

# ANNUAL REPORT 2022

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**PEET**

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DEFINING **FUTURE**  
**PLACES OF**

*belonging*



# OUR BUSINESS

Peet is one of Australia's leading residential real estate developers, creating places to live for thousands of Australians every year. Listed on the Australian Securities Exchange (ASX) since 2004, Peet develops masterplanned communities, townhouses and apartments in the major growth corridors across Australia.

Established in 1895 by founder James Thomas Peet with a vision for Australians to build or buy their own home, Peet has enabled thousands of Australians achieve their ownership dreams.



Image: Flagstone, QLD (Artists Impression)





## VISION

Imagine and realise future places where lives are enhanced by communities built on a sense of belonging.



## PURPOSE

Defining future places of belonging.



## VALUES

### PEOPLE CENTRIC

People are always at the centre of our ideas, considerations and decisions.

### CREATIVE INTELLIGENCE

We are driven by imagination, innovation and future-focused thinking. We also apply a considered and deliberate approach to design and solve problems creatively.

### UNWAVERING COMMITMENT

We are tenacious, accountable and trusted to deliver quality.





# FY22 PERFORMANCE AT A GLANCE

## FINANCIAL

OPERATING AND  
STATUTORY PROFIT<sup>1</sup>  
AFTER TAX



**84%**  
INCREASE

**\$52.3**  
million

EBITDA<sup>2</sup>

MARGIN OF  
**30.0%**

**\$86.0**  
million



OPERATING  
EARNINGS OF  
**10.83 CENTS**  
PER SHARE



**84%**  
INCREASE



DIVIDEND OF  
**6.25 CENTS**  
PER SHARE  
FULLY FRANKED



**79%**  
INCREASE



OPERATING  
CASH FLOW<sup>3</sup> OF  
**\$80.1**  
**MILLION**



GEARING<sup>4</sup>  
OF **29.9%**

<sup>1</sup> 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.

<sup>2</sup> EBITDA is a non-IFRS measure that includes effects of non-cash movements in investments in associates and joint ventures.

<sup>3</sup> Before acquisitions.

<sup>4</sup> Calculated as (Total interest-bearing liabilities (including land vendor liabilities) less cash) / (Total assets less cash, less intangible assets).



# OPERATIONAL

3,163

LOTS SOLD<sup>5</sup>

WITH A GROSS  
VALUE OF

\$1.06b



2,514

LOTS SETTLED<sup>5</sup>

WITH A GROSS VALUE OF

\$674.3m

\$930m

CONTRACTS ON HAND<sup>5</sup>

↑ 70%

INCREASE  
ON FY21

ACQUISITION OF  
THE REMAINING  
50% OF  
**FLAGSTONE**  
(QLD)

SECURED 100%  
ACQUISITION OF  
**UNIVERSITY  
OF CANBERRA  
PROJECT**  
(ACT)

SALE OF  
**NEW  
BEITH**  
LANDHOLDING  
(QLD)

SECURED 2 SITES  
FROM RENEWAL SA IN  
**INNER  
CITY  
ADELAIDE**  
(SA)

<sup>5</sup> Includes equivalent lots.

“Peet delivered a strong performance during FY22, with considerable growth in key financial metrics. The material improvement in margins and profit was driven by price growth across the Group’s developing and selling projects, combined with the ongoing focus on cost management, the changing product mix and the continued focus on unlocking value by appropriately managing the Group’s significant landbank. This was supported by continuing favourable market conditions and consumer confidence during the majority of FY22, especially across the east coast business.”

*Brendan Gore*

Managing Director and Chief Executive Officer



# GROUP STRATEGY

Strategic focus on optimising land bank for future growth and value creation.

## INVEST

Invest in high quality land in strategic locations across the country

## ENHANCE

Enhance, plan and create communities and homes with a range of product appealing to all buyer segments

## EXPAND

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

## MAINTAIN

Maintain strong capital management

## Strategic Pillars



MASTERPLANNED  
COMMUNITIES



TOWNHOUSES



APARTMENTS

ENABLED BY:

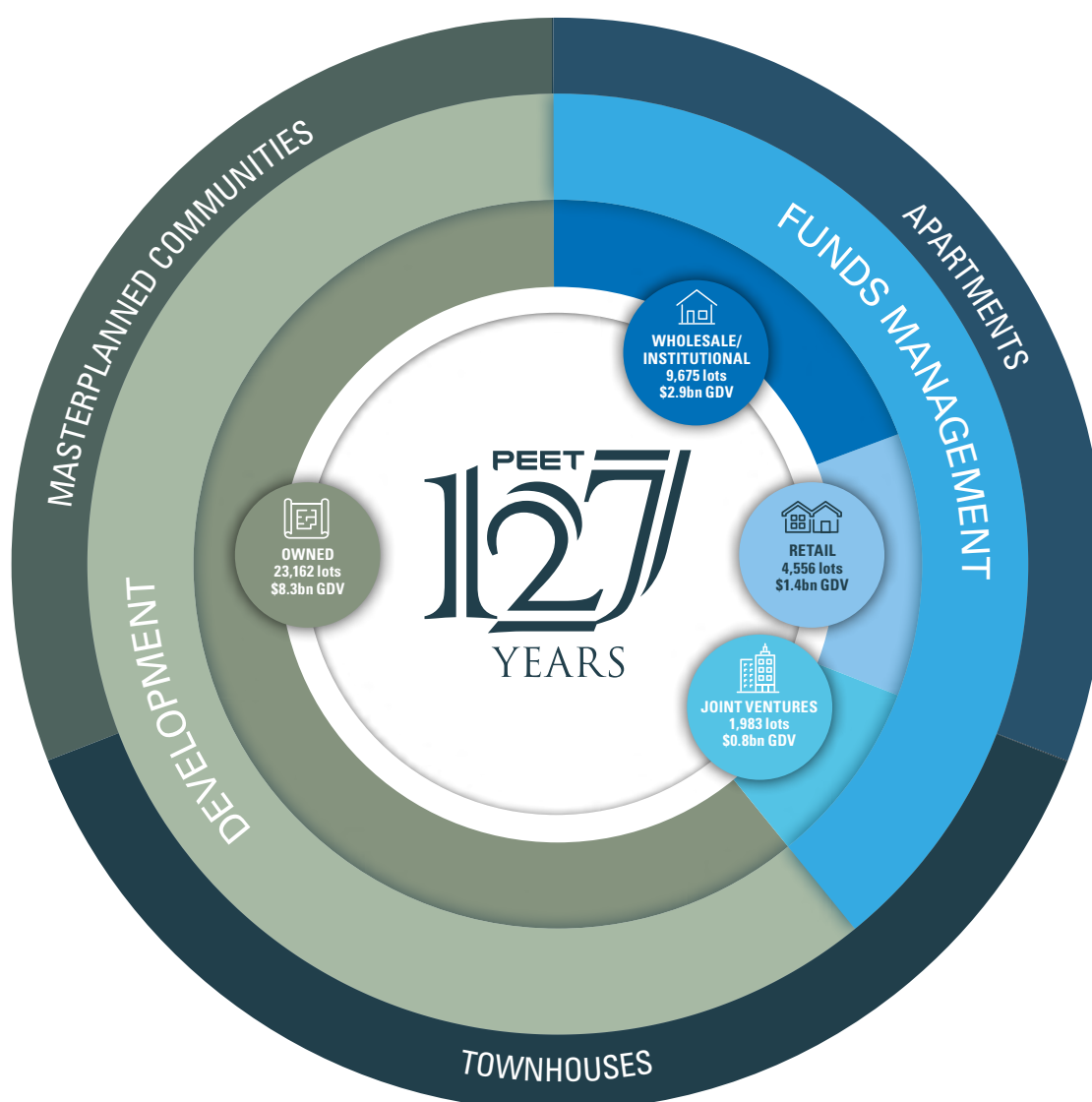
✓ Positive environmental and social impact

✓ Engaged and high-performing team

Image: University of Canberra, ACT

# BUSINESS MODEL

A unique funding model is one of Peet's key differentiators. It funds development through a combination of Company-owned Development projects, Funds Management projects and Joint Ventures, resulting in a capital efficient business model. Peet pioneered retail land syndication in Australia and its Funds Management and Joint Ventures businesses manage more than 16,200<sup>6</sup> lots across 22 projects, providing opportunities for investors ranging from mums and dads to institutional and wholesale investors to participate in land development projects.

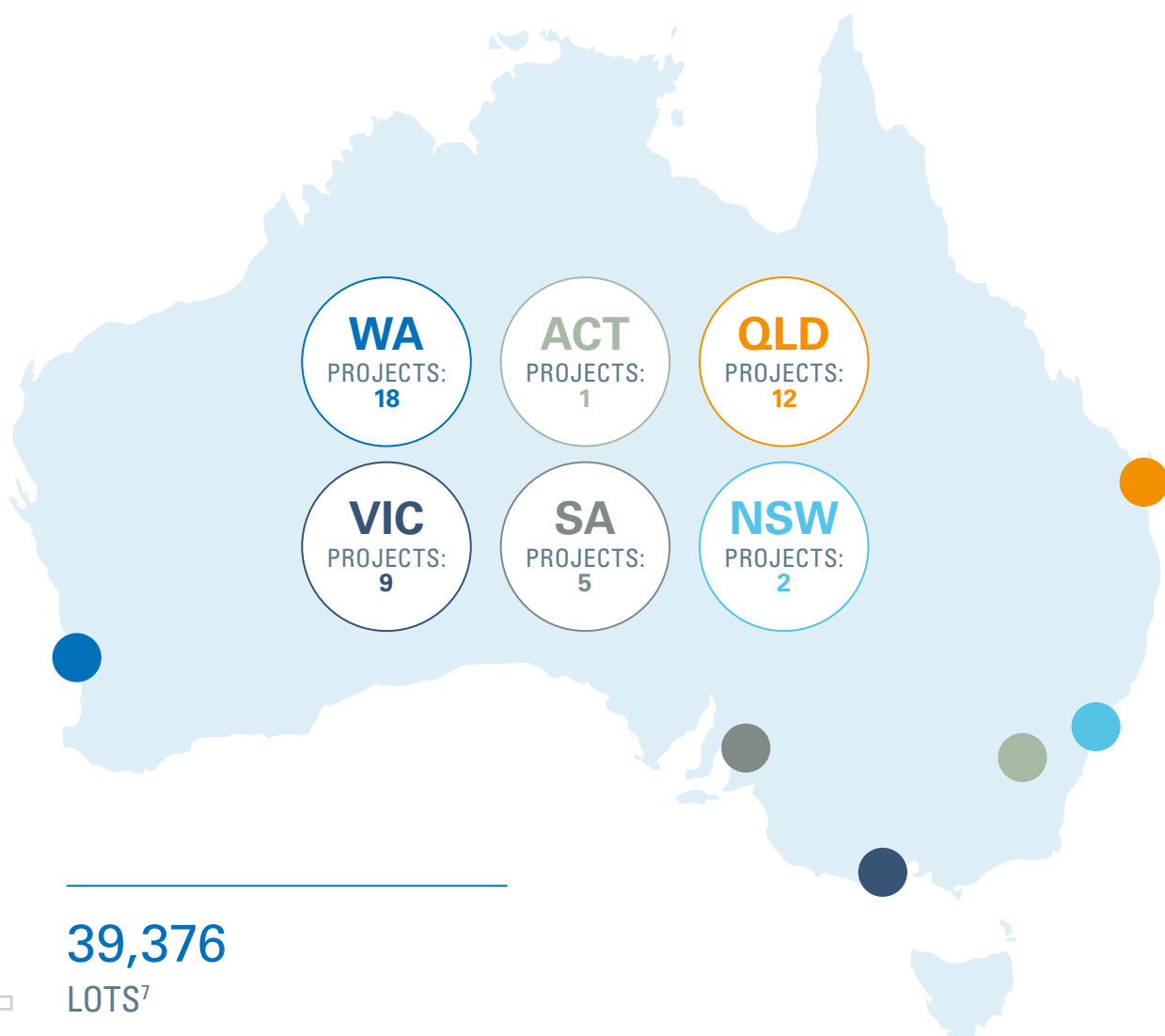


<sup>6</sup> Includes equivalent lots.



# NATIONAL REACH

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**39,376**

LOTS<sup>7</sup>

**\$13.4bn**

GROSS DEVELOPMENT VALUE

**47**

PROJECTS NATIONALLY

<sup>7</sup> Includes equivalent lots.

Leading, national developer with a proven track record of over 127 years

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

Product expansion to include townhouses and apartments, broadening customer base



Image: Riverbank Estate, QLD



# CHAIRMAN'S REVIEW

Dear Shareholders,

I am pleased to present Peet's Annual Report for the year ended 30 June 2022.

Over 127 years, Peet has a proud heritage of creating communities that provide an enhanced lifestyle attraction for homebuyers, where residents feel a sense of belonging and connection with each other.

The Group's diversified portfolio of masterplanned communities, townhouses and apartments are well-located in desirable urban locations and key growth corridors. Our national footprint allows us to leverage our landbank, providing economies of scale to deliver a wide range of product.

Amongst the key outcomes for FY22 were:

- Our financial results for FY22 include an operating<sup>8</sup> and statutory profit<sup>9</sup> after tax of \$52.3 million, representing an increase of 84% on FY21.
- Peet extended its on-market share buy-back of up to 5% of its issued ordinary shares. As at 25 August 2022, the Company had acquired 13.7 million of its ordinary shares, representing approximately 56% of the total shares to be acquired. The on-market share buy-back has since been extended for a further 12 months to 30 August 2023.
- Strong capital position, with gearing<sup>10</sup> at 30 June 2022 of 29.9%, which is within the Company's target range.
- The Group entered several key transactions that have accelerated the delivery of its strategy, whilst strengthening the balance sheet and supporting earnings growth.

- 2,597 million contracts on hand<sup>11</sup> with a value of \$930 million as at 30 June 2022, providing strong momentum as the Group enters FY23.

The factors behind our record profit performance and more detail around our key transactions during FY22 are covered in the Managing Director and CEO's Review and in the Review of Operations forming part of the 2022 Directors' Report.

## Strategy

Peet is well positioned for growth and value creation with its key strategic focus areas for FY23 and beyond including:

Investing in high quality land in strategic locations across the country

- Balancing the portfolio between land and built form projects
- Continuing to increase the weighting of the landbank to undersupplied east coast markets
- Considering selective acquisitions to restock the project pipeline where appropriate
- Including small to mid-sized land projects in the short to medium term

Enhancing, planning and creating communities and homes with a range of product appealing to all buyer segments:

- Accelerating the realisation of embedded margins within the land bank

<sup>8</sup> 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.

<sup>9</sup> Statutory profit after tax means net profit measured in accordance with Australian Accounting Standards, attributable to the owners of Peet Limited.

<sup>10</sup> Calculated as (Total interest-bearing liabilities (including land vendor liabilities) less cash) / (Total assets less cash, less intangible assets).

<sup>11</sup> Includes equivalent lots.

Expanding product offering and geographic presence to appeal to a wider variety of customers:

- Focusing on increasing the Group's pipeline of townhouse product
- Build on the apartment pipeline as opportunities emerge

Maintaining strong capital management:

- Focusing on continuing to improve operating cash flows and reducing debt
- Positioning the Group to consider capital management initiatives to improve shareholder returns (including a dividend payout ratio of 50% to 60% and the extended on-market share buy-back)
- Continuing to assess opportunities to maximise market cycles to unlock value where appropriate

Peet will be focused on positioning the Group for growth through a prudent approach to project delivery and identifying growth opportunities.

### Dividends

Subsequent to year end, the Directors declared a final dividend for FY22 of 4.0 cent per share, fully franked. This brings the total dividend for FY22 to 6.25 cents per share, fully franked. This compares to the FY21 dividend of 3.5 cents per share, fully franked. The final FY22 dividend is to be paid on Friday 14 October 2022, with a record date of Monday, 19 September 2022.

The Directors have resolved to keep the Company's Dividend Reinvestment Plan deactivated.

### Thanks

As always, I would like to thank my fellow Board members for their valuable contributions during the year. I would also like to thank our Managing Director and CEO Brendan Gore and the entire Peet team for their continued commitment and focus to deliver so handsomely on our Group strategy and achieve record earnings in FY22.

On behalf of Peet, I would also like to extend our appreciation to our shareholders and other stakeholders for their support and we look forward to sharing our progress with you throughout the next 12 months.

*Tony Lennon*

Chairman

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"We will be focused on positioning the Group for growth through a prudent approach to project delivery and identifying growth opportunities."



# MANAGING DIRECTOR AND CEO'S REVIEW

Dear Shareholders,

I am pleased to report the Group's full year performance as at 30 June 2022. Peet delivered a strong performance during FY22, underpinned by a high quality, diverse portfolio and repositioning of the Group's landbank weighting to undersupplied east coast markets to further drive earnings growth.

## FY22 Performance

The Peet Group achieved a record operating profit<sup>12</sup> and statutory profit<sup>13</sup> after tax of \$52.3 million for the year ended 30 June 2022, which represents an increase of 84% on the previous financial year and is in line with the market update released in July 2022.

The Group reported EBITDA<sup>14</sup> of \$86.0 million during FY22, compared to \$58.1 million in FY21, with an EBITDA<sup>14</sup> margin of 30%, compared to the margin achieved in FY21 of 25%.

The material improvement in margins and profit was driven by price growth across the Group's developing and selling projects, combined with the ongoing focus on cost management, the changing product mix and the continued focus on unlocking value by appropriately managing the Group's significant landbank. This was supported by continuing favourable market conditions and consumer confidence during the majority of FY22, especially across the east coast business.

The Group saw continued demand for its products during FY22, slightly improving on the strong sales achieved in FY21, achieving 3,163 sales<sup>15</sup> across its Funds Management, Development and Joint Venture projects with a gross value of \$1.06 billion, representing an increase in the gross value of sales of 23%.

The Group achieved 2,514 settlements<sup>15</sup> for the full year with a gross value of \$674.3 million across its Funds Management, Development and Joint Venture projects, compared with 2,980 settlements<sup>15</sup> in FY21 with a value of \$739.9 million.

At 30 June 2022, there were 2,597 contracts on hand<sup>15</sup>, with a gross value of \$930.0 million, compared with 1,948 contracts on hand<sup>15</sup> with a gross value of \$546.6 million at 30 June 2021. This represents an increase of 33% in contracts on hand<sup>15</sup> and a 70% increase in contract value, providing a strong starting position and visibility for FY23.

## Gearing

The Group continues to apply a prudent focus on capital management and during FY22 increased its cash inflows from operations (prior to acquisitions) to \$80.1 million.

