

PEET

**EUROZ HARTLEYS
ROTTNEST CONFERENCE**

10 MARCH 2021

PEET

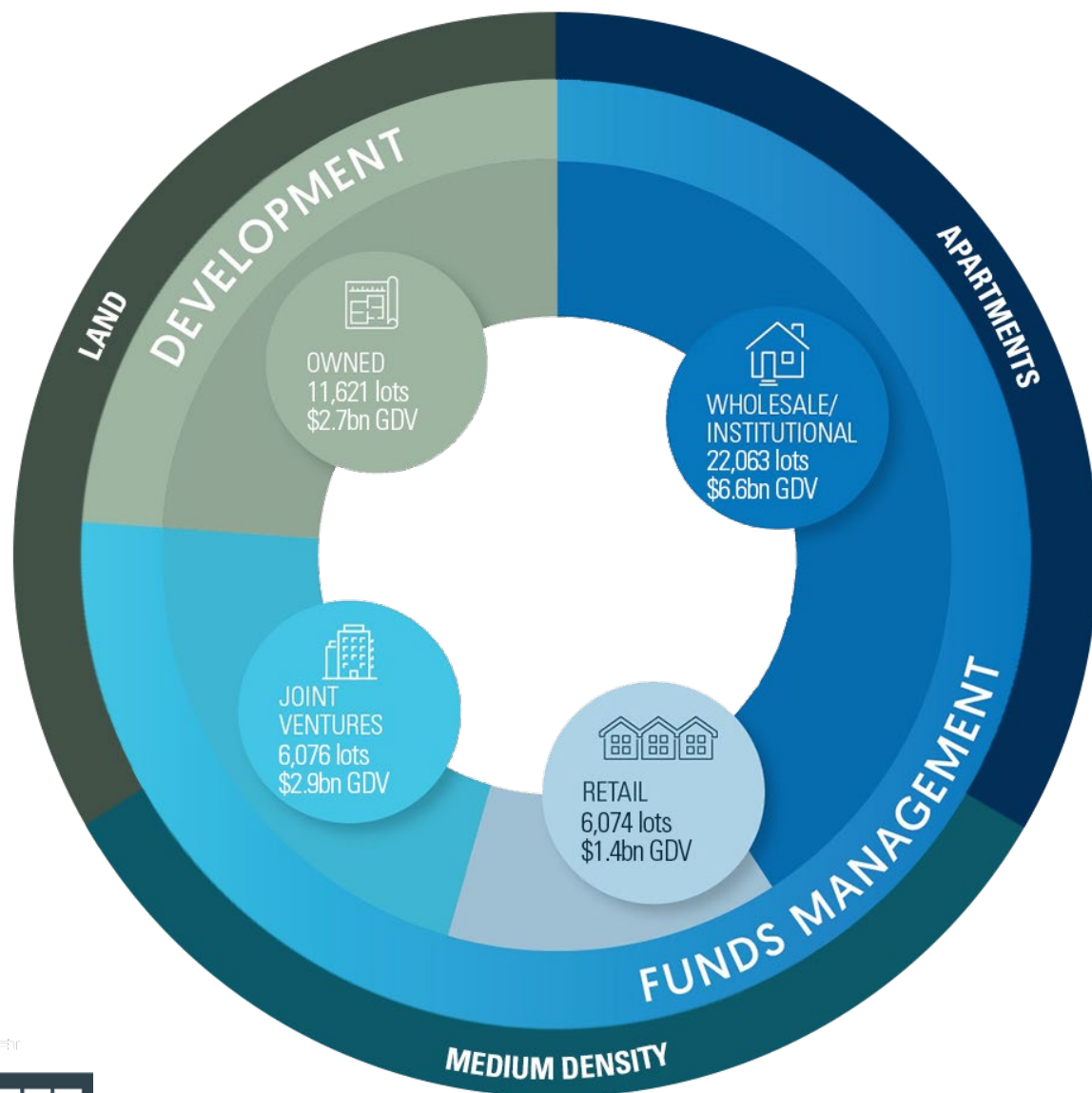
Life
YOUR WAY

PEET IS WELL POSITIONED TO LEVERAGE MARKET RECOVERY

- 1 1H21 operating earnings of \$10.1m – up 101%
- 2 Strong sales growth in 1H21 across national portfolio – up 50%
- 3 Contracts on hand up 15% providing positive momentum into 2H21
- 4 Government stimulus packages have supported a further improvement in sales and enquiry activity
- 5 Non-core divestment program ahead of expectations with \$39m under contract
- 6 Focused on driving operating leverage with >80% of the land bank expected to be in development by FY23

