



PEET



ANNUAL GENERAL MEETING

NOVEMBER 2017

# KEY PERFORMANCE METRICS FOR FY17

## OPERATIONAL

3,077 settlements  
Up 7%

2,186 lots  
Under contract with a  
value of \$546m

\$91.1m EBITDA  
Up 2% with  
EBITDA margin of 29%

Three new projects  
commenced in FY17

## FINANCIAL

\$44.8m FY17 operating  
profit after tax  
Up 5%

9.1 cents EPS  
Up 5%

13.2% ROCE

FY17 fully franked  
dividend of 4.75cps  
Up 6%

## CAPITAL MANAGEMENT

21.4% gearing  
Down 7%

\$161.4m net debt  
Down 17%

\$99.6m FY17 net  
operating cash inflows  
(before land payments)

4.5x ICR

## STRATEGIC GROWTH

Two new wholesale  
funds established

Preferred partner for  
WA State Government  
JV 3,000 + Lots

\$50m corporate bond  
issue completed

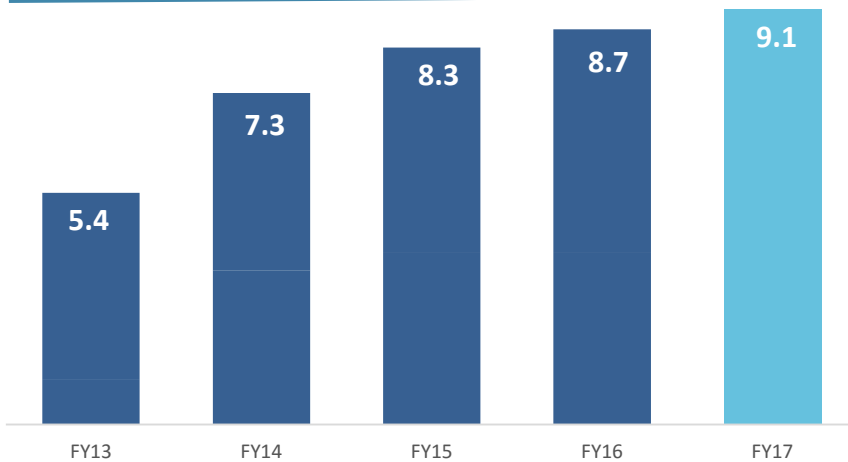
Three new projects to  
commence selling in  
FY18

# OPERATING RESULTS

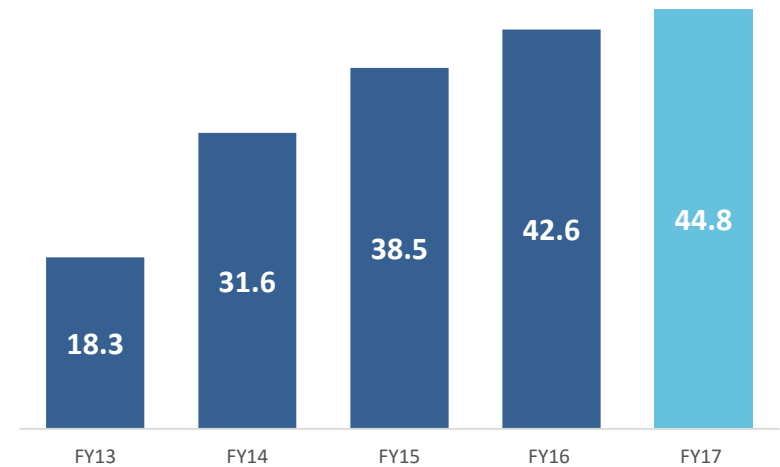
## Strategic initiatives continue to drive earnings growth

- » Peet's diversified portfolio of projects has allowed it to capitalise on the eastern states' strength
- » Contribution from eastern states' projects increased to 86% of EBITDA<sup>1</sup> (FY16: 82%)
- » FY17 Operating EPS up 5% to 9.1 cps
- » FY17 DPS of 4.75 cps, fully franked - up 6%