As at 30 June 2022 it had gearing<sup>16</sup> of 29.9% (30 June 2021: 24.8%) and net interest-bearing debt (including Peet Bonds) of \$245.2 million, compared with \$203.9 million at 30 June 2021.

As at the date of the FY22 Directors' Report, the Group had cash and available debt facility headroom of \$205.0 million and a weighted average debt maturity of more than three years.

The Group has a strong balance sheet and sufficient capacity to fund the current portfolio of projects, including accelerating delivery of product, if required, to meet increases in demand.

Peet's \$50 million PPCHB Bonds mature 5 October 2022. They will be repaid on maturity via cash and

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<sup>14</sup> EBITDA is a non-IFRS measure that includes effects of non-cash movements in investments in associates and joint ventures.

<sup>15</sup> Includes equivalent lots.

<sup>16</sup> Calculated as (Total interest-bearing liabilities (including land vendor liabilities) less cash) / (Total assets less cash, less intangible assets).

available headroom in the senior debt facility and/or other refinancing options available.

Gearing<sup>17</sup> during FY23 is expected to be above the target range of 20% to 30% due to the level of construction activity required to deliver on the significant contracts on hand, the acquisition of the balance of the Flagstone City (Qld) project and the acquisition of the University of Canberra (ACT) project.

### Delivery Against Strategy

The Group's portfolio is well positioned for positive growth and value creation, and during FY22 Peet continued to deliver against its strategy.

Invest in high quality land in strategic locations across the country

- Remain focused on weighting our landbank to undersupplied east coast markets
- We secured full ownership of the Flagstone City (QLD) and University of Canberra (ACT) projects
- New acquisitions during FY22, including three townhouse/apartment sites and three land projects, resulted in increasing embedded margins
- Continue to assess selective acquisitions to restock pipeline, with opportunities expected to emerge as markets moderate

Enhance, plan and create communities and homes with a range of product appealing to all buyer segments

- Six new projects commenced development / sales during FY22

- Approximately 73% of the Group's landbank is now under development
- First settlements from 13 new projects by FY25, increasing activation of landbank to approximately 90%

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

- We have focused on increasing the Group's townhouse portfolio, with a current pipeline of 1,200 townhouses nationally
- As opportunities emerge, expanding the Group's apartment pipeline will be considered

Maintain strong capital management

- The Group remains focused on prudent capital management with operating cash flow (before acquisitions) of \$80.1 million, up 30%, and gearing<sup>17</sup> within target range of 29.9%
- The sales program of non-core assets has realised \$65 million against a target of \$75 million
- The Group is well positioned to consider capital management initiatives to improve shareholder returns, as demonstrated by the on-market share buy-back which has reduced shares on issue by 3% to date

FY22 saw the Group enter several key strategic transactions:

- acquisition of the remaining 50% of the Flagstone City (Qld) project;
- securing the acquisition of 100% of the University of Canberra (ACT) project;
- the sale of the New Beith (Qld) landholding; and
- securing two development management agreements with Renewal SA on two inner city sites in Adelaide, South Australia.

<sup>17</sup> Calculated as (Total interest-bearing liabilities (including land vendor liabilities) less cash) / (Total assets less cash, less intangible assets).



As mentioned in the Chairman's Review, these transactions have accelerated the delivery of the Group's strategy, whilst strengthening the balance sheet and supporting earnings growth.

Expansion of the Group's built form business and a shift to focus on more desirable urban areas has resulted in broadening our buyer appeal. Whilst the first home buyer segment remains a core market, the increase in sales to second and subsequent home buyers, builders and investors allows the business to reach a much larger and diversified customer base.

### ESG Commitment

Over many years, the Group has maintained our commitment to sustainability with an approach of focusing on sustainable practices to create long-term shared value for our communities, shareholders and people.

In FY22, Peet entered a three-year partnership with Black Dog Institute, a mental health research provider that focuses on providing mental health support across the lifespan. The partnership provides a platform for Peet to support the wellbeing of both residents in our communities and our team.

Peet continued our successful partnership with the Perth Scorchers as Principal Partner of the men's and women's teams. The partnership delivers strong community benefits, providing our younger residents with unique opportunities to learn new cricket skills and meet Perth Scorchers players through our cricket workshops and fan days.

Across a broad range of environmental initiatives delivered for the year, a significant milestone was achieved at Brabham Estate in WA as it was accredited a 6-star World Leading Green Star community and Gold Waterwise development. In August 2022, the estate also launched Australia's highest-rated sustainable two-storey display home, built by Green Homes Australia. The demonstration home will educate potential buyers on how they can integrate sustainable features in their home to reduce their footprint and achieve cost savings over the life of the home.

Our sustainability initiatives along with our People and Culture strategy put our people and our communities at the heart of all that we do. This commitment

not only drives positive social and environmental outcomes, it also ensures we remain a trusted partner and sustainable business for the long-term.

### Outlook

The Group is well-positioned heading into FY23, with underlying drivers of the residential market remaining supportive, a strong labour market, and expected population growth amidst constrained land supply.

While further interest rate increases are expected to lead to a moderation of demand and pricing over the next 12 months, the rate of construction escalation is also expected to moderate.

The Group has a strong pipeline of new projects in the mid-term to support future earnings. FY23 is expected to be a year focused on the delivery of the significant number of land lots and townhouses sold during FY22 and monetising the contracts on hand as at 30 June 2022.

Subject to market conditions and the timing of settlements, the Group is well-positioned for further earnings growth in FY23, supported by substantial contracts on hand, full ownership of the Flagstone City (Qld) project and new project commencements. We expect that FY23 earnings will be skewed to 1H23 due to the settlement profile of contracts on hand.

### Thanks

I would like to thank Chairman Tony Lennon and our board for their continued support and contribution. Thank you also to the management team and staff for their commitment and focus which has contributed to this strong FY22 result.

Lastly, thank you to our loyal shareholders, customers and other stakeholders who continue to support Peet. I look forward to updating you on our progress during the year.

*Brendan Gore*

Managing Director and  
Chief Executive Officer





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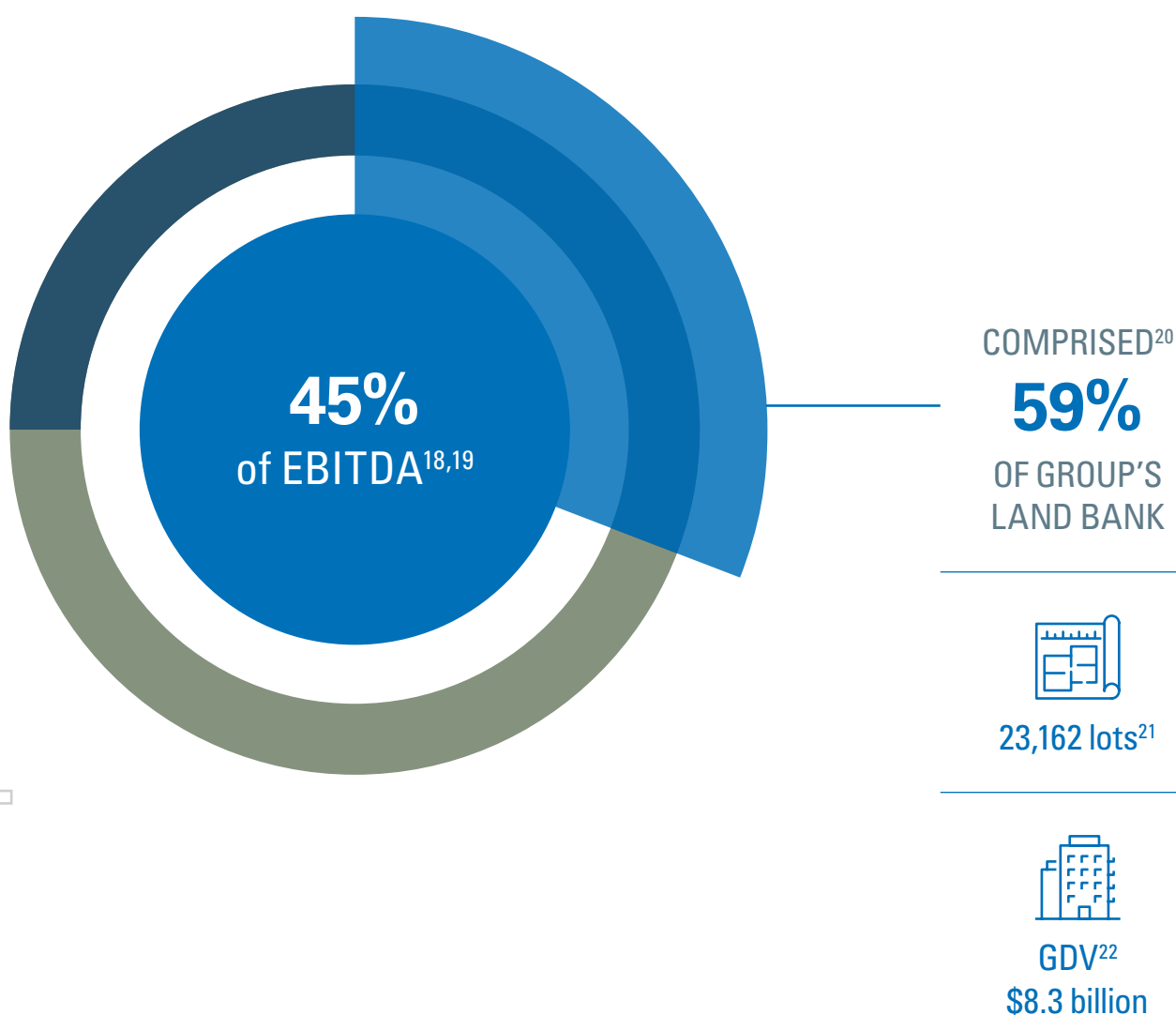
“Subject to market conditions and the timing of settlements, the Group is well-positioned for further earnings growth in FY23, supported by substantial contracts on hand, full ownership of the Flagstone City (Qld) project and new project commencements. We expect that FY23 earnings will be skewed to 1H23 due to the settlement profile of contracts on hand.”

Image: Rochedale Townhouses, QLD (Artist's Impression)



# DEVELOPMENT PROJECTS

Peet's Development projects are 100% owned by Peet and held on its balance sheet. 100% of returns are collected upon development, sale and settlement of these projects, generating solid margins.



<sup>18</sup> EBITDA is a non-IFRS measure that includes effects of non-cash movements in investments in associates and joint ventures.

<sup>19</sup> Before inter-segment transfers and other unallocated items.

<sup>20</sup> By number of lots.

<sup>21</sup> Includes equivalent lots.

<sup>22</sup> Gross Development Value.



## LOTS SOLD<sup>23</sup>

FY22

**1,022**

Gross value of  
\$433.6 million

FY21

531

Gross value of  
\$166.2 million



## LOTS SETTLED<sup>23</sup>

FY22

**655**

Gross value of  
\$208.2 million

FY21

484

Gross value of  
\$129.2 million



## CONTRACTS ON HAND<sup>23</sup>

FY22

**623**

Gross value of  
\$320.8 million

FY21

256

Gross value of  
\$95.4 million



## EBITDA<sup>24</sup>

FY22

**43.8** million

FY21

\$21.8 million



## EBITDA MARGIN<sup>24</sup>

FY22

**22%**

FY21

16%

<sup>23</sup> Includes equivalent lots.

<sup>24</sup> EBITDA is a non-IFRS measure that includes effects of non-cash movements in investments in associates and joint ventures.

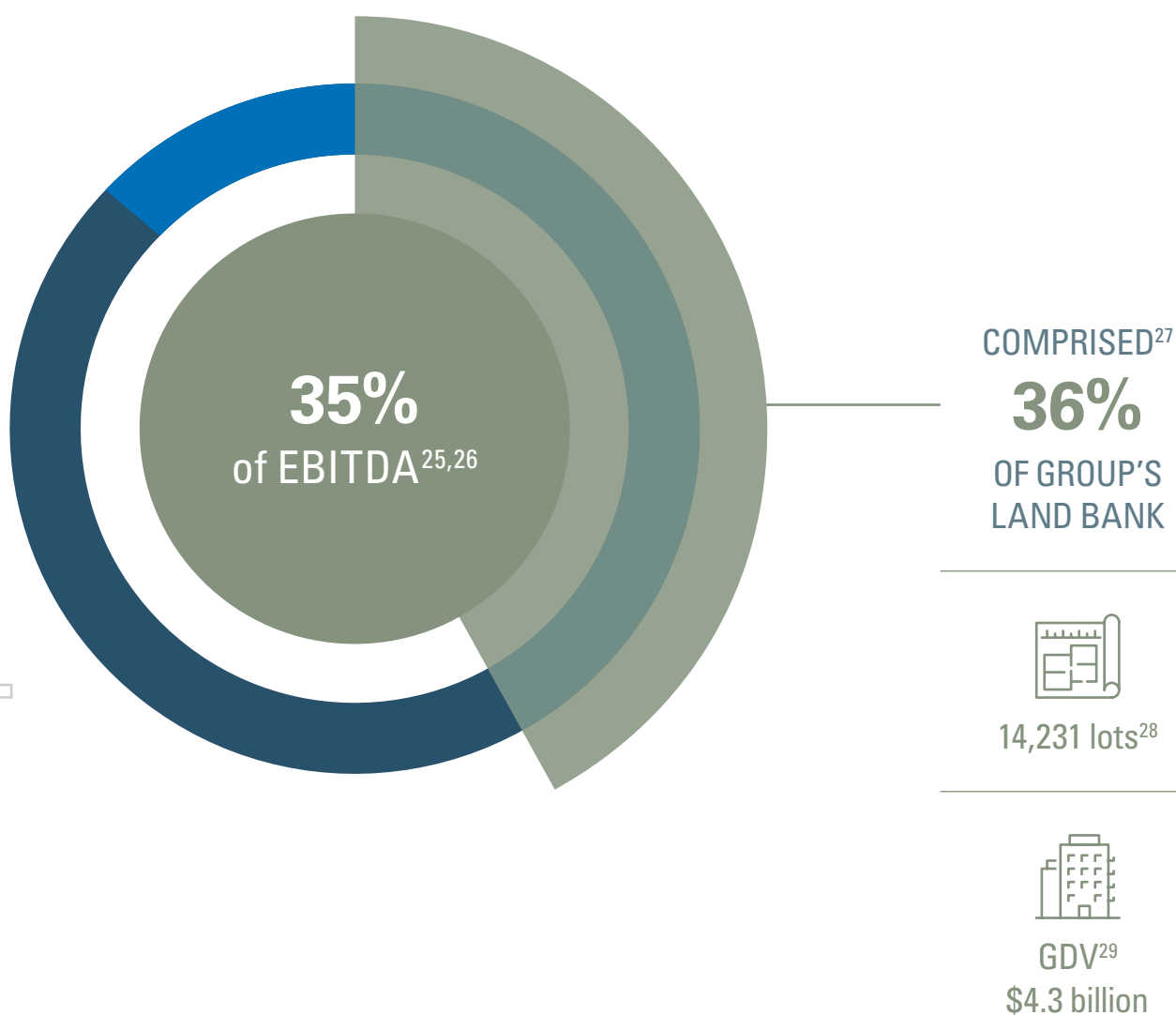
Image: Fort Largs, SA (Artist's Impression)



## OPERATIONAL AND FINANCIAL REVIEW

# FUNDS MANAGEMENT PROJECTS

The Peet Group manages a number of projects on behalf of land syndicates using funds raised from a combination of wholesale, institutional and retail investors. It also manages projects under project management and co-investment arrangements. This provides Peet a capital efficient profit source which is difficult to replicate while also providing long term earnings visibility.



<sup>25</sup> EBITDA is a non-IFRS measure that includes effects of non-cash movements in investments in associates.

<sup>26</sup> Before inter-segment transfers and other unallocated items.

<sup>27</sup> By number of lots.

<sup>28</sup> Includes equivalent lots.

<sup>29</sup> Gross Development Value.



## LOTS SOLD<sup>30</sup>

FY22

**1,513**

Gross value of  
\$414.3 million

FY21

1,613

Gross value of  
\$406.0 million



## LOTS SETTLED<sup>30</sup>

FY22

**1,338**

Gross value of  
\$317.1 million

FY21

1,732

Gross value of  
\$394.4 million



## CONTRACTS ON HAND<sup>30</sup>

FY22

**1,229**

Gross value of  
\$350.1 million

FY21

1,054

Gross value of  
\$252.8 million



## EBITDA<sup>31</sup>

FY22

**\$33.7** million

FY21

\$29.2 million



## EBITDA MARGIN<sup>31</sup>

FY22

**70%**

FY21

69%

<sup>30</sup> Includes equivalent lots.

<sup>31</sup> EBITDA is a non-IFRS measure that includes effects of non-cash movements in investments in associates.

