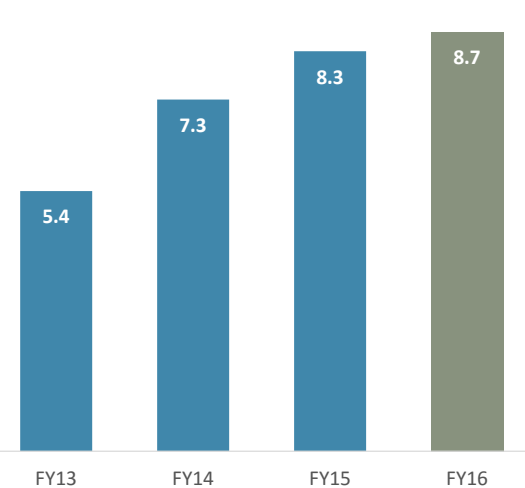
## *Growth in earnings driven by our focused strategy, market conditions and new projects*

- » Fourth consecutive year of operating profit growth
- » 3 year EPS CAGR<sup>1</sup> of 17%
- » FY16 DPS of 4.5cps, fully franked
  - Target payout ratio of 50% going forward maintained

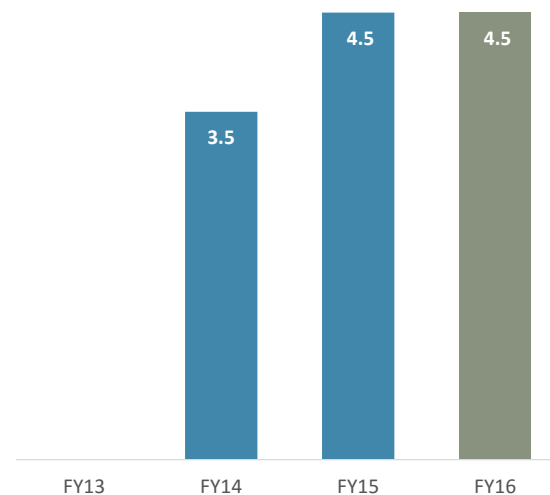
OPERATING PROFIT<sup>2</sup> AFTER TAX (\$M)



OPERATING EPS (CPS)



DPS (CPS)



Notes:

<sup>1</sup> CAGR = Compound Annual Growth Rate

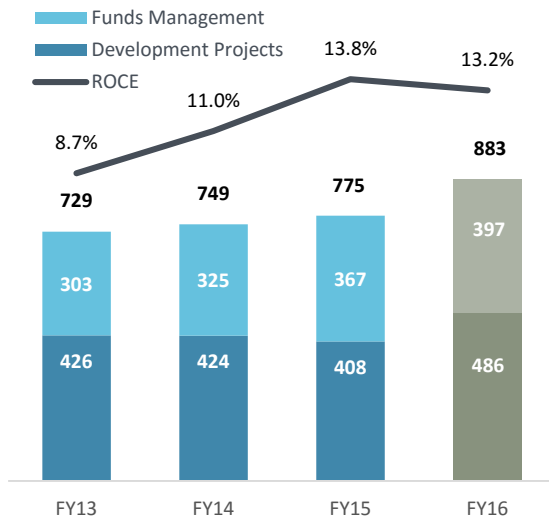
<sup>2</sup> Includes effects of non-cash movements in investments in associates and joint ventures

# CAPITAL MANAGEMENT

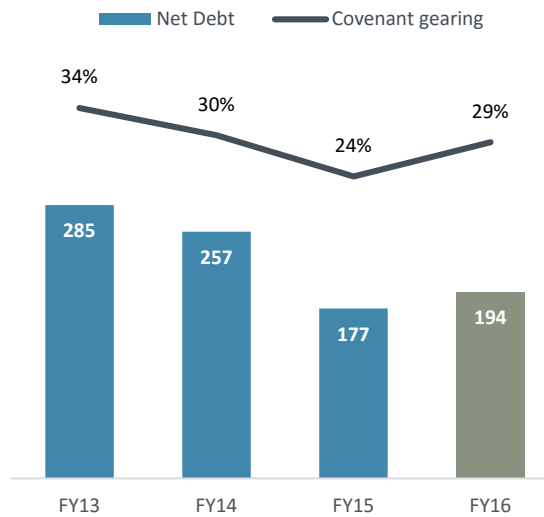
## Further improvement in capital position