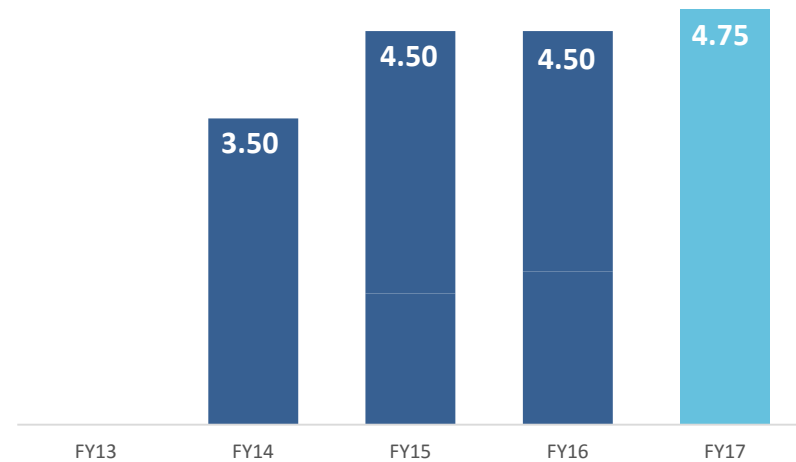
OPERATING EPS (CPS)



OPERATING PROFIT AFTER TAX (\$M)



DPS (CPS)



Notes:

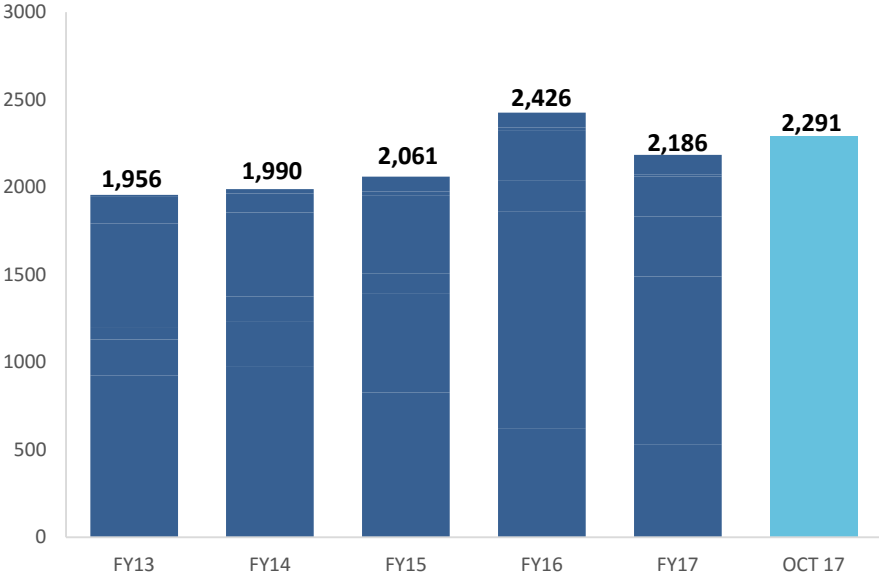
<sup>1</sup> Includes effects of non-cash movements in investments in associates and joint ventures

# CONTRACTS ON HAND

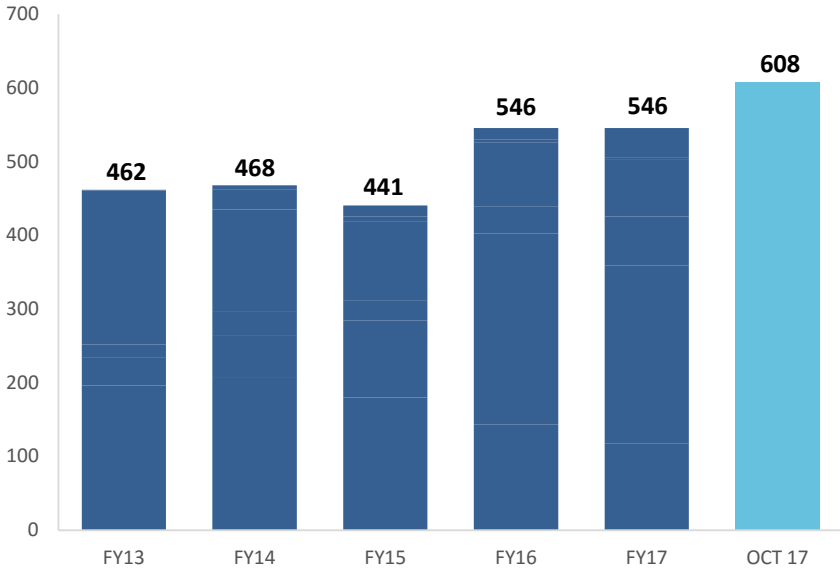
## Contracts on hand underpin momentum into FY18