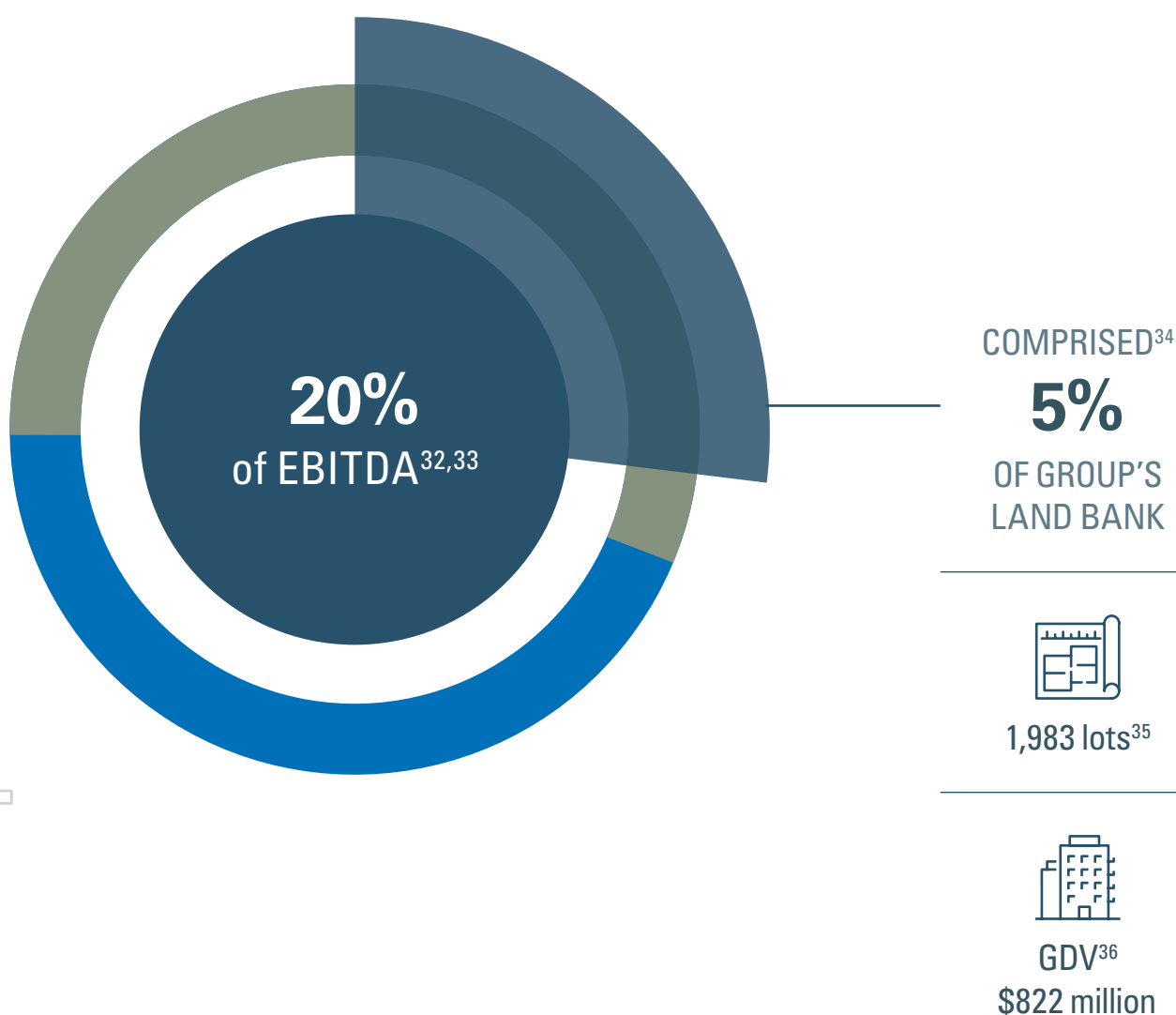


Image: Elavale Eglinton, WA



# JOINT VENTURES

The Peet Group has a number of high-profile joint venture projects, which are generally entered into with Governments, statutory authorities, private land owners or partner developers.



<sup>32</sup> EBITDA is a non-IFRS measure that includes effects of non-cash movements in investments in joint ventures.

<sup>33</sup> Before inter-segment transfers and other unallocated items.

<sup>34</sup> By number of lots.

<sup>35</sup> Includes equivalent lots.

<sup>36</sup> Gross Development Value.



## LOTS SOLD<sup>37</sup>

FY22

**628**

Gross value of  
\$209.8 million

FY21

998

Gross value of  
\$286.6 million



## LOTS SETTLED<sup>37</sup>

FY22

**521**

Gross value of  
\$149.0 million

FY21

764

Gross value of  
\$216.3 million



## CONTRACTS ON HAND<sup>37</sup>

FY22

**745**

Gross value of  
\$259.1 million

FY21

638

Gross value of  
\$198.4 million



## EBITDA<sup>38</sup>

FY22

**\$19.6** million

FY21

\$18.3 million



## EBITDA MARGIN<sup>38</sup>

FY22

**50%**

FY21

35%

<sup>37</sup> Includes equivalent lots.

<sup>38</sup> EBITDA is a non-IFRS measure that includes effects of non-cash movements in investments in joint ventures.

Image: Eden's Crossing, QLD



# OUR COMMITMENT TO SUSTAINABILITY

## Our Sustainability Approach:

As a leading residential developer with a national footprint, our approach focuses on sustainable practices to create long-term shared value for our communities, shareholders and people.

## Our Purpose:

DEFINING FUTURE PLACES OF *belonging*



### ENVIRONMENT

#### Environmentally conscious development

- Water conservation and recycling.
- Use of solar and energy reduction in building design.
- Long history of operating in highly environmentally regulated industry.
- Biodiversity and land restoration.



### SOCIAL

#### Positive social impact in our communities and team

- Employee diversity, wellbeing and engagement.
- Building strong community partnerships.
- Providing opportunities for affordable housing for homebuyers.



### GOVERNANCE

#### A trusted partner and sustainable business

- Ethical and responsible business practices.
- Robust risk management framework.
- Board Charter and Corporate Governance Statement.

## Green Accreditation At Brabham Estate

The vision for Brabham Estate, located in Perth's north-east, is to create a sustainable community that prioritises reducing waste by reusing and recycling materials, retaining existing bushland, investing in alternative water solutions and exploring eco-friendly technology that will help to reduce residents' reliance on the grid and reduce their emissions.

In recognition of the project's sustainability credentials, in 2021 Brabham was awarded a 6 Star 'Green Star Communities' certification by the Green Building Council of Australia, which is an internationally-

recognised sustainability rating system and represents a World Leading Sustainable Development.

In a further commitment to educating customers about sustainable living choices, a 9.2 NatHERS rated double storey display home has been built within the Brabham Display Village. Rated Australia's most sustainable two-storey home, the display built by Green Homes Australia aims to showcase how customers can reduce their household living costs by incorporating sustainable choices and smart technology in their build.



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Brabham Estate  
is developed in  
partnership with  
Development WA.



## Prioritising Mental Health Through Partnership with Black Dog Institute

As part of our ongoing commitment to creating a positive impact on health and wellbeing in our communities and our workplace, Peet is pleased to have entered into a three-year partnership with Black Dog Institute, an independent not-for-profit medical research institute delivering research to help treat, manage and prevent mental illness.

Research has shown that 1 in 5 Australians will experience symptoms of mental illness in any given year but 3 in 5 of these people won't seek help. The research and programs that Black Dog Institute delivers are vital in understanding, preventing and treating mental illness in the community.

Through the partnership, Peet will support the following initiatives:

### Futureproofing Study

- This is a ground-breaking study which aims to prevent depression and anxiety in young people by using smartphones to deliver preventative interventions on a large scale. Peet's funding will provide capacity to deliver follow up face-to-face sessions with participating students to assist in understanding the development of adolescent mental health.



### Community Education Sessions

- Peet will support education sessions, facilitated by Black Dog Institute, in communities around the country giving participants the tools to talk openly about mental health and receive the support they need.

### Workplace Education Sessions

- Facilitated by Black Dog Institute, Peet will be rolling out education sessions across the workplace, focusing on building mental health literacy and reducing stigma around the issue, in addition to providing support to managers to have conversations with their team about mental health.

### One Foot Forward Challenge

- The Peet team will be getting involved during Mental Health Awareness month in October 2022, by participating in Black Dog Institute's national walking challenge to raise funds for mental health research.

## Reflect Reconciliation Action Plan

Peet is pleased to be progressing the development of our *Reflect* Reconciliation Action Plan (RAP) in line with our commitment to have it in place by July 2023.

To outline Peet's commitment to embedding a relevant, consistent and culturally sensitive approach to all our work across Australia, we have commenced the development of a Cultural Compact. Our Cultural Compact will inform the way in which we move forward respectfully with First Nations people.

We recognised the need to be "patient and respectful" as we continue on our reconciliation journey. These words were advice received from respected Nyoongar Elder, Dr Richard Walley OAM, who has agreed to guide Peet as our cultural advisor.

At Peet's Jumping Creek project in NSW, Dr Matilda House, a respected Ngambri-Ngunnawal Elder, led a private smoking ceremony recently, recognising the importance of the Traditional Custodians ongoing connection to the land. Joined by Dr House's niece, our project contractors and Peet team members, the ceremony



was held in advance of the collection of Aboriginal artefacts located on the site being collected and logged in accordance with Heritage NSW requirements, and prior to civil works commencing.

## Shared Equity Scheme at Fort Largs

Peet has a long history of partnering with government to deliver affordable housing options to homebuyers, providing them with the opportunity to live in a quality home within a thriving community.

At Fort Largs in South Australia, Peet is partnering with HomeStart SA and the State Government HomeSeeker program to prioritise affordable housing for low income earners and enable increased borrowing capacity with an interest-free loan.

In the first release, customers were offered the opportunity to secure an architecturally designed home in The Heritage Collection, a range of 2 bedroom, 2 bathroom homes inspired by the heritage of the location and the adjacent historic Drill Hall.

To assist potential buyers with understanding the process for accessing the shared equity scheme, an online information session was held hosted by Peet with representatives from HomeSeeker SA and HomeStart Finance in attendance.



Peet has committed to delivering a minimum of 15% affordable housing through the Government HomeSeeker SA initiative at Fort Largs.

## Positive Environmental Outcomes at Bluestone Mt Barker

Peet is committed to leaving a sustainable legacy at Bluestone, Mt Barker through the major upgrade of the wetlands system running through the development.

The \$2 million program of works includes a substantial expansion and upgrade to the wetlands system which not only provides a wonderful community asset, but also improves water quality, reduces runoff and supports the regeneration of indigenous flora. The wetlands include:

- A deep inlet pond that slows incoming water to allow fine suspended solids to settle out.
- Marsh zones with a system of meandering shallow and deep habitat pools for wildlife.
- Extended detention that holds water back while it is treated to improve clarity.
- Natural and soft design principles incorporating 25,500 local indigenous plants.
- A looped walking trail, break-out spaces for ecological interaction, picnic settings, and new proposed facilities.



Sustainability is at the fore at Bluestone, Mt Barker with a range of initiatives focusing on water and waste throughout the development, including:

- The introduction of tree pits that direct runoff from roads to street trees for passive irrigation, infiltration and water treatment.
- Recycled water infrastructure installed for irrigation of public open space, encouraging sustainable resource management.
- Rainwater tanks plumbed for internal use to encourage rainwater reuse.
- The introduction of a 3-bin collection system of recycling, green waste and rubbish to encourage refuse sorting at the source.



# CORPORATE CALENDAR FY23

## 5 July 2022

Interest payment date for Peet Bond holders (PPCHB)

## 25 August 2022

Release of results for the year ended 30 June 2022

## 19 September 2022

Record date for FY22 final dividend of \$0.04 per share

## 23 September 2022

Annual Report and Notice of 2022 AGM dispatched to shareholders

## 30 September 2022

Interest payment date for unlisted notes issued in 2021

## 5 October 2022

Maturity date for Peet Bonds (PPCHB)

## 14 October 2022

Payment date for FY22 final dividend of \$0.04 per share

## 26 October 2022

2022 AGM

## 7 December 2022

Interest payment date for unlisted notes issued in 2019

## 3 January 2023

Interest payment date for unlisted notes issued in 2021

## February 2023

Release of results for the half-year ending 31 December 2022

## 31 March 2023

Interest payment date for unlisted notes issued in 2021

## 7 June 2023

Interest payment date for unlisted notes issued in 2019

## 30 June 2023

Interest payment date for unlisted notes issued in 2021

For personal use only



Image: Tonsley Village, SA



# Financials 2022

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# Directors' Report

Year ended 30 June 2022

Your Directors present their report on the Consolidated Entity consisting of Peet Limited ("the Parent Entity" or "the Company") and the entities it controlled at the end of, or during, the financial year ended 30 June 2022 ("the Group").

## 1. DIRECTORS

The following persons were Directors of the Company during part or the whole of the financial year and up to the date of this report:

**ANTHONY WAYNE LENNON (TONY),  
FAICD**

### NON-EXECUTIVE CHAIRMAN

Tony Lennon has extensive general commercial experience and particularly in the property industry.

Mr Lennon is a Fellow of the Australian Institute of Company Directors and an Associate of the Australian Property Institute.

His industry service has included State Government appointed roles as Chairman of both the Perth Inner City Living Taskforce and the Residential Densities Review Taskforce. He was also President of The Real Estate Institute of Western Australia and a Member of the Commercial Tribunal (Commercial Tenancies).

Mr Lennon is a former President of Western Australia's Shire of Peppermint Grove and Deputy Chairman of the National Board of the Australia Day Council. He is also a former Chairman of the Curtin Aged Persons Foundation and a founding Director of the Wearne and the Riversea Hostels for the Aged, both of which are locally initiated and managed community facilities. He is a World Fellow Member of The Duke of Edinburgh's International Award.

**BRENDAN GORE,  
BComm, FCPA, FCIS, FGIA, FAICD**

### MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Brendan Gore has been Managing Director and Chief Executive Officer ("CEO") of Peet Limited since 2007, successfully leading the company's strategy through its land bank expansion, diversification of its product offering and developing key new partnerships with Government and major institutions.

Mr Gore's appointment to the position of Managing Director and CEO followed experience in two other key executive roles within the Company. He began with Peet as Chief Financial Officer and played a key role in expanding the Company's scope of activities and growing its core residential development and land syndication businesses.

Mr Gore's period in senior executive roles at Peet Limited was preceded by more than two decades' experience in a range of senior corporate, commercial, and operational positions where he gained extensive experience in large scale operations, strategy development and implementation, as well as expertise in debt and equity markets.

He developed a reputation as a strong leader, with operational responsibilities across local and State Government relations, environmental and sustainability management and occupational health and safety.

Mr Gore is a qualified accountant and a Fellow of CPA Australia. He is also a Fellow of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.



# Directors' Report

Year ended 30 June 2022

## 1. DIRECTORS continued

**ANTHONY JAMES LENNON (ANTHONY),**  
**BA, Grad Dip Bus Admin, MAICD**

### NON-EXECUTIVE DIRECTOR

Anthony Lennon joined Peet in 1991 and became a Director in 1996.

He moved to Victoria to establish Peet's operations in Australia's eastern states and oversaw significant expansion.

Before joining the Company, Mr Lennon worked in the United Kingdom, working for major international construction and development company, John Laing PLC. His time with this global company saw him gain valuable experience in property planning, marketing, feasibility analysis and project management.

Mr Lennon's responsibilities during his career with Peet included project management, broadacre acquisitions, marketing, and financing and a six-year term as Chairman of one of WA's largest conveyancing businesses.

Until his transition from Executive to Non-executive Director, Mr Lennon was Peet Limited's National Business Development Director.

He is Chairman of Habitat for Humanity (Vic). Part of a worldwide organisation, it is a registered charity which assists low-income families into affordable home ownership and out of the rental market by providing zero interest mortgages.

**TREVOR ALLEN,**  
**BComm (Hons), CA, FF, FAICD**

### INDEPENDENT NON-EXECUTIVE DIRECTOR

Trevor Allen joined Peet in April 2012, with almost four decades of experience in the corporate and financial sectors, primarily as a corporate and financial advisor to Australian and international public and privately-owned companies.

Mr Allen is a Non-executive Director of Eclix Group Limited, where he chairs its Audit and Risk Management Committee and is a member of its Remuneration Committee. He is also a Non-executive Director of TopCo Investments Pte Ltd, a Singapore company which is the holding company of Real Pet Food Company Limited, where he chairs its Risk and Sustainability Committee and is the Deputy Chair of its Finance and Audit Committee.

During the last three years, Mr Allen was a Director of Freedom Foods Group Limited, retiring from that position in January 2021.

Prior to Mr Allen's non-executive roles, he held senior executive positions including Executive Director Corporate Finance at SBC Warburg (now part of UBS), at Baring Brothers and as a Corporate Finance Partner at KPMG. At the time of his retirement from KPMG in 2011 he was the lead partner in its National Mergers and Acquisitions group.

**VICKI KRAUSE,**  
**BJuris LLB W.Aust, GAICD**

**INDEPENDENT NON-EXECUTIVE DIRECTOR**

Vicki Krause was appointed to the Board of Peet Limited in April 2014.

An experienced commercial lawyer, Ms Krause had a 25 year career as a senior corporate executive with the Wesfarmers Group, including seven years as its Chief Legal Counsel.

She supported successful outcomes in numerous significant acquisitions (including listed companies, trade sales and a privatisation) and divestments.

As Chief Legal Counsel and a member of the Wesfarmers Executive Committee, Ms Krause led a large legal team and was responsible for the provision of legal advice and strategic planning in relation to the management of legal risk in the Wesfarmers Group with key outputs including the evaluation and completion of major business projects and major supply arrangements.

Ms Krause has completed the PMD Management Course at Harvard Business School.

She is a former director of Western Power.

**ROBERT MCKINNON (BOB),**  
**FCPA, FCIS, FGIA, MAICD**

**LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR**

Appointed as Non-executive Director in May 2014, Bob McKinnon has 40 years' experience in finance and general management positions in the light manufacturing and industrial sectors in Australia, New Zealand, and Canada.

He is the former Managing Director of Austal Ships and Fleetwood Corporation Limited and spent 28 years with Capral Aluminium (formerly Alcan Australia) in various financial and senior executive positions.

Mr McKinnon is a Director of DGL Group Limited; the former Non-executive Chairman of M8 Sustainable Limited; and was previously a Non-executive Director of Bankwest, Brierty Limited, Programmed Maintenance Services Limited and Tox Free Solutions Limited.

**2. PRINCIPAL ACTIVITIES**

The Group acquires, develops and markets residential land, predominantly under a capital-efficient funds management model.

Peet was founded in Western Australia in 1895 and has expanded over the years to become Australia's largest pure-play residential developer. Peet has been listed on the ASX since 2004 and is focused on creating high-quality master-planned residential communities for homebuyers across Australia, and achieving the best possible results for its shareholders, investors and partners who include State and Federal Government agencies and major Australian institutions.

As at 30 June 2022, the Group employed 185 people in offices throughout Australia and managed and marketed a land bank of more than 39,300 lots in the growth corridors of major mainland Australian cities.

# Directors' Report

Year ended 30 June 2022

## 3. REVIEW OF OPERATIONS AND CONSOLIDATED RESULTS

### OPERATING AND FINANCIAL REVIEW

#### KEY RESULTS<sup>1</sup>

- Operating profit<sup>2</sup> and statutory profit<sup>3</sup> after tax of \$52.3 million
- Earnings per share of 10.8 cents per share
- FY22 dividends of 6.25 cents per share, fully franked
- Revenue<sup>4</sup> of \$290.7 million, with 2,514 lots settled<sup>6</sup>
- EBITDA<sup>5</sup> margin of 30.0% on EBITDA<sup>5</sup> of \$86.0 million
- Net cash inflows from operations (before acquisitions) of \$80.1 million
- \$930.0 million worth of contracts on hand<sup>6</sup> as at 30 June 2022
- Gearing<sup>7</sup> of 29.9%

#### FINANCIAL COMMENTARY

The Peet Group achieved a record operating profit<sup>2</sup> and statutory profit<sup>3</sup> after tax of \$52.3 million for the year ended 30 June 2022 ("FY22"), which represents an increase of 84% on the previous financial year ("FY21") and is in line with the Group's most recent update to the market (July 2022).