- » ROCE<sup>1</sup> of 13.2%
- » Gearing<sup>2</sup> of 28.8%
  - Focused strategy on reducing gearing to lower end of target range
- » Improving cash interest coverage<sup>3</sup> to 4.3x
  - Cost of debt decreased to 6.7% - down 1%

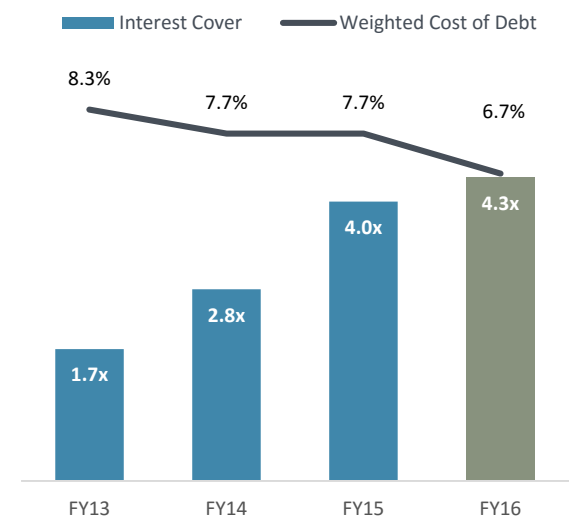
### TOTAL ASSETS (\$M)<sup>4</sup> AND ROCE<sup>1</sup>



### NET DEBT (\$M) AND COVENANT GEARING<sup>2</sup>



### INTEREST COVER<sup>3</sup> AND CASH COST OF DEBT<sup>5</sup>



Notes:

- 1 EBITDA / (average net debt + average total equity)
- 2 (Total interest bearing liabilities (including land vendor liabilities) less cash) / (Total assets adjusted for market value of inventory less cash, less intangible assets). Excluding syndicates consolidated under AASB10
- 3 EBIT / Total interest cost (including capitalised interest). Excludes syndicates consolidated under AASB10
- 4 Development projects and Funds Management/JV only
- 5 Includes bonds/convertible notes

# KEY HIGHLIGHTS FOR FY16

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## *Focused strategy delivering strong results*

### GROWTH AND POSITIONING

- » Diversified pipeline of over 48,000 lots with a low cost base and an on-completion value of approximately \$12 billion
- » Selective acquisitions of land holdings to restock pipeline:
  - Acquisition strategy to focus on eastern states
  - Secured three new projects comprising approximately 3,700 lots/dwellings with GDV<sup>1</sup> of circa \$930m
    - » Whole Green (VIC), Redbank Plains (QLD), Tonsley (SA)
    - » Introduction of new wholesale/institutional partner
  - Entered into a conditional agreement with University of Canberra for the proposed residential development of approximately 3,300 dwellings with an expected GDV<sup>1</sup> of \$1.7 billion
- » Sale of Greenvale for \$93.1m in August 2015
  - Redeployment of funds into lower cost base acquisitions

Notes:

1. Gross Development Value

## KEY HIGHLIGHTS FOR FY16 (CONTINUED)

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### GROWTH AND POSITIONING

- » Flagstone (QLD) project successfully launched in April 2016
  - Solid pre-sales achieved since launch, including a retail shopping centre site
  - Strong sales enquiry building momentum into FY17
- » New \$25m Werribee (VIC) retail land syndication successfully completed (oversubscribed)