LARGEST 'PURE PLAY' RESIDENTIAL DEVELOPER IN AUSTRALIA

INTEGRATED MODEL WITH PROVEN CAPITAL PARTNERING CAPABILITY



- Property development company established in 1895
- Listed on the ASX in 2004

- ✓ **Significant and diversified land bank** encompassing more than 45,800 lots across 52 projects
- ✓ **Integrated platform** with broad product expertise across land, medium density townhouses and low rise apartments
- ✓ **Flexible and unique funding model** underpinned by proven capital partnering capability of c.34,000 lots held in capital efficient arrangements

BROAD CUSTOMER AND PRODUCT REACH

SCALE PIPELINE WITH LOW COST BASE



45,834
LOTS

Peet manages a broad property portfolio, encompassing 45,800 lots across 52 projects

\$13.6bn
END VALUE

Diversified land bank strategically located in growth corridors of major cities in every mainland state of Australia

52
PROJECTS

Range of affordable product type appealing to all buyer segments

WA NO. OF PROJECTS 20

VIC NO. OF PROJECTS 10

NSW NO. OF PROJECTS 2

QLD NO. OF PROJECTS 12

ACT NO. OF PROJECTS 2

SA NO. OF PROJECTS 6

DELIVERING AGAINST OUR STRATEGY

PORTFOLIO WELL POSITIONED FOR POSITIVE MEDIUM TO LONG TERM GROWTH AND VALUE CREATION

STRATEGY

KEY ACHIEVEMENTS (1H21)

INVEST



Invest in high quality land in strategic locations across country

- One townhouse site (Vic) and one low-rise apartment site (WA) acquired during 1H21

ENHANCE



Enhance, plan and create communities and homes targeting the low to middle market segment

- Three new projects commenced development / sales during 2Q21
- c.70% of landbank under development

EXPAND



Expand product offering and geographic presence to appeal to wider variety of customers

- Broadened product offering to townhouses and low-rise apartments
 - Pipeline of approx. 1,050 townhouses/low-rise apartments

MAINTAIN



Maintain strong capital management

- Gearing of 30% - expected to trend lower in 1H22 resulting from Medium Density settlements and non-core asset divestments
- \$39m of \$75m non-core asset divestment program under contract with settlement proceeds in 2H21 and FY22



RESULTS OVERVIEW



GROUP 1H21 FINANCIAL RESULTS

IMPROVING RESULTS WITH MARKET RECOVERY

KEY PERFORMANCE STATISTICS	1H21	1H20	VAR (%)
Lot sales ¹	1,522	1,012	50%
Lot settlements ¹	1,254	773	62%
Revenue ²	\$100.6m	\$90.5m	11%
EBITDA³	\$20.9m	\$12.7m	65%
EBITDA ³ margin	21%	14%	7%
Operating profit after tax⁴	\$10.1m	\$5.1m	101%
KEY METRICS	1H21	1H20	VAR (%)
EPS (operating)	2.10c	1.05c	100%
DPS ⁵	1.0c	0.5c	100%
	DEC 20	JUN 20	VAR (%)
Book NTA per share ⁶	\$1.09	\$1.09	-

Group sales were up due to improving market conditions and government stimulus

Group settlements increased due to FY20 contracts on hand and increased sales volumes

Increased revenue was due to FM fees and equity accounted earnings

Group EBITDA³ margin higher due to improved FM/JV performance and cost reduction initiatives during 1H21, despite completion of Aston (Vic) project during FY20

Group NTA does not fully reflect:

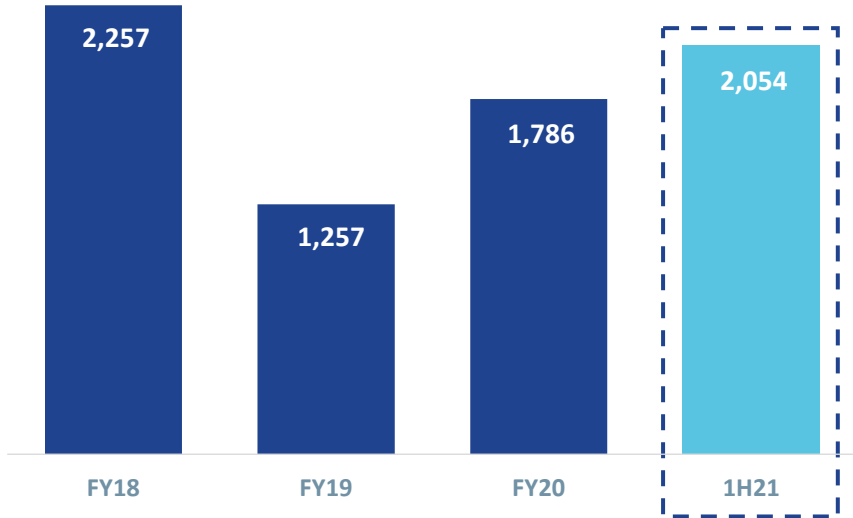
- Value uplift on co-investment stakes in funds and joint ventures
- Value of Funds Management business

NOTES:

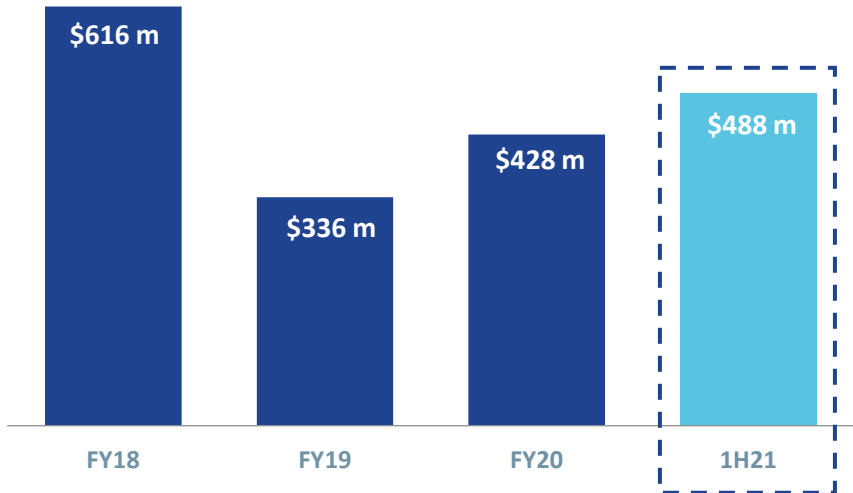
1. Includes equivalent lots
2. Includes share of net profit from associates and JVs
3. EBITDA is a non-IFRS measure that includes effects of non-cash movements in investments in associates and joint ventures
4. Operating profit is a non-IFRS measure that is determined to present the ongoing activities of the Group in a way that reflects its operating performance. Operating profit excludes unrealised fair value gains/(losses) arising from the effect of revaluing assets and liabilities and adjustments for realised/unrealised transactions outside the core ongoing business activities
5. Fully franked
6. NTA before application of AASB 16 Leases.

CONTRACTS ON HAND

CONTRACTS ON HAND¹ (LOTS)



CONTRACTS ON HAND (VALUE)



CONTRACTS ON HAND REFLECT IMPROVING MARKET CONDITIONS

Contracts on hand¹ have increased by 15% since 30 June 2020 to 2,054 lots

- Reflects improving market conditions and government stimulus

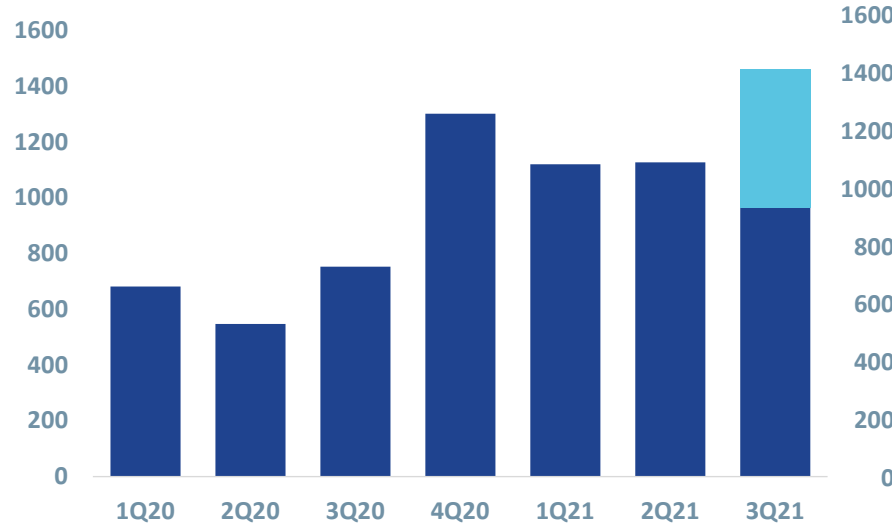
Contracts value of \$488m – up 14% since 30 June 2020