The material improvement in profit was driven by price growth across the Group's developing and selling projects, combined with the changing product mix and the continued focus on unlocking value by appropriately managing the Group's significant landbank. This was supported by continuing favourable market conditions and consumer confidence during the majority of FY22, especially across the east coast business.

The Group derived EBITDA<sup>5</sup> of \$86.0 million during FY22, compared to \$58.1 million in FY21, with an EBITDA<sup>5</sup> margin of 30%, compared to the margin achieved in FY21 of 25%. This margin increase is attributable to revenue increases from price growth and the ongoing focus on cost management.

The performance has resulted in an operating and statutory earnings per share of 10.8 cents for FY22, compared to operating and statutory earnings per share of 5.9 cents in FY21.

The Group's focus on prudent capital management and the strong cash inflows derived has allowed it to release, develop and construct its products appropriately in response to the demand from customers around the country.

The Group enters FY23 in a strong capital position, with gearing<sup>7</sup> at 30 June 2022 of 29.9% (30 June 2021: 24.8%), which is at the top end of the Company's target range of 20% to 30%.

<sup>1</sup> Comparative period is 30 June 2021, unless stated otherwise. The non-IFRS measures have not been audited.

<sup>2</sup> 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.

<sup>3</sup> Statutory profit after tax means net profit measured in accordance with Australian Accounting Standards, attributable to the owners of Peet Limited.

<sup>4</sup> Includes statutory revenue of \$266.6 million (FY21: \$220.3 million) and share of net profits from associates and joint ventures of \$24.1 million (FY21: \$14.0 million).

<sup>5</sup> EBITDA is a non-IFRS measure that includes effects of non-cash movements in investments in associates and joint ventures.

<sup>6</sup> Includes equivalent lots.

<sup>7</sup> Calculated as (Total interest-bearing liabilities (including land vendor liabilities) less cash)/(Total assets less cash, less intangible assets).



## OPERATIONAL COMMENTARY

The Group achieved 3,163 sales<sup>8</sup> with a gross value of \$1.06 billion for the full year across its Funds Management, Development and Joint Venture projects. The number of sales<sup>8</sup> achieved in FY22 was in line with FY21 (1% increase) and the gross value was up 23%.

The Group achieved 2,514 settlements<sup>8</sup> with a gross value of \$674.3 million for the full year across its Funds Management, Development and Joint Venture projects. The number of settlements<sup>8</sup> achieved in FY22 compares to 2,980 settlements<sup>8</sup> in FY21 (16% decrease) with a value of \$739.9 million.

At 30 June 2022, there were 2,597 contracts on hand<sup>8</sup>, with a gross value of \$930.0 million, compared with 1,948 contracts on hand<sup>8</sup> with a gross value of \$546.6 million at 30 June 2021. This represents an increase of 33% in contracts on hand<sup>8</sup> and a 70% increase in contract value, providing a strong starting position and visibility for FY23.

### Development projects

#### Key highlights

- 1,022 lots sold<sup>8</sup> for a gross value of \$433.6 million, compared with 531 lots sold<sup>8</sup> (\$166.2 million) in FY21.
- 655 lots settled<sup>8</sup> for a gross value of \$208.2 million, compared with 484 lots settled<sup>8</sup> (\$129.2 million) in FY21.
- 623 contracts on hand<sup>8</sup> as at 30 June 2022 with a total value of \$320.8 million, compared with 256 contracts on hand<sup>8</sup> (\$95.4 million) as at 30 June 2021.
- EBITDA<sup>9</sup> of \$43.8 million compared with \$21.8 million in FY21.
- EBITDA<sup>9</sup> margin of 22% compared with 16% in FY21.

The material increase in settlements, together with price growth and prudent asset management to unlock value across the Development projects portfolio has contributed to a strong increase in EBITDA<sup>9</sup> performance (up 101%) and the EBITDA<sup>9</sup> margin during FY22. Additionally, an increase in settlements from the Group's townhouse business has contributed positively to the performance of the Development business.

The 92% increase in sales<sup>8</sup> has contributed to the Group's strong level of contracts on hand<sup>8</sup> in the Development business at year end. Contracts on hand as at 30 June 2022 are up 143%, with settlements from these contracts expected to contribute strongly to FY23 earnings.

### Funds Management projects

#### Key highlights

- 1,513 lots sold<sup>8</sup> for a gross value of \$414.3 million, compared with 1,613 lots sold<sup>8</sup> (\$406.0 million) in FY21.
- 1,338 lots settled<sup>8</sup> for a gross value of \$317.1 million, compared with 1,732 lots settled<sup>8</sup> (\$394.4 million) in FY21.
- 1,229 contracts on hand<sup>8</sup> as at 30 June 2022 with a total value of \$350.1 million, compared with 1,054 contracts on hand<sup>8</sup> (\$252.8 million) as at 30 June 2021.
- EBITDA<sup>9</sup> of \$33.7 million compared with \$29.2 million in FY21.
- EBITDA<sup>9</sup> margin increased to 70% from 69% in FY21.

While sales and settlements decreased compared to FY21, price growth and the product mix of sales contributed to the strong EBITDA<sup>9</sup> performance (up 15%) and EBITDA<sup>9</sup> margin from Funds Management projects.

<sup>8</sup> Includes equivalent lots.

<sup>9</sup> EBITDA is a non-IFRS measure that includes effects of non-cash movements in investments in associates and joint ventures.

# Directors' Report

Year ended 30 June 2022

## 3. REVIEW OF OPERATIONS AND CONSOLIDATED RESULTS continued

### Joint Ventures

#### Key highlights

- 628 lots sold<sup>10</sup> for a gross value of \$209.8 million, compared with 998 lots sold<sup>10</sup> (\$286.6 million) in FY21.
- 521 lots settled<sup>10</sup> for a gross value of \$149.0 million, compared with 764 lots settled<sup>10</sup> (\$216.3 million) in FY21.
- 745 contracts on hand<sup>10</sup> as at 30 June 2022 with a total value of \$259.1 million, compared with 638 contracts on hand<sup>10</sup> (\$198.4 million) as at 30 June 2021.
- EBITDA<sup>11</sup> of \$19.6 million compared with \$18.3 million in FY21.
- EBITDA<sup>11</sup> margin of 50% compared with 35% in FY21.

Sales and settlements decreased in FY22 compared to FY21 due to a combination of substantial completion of projects in FY21 and the timing of new stage releases during FY22. Notwithstanding these decreases, the EBITDA<sup>11</sup> contribution from Joint Ventures increased (up 7%) on the back of the price growth achieved across the projects located in Qld, NSW, SA and WA.

#### Land portfolio metrics

|                                               | FY22            | FY21            | Change |
|-----------------------------------------------|-----------------|-----------------|--------|
| Lot sales <sup>10</sup>                       | 3,163           | 3,142           | 1%     |
| Lot settlements <sup>10</sup>                 | 2,514           | 2,980           | (16%)  |
| Contracts on hand <sup>10</sup> as at 30 June |                 |                 |        |
| – Number                                      | 2,597           | 1,948           | 33%    |
| – Value                                       | \$930.0 million | \$546.6 million | 70%    |

### KEY TRANSACTIONS

During FY22 the Group entered into several key transactions that have accelerated the delivery of its strategy, whilst strengthening the balance sheet and supporting earnings growth. These transactions, which were announced to the market during FY22 include:

- acquisition of the remaining 50% of the Flagstone City (Qld) project;
- securing the acquisition of 100% of the University of Canberra (ACT) project;
- the sale of the New Beith (Qld) landholding; and
- securing two development management agreements with Renewal SA on two inner city sites in Adelaide, South Australia.

### CAPITAL MANAGEMENT

The Group continues to apply a prudent focus on capital management and during FY22 increased its cash inflows from operations (prior to acquisitions) to \$80.1 million.

As at 30 June 2022 it had:

- gearing<sup>12</sup> of 29.9% (30 June 2021: 24.8%); and
- net interest-bearing debt<sup>13</sup> (including Peet Bonds) of \$245.2 million, compared with \$203.9 million at 30 June 2021.

As at the date of this report, the Group had cash and available debt facility headroom of \$205.0 million<sup>14</sup> and a weighted average debt maturity of more than three years<sup>14</sup>.

<sup>10</sup> Includes equivalent lots

<sup>11</sup> EBITDA is a non-IFRS measure that includes effects of non-cash movements in investments in associates and joint ventures.

<sup>12</sup> Calculated as (Total interest-bearing liabilities (including land vendor liabilities) less cash)/(Total assets less cash, less intangible assets).

<sup>13</sup> Including net debt of syndicates consolidated under AASB10.

<sup>14</sup> Including credit approved amendments, including extension of the maturity of the senior debt facility to October 2025, subject to formal documentation.

The Group has a strong balance sheet and sufficient capacity to fund the current portfolio of projects, including accelerating delivery of product, if required, to meet increases in demand.

During FY22, Peet Limited extended its on-market share buy-back of up to 5% of its issued ordinary shares. As at the date of this report, the Company had acquired 13.7 million of its ordinary shares, representing approximately 56% of the total shares to be acquired. On 12 August 2022, the Company announced that the on-market buy-back has been extended for a further 12 months to 30 August 2023.

Peet's \$50 million PPCHB Bonds mature 5 October 2022. They will be repaid on maturity via cash and available headroom in the senior debt facility and/or other refinancing options available.

Gearing<sup>15</sup> during FY23 is expected to be above the target range of 20% to 30% due to the level of construction activity required to deliver on the significant contracts on hand, the acquisition of the balance of the Flagstone City (Qld) project and the acquisition of the University of Canberra (ACT) project.

## DIVIDENDS

Subsequent to year end, the Directors declared a final dividend for FY22 of 4.0 cents per share, fully franked. This brings the total dividend for FY22 to 6.25 cents per share, fully franked. This compares to the FY21 dividend of 3.5 cents per share, fully franked. The final FY22 dividend is to be paid on Friday, 14 October 2022, with a record date of Monday, 19 September 2022.

The Directors have resolved to keep the Company's Dividend Reinvestment Plan deactivated.

## RISKS

The Group's operating and financial performance is influenced by a number of risks impacting the property sector. These include bank lending conditions, general economic conditions, government policy influencing a range of matters including population growth (immigration policy), household income and consumer confidence, the employment market and land development conditions and requirements, including in relation to infrastructure, environmental and climate-change management.

In respect to climate change, the Group's focus continues to be on understanding and mitigating climate change risks on development approvals processes, reputational matters and reporting obligations.

Global and domestic economic factors which may influence capital markets and the movement of interest rates are also risks faced by the Group.

At an individual project level, residential property developments also face a number of risks related to the price and availability of capital, the timeliness of approvals, delays in construction, and the level of competition in the market. The Group has a long history of managing these risks at an individual project and portfolio level.

The Group's financial risk management policies are set out in note 17 to the Financial Report.

Particular focus in the short-term continues on managing, and mitigating against, risks associated with rising development and labour costs and the potential for development programs to be extended.

The property market is cyclical and, while the Group is impacted by fluctuations in the market, it has also proved its capacity to manage through various cycles over a very significant period of time. This continues to include managing risks associated with changing consumer preferences for products – size, location, product typology (house and land, low-rise apartments and medium density townhouses).

<sup>15</sup> Calculated as (Total interest-bearing liabilities (including land vendor liabilities) less cash)/(Total assets less cash, less intangible assets).



# Directors' Report

Year ended 30 June 2022

## 3. REVIEW OF OPERATIONS AND CONSOLIDATED RESULTS continued

### GROUP STRATEGY

Peet is well positioned for growth and value creation with its key strategic focus areas for FY23 and beyond including:

- investing in high quality land in strategic locations across the country:
  - balancing the portfolio between land and built form projects;
  - continuing to increase the weighting to undersupplied east coast markets;
  - considering selective acquisitions to restock the project pipeline where appropriate; and
  - focussing on small to mid-sized land projects in the short to medium term;
- enhancing, planning and creating communities and homes with a range of product appealing to all buyer segments:
  - accelerating the realisation of embedded margins within the land bank, driven by strong price growth over the past few years;
- expanding product offering and geographic presence to appeal to a wider variety of customers:
  - focussing on increasing the Group's pipeline of townhouse product; and
  - build on the apartment pipeline as opportunities emerge; and
- maintaining strong capital management:
  - focussing on improving operating cash flows and reducing debt;
  - positioning the Group to consider capital management initiatives to improve shareholder returns (including a dividend payout ratio of 50% to 60% and the extended on-market share buy-back); and
  - continuing to assess opportunities to maximise market cycles to unlock value where appropriate.

Expansion of the Group's built form business and a shift to focus on more desirable urban areas has resulted in a broader buyer appeal. The first home buyer segment remains core to Peet, with 40% of FY22 sales being made to first home buyers, compared to 58% in FY20. The increase in sales to second and subsequent home buyers, builders and investors allows the business to reach a much larger and diversified customer base.

### OUTLOOK

Underlining drivers of the residential market remains supportive, including strong labour market conditions and population growth combined with constrained land supply.

While further interest rate increases are expected to lead to a moderation of demand and pricing over the next 12 months, the rate of construction cost escalation is also expected to moderate.

Additionally, the expected increase in net overseas migration and further population growth is expected to drive sales volume growth in the medium term.

FY23 is expected to be a year focused on the delivery of the significant number of land lots and townhouses sold during FY22 and monetising the contracts on hand as at 30 June 2022.

Peet will be focused on positioning itself for growth through a prudent approach to project delivery and identifying growth opportunities.

Subject to market conditions and the timing of settlements, the Group is well-positioned for further earnings growth in FY23, supported by substantial contracts on hand, full ownership of the Flagstone City (Qld) project and new project commencements. FY23 earnings are expected to be skewed to the 1H23 due to the settlement profile of contract on hand.

#### 4. EARNINGS PER SHARE

|                                      | 2022<br>Cents | 2021<br>Cents |
|--------------------------------------|---------------|---------------|
| Basic and diluted earnings per share | 10.8          | 5.9           |

Basic earnings per share is calculated after income tax expense based on the weighted average number of shares on issue for the year ended 30 June 2022. The weighted average number of shares on issue used to calculate earnings per share is discussed at note 7 to the Financial Report.

#### 5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the year.

#### 6. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than the final FY22 dividend (details of which are included below), no matters or circumstances have arisen since the end of the financial year, which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

#### 7. DIVIDENDS

In August 2021, the Directors declared a final dividend of 2.5 cents per share, fully franked, in respect of the year ended 30 June 2021. The dividend of \$12.1 million was paid on Monday, 11 October 2021.

In February 2022, the Directors declared an interim dividend of 2.25 cents per share, fully franked, in respect to the year then ending 30 June 2022. The dividend of \$10.9 million was paid on Thursday, 14 April 2022.

Subsequent to year end, the Directors declared a final dividend for FY22 of 4.0 cents per share, fully franked. This brings the total dividend for FY22 to 6.25 cents per share. This compares to the FY21 dividend of 3.5 cents per share, fully franked. The final FY22 dividend is to be paid on Friday, 14 October 2022, with a record date of Monday, 19 September 2022.

The Directors have resolved to keep the Company's Dividend Reinvestment Plan deactivated.

#### 8. ENVIRONMENTAL REGULATION

The Group is subject to environmental regulation by way of the *Environment Protection and Biodiversity Conservation Act 1999* in respect of its land subdivision activities nationally, as well as other environmental regulations under both Commonwealth and State legislation.

The Group is not aware of any breaches of environmental regulations in respect of its activities. However, from time to time, statutory authorities make enquiries, issue notices requiring documents and/or material to be provided, and undertake investigations or audits to confirm compliance with relevant regulations.

#### GREENHOUSE GAS AND ENERGY DATA REPORTING REQUIREMENTS

The Group may be subject to the reporting requirements of the *National Greenhouse and Energy Reporting Act 2007*. This requires the Group to report its annual greenhouse gas ("GHG") emissions and energy use if it has operational control of facilities (sites) that emit greenhouse gases, produce energy, or consume energy at or above the specified GHG emission and energy thresholds per financial year.

The Group is not required to register and report to the Clean Energy Regulator as the Group does not have operational control for each of its projects, which is the responsibility of the relevant contractor undertaking the works, and the remainder of the Group's activities fall below the reporting thresholds for the FY22 reporting period.

# Directors' Report

Year ended 30 June 2022

## 9. INFORMATION ON DIRECTORS AND GROUP COMPANY SECRETARY

Please refer to the Board of Directors section of this report for information on Directors.

### GROUP COMPANY SECRETARY

Dom Scafetta is a Chartered Accountant who has worked with Peet Limited since 1998.

Mr Scafetta began his career with major accounting firm Coopers & Lybrand (now PwC) after completing a commerce degree in 1993. He held a senior role with the organisation in its Business Services division and advised a range of clients on accounting, taxation and general business matters.

After four years at Coopers & Lybrand, Mr Scafetta joined Peet as Company Accountant and Company Secretary, which also required him to act as Company Secretary for the Company's various syndicates and subsidiaries. Prior to Peet being listed on the Australian Securities Exchange, Mr Scafetta was appointed Chief Financial Officer and served in that role until February 2005, when he was appointed as Company Secretary of Peet Limited.

## 10. DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

| Director     | Board of Directors |          | Audit & Risk Management Committee |          | Remuneration Committee |          | Nomination Committee |          |
|--------------|--------------------|----------|-----------------------------------|----------|------------------------|----------|----------------------|----------|
|              | Entitled to Attend | Attended | Entitled to Attend                | Attended | Entitled to Attend     | Attended | Entitled to Attend   | Attended |
| A W Lennon   | 20                 | 20       | —                                 | —        | —                      | —        | 4                    | 4        |
| B D Gore     | 20                 | 20       | —                                 | —        | —                      | —        | 4                    | 4        |
| A J Lennon   | 20                 | 19       | 6                                 | 6        | 4                      | 4        | 4                    | 4        |
| T J Allen    | 20                 | 20       | 6                                 | 6        | 4                      | 4        | 4                    | 4        |
| V Krause     | 20                 | 20       | —                                 | —        | 4                      | 4        | 4                    | 4        |
| R J McKinnon | 20                 | 18       | 6                                 | 5        | 4                      | 4        | 4                    | 3        |

On some occasions, Board and Committee meetings may have been called or rescheduled on short notice which meant that some Directors may not have been able to attend.

## 11. RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

Directors are elected at the Annual General Meeting ("AGM") of the Company. Retirement will occur on a rotational basis so that one third of the Directors, but not less than two, shall retire at each AGM. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next AGM. No Director who is not the Managing Director, may hold office without re-election beyond the third AGM following the meeting at which the Director was last elected or re-elected.

