

CHAIRMAN'S REVIEW

On behalf of the Peet Limited Board, I am pleased to present the Peet 2009 Annual Report. This Report reflects Peet's experienced and committed management of our national property business on behalf of shareholders and syndicate investors.

Peet has performed well in the challenging market conditions created by the Global Financial Crisis.

With no direct exposure to more volatile international markets, local economic stimuli from Federal and State governments, and a pro-active management approach, Peet has ended the year well positioned for future growth.

Testing conditions are likely to remain for most of the year ahead with a likely improvement in the economy towards the end of the current financial year and the beginning of 2010/11. Those improvements will be underpinned by the medium to long-term fundamentals of the Australian residential property market in which Peet remains very confident.

The impacts of the financial crisis on Australia have not been as serious as first thought – strong population growth continues; unemployment rates have not risen as high as expected; housing affordability has improved; housing shortages remain; and business confidence is improving.

The Directors are pleased to have declared a final fully franked dividend for the year of 4 cents per share – bringing the total dividend for the 2009 financial year to 7 cents per share, fully franked.

Highlights of Peet Limited's performance in the 2009 financial year include an increase in revenue; a sound operating net profit after tax of \$31.2 million (excluding write-down in carrying value of inventories) and operating earnings per share of 13.2 cents (pre write-down).

Another highlight was the successful institutional and retail capital raising completed in May 2009. The total raised of \$77.7 million was an outstanding result and a pleasing vote of confidence in Peet.

The new capital provides Peet with additional capacity to maintain a flexible approach to assess acquisition opportunities as they present themselves.

I take this opportunity, on behalf of the Board, to thank our new and existing institutional and retail investors for their loyalty and confidence in our business. We value your support enormously and work assiduously to reward your faith in Peet.

Peet was also pleased to launch a new retail syndicate opportunity in August 2009. On behalf of the Peet Point Cook Kingsford Syndicate, Peet will create an excellent residential project, just opposite our popular Innisfail Estate in Melbourne.

At year-end, we were managing 28 syndicated projects on behalf of 25 separate syndicates. Many have been extremely successful over a number of years and continue to pay dividends during this difficult time.

Our work in the 2010 financial year and beyond will continue to reflect our commitment to good governance, the highest ethical standards and best practice across our business operations.

Peet is very fortunate to have a first-class management team. Their skill, experience and dedication inspires the entire Peet team and helps produce quality communities for residents in Peet estates, and quality results for all our shareholders and syndicate investors. I commend them for another year of very hard work in trying conditions.

It is also appropriate for me to thank my Board colleagues Graeme Sinclair, Stephen Higgs, Warwick Hemsley, Brendan Gore (Managing Director and Chief Executive Officer), Anthony Lennon (Executive Director) and Dom Scafetta (Company Secretary) for their diligent work throughout the year.

I also wish to acknowledge the leadership and management shown by Brendan Gore during extremely demanding times. As well as delivering a solid profit result he also led a successful capital raising and was able to secure an extension to the Group's core banking facilities and to increase the level of interest bearing debt hedged to 65%, taking full advantage of historically low interest rates.

I wish to thank Brendan and his team for their broad forward thinking and decision making that has secured many benefits for shareholders, syndicate investors and employees.

Difficult economic conditions traditionally test an organisation's relationships. In the past year we have worked hard to affirm our strong connections with many key stakeholders. We will continue to value and nurture those relationships in the years ahead.

The Board of Peet Limited looks forward with a sense of optimism of improving market conditions and with confidence in the underlying strength of the Company, its management team – and their total commitment to achieving excellent results.



Tony Lennon

Chairman

29 September 2009