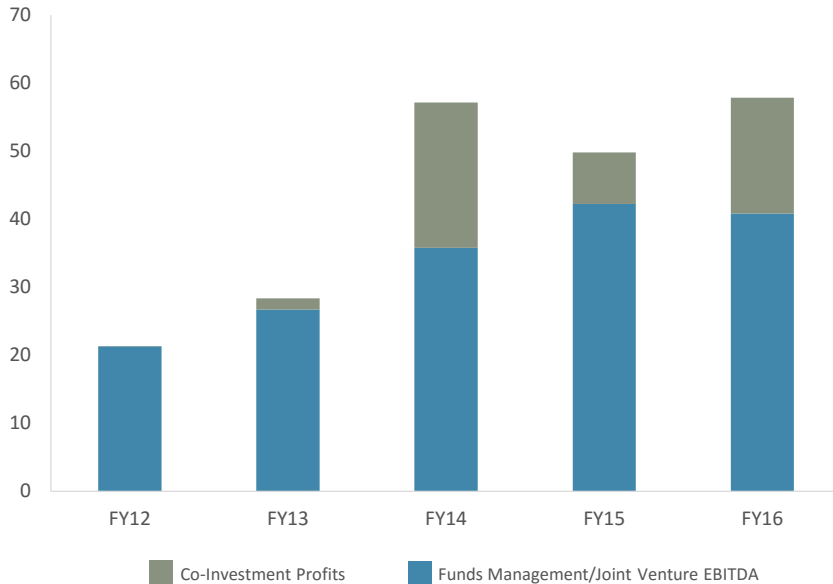
### CAPITAL MANAGEMENT

- » Business generating solid operating cash flows
  - FY16 net operating cash flow (before land acquisitions) of \$67m
- » Completed \$100m Bond issue to refinance convertible notes, diversify the Group's debt capital structure and to support growth objectives
- » Senior debt facility extended to October 2019
- » Focused strategy on reducing gearing to lower end of target range (20% - 30%)

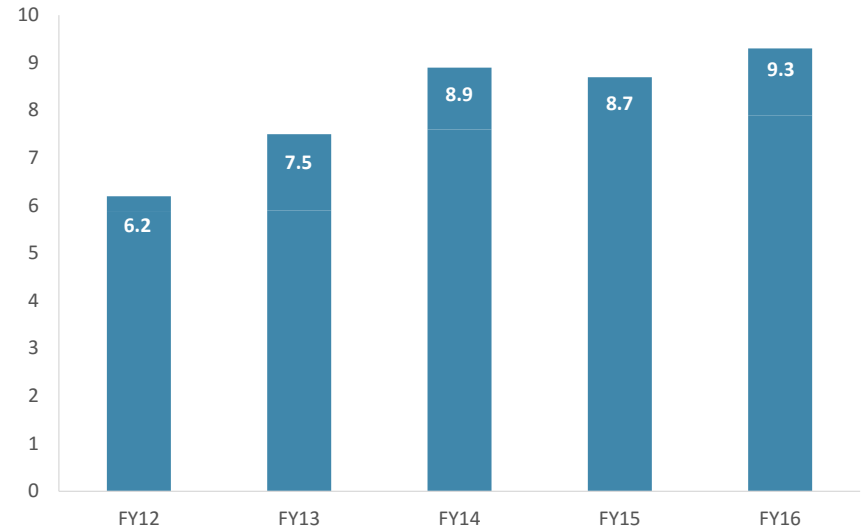
# FUNDS MANAGEMENT

## Funds Management strategy delivering results

FUNDS & JVs EBITDA<sup>1</sup> (\$m)



FUNDS MANAGEMENT & JOINT VENTURE GDV<sup>2</sup> (\$bn)



» Funds Management strategy delivering strong results

- Wholesale/institutional co-investment strategy delivering emerging profits
- Introduction of new wholesale/capital partner(s)

» GDV trend steadily improving over past 5 years - \$9.3 billion at year end, representing almost 80% of the total GDV<sup>2</sup>

» Fee income growing as FM sales growth increases

Notes:

<sup>1</sup> Includes effects of non-cash movements in investments in associates and joint ventures