At this year's AGM, both Mr A W Lennon and Ms V Krause will retire by rotation and offer themselves for re-election. Your Board of Directors recommend the re-election of Mr A W Lennon and Ms V Krause.

## 12. REMUNERATION

Dear Shareholder,

Peet is pleased to present its Remuneration Report for the year ended 30 June 2022. This report sets out remuneration information for Non-executive Directors ("NEDs"), the Managing Director and Chief Executive Officer ("MD") and other key management personnel ("KMP"). It focuses on the remuneration decisions made by the Board and the pay outcomes that resulted.



To ensure Peet delivers on its growth strategy it must have the right people to lead the Group over the long-term and a competitive remuneration framework that encourages our Leadership Team to continue to make decisions with a view to creating long-term value for shareholders and all stakeholders.

In considering remuneration outcomes, the Board's Remuneration Committee:

- (a) balances Peet's financial performance with the development and implementation of strategies for the long-term benefit of the Group; and
- (b) takes into account the underlying scale of Peet's operations which are not fully identifiable from a pure focus on the Group's statutory accounts.

Peet achieved an operating net profit after tax and a statutory profit after tax of \$52.3 million for the 2022 financial year, compared to an operating net profit after tax and a statutory profit after tax of \$28.5 million in the previous year.

While the statutory financial statements show total revenue of \$290.7 million and earnings before interest, tax, depreciation and amortisation ("EBITDA") of \$86.0 million for the 2022 financial year, Peet management remains responsible for a greater scale of business.

In addition to its own land development projects, Peet is also responsible for the management of a significant portfolio of land development projects held within its Funds Management and Joint Arrangements businesses. These Funds Management and Joint Arrangement businesses generated revenues of \$405.2 million and EBITDA of \$17.5 million.

Accordingly, the scale of business from which Peet derives its revenues and earnings, which drive its capacity to pay dividends to shareholders, is extensive.

Key remuneration outcomes during the year ended 30 June 2022 included:

- The MD's base pay for the year ended 30 June 2022 was the same as for the previous year, with the MD having foregone his contractual entitlement to a CPI-based adjustment.
- There were no increases in the base pay of the other KMP, including NEDs, during the year ended 30 June 2022.
- During the year, long-term incentive performance conditions were tested as at 30 June 2021 in respect to the performance over the three years ended on that date resulting in the partial vesting of performance rights (FY19 performance rights). As disclosed in last year's Remuneration Report, while the performance conditions were fully met, the holders of the FY19 performance rights consented to a request from the Remuneration Committee to reduce the number of FY19 performance rights vesting, resulting in only 60% of the FY19 performance rights vesting.
- Short-term incentives will be paid to KMP in respect of the year ended 30 June 2022, following a positive assessment of the individual KMP's performance against a balanced scorecard, which includes consideration of Group financial and strategic targets. The short-term incentives paid in respect to the year ended 30 June 2022 are included in the tables on pages 44 and 45.

We encourage our shareholders to use the cash value of remuneration realised table on page 46 to assess the remuneration outcomes for KMP in the year ended 30 June 2022 and the alignment of these outcomes with the Group's performance.

The key difference between the cash value of remuneration realised and the statutory remuneration is the value included in the statutory remuneration table for potential future outcomes under the long-term incentive. A value is required to be included in the statutory remuneration table to account for long-term incentives that may or may not vest in the future, while the value for long-term incentives included in the cash value of remuneration realised table represents the value of shares actually received by KMP following the vesting and exercise of performance rights.

The Board is satisfied that these remuneration outcomes for the year ended 30 June 2022 are appropriately performance-based while at the same time recognising the strategic needs of the Group, and we commend this report to you.

**Robert McKinnon**

Chairman, Remuneration Committee

# Directors' Report

Year ended 30 June 2022

## 13. REMUNERATION REPORT (AUDITED)

The Remuneration report is set out under the following main headings:

### A. SERVICE AGREEMENTS

### B. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

### C. DETAILS OF REMUNERATION

### D. SHARE-BASED COMPENSATION

### E. ADDITIONAL INFORMATION

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The key management personnel of the Group ("KMP") include the Non-executive Directors ("NEDs") of the Group, and the following executives (the "Executives") who have authority and responsibility for planning, directing and controlling the activities of the Group.

| Name          | Position                                      |
|---------------|-----------------------------------------------|
| B D Gore      | Managing Director and Chief Executive Officer |
| B C Fullarton | Chief Financial Officer                       |
| D Scafetta    | Group Company Secretary                       |
| P J Dumas     | Chief Investment Officer                      |

### A. SERVICE AGREEMENTS

Remuneration and other terms of employment for the Executives are formalised in service agreements. Each of these agreements provide for the provision of performance related cash bonuses and participation, when eligible, in the Peet Limited Employee Share Option Plan and/or the Peet Limited Performance Rights Plan. The major provisions of the agreements are set out below.

All contracts with Executives may be terminated early by either party with 3 to 6 months' notice, subject to termination payments as detailed below.

| Name          | Terms of Agreement                 | Base pay including Superannuation <sup>1</sup> | Termination Benefit <sup>2,3</sup>            |
|---------------|------------------------------------|------------------------------------------------|-----------------------------------------------|
| B D Gore      | On-going renewed 5 August 2011     | \$937,300                                      | Refer below <sup>4</sup>                      |
| B C Fullarton | On-going commenced 21 October 2013 | \$440,000                                      | 3 months base pay inclusive of superannuation |
| D Scafetta    | On-going commenced 10 June 1998    | \$350,000                                      | 3 months base pay inclusive of superannuation |
| P J Dumas     | On-going commenced 4 February 2008 | \$485,000                                      | 3 months base pay inclusive of superannuation |

1. Base pays, inclusive of superannuation, for the year ended 30 June 2022. Base pays are reviewed annually by the Remuneration Committee.

2. Termination benefits are payable on early termination by Peet Limited giving notice in writing. Payment may be made in lieu of notice, other than for gross misconduct.

3. Termination benefits referred to in the above table are in addition to any statutory entitlements payable (e.g. accrued annual leave and long service leave).

4. On 5 August 2011 B D Gore renewed his contractual arrangements with the Company. Under the agreement the components of his remuneration comprise fixed annual remuneration, short-term incentives and long-term incentives. There is no fixed termination date and the agreement is terminable on six months notice by either party. The Company may, at its option, make a payment in lieu of part or all of the notice period and certain conditions exist in relation to payment of long-term and short-term incentives upon termination. A summary of the key contractual terms and remuneration-related arrangements was disclosed to the market on 5 August 2011 with certain parts approved by shareholders at the 2011 AGM.

## B. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives for the long-term benefit of the Company and shareholders. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment to executive compensation; and
- capital management.

In consultation with external remuneration consultants in prior financial years, the Company has structured, and continues to evolve, an executive remuneration framework that is market competitive and complementary to our reward strategy through the following features.

### ALIGNMENT TO SHAREHOLDERS' INTERESTS

- has a relevant measurement of financial performance as a core component of plan design;
- rewards implementation of strategy;
- focuses the Executive on other key financial and non-financial drivers of long-term value; and
- attracts and retains high-calibre executives.

For the purpose of assessing Executives' eligibility to short-term incentives, the Remuneration Committee and Board have traditionally agreed to the use of a balanced scorecard. This methodology has continued to be used for the 2022 financial year, and comprised a combination of financial and non-financial key performance indicators.

During the 2018 financial year, the Remuneration Committee recommended to the Board, and it agreed, to assess financial performance for the purposes of long-term incentive awards against earnings per share ("EPS") growth, together with funds under management ("FUM") growth. These performance measures have been used for each year thereafter and will continue to be used for the 2023 financial year.

The Remuneration Committee and the Board will continue to assess the applicability of all short-term and long-term related key performance indicators as they are applied in assessing performance for remuneration purposes.

### ALIGNMENT TO PROGRAM PARTICIPANTS' INTERESTS

- rewards capability and experience;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As employees are promoted to executive and senior management roles within the Company, the balance of this mix shifts to a higher proportion of 'at risk' rewards.



# Directors' Report

Year ended 30 June 2022

## 13. REMUNERATION REPORT (AUDITED) continued

### NEDs' FEES (INCLUDING THE CHAIRMAN'S FEES)

Fees and payments to NEDs reflect the demands which are made on, and the responsibilities of, the NEDs. NEDs' fees and payments are reviewed periodically by the Remuneration Committee and the Board. The Remuneration Committee considers, as appropriate, the advice of independent remuneration consultants to ensure NEDs' fees and payments are appropriate and in line with the market. NEDs do not receive share options or performance rights.

The NEDs' remuneration is inclusive of committee fees and fees for their membership on any subsidiary Boards. The fees payable to NEDs and the Chairman of the Remuneration Committee and the Chairman of the Audit and Risk Management Committee were last amended with effect from 1 July 2018 (after previously being amended with effect from 1 July 2014). NEDs may also be entitled to fees where they represent Peet on the Board of Syndicates.

NEDs' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. Shareholders approved a resolution at the 2012 AGM to increase the aggregate NEDs' fees pool to \$900,000.

The NEDs do not receive any form of retirement allowance.

### EXECUTIVE PAY

The Company's pay and reward framework for Executives has the following components:

- base pay and benefits;
- short-term performance incentives; and
- long-term performance incentives.

The combination of these comprises the total remuneration for the individual concerned.

#### Base pay and benefits

The base pay for Executives is structured as a total employment cost package, which may be delivered as a mix of cash and prescribed non-financial benefits and includes superannuation.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. As and when considered appropriate, external remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay is reviewed annually to ensure it remains competitive with the market. There were no changes to the quantum of total base pay for Executives during the 2022 financial year.

#### Short-term performance incentives ("STI")

Executives have a target STI opportunity depending on the accountabilities of their specific role and impact on the Group's performance. The maximum target bonus opportunity for the Executives for the years ended 30 June 2022 and 2021 ranged between 50% and 100% of the relevant Executive's base pay. However, the Board of Directors has the discretion to either pay over and above or less than these amounts.

Each year, the Remuneration Committee considers the appropriate targets and key performance indicators ("KPIs") to link to the STI plan and the level of payout if targets are met for the Managing Director and Chief Executive Officer ("MD"). This may include setting any maximum payout under the STI plan and minimum levels of performance to trigger payment of STI. The MD will then generally set the STI KPIs to apply to the other Executives.

KPIs for the MD are set by reference to the following criteria:

- financial;
- strategy;
- stakeholder engagement;
- people and processes improvements; and
- health, safety and environment.

For the year ended 30 June 2022, the MD was assessed as follows against the KPIs:

| Category                       | Weighting (%) | Achieved (%)   |
|--------------------------------|---------------|----------------|
| Financial                      | 70.00%        | 77.00%         |
| Strategic                      | 10.00%        | 10.00%         |
| Stakeholder                    | 7.50%         | 7.50%          |
| People, processes and culture  | 7.50%         | 7.25%          |
| Health, safety and environment | 5.00%         | 5.00%          |
|                                | 100.00%       | 106.75%        |
| Less:                          |               |                |
| – Amount over 100.00%          |               | (6.75%)        |
| <b>Final assessment</b>        |               | <b>100.00%</b> |

For the year ended 30 June 2021, the MD's KPIs linked to the STI plan were based on similar criteria. For the year ended 30 June 2021 the MD was assessed to have been eligible for up to 100% of his maximum STI entitlement. However, the Board applied its discretion to reduce the MD's eligibility to 80% of his FY21 STI entitlement.

For the year ended 30 June 2022, the KPIs for Executives were determined by the MD, based on the above criteria. The Executives were assessed to have been eligible for between 95% and 100% of their maximum STI entitlement in respect to FY22.

For the year ended 30 June 2021, the KPIs for Executives were determined by the MD, based on the above criteria. The Executives were assessed to have been eligible for up to 100% of their maximum STI entitlement. However, the Board applied its discretion to reduce the Executives' eligibility to between 70% and 90% of their FY21 STI entitlements.

#### **Long-term incentives ("LTI")**

Traditionally, the Company has provided its Executives with LTI through participation in the Peet Limited Employee Share Option Plan ("PESOP") and/or the Peet Limited Performance Rights Plan ("PPRP").

Executives have a target LTI opportunity depending on the accountabilities of their specific role and impact on the Group's performance. The maximum target opportunity for the Executives for the years ended 30 June 2022 and 2021 ranged between 50% and 100% of the relevant Executive's base pay.

Each year, the Remuneration Committee considers the appropriate targets and KPIs to link to the LTI plan and the level of payout if targets are met for the Executives. This may include setting any maximum payout under the LTI plan and minimum levels of performance to trigger payment of LTI. Further details of the Company's LTI structures are included in the section titled 'Share-based compensation'.

# Directors' Report

Year ended 30 June 2022

## 13. REMUNERATION REPORT (AUDITED) continued

### C. DETAILS OF REMUNERATION

Details of the statutory and cash value of remuneration of each member of the KMP of the Group are set out in the tables following.

The statutory disclosures required by the *Corporations Act 2001(Cth)*, as amended and its regulations are set out in the table on page 47. The Company believes that the additional information provided in table below is useful to investors. The table below sets out the total cash value of remuneration realised for the KMP and provides shareholders with details of the "take-home" pay received/receivable during the year. These earnings include cash salary and fees, bonus, superannuation, non-cash benefits received/receivable during the year and the value of shares issued to, or acquired on behalf of, KMP following the exercise of vested Performance Rights ("PRs") during the financial year. The table does not include the accounting value of share-based payments consisting of PRs granted in the current and prior years required for statutory purposes. This is because those share-based payments are dependent on the achievement of performance hurdles and so may or may not be realised.

|                                       |      | Cash salary<br>and fees <sup>1</sup><br>\$ | Bonus <sup>2</sup><br>\$ | Value of PRs<br>exercised <sup>3</sup><br>\$ | Other <sup>4</sup><br>\$ | Superannuation<br>\$ | Total <sup>5</sup><br>\$ |
|---------------------------------------|------|--------------------------------------------|--------------------------|----------------------------------------------|--------------------------|----------------------|--------------------------|
| <b>Directors</b>                      |      |                                            |                          |                                              |                          |                      |                          |
| A W Lennon                            | 2022 | 218,774                                    | —                        | —                                            | —                        | 21,877               | 240,651                  |
|                                       | 2021 | 227,993                                    | —                        | —                                            | —                        | 21,659               | 249,652                  |
| T J Allen                             | 2022 | 130,487                                    | —                        | —                                            | —                        | 13,049               | 143,536                  |
|                                       | 2021 | 140,781                                    | —                        | —                                            | —                        | 13,374               | 154,155                  |
| V Krause                              | 2022 | 92,517                                     | —                        | —                                            | —                        | 9,252                | 101,769                  |
|                                       | 2021 | 91,390                                     | —                        | —                                            | —                        | 8,682                | 100,072                  |
| R J McKinnon                          | 2022 | 115,244                                    | —                        | —                                            | —                        | 11,524               | 126,768                  |
|                                       | 2021 | 113,841                                    | —                        | —                                            | —                        | 10,815               | 124,656                  |
| A J Lennon                            | 2022 | 152,517                                    | —                        | —                                            | —                        | 9,252                | 161,769                  |
|                                       | 2021 | 151,390                                    | —                        | —                                            | —                        | 8,682                | 160,072                  |
| B D Gore                              | 2022 | 913,732                                    | 937,300                  | —                                            | 10,000                   | 23,568               | 1,884,600                |
|                                       | 2021 | 899,984                                    | 749,840                  | —                                            | 10,000                   | 21,694               | 1,681,518                |
| <b>Total</b>                          | 2022 | 1,623,271                                  | 937,300                  | —                                            | 10,000                   | 88,522               | 2,659,093                |
|                                       | 2021 | 1,625,379                                  | 749,840                  | —                                            | 10,000                   | 84,906               | 2,470,125                |
| <b>Other key management personnel</b> |      |                                            |                          |                                              |                          |                      |                          |
| P J Dumas                             | 2022 | 460,000                                    | 276,450                  | 191,641                                      | —                        | 25,000               | 953,091                  |
|                                       | 2021 | 451,917                                    | 203,700                  | —                                            | —                        | 25,000               | 680,617                  |
| D Scafetta                            | 2022 | 326,432                                    | 175,000                  | —                                            | —                        | 23,568               | 525,000                  |
|                                       | 2021 | 322,473                                    | 157,500                  | —                                            | —                        | 21,694               | 501,667                  |
| B C Fullarton                         | 2022 | 412,500                                    | 220,000                  | —                                            | —                        | 27,500               | 660,000                  |
|                                       | 2021 | 407,667                                    | 198,000                  | —                                            | —                        | 25,000               | 630,667                  |
| <b>Total</b>                          | 2022 | 1,198,932                                  | 671,450                  | 191,641                                      | —                        | 76,068               | 2,138,091                |
|                                       | 2021 | 1,182,057                                  | 559,200                  | —                                            | —                        | 71,694               | 1,812,951                |

1. Cash salary (including accrued annual leave) and fees, as well as fees paid to Directors for their directorship on Syndicate Boards.

2. All cash bonuses are earned in the financial year to which they relate and are paid during the following financial year.

3. Amount paid by the Company in order to settle the PRs exercised during years ended 30 June 2021 and June 2022. The Company purchased ordinary shares in the Company on-market on behalf of KMP.