- Cancellation rates continue to moderate towards more normalised levels

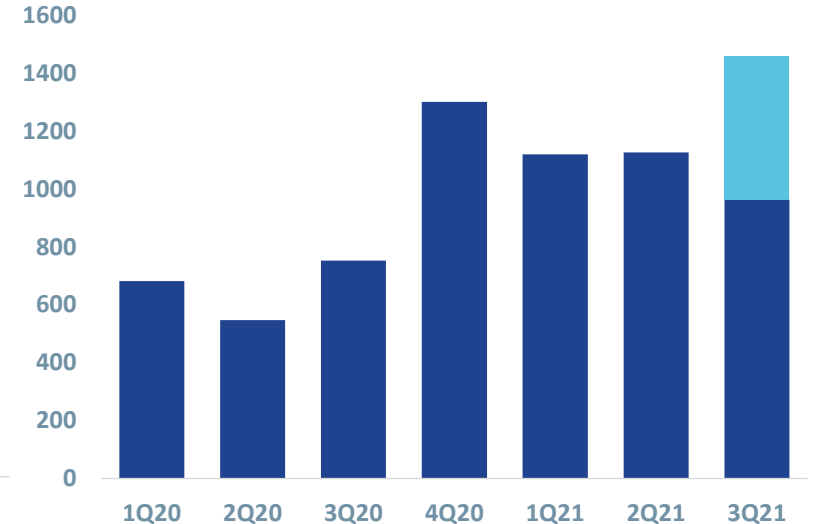
ENQUIRY LEVELS REMAIN STRONG

- Enquiry levels remain strong supporting sales momentum into 2H21
- WA and QLD conversion rates likely to moderate over the near term as some builders have reached capacity to deliver within the HomeBuilder timeframe
- Cancellation rates continue to moderate towards more normalised levels
- Credit availability and continuing low interest rates remain positive