<sup>2</sup> Gross Development Value

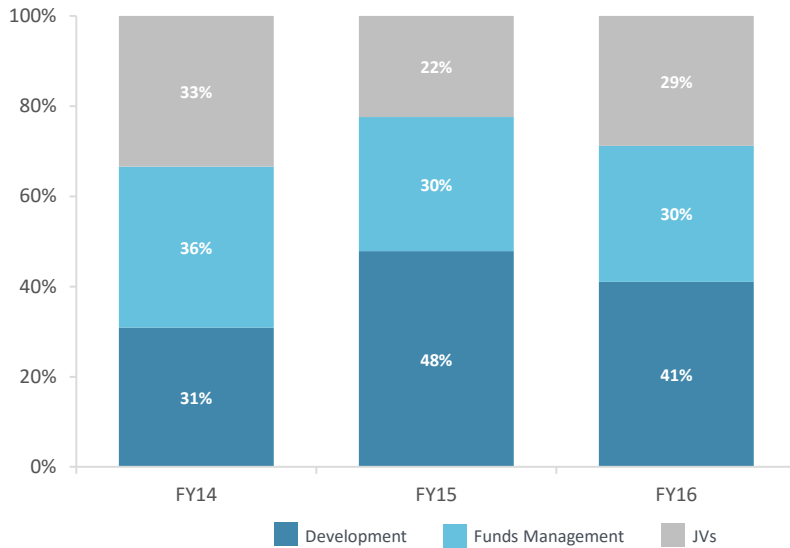


# *Operating performance*

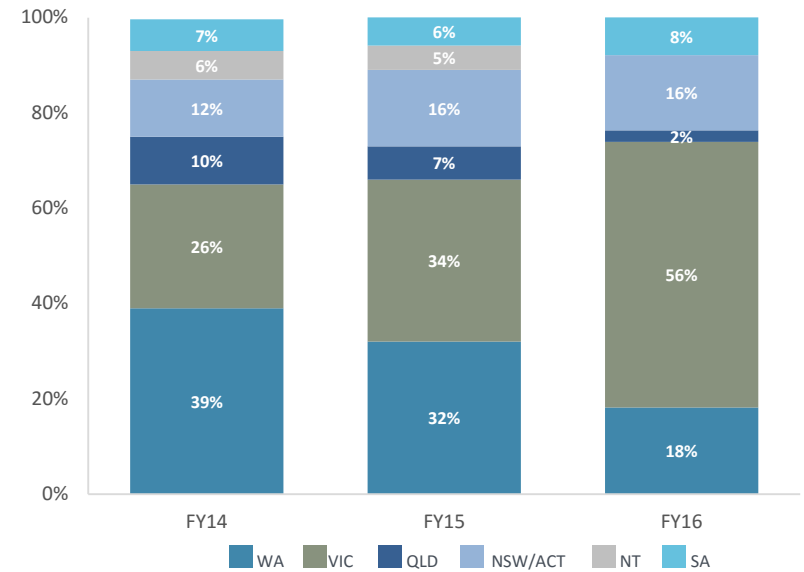
# GROUP OPERATING PERFORMANCE

- » Peet's diversified portfolio of projects has allowed it to capitalise on the eastern states' strength
- » Contribution from eastern states' projects increased to 82% of EBITDA<sup>1</sup> (FY15: 68%)
- » Funds Management/Joint Venture business provided solid earnings base
- » Eastern states' earnings to continue to offset WA and NT weakness

**EBITDA<sup>1</sup> COMPOSITION BY BUSINESS TYPE (%)**



**EBITDA<sup>1</sup> COMPOSITION BY GEOGRAPHY (%)**



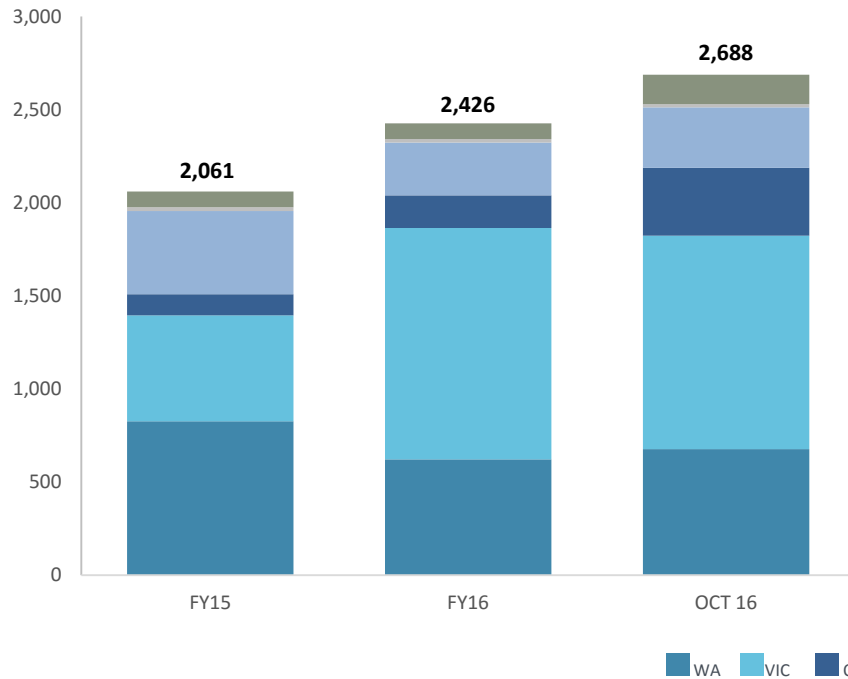
Notes:  
 1 Includes effects of non-cash movements in investments in associates and joint ventures