4. Other includes motor vehicle costs, car-parking and other benefits.

5. In response to COVID-19, KMP agreed to a 20% reduction of their base pay for a period which ended 31 July 2020.



The table below is calculated in accordance with statutory obligations and Australian Accounting Standards. The amounts in the "Share-based payments" column relate to the component of the fair value of awards from the current year and prior years made under the various incentive plans attributable to the year measured in accordance with AASB 2 *Share-based Payments*.

|                                       |      | Short-term benefits               |                    |                    | Post-employment benefits | Share-based payments                           |                      | Total <sup>5</sup> |
|---------------------------------------|------|-----------------------------------|--------------------|--------------------|--------------------------|------------------------------------------------|----------------------|--------------------|
|                                       |      | Cash salary and fees <sup>1</sup> | Bonus <sup>2</sup> | Other <sup>3</sup> | Superannuation           | Shares/Options/Performance Rights <sup>4</sup> | Termination benefits |                    |
|                                       |      | \$                                | \$                 | \$                 | \$                       | \$                                             | \$                   | \$                 |
| <b>Directors</b>                      |      |                                   |                    |                    |                          |                                                |                      |                    |
| A W Lennon                            | 2022 | 218,774                           | —                  | —                  | 21,877                   | —                                              | —                    | 240,651            |
|                                       | 2021 | 227,993                           | —                  | —                  | 21,659                   | —                                              | —                    | 249,652            |
| T J Allen                             | 2022 | 130,487                           | —                  | —                  | 13,049                   | —                                              | —                    | 143,536            |
|                                       | 2021 | 140,781                           | —                  | —                  | 13,374                   | —                                              | —                    | 154,155            |
| V Krause                              | 2022 | 92,517                            | —                  | —                  | 9,252                    | —                                              | —                    | 101,769            |
|                                       | 2021 | 91,390                            | —                  | —                  | 8,682                    | —                                              | —                    | 100,072            |
| R J McKinnon                          | 2022 | 115,244                           | —                  | —                  | 11,524                   | —                                              | —                    | 126,768            |
|                                       | 2021 | 113,841                           | —                  | —                  | 10,815                   | —                                              | —                    | 124,656            |
| A J Lennon                            | 2022 | 152,517                           | —                  | —                  | 9,252                    | —                                              | —                    | 161,769            |
|                                       | 2021 | 151,390                           | —                  | —                  | 8,682                    | —                                              | —                    | 160,072            |
| B D Gore                              | 2022 | 913,732                           | 937,300            | 10,000             | 23,568                   | 1,276,523                                      | —                    | 3,161,123          |
|                                       | 2021 | 899,984                           | 749,840            | 10,000             | 21,694                   | 638,955                                        | —                    | 2,320,473          |
| <b>Total</b>                          | 2022 | 1,623,271                         | 937,300            | 10,000             | 88,522                   | 1,276,523                                      | —                    | 3,935,616          |
|                                       | 2021 | 1,625,379                         | 749,840            | 10,000             | 84,906                   | 638,955                                        | —                    | 3,109,080          |
| <b>Other key management personnel</b> |      |                                   |                    |                    |                          |                                                |                      |                    |
| P J Dumas                             | 2022 | 460,000                           | 276,450            | —                  | 25,000                   | 396,317                                        | —                    | 1,157,767          |
|                                       | 2021 | 451,917                           | 203,700            | —                  | 25,000                   | 198,374                                        | —                    | 878,991            |
| D Scafetta                            | 2022 | 326,432                           | 175,000            | —                  | 23,568                   | 238,336                                        | —                    | 763,336            |
|                                       | 2021 | 322,473                           | 157,500            | —                  | 21,694                   | 119,297                                        | —                    | 620,964            |
| B C Fullarton                         | 2022 | 412,500                           | 220,000            | —                  | 27,500                   | 299,621                                        | —                    | 959,621            |
|                                       | 2021 | 407,667                           | 198,000            | —                  | 25,000                   | 149,973                                        | —                    | 780,640            |
| <b>Total</b>                          | 2022 | 1,198,932                         | 671,450            | —                  | 76,068                   | 934,274                                        | —                    | 2,880,724          |
|                                       | 2021 | 1,182,057                         | 559,200            | —                  | 71,694                   | 467,644                                        | —                    | 2,280,595          |

1. Cash salary (including accrued annual leave) and fees, as well as fees paid to Directors for their directorship on Syndicate Boards.

2. All cash bonuses are earned in the financial year to which they relate and are paid during the following financial year.

3. Other includes motor vehicle costs, car-parking and other benefits.

4. The value placed on options and performance rights in the table above is based on the valuation at the date of grant using a Black-Scholes model (options) or Binomial Model, pro-rated over the period from grant date to vesting date. These do not represent the value of equity benefits that vested in favour of KMP during the year.

5. In response to COVID-19, KMP agreed to a 20% reduction of their base pay for a period which ended 31 July 2020.

# Directors' Report

Year ended 30 June 2022

## 13. REMUNERATION REPORT (AUDITED) continued

The relative proportions of remuneration that are linked to performance and those that are fixed based on the above table are as follows:

|                                       | Fixed remuneration |      | At risk STI |      | At risk LTI       |                   |
|---------------------------------------|--------------------|------|-------------|------|-------------------|-------------------|
|                                       | 2022               | 2021 | 2022        | 2021 | 2022 <sup>1</sup> | 2021 <sup>1</sup> |
| <b>Directors</b>                      |                    |      |             |      |                   |                   |
| A W Lennon                            | 100%               | 100% | –           | –    | –                 | –                 |
| T J Allen                             | 100%               | 100% | –           | –    | –                 | –                 |
| V Krause                              | 100%               | 100% | –           | –    | –                 | –                 |
| R J McKinnon                          | 100%               | 100% | –           | –    | –                 | –                 |
| A J Lennon                            | 100%               | 100% | –           | –    | –                 | –                 |
| B D Gore                              | 30%                | 40%  | 30%         | 32%  | 40%               | 28%               |
| <b>Other key management personnel</b> |                    |      |             |      |                   |                   |
| P J Dumas                             | 42%                | 54%  | 24%         | 23%  | 34%               | 23%               |
| D Scafetta                            | 46%                | 56%  | 23%         | 25%  | 31%               | 19%               |
| B C Fullarton                         | 46%                | 56%  | 23%         | 25%  | 31%               | 19%               |

1. Since LTI are provided exclusively by way of options and/or PRs, the percentages disclosed also reflect the value of remuneration consisting of options and/or PRs based on the value of options and/or PRs expensed during the year.

## D. SHARE-BASED COMPENSATION

Options over shares in Peet Limited are granted under the PESOP, which was approved by the Board and shareholders during the 2004 financial year. PRs over shares in Peet Limited are granted under the PPRP, which was approved by shareholders at the 2008 AGM. Changes have been made since to allow for changes in taxation of PRs. Employees of any Group Company (including an Executive Director) will be eligible to participate in the PESOP and/or PPRP at the discretion of the Board.

The PESOP and PPRP are designed to provide long-term incentives for employees to deliver long-term shareholder returns. Under the plans, participants are granted options and/or PRs, which only vest if the employees are still employed by the Group at the end of the vesting period, subject to the Board's discretion, and any set performance hurdles have been met.

## INVITATIONS TO APPLY FOR OPTIONS AND/OR PERFORMANCE RIGHTS

Eligible employees, at the discretion of the Board, may be invited to apply for options and/or PRs on terms and conditions to be determined by the Board including as to:

- the method of calculation of the exercise price of each option;
- the number of options and/or PRs being offered and the maximum number of shares over which each option and/or PR is granted;
- the period or periods during which any of the options and/or PRs may be exercised;
- the dates and times when the options and/or PRs lapse;
- the dates and times by which the application for options and/or PRs must be received by Peet; and
- any applicable conditions which must be satisfied or circumstances which must exist before the options and/or PRs may be exercised.

Eligible employees may apply for part of the options and/or PRs offered to them, but only in specified multiples.

## CONSIDERATION

Unless the Board determines otherwise, no payment will be required for a grant of options and/or PRs under the PESOP and/or PPRP.

## EXERCISE CONDITIONS

Generally, as a pre-condition to exercise, any exercise conditions in respect of an option and/or PR must be satisfied. However, subject to the ASX Listing Rules, the Board has the discretion to enable an option and/or PR holder to exercise options and/or PRs where the exercise conditions have not been met, including, for example, where a court orders a meeting to be held in relation to a proposed compromise or arrangement in respect of the Company, or a resolution is passed, or an order is made, for winding up the Company.

Options granted under the PESOP and PRs granted under the PPRP carry no dividend or voting rights.

## LAPSE OF OPTIONS AND/OR PERFORMANCE RIGHTS

Unexercised options and/or PRs will lapse upon the earlier to occur of a variety of events specified in the rules of the PESOP and PPRP including, on the date or in circumstances specified by the Board in the invitation, failure to meet the options' or PRs' exercise conditions in the prescribed period or on a specified anniversary date of grant of the options or PRs, as determined by the Board.



# Directors' Report

Year ended 30 June 2022

## 13. REMUNERATION REPORT (AUDITED) continued

The table below summarises the status of the Company's options and performance rights granted to Executives:

| Executives                | Grant value Date | Performance/Service Period | Expiry      | Exercise | Value per option/PR at Grant | Vesting Date          | Balance as at 1 July 2021 | Granted          | Exercised          | Lapsed/ forfeited | Balance at date of report | Vested and Exercisable at date of report | Notes |
|---------------------------|------------------|----------------------------|-------------|----------|------------------------------|-----------------------|---------------------------|------------------|--------------------|-------------------|---------------------------|------------------------------------------|-------|
| <b>Options</b>            |                  |                            |             |          |                              |                       |                           |                  |                    |                   |                           |                                          |       |
| B D Gore                  | 30 Nov 2007      | Up to 30 Nov 2011          | N/A         | \$4.10   | \$1.12                       | Time based            | 1,200,000                 | –                | –                  | –                 | 1,200,000                 | 1,200,000                                | 2     |
| <b>Performance Rights</b> |                  |                            |             |          |                              |                       |                           |                  |                    |                   |                           |                                          |       |
| B D Gore                  | 23 Nov 2016      | 3 yrs ended 30 Jun 2019    | 21 Dec 2031 | \$0.00   | \$0.80 <sup>1</sup>          | FUM Growth ROCE       | 1,065,114                 | –                | (1,065,114)        | –                 | –                         | –                                        |       |
|                           | 29 Nov 2017      | 3 yrs ended 30 Jun 2020    | 5 Dec 2032  | \$0.00   | \$1.33 <sup>1</sup>          | FUM Growth EPS Growth | 349,739                   | –                | (349,739)          | –                 | –                         | –                                        |       |
|                           | 21 Nov 2018      | 3 yrs ended 30 Jun 2021    | 21 Nov 2033 | \$0.00   | \$0.94 <sup>1</sup>          | FUM Growth EPS Growth | 870,288                   | –                | (522,172)          | (348,116)         | –                         | –                                        | 3     |
|                           | 20 Nov 2019      | 3 yrs ended 30 Jun 2022    | 20 Nov 2034 | \$0.00   | \$1.04 <sup>1</sup>          | FUM Growth EPS Growth | 897,797                   | –                | –                  | –                 | 897,797                   | 538,678                                  | 4     |
|                           | 19 Nov 2020      | 3 yrs ended 30 Jun 2023    | 19 Nov 2035 | \$0.00   | \$0.94 <sup>1</sup>          | FUM Growth EPS Growth | 1,244,754                 | –                | –                  | –                 | 1,244,754                 | –                                        | 3     |
|                           | 16 Nov 2021      | 3 yrs ended 30 Jun 2024    | 16 Nov 2036 | \$0.00   | \$0.99 <sup>1</sup>          | FUM Growth EPS Growth | –                         | 892,667          | –                  | –                 | 892,667                   | –                                        | 4     |
| <b>Other Executives</b>   |                  |                            |             |          |                              |                       |                           |                  |                    |                   |                           |                                          |       |
|                           | 21 Dec 2015      | 3 yrs ended 30 Jun 2018    | 21 Dec 2030 | \$0.00   | \$0.96                       | FUM Growth ROCE       | 269,103                   | –                | (269,103)          | –                 | –                         | –                                        |       |
|                           | 21 Dec 2016      | 3 yrs ended 30 Jun 2019    | 21 Dec 2031 | \$0.00   | \$0.85                       | FUM Growth ROCE       | 580,682                   | –                | (580,682)          | –                 | –                         | –                                        |       |
|                           | 5 Dec 2017       | 3 yrs ended 30 Jun 2020    | 5 Dec 2032  | \$0.00   | \$1.30                       | FUM Growth EPS Growth | 255,970                   | –                | (255,970)          | –                 | –                         | –                                        |       |
|                           | 21 Nov 2018      | 3 yrs ended 30 Jun 2021    | 21 Nov 2033 | \$0.00   | \$0.94                       | FUM Growth EPS Growth | 636,954                   | –                | (382,172)          | (254,782)         | –                         | –                                        | 3     |
|                           | 20 Nov 2019      | 3 yrs ended 30 Jun 2022    | 20 Nov 2034 | \$0.00   | \$1.04                       | FUM Growth EPS Growth | 657,089                   | –                | –                  | –                 | 657,089                   | 394,253                                  | 4     |
|                           | 19 Nov 2020      | 3 yrs ended 30 Jun 2023    | 19 Nov 2035 | \$0.00   | \$0.94                       | FUM Growth EPS Growth | 911,023                   | –                | –                  | –                 | 911,023                   | –                                        | 3     |
|                           | 16 Nov 2021      | 3 yrs ended 30 Jun 2024    | 16 Nov 2036 | \$0.00   | \$0.99                       | FUM Growth EPS Growth | –                         | 653,334          | –                  | –                 | 653,334                   | –                                        | 4     |
| <b>Total</b>              |                  |                            |             |          |                              |                       | 7,738,513                 | 1,546,001        | (3,424,952)        | (602,898)         | 5,256,664                 | 932,931                                  |       |
|                           |                  |                            |             |          |                              |                       | <b>8,938,513</b>          | <b>1,546,001</b> | <b>(3,424,952)</b> | <b>(602,898)</b>  | <b>6,456,664</b>          | <b>2,132,931</b>                         |       |

#### NOTE 1

The issue of a share-based payment award to a Director requires shareholder approval and the value at grant date is taken as the date at which that approval is granted. Accordingly, the value of these PRs is calculated as at 23 November 2016, 29 November 2017, 21 November 2018, 20 November 2019, 19 November 2020 and 16 November 2021, being the dates of Peet Limited's, 2016, 2017, 2018, 2019, 2020 and 2021 AGMs, respectively.

#### NOTE 2

These options are convertible to ordinary shares on a 1:1 basis at the exercise price after the fourth anniversary of the grant date.

The exercise condition in respect of these options is that Mr Gore remains employed as Managing Director for a period of four years. Although the service period requirement has been met, the options have not been exercised.

#### NOTE 3

The PRs granted in respect to the three-year period from 1 July 2018 to 30 June 2021 ("FY19 Performance Period") and 1 July 2019 to 30 June 2022 ("FY20 Performance Period") are convertible to ordinary shares on a 1:1 basis, with 40% subject to the FUM growth vesting condition.

The PRs granted in respect to the three-year period from 1 July 2020 to 30 June 2023 ("FY21 Performance Period") and 1 July 2021 to 30 June 2024 ("FY22 Performance Period") are convertible to ordinary shares on a 1:1 basis, with 25% subject to the FUM growth vesting condition.

FUM growth is measured as the total of the following during the performance period:

- the purchase price (ex GST) of land acquired by a Peet syndicate or Joint Venture; or
- the market value (ex GST) of land for which Peet has been appointed development manager at the time of its appointment; or
- the selling price (ex GST) of land sold by Peet, a Syndicate, a Joint Venture or Peet-managed project to a third party and Peet is appointed the development manager (and where applicable, to manage the leasing) of a commercial, industrial, retail or residential built-form project on that property; or
- in all other property funds management-related transactions, as determined by the Board of Directors.

The aggregate of the FUM growth during the relevant performance period is reduced by the equity interest retained by the Group and is then compared to the rolling three-year FUM growth target set by the Board for the relevant performance period.

For the FY19 and FY20 Performance Periods, the proportion of PRs to vest subject to FUM growth will be as follows:

| Performance level    | Aggregate FUM growth target during performance period | Proportion of performance rights that may be eligible to vest |
|----------------------|-------------------------------------------------------|---------------------------------------------------------------|
| Less than the target | Less than \$60 million                                | 0%                                                            |
| Target               | \$60 million                                          | 50%                                                           |
| Target – medium      | \$60 million to \$100 million                         | Pro-rata between 50% and 70%                                  |
| Medium – maximum     | \$100 million to \$150 million                        | Pro-rata between 70% and 100%                                 |
| Maximum              | Greater than \$150 million                            | 100%                                                          |

The Group achieved FUM growth of \$64.8 million for the FY19 Performance Period. Accordingly, the performance condition was partially met and on 24 August 2021 the Directors resolved that 52.5% of these FY19 PRs vested.

# Directors' Report

Year ended 30 June 2022

## 13. REMUNERATION REPORT (AUDITED) continued

The Group achieved FUM growth below the target for the FY20 Performance Period and, as such, in accordance with their current terms, none of the FY20 PRs subject to the FUM growth condition have satisfied that condition. However, the Board is of the view that this is not indicative of the strong performance of Management during this period. On that basis, Peet applied to ASX for, and was granted, a waiver from ASX Listing Rule 6.23.3 to the extent necessary to permit the Board to vary the terms of the FY20 PRs subject to the FUM growth condition to vest at a higher percentage level than would otherwise vest under the terms of those PRs. This waiver from ASX is subject to Peet obtaining shareholder approval and the notice of AGM for such shareholder approval including explanatory information satisfactory to ASX, including, at a minimum, a clear explanation of the rationale for the proposed amendment. Peet is proposing to seek such shareholder approval at the 2022 AGM. The FUM growth-related FY20 PRs remain unvested as at the date of this report.

For the FY21 and FY22 Performance Periods, the proportion of PRs to vest subject to FUM growth will be as follows:

| Performance level    | Aggregate FUM growth target during performance period | Proportion of performance rights that may be eligible to vest |
|----------------------|-------------------------------------------------------|---------------------------------------------------------------|
| Less than the target | Less than \$40 million                                | 0%                                                            |
| Target               | \$40 million                                          | 50%                                                           |
| Target – medium      | \$40 million to \$60 million                          | Pro-rata between 50% and 70%                                  |
| Medium – maximum     | \$60 million to \$75 million                          | Pro-rata between 70% and 100%                                 |
| Maximum              | Greater than \$75 million                             | 100%                                                          |

The FY21 and FY22 PRs remain unvested.

### NOTE 4

The PRs granted in respect to the FY19 and FY20 Performance Periods are convertible to ordinary shares on a 1:1 basis, with 60% subject to the EPS growth vesting condition.

The PRs granted in respect to the FY21 and FY22 Performance Periods are convertible to ordinary shares on a 1:1 basis, with 75% subject to the EPS growth vesting condition.

The EPS growth vesting condition will be measured as the average growth in operating EPS over the relevant Performance Period, with the EPS derived for the previous financial year as the base year.

The earnings component of EPS is calculated as net profit measured in accordance with Australian Accounting Standards, excluding write-downs of inventories and development costs and increases in the carrying value of inventories during the relevant financial year, and is subject to other adjustments at the Board's discretion.

EPS growth is then compared to the Board's internal target EPS growth for the relevant performance period.