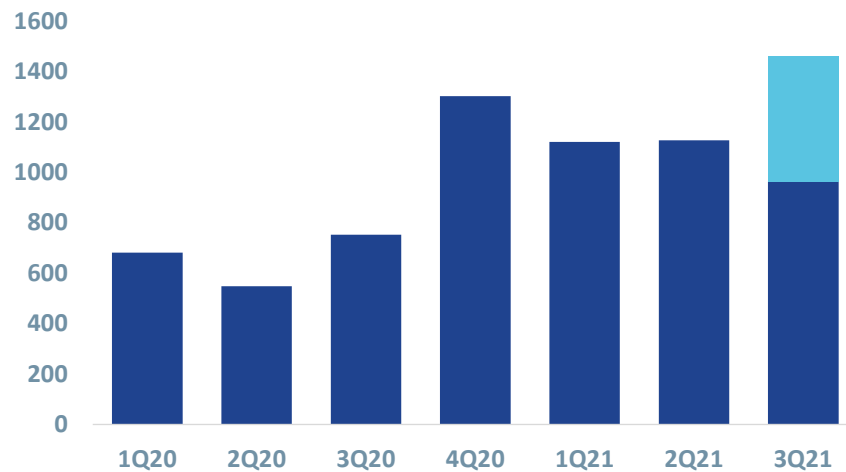
WA



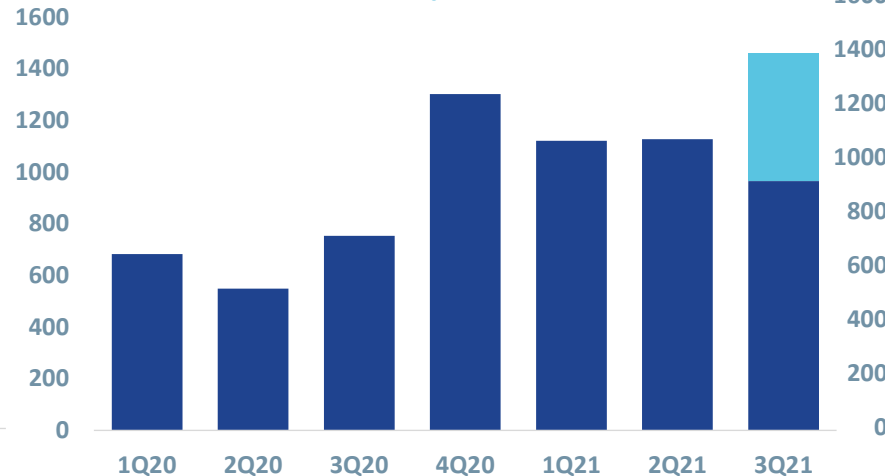
QLD



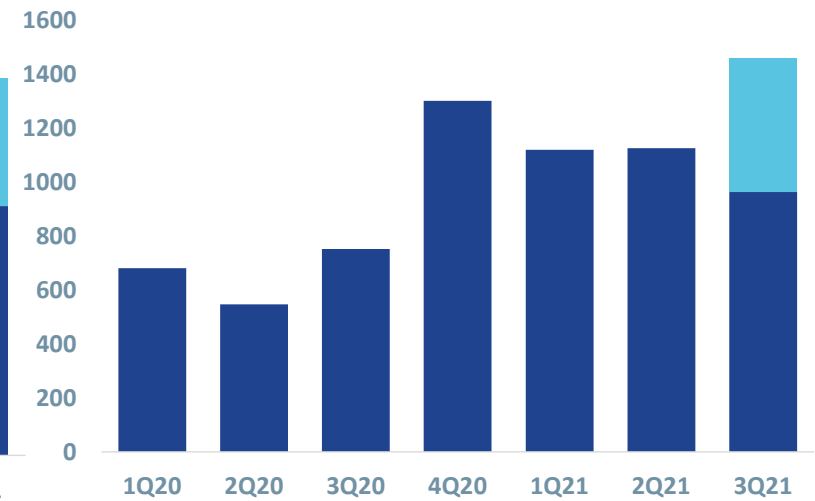
VIC



NSW/ACT



SA





OUTLOOK

PEET

MARKET CONDITIONS: BY STATE

PEET'S SUMMARY

WA

- Significant lots under contract after strong 1Q21 as a result of government stimulus
- New development stages now completed enabling stimulus sales to proceed to settlement, with relaxation of bank credit conditions assisting
- First home buyers remain the most active segment
- Net pricing improved due to strength of demand
- Sales cancellation rate in line with medium term rates

QLD

- 1H21 resulted in solid sales and settlement volumes
- Volume and net pricing improvements experienced across the portfolio
- New stage releases to meet increased demand continue to sell but capacity constraints are being experienced by some builders and contractors, that may result in delayed settlements

VIC

- Positive economic rebound post COVID-19 lockdown
- Significant Government investment in infrastructure continues
- Greenfield markets performing strongly compared to inner ring markets

SA

- Strong new home and allotment sales in 2020 on back of HomeBuilder
- Market strength underpinned by low interest rates, which will continue into foreseeable future
- Owner occupier market is most active
- Detached home market is most active
- Rental vacancy rates are improving (impacted by lack of rental supply)
- Rents are increasing

ACT/NSW

- Solid employment conditions and tight supply supporting a strong market
- Volumes up materially in 1H21 due to Government stimulus and accommodating lending conditions

MARKET OUTLOOK

WA

- Land sales strong in 1H21 with focus on converting to settlements
- Relative affordability & strength of the local economy will continue to support this market.
- Established housing market continues to strengthen with positive growth
- Strength of mining sector helping employment & overall confidence
- 2H21 sales activity expected to moderate due to a bring forward of demand from stimulus
- Rental vacancy rates lowest since 2007

QLD

- SEQ continues to benefit from solid interstate migration throughout COVID-19 at >25,000 persons annualised
- NSW and Victoria contribute ~89% of net interstate migration by state due to relative affordability and lifestyle.
- Population growth offset by negative overseas migration in June 20 quarter ABS period
- Softer sales conditions originally expected in 2H21 as a result of bringing forward demand, likely to be delayed until 4Q21 as stimulus ends