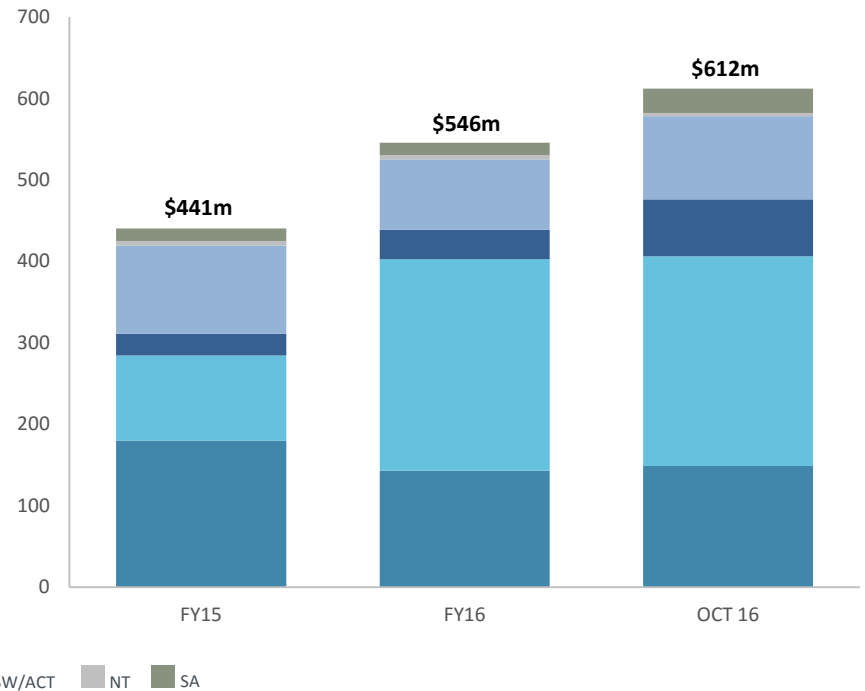
# CONTRACTS ON HAND

- » Contracts on hand<sup>1</sup> increased to 2,688 lots since 30 June 2016 – up 11%
  - Increase driven by VIC and QLD markets
  - Value of contracts on hand increased by a further 12% to \$612m since year end - providing solid momentum into FY17
  
- » Victorian contracts on hand have remained solid since 30 June 2016 as a result of continued strong market conditions

**CONTRACTS ON HAND BY GEOGRAPHY (LOTS)<sup>1</sup>**



**CONTRACTS ON HAND BY GEOGRAPHY (VALUE)<sup>1</sup>**



Notes:

1. Includes equivalent lots. Excludes Arena englobo sale



# National Property Portfolio

# NATIONAL REACH

48,000  
LOTS

\$12.0bn  
END-VALUE

62<sup>1</sup> projects nationally



Notes:  
1 Not all projects are shown on map

## KEY PROJECTS – FLAGSTONE CITY, QLD

- » Flagstone is a 1,245 hectare greenfield master planned community situated in a key South East Queensland Growth corridor 38 km south west of Brisbane’s CBD
- » Joint Venture with MTA Super with over 12,000 dwellings
- » Flagstone City will become home to over 30,000 people, with retail, commercial, education & childcare, recreation, health, sporting and community infrastructure
- » Existing Flagstone Rise community of approximately 4,000 residents providing education, childcare and retail amenity



## KEY PROJECTS – FLAGSTONE CITY, QLD

- » Environmental approvals for the entire development site in place
- » Government catalyst funding to assist with start-up infrastructure funding
- » Solid pre-sales achieved since launch in April 2016
  - Large display village due to open June 2017 quarter
- » Sale of 1.8ha supermarket site, includes specialty retail and express service station
- » Strong sales enquiry building momentum into FY17 with first settlements forecast to commence in March 2017 quarter