- » Contracts on hand<sup>1</sup> have increased 5% since 30 June 2017 to 2,291 lots with an 11% increase in value to \$608m
  - Contract value underpinned by price growth across VIC, QLD and NSW/ACT

CONTRACTS ON HAND<sup>1</sup> (LOTS)



CONTRACTS ON HAND<sup>1</sup> (\$M)



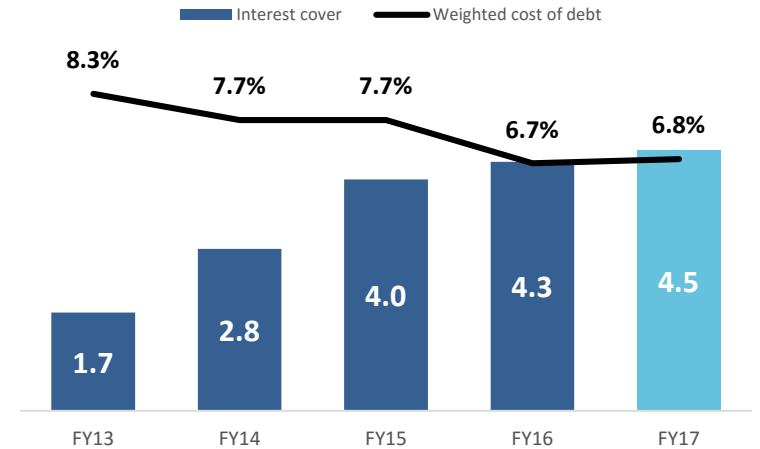
Notes:  
1. Includes equivalent lots. Excludes englobo sales

# CAPITAL MANAGEMENT

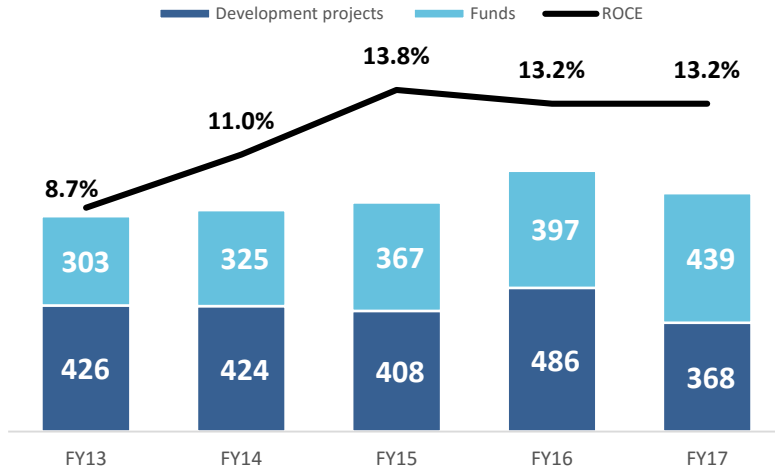
## Continued focus on capital employed and reduction in debt

- » ROCE<sup>1</sup> of 13.2%
  - Increased FM capital employed with establishment of two new wholesale funds
- » Gearing<sup>2</sup> of 21.4%, down 7%
  - Focused strategy on gearing reduction
- » Improved cash interest coverage<sup>3</sup> of 4.5x
  - Cost of debt<sup>4</sup> steady at 6.8%
- » Disciplined approach to pipeline replenishment

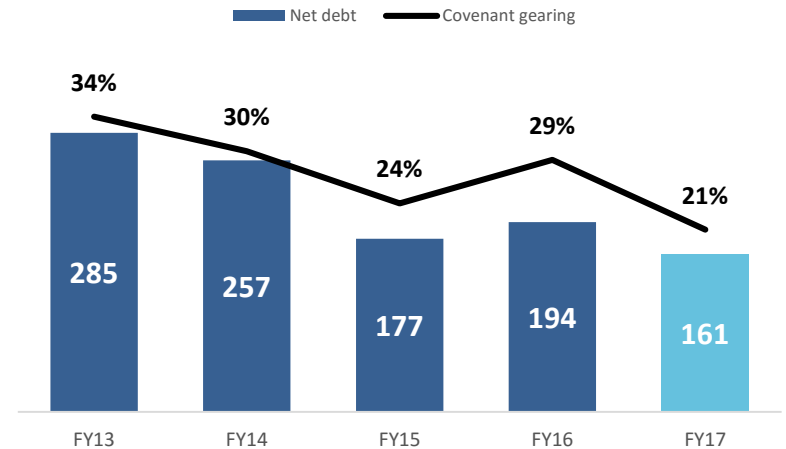
## INTEREST COVER<sup>3</sup> AND CASH COST OF DEBT<sup>4</sup>