VIC

- Elevated volumes expected to continue through the course of FY21 due to HomeBuilder impact
- Prices showing early signs of recovery

SA

- Current volumes and price growth expected to be maintained throughout FY21, subject to any negative impact from end of HomeBuilder and Jobkeeper
- Market in "modest growth mode" and expected to continue throughout CY21

ACT/NSW

- Limited competition to underpin demand in the short to medium term
- Modest price growth forecast to continue through FY21 and into FY22

NEW PROJECTS PROVIDE MEDIUM TERM EARNINGS VISIBILITY

PIPELINE OF APPROXIMATELY 45,800 LOTS PROVIDING VISIBILITY OF FUTURE EARNINGS

Up to four new land community projects and nine townhouse/apartment sites to commence development within the next three years

- Approximately 60% of the lots in these projects sit within the FM/JV business

Planned project releases will be fully funded from internally generated cash flows, existing debt facilities and third party capital

FY21 – FY23 NEW PROJECT RELEASE SCHEDULE

PROJECT	STATE	SEGMENT	PROJECT START ¹	LOTS ² / UNITS	GDV	PROJECT LIFE (YEARS)
Communities						
University of Canberra ³	ACT	JV	FY22	3,300	\$1,856m	20
Fort Largs	SA	Owned	FY22	335	\$90m	6
Jumping Creek	NSW	Owned	FY22	219	\$88m	3
Aston West	VIC	Owned	FY23	1,134	\$360m	8
Townhouses						
Strathpine	QLD	Owned	FY21	76	\$31m	2
Nudgee	QLD	Owned	FY21	84	\$40m	2
Rochedale	QLD	Owned	FY21	36	\$23m	1
Acacia	VIC	Owned	FY21	80	\$36m	2
Lightwood	VIC	Owned	FY21	81	\$34m	2
South Morang	VIC	Owned	FY22	71	\$37m	3
Keysborough	VIC	Owned	FY23	130	\$100m	4
Apartments						
Pier Street	WA	JV	FY21	188	\$103m	3
Glyde Street	WA	Owned	FY22	44	\$35m	3
Total				5,778	\$2,833m	

Notes:

- 1 Commencement of sales / development
- 2 Refers to lots and/or dwellings
- 3 Subject to satisfaction of conditions

FLAGSTONE - QLD

- 1,245 ha master planned community situated in a key South East Queensland growth corridor 38 km south west of Brisbane's CBD
- Total yield of approx. 12,000 lots with a GDV of more than \$3.7 billion - Expected settlement period to FY45
- The only town-centre in the 7,000ha Greater Flagstone Priority Development Area, which will support the region's expected population of more than 150,000 people
- State and local government Infrastructure Agreement signed for more than \$1.2 billion of essential infrastructure including roads, sewer and water which provides certainty for the next 25 years of development
- Statutory approvals in place including Federal environment approvals



