

28 August 2014

Peet puts in strong performance, reinstates dividend

- **Operating profit¹ after tax of \$31.6 million, up 73%**
- **Statutory profit² after tax of \$30.3 million, up from \$0.9 million**
- **Dividend reinstated with payment of 3.5 cents per share unfranked**
- **Earnings per share of 7.0 cents, up from 0.3 cents**
- **Revenue³ of \$296.7m, up 23%**
- **3,491 lots settled compared with 2,091 in FY13, up 67%**
- **1,990 contracts on hand with a value of \$467.9 million as at 30 June 2014**
- **Net EBITDA margin⁴ of 25%, compared with 22% in FY13**
- **Gearing of 29.8%⁵**

National property group, Peet Limited, today announced an operating profit after tax for the year ended 30 June 2014 of \$31.6 million, which represents a 73% increase over the previous year.

The Group's statutory profit after tax was \$30.3 million and includes a write-down after tax of \$1.3 million on the disposal of a non-core and non-developing asset in Victoria.

Peet Limited Managing Director and Chief Executive Officer, Brendan Gore, said that the result reflected improved performance across the Group's business divisions, the first full financial year of a controlling interest in CIC and general improvements in key Australian property market sectors.

"This is a pleasing result that has built on steady improvements in key markets, with strong sales and improving operating margins in FY14 also providing good momentum for the start of the current financial year," he said.

Please note: The comparative period has been restated to reflect the adoption of new accounting standards, refer note 2(a) to the Financial Statements.

¹ 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 includes the effects of non-cash movements in investments in associates and joint ventures totalling \$20.6 million in FY14. Operating profit excludes unrealised fair value gains/(losses) arising from the effect of revaluing assets and liabilities and adjustments for realised transactions outside the core ongoing business activities. For the year ended 30 June 2014, operating profit of \$31.6 million is calculated as statutory profit attributable to the owners of Peet of \$30.3 million, adjusted for write-downs in inventory, after tax, of \$1.3 million.

² Statutory profit after tax means net profit measured in accordance with Australian Accounting Standards, attributable to the owners of Peet Limited.

³ Includes share of net profits from associates and joint ventures.

⁴ Pre-write-downs of \$1.8 million (before tax) and includes effects of non-cash movements in investments in associates and joint ventures totalling \$20.6 million in FY14.

⁵ Includes CIC (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.

The Group achieved 3,525 sales (with a gross value of \$835.2 million) and 3,491 settlements (with a gross value of \$827.8 million) for the full year, representing an increase of 53% and 67% respectively compared with FY13.

At 30 June 2014, there were 1,990 contracts on hand, with a gross value of \$467.9m, providing good momentum into FY15.

“A number of factors including the Group’s diversified portfolio, a sustained period of low interest rates, continued robust population growth, and a relatively stable employment market combined during the year to lift demand and contribute to moderate price and margin growth in key corridors, particularly in Western Australia and Victoria,” said Mr Gore.

“Peet has responded to improving market demand by continuing to invest in the development of new lots and related infrastructure, while at the same time reducing bank debt by 10% to \$247.9 million,” he added.

Development of three new projects in Peet’s key markets of Western Australia and Victoria were commenced during the year.

Peet has maintained a disciplined approach to cost management across the business and continued its asset divestment program in an orderly manner. Four properties were sold during the year, three of which had settled by 30 June 2014, with the fourth due to settle before the end of the calendar year. This brings the total asset divestment program to \$93.5 million.

Capital Management

Peet’s capital management strategy continued to focus on debt reduction via the sale and settlement of non-core assets, cost control across the Group and implementation of business efficiencies.

While the targeted non-core asset divestment program of \$100 million has essentially been achieved, the review and assessment of the Group’s development property portfolio will continue with a view to optimising the portfolio.

Peet has also continued to invest appropriately in delivering new homesites in existing and new projects to meet market demand for a broad range of quality and affordable land and housing.

In FY14, the Group’s total debt decreased from \$320.9 million to \$295.5 million (down 8%) and Peet Limited’s \$200 million corporate debt facility was extended until 31 October 2017.

The Group’s gearing⁶ ratio of 29.8% as at 30 June 2014 was in line with its targeted ratio of 30%.

Dividend Payments

The Directors are pleased to reinstate a dividend payment and have declared a final unfranked dividend of 3.5 cents per share in respect to FY14. The dividend is to be paid on Friday 31 October 2014, with a record date of Wednesday 1 October 2014.

The Company’s Dividend Reinvestment Plan, which provides shareholders with an opportunity to acquire shares in the Company, remains in place and further details are included in a separate announcement to the market.

Group Strategy and Outlook

Peet will continue to target the delivery of shareholder value and quality residential communities around Australia by leveraging its significant land bank, working in partnership with institutional and retail investors and continuing to meet market demand for a mix of product in the growth corridors of major Australian cities.

⁶ Includes CIC (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.

Key elements of Peet's strategy for the year ahead and beyond include:

- Managing the Group's land bank of more than 48,000 lots to achieve shareholder returns and deliver quality residential communities around Australia;
- Continuing to assess opportunities to acquire strategic residential land holdings under its funds management platform;
- Extending its built-form activities to add value to its residential communities and extend its commitment to delivering affordable residential opportunities;
- Maintaining a strong focus on cost and debt reduction; and
- Continuing to identify and assess growth opportunities in line with its strategic objectives and as appropriate in market conditions.

"The Group has moved into FY15 well positioned for continued growth," said Mr Gore.

"Homebuyer activity and demand in the Australian property market both lifted in FY14 as a result of a sustained low interest rate environment and continued population growth. However, affordability, softening labour market conditions and consumer caution is likely to make for a subdued uplift."

Sales volumes have remained solid in Peet's key corridors across the country and at year end the Group is well positioned for continued growth with:

- a geographically diverse land bank, a talented and committed team, and business strategies proving appropriate for market conditions; and
- an ability to leverage its funds management platform and high-quality partnerships to optimise growth opportunities, in line with market conditions.

Board of Directors

As previously announced to the market on 19 May 2014, Messrs Graeme Sinclair and Steve Higgs have now retired from the Peet Board.

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