## KEY PROJECTS – FLAGSTONE CITY, QLD

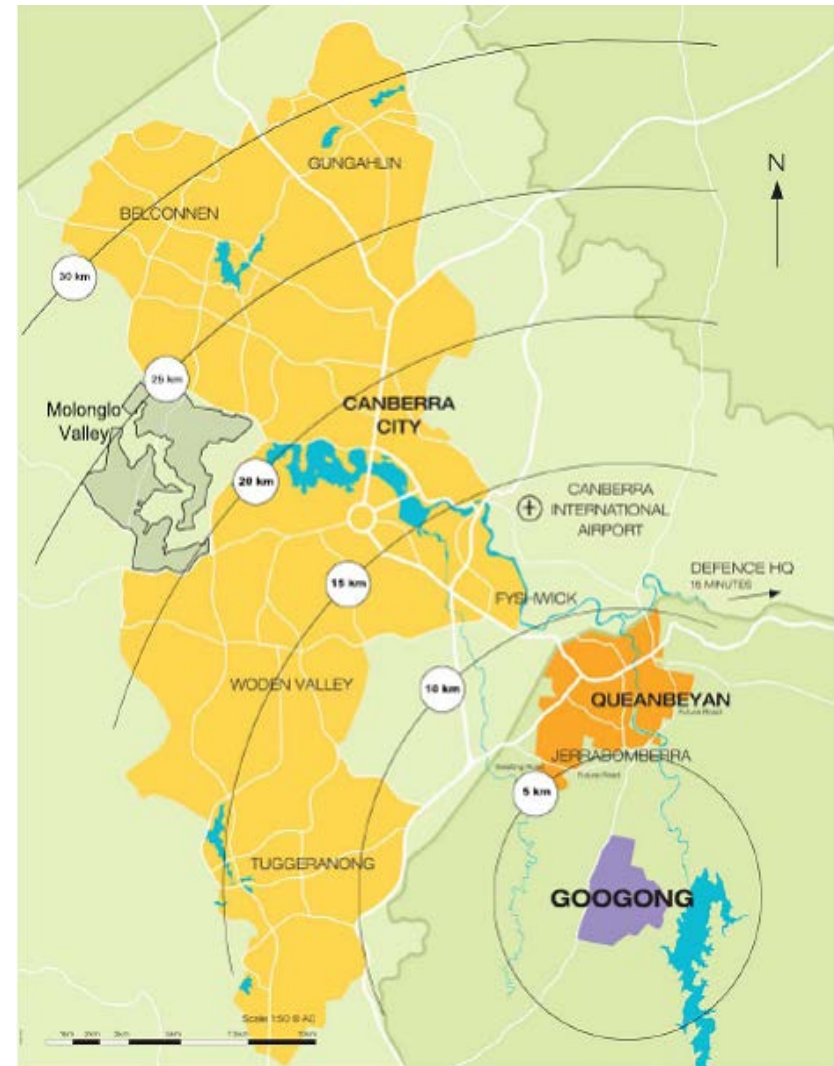
Infrastructure and stage development works under construction including:

- » Completed Sales and Information centre
- » Catalyst funded (Qld government) bridge currently under construction
- » Entry works including main arterial road servicing over 750 lots is 90% complete
- » Construction of first residential stages approximately 60% complete