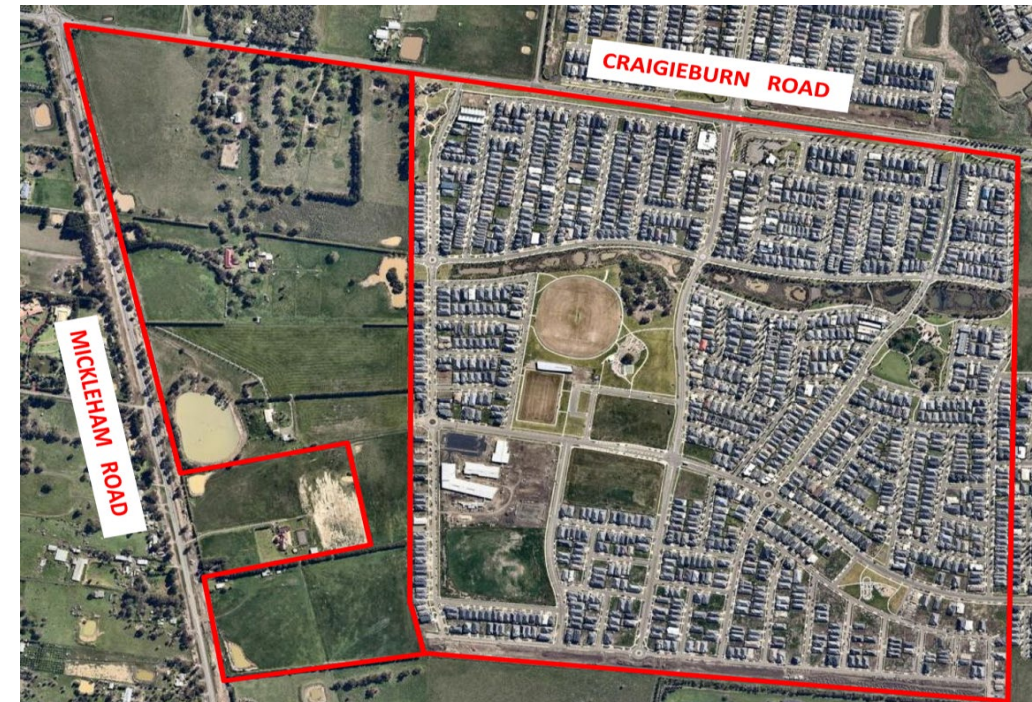
FLAGSTONE - QLD

- Flagstone City has already created 600 casual, full time and part time jobs with a target of 10,000 jobs supporting retail, commercial, education and childcare, recreation, health, sporting and community infrastructure
- Achieved \$30 million in commercial site sales to end users such as Coles, Catholic Education, McDonald's and various retail, bistro and service industry users
- Sold over 780 residential lots since commencement in 2017 with in excess of \$130m (inc GST) settlement income received
- Residential land price range from \$150k to \$245k



ASTON WEST - VIC

- Located in the Craigieburn West Precinct Structure Plan
- 25 km north of the Melbourne CBD
- Approximate yield of 1,100 dwellings with a GDV of \$360 million
- Leverage existing amenity in Peet's adjacent Aston development
 - 1,700 dwellings
 - 12 hectares of waterways and parklands
 - 8 hectares of sporting fields and associated club facilities
 - Elevation Secondary College (government school) operational
 - Child care centre on site
 - Retail centre phase 1 under construction
- Expected settlement period FY23+
- Price range \$250k to \$400k



GOOGONG - NSW

- Googong is a whole new self-contained town being built over 25 years on a 780Ha site in NSW. The site is located just over the border from the ACT
- Joint Venture between Peet and Mirvac
- Googong will eventually be home to around 18,000 residents in 6,500 dwellings
- Sold over 2,400 residential lots sold since 2012 with an average sales rate of 275pa
- Water Recycling Plant reduces potable water use by 60% and recycles over half of Googong's wastewater
- UDIA NSW Excellence - Masterplanned Communities 2019
UDIA NSW Excellence - Marketing 2020



BRABHAM - WA

- 220 hectare landholding, 20 km from the Perth CBD, adjacent to the proposed future METRONET Whiteman Park Station
- Development Management Agreement with Department of Communities
- Total yield of approximately 3,300 dwellings with a GDV of approx. \$700 million
- First sales commenced in March 2020, with first settlements in October 2020
- Expected settlement period FY21 – FY32



PIER STREET - WA

- Inner city location approx. 500m east of Perth CBD, adjacent to Northbridge
- Development Management Agreement
 - WA State Government (landowner)
 - Peet (equity partner, development manager)
- 27-level building comprising of 186 apartments
- Planning approval received June 2019
- Pre-sales expected to commence 2H21 with construction to commence FY22
- 30% already pre-sold to Dept of Communities
- Price range \$280k (studio) to \$800k (3 bed)



GROUP OUTLOOK

FOCUSED ON POSITIONING FOR AN IMPROVING MARKET THROUGH A CONSERVATIVE APPROACH TO PROJECT DELIVERY AND IDENTIFYING GROWTH OPPORTUNITIES

- Consider opportunistic acquisitions to restock pipeline when appropriate
- Currently accelerating production to meet current demand
 - Sales momentum continuing into 2H21
- Improving market conditions due to Government stimulus and improving consumer confidence has contributed to strong sales in 1H21
- Residential markets are expected to remain positive over the medium term supported by low interest rates, accommodative credit conditions and an improving employment outlook
- The Group enters 2H21 with positive momentum supported by contracts on hand, improving sales activity, as well as new project commencements planned in the coming 2 years

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