## TOTAL ASSETS (\$M)<sup>5</sup> AND ROCE<sup>1</sup>



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

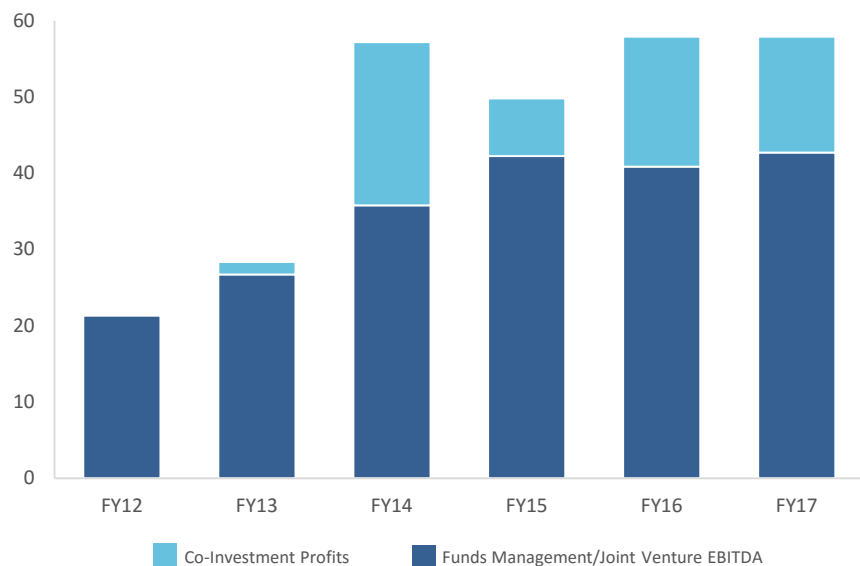


Notes:

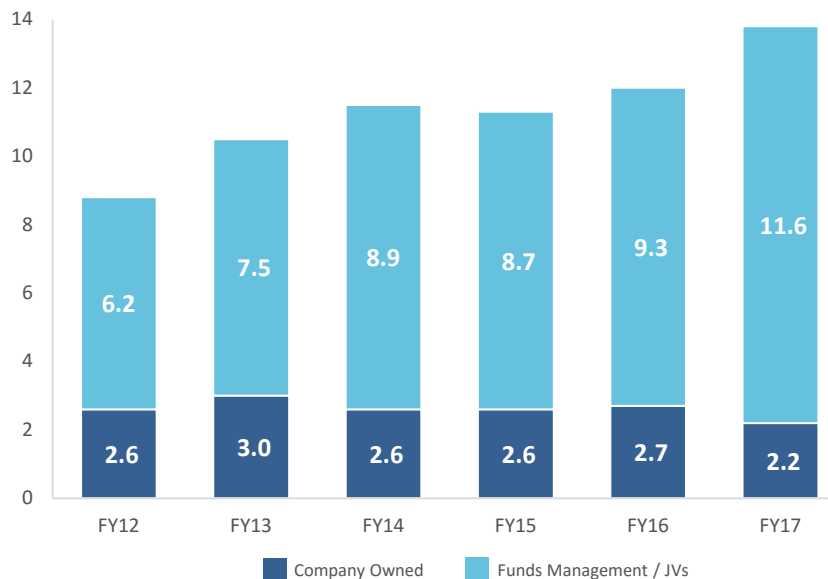
- 1 EBITDA / (average net debt + average total equity)
- 2 (Total interest bearing liabilities (including land vendor liabilities) less cash) / (Total assets adjusted for market value of inventory less cash, less intangible assets). Excluding syndicates consolidated under AASB10
- 3 EBIT / Total interest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