Of the PRs subject to EPS growth, the proportion to vest will be as follows:

| Performance level                          | Proportion of performance rights that may be eligible to vest |
|--------------------------------------------|---------------------------------------------------------------|
| Less than 80% of the EPS growth target     | 0%                                                            |
| 80% of the EPS growth target               | 50%                                                           |
| 80% to 100% of the EPS growth target       | Pro-rata between 50% and 80%                                  |
| 100% to 120% of the EPS growth target      | Pro-rata between 80% and 100%                                 |
| Greater than 120% of the EPS growth target | 100%                                                          |

The Group achieved EPS growth of 6.25% for the FY19 Performance Period, compared to the EPS growth target of 5% for that period. While the performance condition was fully met, and in accordance with the PPRP, the holders of FY19 PRs consented to a request by the Remuneration Committee to reduce the number of EPS growth-related FY19 PRs vesting, and on 24 August 2021 the Directors resolved that 65% of these FY19 PRs vested.

The Group achieved EPS growth of 35.2% for the FY20 Performance Period, compared to the EPS growth target of 5% for the period. The Board has therefore resolved that 100% of the FY20 PRs subject to the EPS growth condition have vested in accordance with their terms.

The FY21 and FY22 PRs remain unvested.

#### OPTION AND PERFORMANCE RIGHTS HOLDINGS

The number of options and PRs over unissued ordinary shares in the Company held during the financial year by the KMP of the Group, including their personally-related entities, is set out below. When exercisable, each option and PR is convertible into one ordinary share of Peet Limited.

|                                       | Balance at<br>the start<br>of the year | Granted<br>during<br>the year | Exercised<br>during<br>the year | Lapsed/<br>forfeited<br>during the<br>year <sup>1</sup> | Balance<br>at end of<br>the year | Vested and<br>exercisable<br>at the end<br>of the year |
|---------------------------------------|----------------------------------------|-------------------------------|---------------------------------|---------------------------------------------------------|----------------------------------|--------------------------------------------------------|
| <b>Directors</b>                      |                                        |                               |                                 |                                                         |                                  |                                                        |
| A W Lennon                            | –                                      | –                             | –                               | –                                                       | –                                | –                                                      |
| T J Allen                             | –                                      | –                             | –                               | –                                                       | –                                | –                                                      |
| V Krause                              | –                                      | –                             | –                               | –                                                       | –                                | –                                                      |
| R J McKinnon                          | –                                      | –                             | –                               | –                                                       | –                                | –                                                      |
| A J Lennon                            | –                                      | –                             | –                               | –                                                       | –                                | –                                                      |
| B D Gore                              | 5,627,692                              | 892,667                       | –                               | (348,116)                                               | 6,172,243                        | 3,137,025                                              |
| <b>Other key management personnel</b> |                                        |                               |                                 |                                                         |                                  |                                                        |
| P J Dumas                             | 1,643,752                              | 277,143                       | (178,067)                       | (108,078)                                               | 1,634,750                        | 692,417                                                |
| D Scafetta                            | 627,815                                | 166,667                       | –                               | (64,996)                                                | 729,486                          | 162,790                                                |
| B C Fullarton                         | 1,039,254                              | 209,524                       | –                               | (81,708)                                                | 1,167,070                        | 454,653                                                |

1. Includes performance rights for which performance conditions were not met for the performance period.

During the year ended 30 June 2022, 904,344 PRs (2021: 605,709) had vested and 178,067 (2021: NIL) were exercised by KMP at \$ Nil exercise price. In order to settle the PRs exercised during year ended 30 June 2022, the Company purchased ordinary shares in the Company on-market on behalf of KMP.

On 16 November 2021, 892,667 FY22 PRs were granted to the Managing Director and Chief Executive Officer, B D Gore. The grant was approved by shareholders under ASX Listing Rule 10.14.

Any additional persons to whom ASX Listing Rule 10.14 applies and who became entitled to participate in a grant of PRs under the PPRP after the approval of Resolution 4 considered at the 2021 AGM and who was not named in the Notice of AGM will not participate until approval is obtained under ASX Listing Rule 10.14.

Since 30 June 2022, 1,351,888 PRs (includes PRs exercisable by non-KMP) vested and are exercisable at the date of this report. No other options and PRs have been issued. Refer note 25 of the financial report for the total options and PRs outstanding.



# Directors' Report

Year ended 30 June 2022

## 13. REMUNERATION REPORT (AUDITED) continued

### E. ADDITIONAL INFORMATION

#### PERFORMANCE OF PEET LIMITED

The overall level of executive compensation takes into account the performance of the Group. STI is generally based on an assessment of performance over a 12-month period, while LTI is generally assessed over a three-year period. The high-level performance of the Group over the last five years is compared below:

|                                        |                 | 2018   | 2019    | 2020     | 2021   | 2022    |
|----------------------------------------|-----------------|--------|---------|----------|--------|---------|
| Net profit/(loss) after tax (NPAT)     | \$'000          | 49,112 | 47,549  | (30,056) | 28,500 | 52,316  |
| NPAT growth                            | Growth%         | 9.6%   | (3.2%)  | (163.2%) | 194.8% | 83.6%   |
| Net operating profit after tax (NOPAT) | \$'000          | 49,112 | 47,549  | 15,060   | 28,500 | 52,316  |
| NOPAT growth                           | Growth%         | 9.6%   | (3.2%)  | (68.3%)  | 89.2%  | 83.6%   |
| Basic EPS                              | cents per share | 10.02  | 9.79    | (6.19)   | 5.90   | 10.83   |
| Basic EPS growth                       | Growth%         | 9.6%   | (2.3%)  | (163.2%) | 195.3% | 83.6%   |
| Operating EPS                          | cents per share | 10.02  | 9.79    | 3.10     | 5.90   | 10.83   |
| Operating EPS growth                   | Growth%         | 9.6%   | (2.3%)  | (68.3%)  | 90.3%  | 83.6%   |
| Dividends paid/payable                 | cents per share | 5.00   | 5.00    | 1.50     | 3.50   | 6.25    |
| Share price 30 June                    | \$              | 1.32   | 1.12    | 0.97     | 1.20   | 0.94    |
| Share price growth                     | Growth%         | 10%    | (15.1%) | (13.4%)  | 23.7%  | (21.7%) |

#### DETAILS OF REMUNERATION: CASH BONUSES, OPTIONS AND PERFORMANCE RIGHTS

For each cash bonus, grant of options and/or PRs included in the tables within the remuneration report, the percentage of the available bonus or grant that was paid, or that vested and the percentage that was forfeited because the person did not meet the service and performance criteria, is set out below. Generally, no part of the bonuses forfeited is payable in future years. Subject to the rules of the PESOP and PPRP no options or PRs will vest if the conditions are not satisfied, subject to the discretion of the Board (and ASX Listing Rules, as applicable) hence the minimum value of the option and PRs yet to vest is nil. The maximum value of the options and PRs yet to vest has been determined as the amount of the grant date fair value of the options and PRs that is yet to be expensed.

|                  | Cash Bonus            |                             | Options & Performance Rights |                          |                             |                                                                                                                   |
|------------------|-----------------------|-----------------------------|------------------------------|--------------------------|-----------------------------|-------------------------------------------------------------------------------------------------------------------|
|                  | Paid/<br>payable<br>% | Forfeited/<br>deferred<br>% | Financial year<br>Granted    | Vested <sup>1</sup><br>% | Forfeited <sup>2</sup><br>% | Financial years<br>in which<br>options/PRs<br>may vest<br>Maximum total<br>Value of grant<br>yet to expense<br>\$ |
| <b>Directors</b> |                       |                             |                              |                          |                             |                                                                                                                   |
| A W Lennon       | —                     | —                           | —                            | —                        | —                           | —                                                                                                                 |
| T J Allen        | —                     | —                           | —                            | —                        | —                           | —                                                                                                                 |
| V Krause         | —                     | —                           | —                            | —                        | —                           | —                                                                                                                 |
| R J McKinnon     | —                     | —                           | —                            | —                        | —                           | —                                                                                                                 |
| A J Lennon       | —                     | —                           | —                            | —                        | —                           | —                                                                                                                 |
| B D Gore         | 100%                  | 0%                          | 2022                         | —                        | —                           | 2024 662,805                                                                                                      |
|                  |                       |                             | 2021                         | —                        | —                           | 2023 458,277                                                                                                      |
|                  |                       |                             | 2020                         | —                        | —                           | 2022 —                                                                                                            |
|                  |                       |                             | 2019                         | 60%                      | 40%                         | 2021 —                                                                                                            |

|                                       | Cash Bonus            |                             | Options & Performance Rights |                          |                             |                                                        |                                                         |
|---------------------------------------|-----------------------|-----------------------------|------------------------------|--------------------------|-----------------------------|--------------------------------------------------------|---------------------------------------------------------|
|                                       | Paid/<br>payable<br>% | Forfeited/<br>deferred<br>% | Financial year<br>Granted    | Vested <sup>1</sup><br>% | Forfeited <sup>2</sup><br>% | Financial years<br>in which<br>options/PRs<br>may vest | Maximum total<br>Value of grant<br>yet to expense<br>\$ |
| <b>Other key management personnel</b> |                       |                             |                              |                          |                             |                                                        |                                                         |
| P J Dumas                             | 95%                   | 5%                          | 2022                         | –                        | –                           | 2024                                                   | 205,779                                                 |
|                                       |                       |                             | 2021                         | –                        | –                           | 2023                                                   | 142,280                                                 |
|                                       |                       |                             | 2020                         | –                        | –                           | 2022                                                   | –                                                       |
|                                       |                       |                             | 2019                         | 60%                      | 40%                         | 2021                                                   | –                                                       |
| D Scafetta                            | 100%                  | 0%                          | 2022                         | –                        | –                           | 2024                                                   | 123,750                                                 |
|                                       |                       |                             | 2021                         | –                        | –                           | 2023                                                   | 85,564                                                  |
|                                       |                       |                             | 2020                         | –                        | –                           | 2022                                                   | –                                                       |
|                                       |                       |                             | 2019                         | 60%                      | 40%                         | 2021                                                   | –                                                       |
| B C Fullarton                         | 100%                  | 0%                          | 2022                         | –                        | –                           | 2024                                                   | 155,572                                                 |
|                                       |                       |                             | 2021                         | –                        | –                           | 2023                                                   | 107,565                                                 |
|                                       |                       |                             | 2020                         | –                        | –                           | 2022                                                   | –                                                       |
|                                       |                       |                             | 2019                         | 60%                      | 40%                         | 2021                                                   | –                                                       |

1. Includes performance rights for which performance conditions were met for the performance period and confirmed by the Directors after balance date.

2. Includes performance rights for which performance conditions were not met for the performance period.

Further details relating to options and/or PRs, either granted, exercised or lapsed during the year, are set out below. The amounts below are calculated in accordance with Australian Accounting Standards. Please refer to previous pages of the Remuneration Report for commentary on vesting conditions met during the performance period ended 30 June 2022.

|                                       | Remuneration<br>consisting of options &<br>performance rights <sup>1</sup> | Value of options &<br>performance rights<br>granted <sup>2</sup> | Value of options &<br>performance rights<br>exercised <sup>3</sup> |
|---------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------|
| <b>Directors</b>                      |                                                                            |                                                                  |                                                                    |
| B D Gore                              | 40%                                                                        | 883,740                                                          | –                                                                  |
| <b>Other key management personnel</b> |                                                                            |                                                                  |                                                                    |
| P J Dumas                             | 34%                                                                        | 274,372                                                          | 257,532                                                            |
| D Scafetta                            | 31%                                                                        | 165,000                                                          | –                                                                  |
| B C Fullarton                         | 31%                                                                        | 207,429                                                          | –                                                                  |

1. The percentage of the value of remuneration consisting of options and PRs, based on the value of options and PRs expensed during the current year.

2. The value at grant date calculated in accordance with AASB 2 Share-based payments of options and/or PRs granted during the year as part of remuneration.

3. The value at exercise date of options and/or PRs that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options and/or PRs at that date.

## LOANS TO DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

There were no loans made to KMP, or their personally-related entities, during the financial year.

# Directors' Report

Year ended 30 June 2022

## 13. REMUNERATION REPORT (AUDITED) continued

### VOTING AND COMMENTS MADE AT THE COMPANY'S 2021 ANNUAL GENERAL MEETING

The instructions given to validly appointed proxies in respect of the resolution pertaining to the Company's 2021 Remuneration Report were as follows:

| For         | Against | Proxy's discretion | Abstain |
|-------------|---------|--------------------|---------|
| 204,276,127 | 442,727 | 46,638             | 153,957 |
| 99.76%      | 0.22%   | 0.02%              |         |

The motion was carried as an ordinary resolution on a poll.

### INTERESTS IN THE SHARES AND BONDS OF THE COMPANY

|                                       | Shares                           |                                             |                               |                                | Bonds                            |                               |                                |
|---------------------------------------|----------------------------------|---------------------------------------------|-------------------------------|--------------------------------|----------------------------------|-------------------------------|--------------------------------|
|                                       | Balance at the start of the year | Received during the year on exercise of PRs | Other changes during the year | Balance at the end of the year | Balance at the start of the year | Other changes during the year | Balance at the end of the year |
| <b>Directors</b>                      |                                  |                                             |                               |                                |                                  |                               |                                |
| A W Lennon                            | 97,314,685                       | –                                           | 450,000                       | 97,764,685                     | 1,875                            | –                             | 1,875                          |
| T J Allen                             | 92,054                           | –                                           | 50,000                        | 142,054                        | 1,500                            | (1,500)                       | –                              |
| V Krause                              | –                                | –                                           | –                             | –                              | –                                | –                             | –                              |
| R J McKinnon                          | 50,000                           | –                                           | –                             | 50,000                         | –                                | –                             | –                              |
| B D Gore                              | 5,306,679                        | –                                           | –                             | 5,306,679                      | –                                | –                             | –                              |
| A J Lennon                            | 1,331,344                        | –                                           | –                             | 1,331,344                      | –                                | –                             | –                              |
| <b>Other key management personnel</b> |                                  |                                             |                               |                                |                                  |                               |                                |
| P J Dumas                             | 1,087,882                        | 178,067                                     | –                             | 1,265,949                      | –                                | –                             | –                              |
| D Scafetta                            | 1,020,000                        | –                                           | –                             | 1,020,000                      | –                                | –                             | –                              |
| B C Fullarton                         | 603,850                          | –                                           | –                             | 603,850                        | –                                | –                             | –                              |

Since 30 June 2022, 1,351,888 PRs (includes PRs exercisable by non-KMP) were vested and are exercisable at the date of this report. No other options and PRs have been issued.

### END OF REMUNERATION REPORT (AUDITED)

#### 14. INDEMNITY OF OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of a Directors' and Officers' insurance policy that insures Directors and Officers of the Company. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as such. The Directors have not included more specific details of the nature of the liabilities covered or the amount of the premium paid in respect of Directors' and Officers' liability, as such disclosure is prohibited under the terms of the contract.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). The indemnity does not apply to any loss in respect of any matters which are finally determined to have resulted from the auditors' negligent, wrongful or willful acts or omissions. No payment has been made to indemnify the auditors during or since the financial year.

#### 15. NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are considered important.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

The fees that were paid or payable for services provided by the auditors of the Group, its related practices and non-related audit firms is set out in note 22 of the Financial Report.



# Directors' Report

Year ended 30 June 2022

## 16. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration, as required under section 307C of the *Corporation Act 2001*, is set out on page 59.

## 17. ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Director's Report. Amounts in the Director's Report have been rounded off in accordance with that legislative instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Signed for and on behalf of the Board in accordance with a resolution of the Board of Directors.



**Brendan Gore**

Managing Director and Chief Executive Officer  
Perth, Western Australia

24 August 2022

# Auditor's Independence Declaration



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## Auditor's independence declaration to the directors of Peet Limited

As lead auditor for the audit of the financial report of Peet Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Peet Limited and the entities it controlled during the financial year.

*Ernst & Young*

Ernst & Young

*Gavin Buckingham*

Gavin Buckingham  
Partner  
24 August 2022

# Corporate Governance Statement

Year ended 30 June 2022

A copy of the Group's corporate governance policies and practices in place during the financial year ended 30 June 2022 is available at the following link:

<https://www.peet.com.au/-/media/peet/documents/corporate/corporate/corporate-governance/22082551ppc2022corporategovernancestatement.pdf>

Unless otherwise stated, these are consistent with the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations.