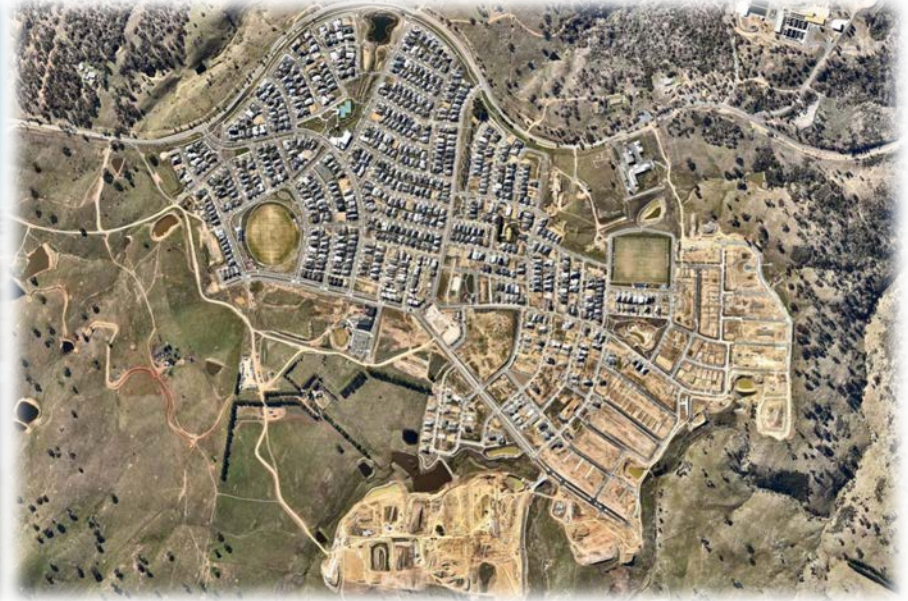


## KEY PROJECTS – GOOGONG, ACT/NSW

- » Googong is a 790 hectare greenfield master planned community situated 16 km from Canberra CBD
- » Joint Venture with Mirvac
- » The community will accommodate
  - Approximately 6,000<sup>1</sup> homes
  - Three schools
  - Community and childcare facilities
  - Major Town Centre and two local Neighborhood Centres
  - 30 hectares of sporting facilities linked by 200 hectares of POS
- » Project development commenced May 2012 with approximately 1,300 sales achieved to date
- » In excess of 350 sales achieved during FY16 with approximately 450 homes now occupied



Notes:  
1 Includes equivalent lots





# KEY PROJECTS – THE VILLAGE AT WELLARD, WA

- » The Village at Wellard is a 320 hectare multi-award winning project situated on Perth's southern suburbs, railway line in the south west corridor 36 km from Perth's CBD
- » Joint Venture with Western Australian Housing Authority with over 3,100 dwellings
- » Village centre, adjacent to the Wellard train station which includes, Woolworths supermarket, 18 specialty stores



# KEY PROJECTS – THE VILLAGE AT WELLARD, WA

- » Almost 70% of homesites completed – over 2,100 settlements achieved since 2004
- » Future childcare centre and Village tavern forecast for completion in next 12 months
- » All approvals for remaining development in place
- » Multi award winning medium density including UDIA State National Winner for Affordable Development



## KEY PROJECTS - ASTON, VIC

- » Aston is a 200 hectare greenfield master planned community located 32 km north of the Melbourne CBD
- » The community will accommodate approximately 2,500 lots along with a range of amenities, including:
  - Neighbourhood Activity Centre
  - State Government secondary school
  - 12 hectares of waterways and parklands



## KEY PROJECTS - ASTON, VIC

- » Located in major corridor which is evolving into a mature diverse community
- » Strong price growth on residential lots achieved in recent releases
- » Extended landholdings through the amalgamation of land parcels in Aston West (1,000 lots) in 2015



# KEY PROJECTS – LIGHTSVIEW, SA

- » Located 8km north east of the Adelaide CBD, it has become a highly sought after medium to high density suburb outselling all comparable developments in Adelaide
- » Highly innovative infill Joint Venture project with SA Government
- » Project will deliver 3,000 dwellings within 110 hectares including a town centre, retail, community facilities & extensive high quality built form
- » UDIA National Award Winner for “Best Master Planned Development”



## KEY PROJECTS – LIGHTSVIEW, SA

- » Delivers diverse range of product and price points
- » Approximately 50% of the project comprises in-house design built form housing and apartments which is sold as packaged housing
- » Recognised as a leader in the delivery of innovative built form



## KEY PROJECTS – TONSLEY, SA

- » Located 12km South of the Adelaide CBD, Tonsley is the former Mitsubishi vehicle manufacturing plant.
- » Peet has secured 11 hectares under a development agreement with the SA Government for the development of 1,000 terrace homes and apartments
- » 100% of the project comprises in-house design built form housing and apartments which are sold as packaged housing
- » First stage release anticipated 1H18



# KEY PROJECTS – TONSLEY, SA



- » The site already contains a sub-campus of the nearby Flinders University, Adelaide's major trade training TAFE and various high tech, innovation focused businesses.







# Outlook

# OUTLOOK

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## *Portfolio well positioned for sustainable long-term growth and value creation*

- » Outlook generally supported by market fundamentals with sustained low interest rates and modest economic growth
  - Conditions across Victoria, New South Wales/ACT and South Australia are expected to remain supportive, while Western Australia and Northern Territory are expected to remain subdued through FY17 and into FY18
  - Activity in the Queensland residential market continues to improve due to its relative affordability, which has been a factor in the recovery in interstate migration
  
- » Peet's key strategic focus
  - Accelerating production where possible and appropriate, and active management of product mix
  - Actively managing land bank with a focus on increasing ROCE<sup>1</sup>
  - Selective acquisition of projects to restock pipeline, predominantly through funds platform
  - Maintain strong balance sheet position
  
- » The Group has moved into FY17 well-positioned to target earnings growth, subject to market conditions and the timing of settlements, with earnings expected to be weighted to 2H17

Notes:

<sup>1</sup> EBITDA / (average net debt + average total equity)



*Thank you*

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