# FUNDS MANAGEMENT – DELIVERY ON STRATEGIC OBJECTIVES

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



GDV<sup>2</sup> BY BUSINESS SEGMENT (\$bn)



» Funds Management strategy delivering consistent results

- Funds Management/Joint Venture business provided solid capital-light earnings base representing circa 57% of Group EBITDA<sup>1</sup>
- Wholesale/institutional co-investment strategy delivering emerging profits
- A number of wholesale/institutional ventures commencing development which will contribute to FM/JV growth in next 3 years+
- Two new wholesale funds established in FY17

» Funds Management/JV GDV<sup>2</sup> trend steadily increasing over past 5 years - \$11.6 billion at year end, representing almost 85% of the total GDV<sup>2</sup>

» Future fee income from Funds Management business not reflected in NTA

Notes:

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

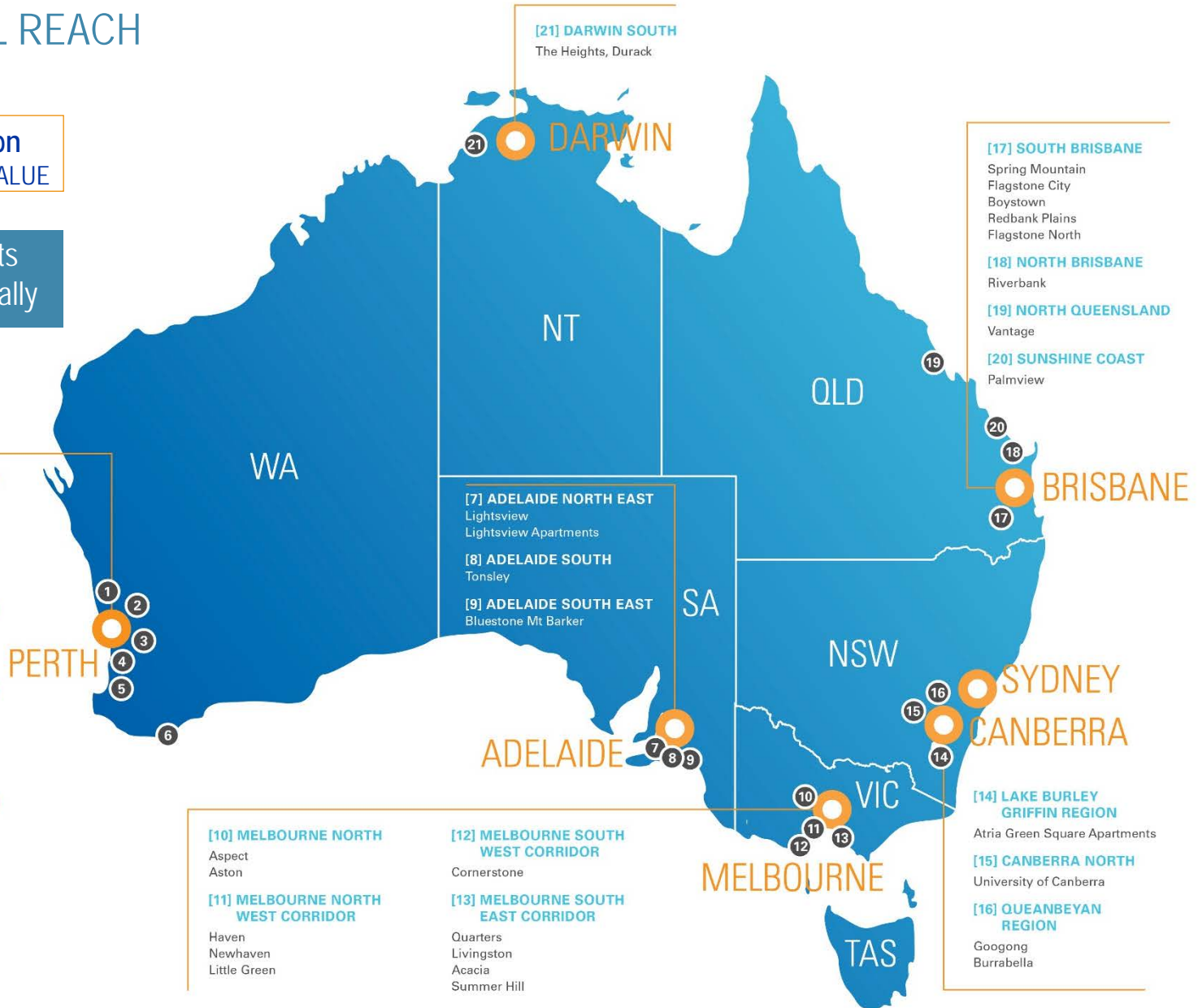
<sup>2</sup> Gross Development Value

# NATIONAL REACH

51,726  
LOTS

\$13.8bn  
END-VALUE

57<sup>1</sup> projects nationally



Notes:

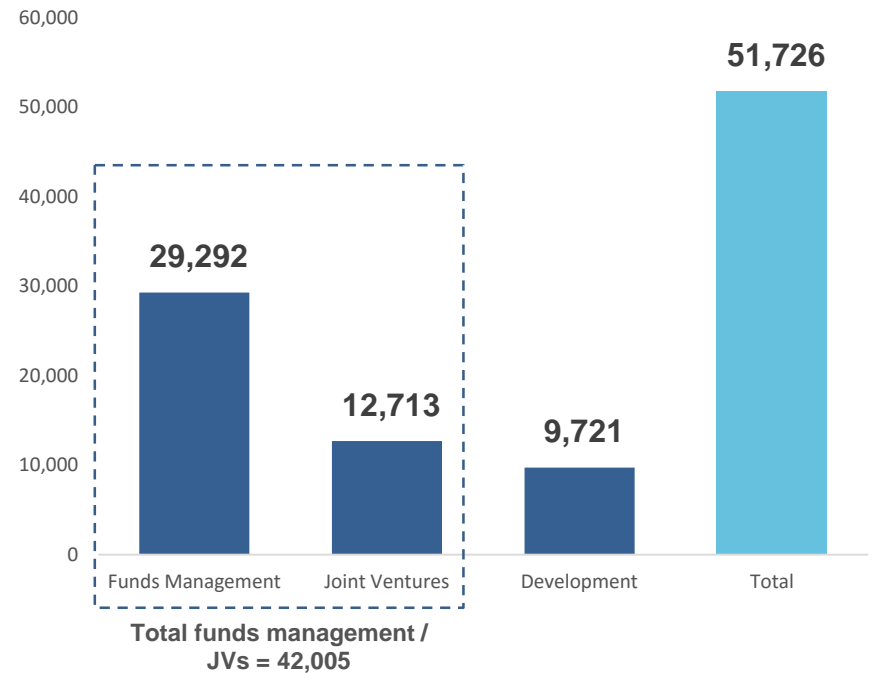
1 Not all projects are shown on map

# OVERVIEW OF PEET'S LAND BANK

**Land bank represents approximately 17 years' lot supply based on current sales rates**

- » Diversified land bank across all mainland states and territories
  - Pipeline of approximately 52,000 lots with an on completion value of approximately \$13.8 billion
  - Product mix is diverse and consistent with strategy
  - FM and JV projects account for more than 80% of the Group's land bank
  - Strong exposure to a number of eastern states' growth corridors
  - Strategically located projects near amenity and infrastructure
- » QLD land bank provides significant exposure to an improving market cycle
- » Approximately 70% of the entire land bank was in development by the end of FY17
  - Increasing to more than 80% by FY19

**LANDBANK COMPOSITION BY BUSINESS TYPE (LOTS<sup>1</sup>)**



Notes:  
1. Includes equivalent lots



# NEW PROJECTS SUPPORTING GROWTH

## *Pipeline of approximately 52,000 lots providing visibility of future earnings*

- » Targeting medium term earnings growth driven by current portfolio
  - Not dependent on acquisitions
- » Three new projects commenced development/sales in FY17
- » Up to five new projects to commence development within the next two years
  - Approximately 95% of the lots in these projects sit within the Funds Management/JV business
  - Average project duration of circa 8.8 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 and future growth opportunities

## FY18 – FY20 PROJECT RELEASE SCHEDULE

Project	State	Segment	First Sales	Lots <sup>1</sup>	Project Life (Years)
Tonsley	SA	JV	2018	850	9yrs
Palmview	QLD	Owned	2018	438	4yrs
Atria Apartments	ACT	JV	2018	151	2yrs
University of Canberra	ACT	JV	2019	3,300	18yrs
Brabham	WA	JV	2019	3,333	11yrs
<b>Total</b>				<b>8,072</b>	<b>Ave 8.8</b>

Notes:

<sup>1</sup> Refers to lots and/or dwellings

# PROJECT OVERVIEW

## Flagstone - QLD

- » 1,245 hectare 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
- » Total yield of more than 12,000 lots with a GDV<sup>1</sup> of more than \$3.4 billion
- » Flagstone City will support retail, commercial, education and childcare, recreation, health, sporting and community infrastructure
- » Bridge completed in 1H18 providing greater access across estate
- » Commenced selling in 1H17



Notes:  
1 Gross Development Value

# PROJECT OVERVIEW

## **Flagstone - QLD**

- » Sold 310 residential lots to date. First stage settled in January 2017
- » Flagstone's city centre will support the region's expected population of more than 120,000
- » Commercial sites settled to date:
  - Supermarket site to Coles, including specialty retail
  - Child care
  - Site for service station, medical and food convenience
- » A number of other commercial opportunities are currently under negotiation including school site and bistro site
- » Additional amenity provided by completion of Stage 1 & 2 of the 10 hectares Regional Recreation Park
- » Expected settlement period FY17 – FY41
- » Price range \$129,000 to \$235,000



# PROJECT OVERVIEW

## **Aston - VIC**

- » 209 hectare master planned community located 32 km north of the Melbourne CBD, in the northern growth corridor
- » Total yield of more than 2,500 lots with a GDV<sup>1</sup> of \$696 million
- » The community will accommodate a range of amenities, including:
  - Neighbourhood Activity Centre
  - State Government secondary school
  - 8 hectares of sporting fields
  - 12 hectares of waterways and parklands
- » Settled 1,184 residential lots to date
- » Approximately 1,300 lots remaining to settle
- » Expected settlement period FY12 – FY27
- » Price range \$260,000 to \$505,000



Notes:  
1 Gross Development Value

# PROJECT OVERVIEW

## **Googong - ACT**

- » 780 hectare master planned community situated 16 km from Canberra CBD
- » Joint Venture with Mirvac Group
- » Total yield of approximately 6,000 dwellings with a GDV<sup>1</sup> of \$1.8 billion
- » The community will accommodate three schools, community and childcare facilities, two local Neighborhood Centres, a Major Town Centre and 30 hectares of sporting facilities linked by 200 hectares of open space
- » Sold approximately 1,600 dwellings to date
- » More than 4,200 dwellings remaining
- » Expected settlement period FY12 – FY33



## **Tonsley - SA**

- » 11 hectare site located 9 km south west of Adelaide CBD
- » First sales release Q2 FY18
- » A total yield of more than 800 dwellings with a GDV<sup>1</sup> of \$265 million
- » High density mixed use development in Tonsley Innovation District
- » Expected settlement period FY18 – FY27



Notes:  
1 Gross Development Value

# PROJECT OVERVIEW

## ***Eden's Crossing - QLD***

- » 122 hectare master planned community situated 30 km from Brisbane CBD
- » Joint Venture with Supalai Australia Holdings Pty Ltd
- » Total yield remaining of approximately 1,030 dwellings with a GDV<sup>1</sup> of \$220 million
- » Settled 70 residential lots to date
- » Expected settlement period FY17 – FY23
- » Price range \$171,000 to \$280,000



## ***Yanchep - WA***

- » 150 hectare greenfield master planned community situated in a key Northern Growth Corridor 50km north of Perth's CBD
- » Total yield of approximately 2,000 lots with a GDV<sup>1</sup> of more than \$280 million
- » Sold 408 lots to date
- » 4.5km of golf course frontage
- » Close proximity to future Yanchep Train Station (Metronet Stage 1)
- » Approximately 1,600 lots remaining to settle
- » Expected settlement period FY17 – FY27
- » Price range \$154,000 to \$224,000



Notes:

1 Gross Development Value

# PROJECT OVERVIEW

## ***Newhaven - VIC***

- » 121 hectare master planned community situated 26 km from Melbourne CBD
- » Joint Venture with Supalai Australia Holdings Pty Ltd
- » Total yield of approximately 1,750 dwellings with a GDV<sup>1</sup> of \$469m
- » Settled 319 residential lots to date
- » Approximately 1,435 lots remaining to settle
- » Expected settlement period FY18 – FY23
- » Price range \$110,000 to \$428,000



Notes:

1 Gross Development Value

# PROJECT OVERVIEW

## ***Lightsview (Housing Product) & Apartments***

- » Located 8km north east of the Adelaide CBD
- » Highly innovative infill Joint Venture project with SA Government
- » Project will deliver approximately 2,300 lots within 110 hectares including a town centre, retail, community facilities & extensive high quality built form
- » 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
- » Settled 1,737 residential lots to date
- » Approximately 530 lots remaining to settle
- » Expected settlement period FY17 – FY21



*Urban Garage*



*Urban Garage*



*Lightsview Apartment Product*



# PROJECT OVERVIEW

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# PROJECT OVERVIEW

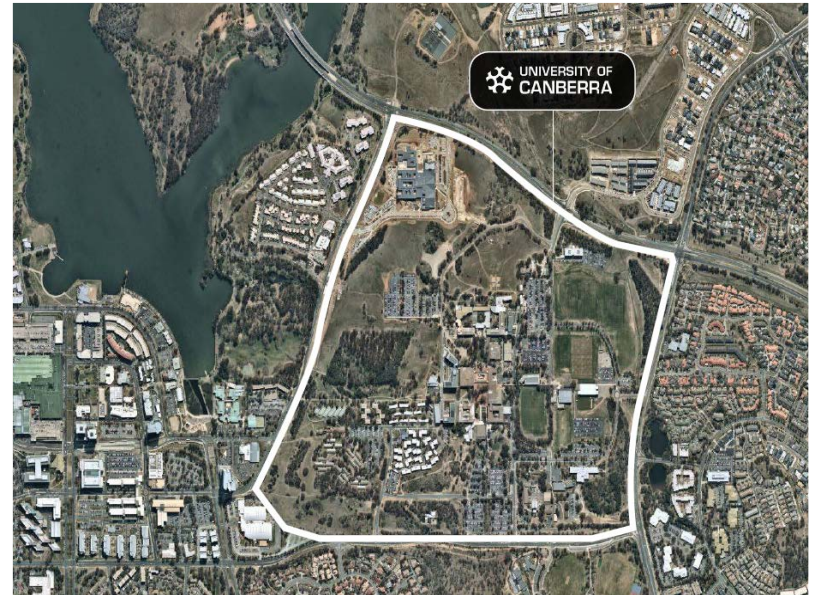
## ***Brabham - WA***

- » 220 hectare landholding, 22 km from the Perth CBD
- » Peet nominated as preferred proponent by the Western Australian Government in July 2017
- » Total yield of 3,333 dwellings with a GDV<sup>1</sup> of approximately \$800 million
- » Integrated transit orientated development aligning with the WA Government's Metronet plans
- » Contract negotiations expected to be finalised by December 2017
- » First sales release expected to commence FY19
- » Expected settlement period FY19 – FY30



## ***University of Canberra - ACT***

- » 20 hectare site located 8 km north of Canberra CBD
- » Conditional agreement with the University of Canberra for a proposed residential development
  - Negotiations of conditions precedent are progressing
- » A total yield of approximately 3,300 dwellings with an expected GDV<sup>1</sup> of \$1.3 billion
- » Development to comprise a mix of units and townhouses
- » First sales release expected 2019
- » Expected settlement period FY20 – FY38



Notes:  
1 Gross Development Value

# PRIORITIES AND STRATEGIC FOCUS

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Portfolio well positioned to target on-going growth and value creation

Accelerating production where possible and appropriate, and active management of product mix

Delivery of affordable product targeted at the low and middle market segments

Selective acquisition of projects to restock pipeline, predominantly through funds platform

Focus on securing low cost projects to ensure delivery of affordable product

Maintain strong balance sheet and cash flow position

# OUTLOOK

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Outlook generally supported by market fundamentals with sustained low interest rates and economic growth

Positive outlook underpinned by contracts on hand and new project commencements

Conditions across Victoria, Queensland and New South Wales/ACT are expected to remain supportive

Well-placed to capitalise on a WA market recovery

The Group has moved into FY18 in a solid position to target growth on FY17 earnings, subject to market conditions and the timing of settlements

Earnings anticipated to be slightly weighted to the second half of FY18, with first half expected to be up compared to the previous corresponding period

New projects commencing, and already under construction, provide positive outlook for FY19

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