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# Financial Report

## Contents

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This financial report covers the consolidated financial statements for the Group consisting of Peet Limited and its subsidiaries. The financial report is presented in Australian currency. Peet Limited is a for profit company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 7, 200 St Georges Terrace, Perth WA 6000. The financial report was authorised for issue by the Directors on 24 August 2022. The Directors have the power to amend and reissue the financial report. Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are accessible via our website; [www.peet.com.au](http://www.peet.com.au)



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

|                                                      | Notes | 2022<br>\$'000 | 2021<br>\$'000 |
|------------------------------------------------------|-------|----------------|----------------|
| Revenue                                              | 5     | 266,608        | 220,267        |
| Expenses                                             | 6     | (215,624)      | (188,720)      |
| Finance costs (net of capitalised borrowing costs)   | 6     | (3,085)        | (5,342)        |
| Share of net profit of associates and joint ventures | 10    | 24,095         | 14,033         |
| <b>Profit before income tax</b>                      |       | <b>71,994</b>  | <b>40,238</b>  |
| Income tax expense                                   | 8     | (19,913)       | (12,153)       |
| <b>Profit for the year</b>                           |       | <b>52,081</b>  | <b>28,085</b>  |
| <b>Attributable to:</b>                              |       |                |                |
| Owners of Peet Limited                               |       | 52,316         | 28,500         |
| Non-controlling interests                            |       | (235)          | (415)          |
| <b>Profit for the year</b>                           |       | <b>52,081</b>  | <b>28,085</b>  |
| <b>Total comprehensive income for the year</b>       |       | <b>52,081</b>  | <b>28,085</b>  |

Earnings per share for profit attributable to the ordinary equity holders of the Company

|                                      | Notes | Cents | Cents |
|--------------------------------------|-------|-------|-------|
| Basic and diluted earnings per share | 7     | 10.83 | 5.90  |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated Balance Sheet

As at 30 June 2022

|                                                                    | Notes | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------------------------------------------------|-------|----------------|----------------|
| <b>Current assets</b>                                              |       |                |                |
| Cash and cash equivalents                                          |       | 55,380         | 64,125         |
| Receivables                                                        | 11    | 23,046         | 25,925         |
| Contract assets                                                    | 12    | 19,871         | 11,528         |
| Inventories                                                        | 9     | 205,400        | 114,898        |
| <b>Total current assets</b>                                        |       | <b>303,697</b> | <b>216,476</b> |
| <b>Non-current assets</b>                                          |       |                |                |
| Receivables                                                        | 11    | 41,977         | 52,809         |
| Contract assets                                                    | 12    | —              | 3,726          |
| Inventories                                                        | 9     | 451,693        | 375,027        |
| Investments accounted for using the equity method                  | 10    | 188,006        | 232,622        |
| Property, plant and equipment                                      |       | 2,938          | 3,096          |
| Right-of-use assets                                                |       | 2,507          | 3,848          |
| Intangible assets                                                  |       | 1,922          | 2,194          |
| <b>Total non-current assets</b>                                    |       | <b>689,043</b> | <b>673,322</b> |
| <b>Total assets</b>                                                |       | <b>992,740</b> | <b>889,798</b> |
| <b>Current liabilities</b>                                         |       |                |                |
| Payables                                                           | 13    | 27,679         | 34,549         |
| Land vendor liabilities                                            | 14    | 14,808         | —              |
| Borrowings                                                         | 17    | 49,935         | 3,555          |
| Lease liabilities                                                  | 17    | 1,958          | 1,797          |
| Derivative financial instruments                                   | 17    | —              | 1,529          |
| Current tax liabilities                                            |       | 10,028         | 6,371          |
| Provisions                                                         | 15    | 17,397         | 12,730         |
| <b>Total current liabilities</b>                                   |       | <b>121,805</b> | <b>60,531</b>  |
| <b>Non-current liabilities</b>                                     |       |                |                |
| Land vendor liabilities                                            | 14    | 19,554         | —              |
| Borrowings                                                         | 17    | 250,683        | 264,430        |
| Lease liabilities                                                  | 17    | 1,766          | 3,723          |
| Other financial liabilities                                        | 10    | 3,162          | —              |
| Deferred tax liabilities                                           | 8     | 17,630         | 15,286         |
| Provisions                                                         | 15    | 13,031         | 13,233         |
| <b>Total non-current liabilities</b>                               |       | <b>305,826</b> | <b>296,672</b> |
| <b>Total liabilities</b>                                           |       | <b>427,631</b> | <b>357,203</b> |
| <b>Net assets</b>                                                  |       | <b>565,109</b> | <b>532,595</b> |
| <b>Equity</b>                                                      |       |                |                |
| Contributed equity                                                 | 18    | 374,733        | 378,916        |
| Reserves                                                           | 18    | 584            | (1,449)        |
| Retained profits                                                   |       | 168,173        | 138,814        |
| <b>Capital and reserves attributable to owners of Peet Limited</b> |       | <b>543,490</b> | <b>516,281</b> |
| Non-controlling interest                                           |       | 21,619         | 16,314         |
| <b>Total equity</b>                                                |       | <b>565,109</b> | <b>532,595</b> |

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

|                                                | Notes | Contributed equity<br>\$'000 | Reserves<br>\$'000 | Retained profits<br>\$'000 | Total<br>\$'000 | Non-controlling interest<br>\$'000 | Total equity<br>\$'000 |
|------------------------------------------------|-------|------------------------------|--------------------|----------------------------|-----------------|------------------------------------|------------------------|
| <b>Balance at 1 July 2020</b>                  |       | <b>378,916</b>               | <b>(2,557)</b>     | <b>119,980</b>             | <b>496,339</b>  | <b>16,729</b>                      | <b>513,068</b>         |
| Profit for the year                            |       | –                            | –                  | 28,500                     | 28,500          | (415)                              | 28,085                 |
| Other comprehensive income                     |       | –                            | –                  | –                          | –               | –                                  | –                      |
| <b>Total comprehensive income for the year</b> |       | <b>–</b>                     | <b>–</b>           | <b>28,500</b>              | <b>28,500</b>   | <b>(415)</b>                       | <b>28,085</b>          |
| Vesting of performance rights                  |       | –                            | (492)              | –                          | (492)           | –                                  | (492)                  |
| Share-based payments                           |       | –                            | 1,600              | –                          | 1,600           | –                                  | 1,600                  |
| Dividends paid                                 |       | –                            | –                  | (9,666)                    | (9,666)         | –                                  | (9,666)                |
| <b>Balance at 30 June 2021</b>                 |       | <b>378,916</b>               | <b>(1,449)</b>     | <b>138,814</b>             | <b>516,281</b>  | <b>16,314</b>                      | <b>532,595</b>         |
| <b>Balance at 1 July 2021</b>                  |       | <b>378,916</b>               | <b>(1,449)</b>     | <b>138,814</b>             | <b>516,281</b>  | <b>16,314</b>                      | <b>532,595</b>         |
| Profit for the year                            |       | –                            | –                  | 52,316                     | 52,316          | (235)                              | 52,081                 |
| Other comprehensive income                     |       | –                            | –                  | –                          | –               | –                                  | –                      |
| <b>Total comprehensive income for the year</b> |       | <b>–</b>                     | <b>–</b>           | <b>52,316</b>              | <b>52,316</b>   | <b>(235)</b>                       | <b>52,081</b>          |
| Share buyback, including transaction costs     | 18    | (4,183)                      | –                  | –                          | (4,183)         | –                                  | (4,183)                |
| Share-based payments                           | 18,25 | –                            | 3,323              | –                          | 3,323           | –                                  | 3,323                  |
| Vesting of performance rights                  | 18    | –                            | (635)              | –                          | (635)           | –                                  | (635)                  |
| Transactions with non-controlling interest     | 18    | –                            | (655)              | –                          | (655)           | 5,540                              | 4,884                  |
| Dividends paid                                 | 19    | –                            | –                  | (22,957)                   | (22,957)        | –                                  | (22,957)               |
| <b>Balance at 30 June 2022</b>                 |       | <b>374,733</b>               | <b>584</b>         | <b>168,173</b>             | <b>543,490</b>  | <b>21,619</b>                      | <b>565,109</b>         |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

For the year ended 30 June 2022

|                                                                                  | Notes | 2022<br>\$'000  | 2021<br>\$'000  |
|----------------------------------------------------------------------------------|-------|-----------------|-----------------|
| <b>Cash flows from operating activities</b>                                      |       |                 |                 |
| Receipts from customers (inclusive of GST)                                       |       | 276,715         | 228,219         |
| Payments to suppliers and employees (inclusive of GST)                           |       | (177,363)       | (149,578)       |
| Payments for purchase of land                                                    |       | (33,917)        | (47,403)        |
| Interest and other finance costs paid                                            |       | (21,593)        | (22,592)        |
| Distributions and dividends received from associates and joint ventures          |       | 16,210          | 11,210          |
| Interest received                                                                |       | 21              | 321             |
| Income tax paid                                                                  |       | (13,877)        | (5,746)         |
| <b>Net cash inflow from operating activities</b>                                 | 20    | <b>46,196</b>   | <b>14,431</b>   |
| <b>Cash flows from investing activities</b>                                      |       |                 |                 |
| Payments for property, plant and equipment                                       |       | (1,163)         | (200)           |
| Payments for investment in associates and joint ventures                         |       | (13,766)        | –               |
| Payment for acquisition of Peet Flagstone City Pty Ltd (net of cash acquired)    |       | (14,908)        | –               |
| Proceeds from capital returns from associates and joint ventures                 |       | 4,663           | 2,262           |
| Loans to associates and joint ventures                                           |       | (650)           | (5,452)         |
| Repayment of loans by associates and joint ventures                              |       | 4,975           | 32,849          |
| <b>Net cash (outflow)/inflow from investing activities</b>                       |       | <b>(20,849)</b> | <b>29,459</b>   |
| <b>Cash flows from financing activities</b>                                      |       |                 |                 |
| Dividends paid                                                                   |       | (22,957)        | (9,666)         |
| Repayment of borrowings                                                          |       | (122,635)       | (44,250)        |
| Proceeds from borrowings                                                         |       | 112,500         | 55,000          |
| Proceeds from issue of Peet notes (net of transaction costs)                     |       | –               | 73,920          |
| Repayment of Peet bonds                                                          |       | –               | (100,000)       |
| Payment of principal portion of lease liabilities                                |       | (1,797)         | (1,607)         |
| Proceeds from share issue to non-controlling interest (net of transaction costs) |       | 4,931           | –               |
| Share buy back (including transaction costs)                                     |       | (4,134)         | –               |
| <b>Net cash outflow from financing activities</b>                                |       | <b>(34,092)</b> | <b>(26,603)</b> |
| Net (decrease)/increase in cash and cash equivalents                             |       | (8,745)         | 17,287          |
| Cash and cash equivalents at the beginning of the year                           |       | 64,125          | 46,838          |
| <b>Cash and cash equivalents at the end of the year</b>                          |       | <b>55,380</b>   | <b>64,125</b>   |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

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## BASIS OF REPORTING

This section of the financial report sets out the basis of preparation of the consolidated financial statements. Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

### 1. REPORTING ENTITY

This financial report covers the consolidated financial statements for the Consolidated Entity consisting of Peet Limited and its subsidiaries (Group). The Financial Report is presented in the Australian currency. Peet Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is; Level 7, 200 St Georges Terrace, Perth WA 6000. The nature of the operations and principal activities of the Group are described in the Directors' Report. Peet Limited is a for-profit entity.

### 2. BASIS OF PREPARATION

The Financial Report is a general purpose financial report which:

- has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*;
- complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- has been prepared under the historical cost convention, except for derivative financial instruments and financial assets which have been measured at fair value;
- provides comparative information in respect of the previous period; and
- is rounded off to the nearest thousand dollars or in certain cases to the nearest dollar in accordance with ASIC Corporations Instrument 2016/191.

### A. GOING CONCERN BASIS

At 30 June 2022, the Group had current assets of \$303.7 million, current liabilities of \$121.8 million, cash and available headroom in its senior bank debt facility of \$136.5 million. Further, for the year ended 30 June 2022 the Group generated operating cash flows of \$80.1 million before land acquisitions.

On 5 July 2017, Peet Limited issued 500,000 Series 2, Tranche 1 bonds with a face value of \$100 per bond (the Bonds). The Bonds are unsecured and interest bearing at a floating interest rate of BBSW plus 4.65% with a maturity date of 5 October 2022. As such the Bonds are classified as a current liability on the Group's balance sheet at 30 June 2022.

Subsequent to 30 June 2022 Peet Limited has received confirmation from its senior banks that they have credit approval for an increase of \$100 million in the senior bank debt facility limit. This variation is in the process of being formally documented. Peet is assessing several alternatives including utilising senior debt facility capacity and/or raising new debt from existing or new sources to refinance the Bonds. Given the approved increase in the senior bank debt facility limit, together with the existing cash and available headroom in its senior bank debt facility and the other options available, the Directors are confident the Group will be able to repay the Bonds by the maturity date. As such, it is appropriate to prepare the financial statements on a going concern basis.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## 2. BASIS OF PREPARATION continued

### B. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and the entities it controlled at the end of, or during the year ended 30 June 2022. The Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### C. ASSOCIATES

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In the case of syndicates, significant influence can exist with a lower shareholding by virtue of the Group's position as project manager. Investments in associates are accounted for using the equity method of accounting.

The Group's share of its associates' post-acquisition profits or losses are recognised in the consolidated statement of profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

## D. INVESTMENTS IN JOINT ARRANGEMENTS

Joint arrangements are arrangements of which two or more parties have joint control. Joint control is the contractual agreed sharing of control which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as either a joint operation or joint venture, based on the rights and obligations arising from the contractual obligations between the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the individual assets and obligations arising from the joint arrangement, the arrangement is classified as a joint operation and as such, the Group recognises its:

- assets, including its share of any assets held jointly;
- liabilities, including its share of any liabilities incurred jointly;
- share of revenue from the sale of the output by the joint operation; and
- expenses, including its share of any expenses incurred jointly.

To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the investment is classified as a joint venture and accounted for using the equity method. Under the equity method, the cost of the investment is adjusted by the post-acquisition changes in the Group's share of the net assets of the venture.

## E. CHANGES IN OWNERSHIP INTERESTS

The Group treats transactions with non-controlling interests that do not result in a gain or loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Peet Limited.

## F. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2021, except for changes arising from the adoption of new and amended accounting standards and interpretations effective as at 1 July 2021.

Several other amendments and interpretations apply for the first time on 1 July 2021, but do not have a material impact on the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

## 3. HOW TO READ THE FINANCIAL REPORT

The notes to the financial statements are set out in four specific sections:

- Performance for the year
- Operating assets and liabilities
- Capital management
- Other notes

Where an accounting policy is specific to one note, the policy is described in the note to which it relates.

Key estimates are described in the following notes:

- Note 5 – constraints on project management & selling fees and estimates on percentage completion
- Note 8 – deferred tax assets
- Note 9 – net realisable value
- Note 11 – ECL allowance
- Note 21 – fair value estimation

Financial risks and its management are detailed in the respective notes it pertains to. The Group's activities expose it to financial risks including (note 17):

- liquidity risk
- credit risk; and
- interest rate risk.

Related party transactions are disclosed within the notes they relate to. Transactions which occur between the Group and significant controlled entities are classified as related party transactions. Significant controlled entities are interests held in associates and joint ventures, which are set out in note 10. Details relating to the key management personnel, including remuneration paid, are set out in note 6.



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## PERFORMANCE FOR THE YEAR

This section focuses on the results and performance of the Group.

### 4. SEGMENT INFORMATION

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management group.

The executive management group assesses the performance of the operating segments based on multiple measures including earnings before interest (including interest and finance charges amortised through cost of sales), tax, depreciation and amortisation ("EBITDA"), earnings before interest (including interest and finance charges amortised through cost of sales) and tax ("EBIT") and profit after tax.

The share of profits from associates and joint ventures is included as segment revenue as it is treated as revenue for internal reporting purposes.

The Group operates only in Australia.

The executive management group considers the business to have the following reportable business segments:

### FUNDS MANAGEMENT

Peet enters into asset and funds management agreements with external capital providers. Peet and/or the external capital provider commit equity funds towards the acquisition of land and this is generally supplemented with debt funds either at the time of acquisition or during the development phase of a project.

The Group derives fees from underwriting, capital raising and asset identification services. Ongoing project related fees (mainly project management and selling fees as well as performance fees) are then derived by the Group for the duration of a particular project.

### COMPANY-OWNED PROJECTS

The Group acquires parcels of land in Australia, primarily for residential development purposes. Certain land holdings will also produce non-residential blocks of land.

### JOINT ARRANGEMENTS

Joint arrangements are entered into with government, statutory authorities and private landowners. The form of these arrangements can vary from project to project but generally involves Peet undertaking the development of land on behalf of the landowner or in conjunction with the co-owner. The Group is typically entitled to ongoing fees for management of the development project and also a share of the profits.

### INTER-SEGMENT TRANSFERS AND OTHER UNALLOCATED

Segment revenue, expenses and results include transfers between segments. Such transfers are based on an arm's length basis and are eliminated on consolidation.

Certain property syndicates are consolidated where the Group is considered to have control. These entities however, continue to be managed and reported to the executive management group as part of the funds management business segment. Adjustments are included in "Inter-segment transfers and other unallocated" to reconcile reportable business segment information to the Group's consolidated statement of profit or loss.

|                                                                                      | Funds management |                  | Company-owned projects |                  | Joint arrangements |                  | Inter-segment transfers and other unallocated |                  | Consolidated     |                  |
|--------------------------------------------------------------------------------------|------------------|------------------|------------------------|------------------|--------------------|------------------|-----------------------------------------------|------------------|------------------|------------------|
|                                                                                      | June 2022 \$'000 | June 2021 \$'000 | June 2022 \$'000       | June 2021 \$'000 | June 2022 \$'000   | June 2021 \$'000 | June 2022 \$'000                              | June 2021 \$'000 | June 2022 \$'000 | June 2021 \$'000 |
| <b>Revenue by segment</b>                                                            |                  |                  |                        |                  |                    |                  |                                               |                  |                  |                  |
| Sales to external parties                                                            | 34,820           | 35,665           | 199,494                | 129,839          | 25,736             | 44,248           | 1,204                                         | 3,586            | 261,254          | 213,338          |
| Other revenue                                                                        | 3,431            | 1,528            | 1,809                  | 4,867            | 114                | 534              | –                                             | –                | 5,354            | 6,929            |
| Share of net profit of associates and JVs                                            | 9,982            | 5,356            | –                      | –                | 13,597             | 7,855            | 516                                           | 822              | 24,095           | 14,033           |
| <b>Total</b>                                                                         | <b>48,233</b>    | <b>42,549</b>    | <b>201,303</b>         | <b>134,706</b>   | <b>39,447</b>      | <b>52,637</b>    | <b>1,720</b>                                  | <b>4,408</b>     | <b>290,703</b>   | <b>234,300</b>   |
| <b>Corporate overheads</b>                                                           |                  |                  |                        |                  |                    |                  |                                               |                  |                  |                  |
| EBITDA <sup>1</sup>                                                                  | 33,734           | 29,193           | 43,776                 | 21,810           | 19,579             | 18,298           | (11,048)                                      | (10,994)         | 86,041           | 58,056           |
| Depreciation and amortisation                                                        | (50)             | (50)             | (397)                  | (299)            | (251)              | (163)            | (1,765)                                       | (2,484)          | (2,464)          | (2,996)          |
| <b>Segment result (EBIT<sup>2</sup>)</b>                                             | <b>33,684</b>    | <b>29,143</b>    | <b>43,379</b>          | <b>21,511</b>    | <b>19,328</b>      | <b>18,135</b>    | <b>(12,813)</b>                               | <b>(13,729)</b>  | <b>83,577</b>    | <b>55,060</b>    |
| Financing costs (includes interest and finance costs expensed through cost of sales) |                  |                  |                        |                  |                    |                  |                                               |                  | (11,583)         | (14,822)         |
| <b>Profit before income tax</b>                                                      |                  |                  |                        |                  |                    |                  |                                               |                  | <b>71,994</b>    | <b>40,238</b>    |
| Income tax expense                                                                   |                  |                  |                        |                  |                    |                  |                                               |                  | (19,913)         | (12,153)         |
| <b>Profit after income tax</b>                                                       |                  |                  |                        |                  |                    |                  |                                               |                  | <b>52,081</b>    | <b>28,085</b>    |
| Loss attributable to non-controlling interests                                       |                  |                  |                        |                  |                    |                  |                                               |                  | 235              | 415              |
| <b>Profit attributable to owners of Peet Limited</b>                                 |                  |                  |                        |                  |                    |                  |                                               |                  | <b>52,316</b>    | <b>28,500</b>    |

1. EBITDA (is a non-IFRS measure); Earnings Before Interest (including interest and finance charges amortised through cost of sales), Tax, Depreciation and Amortisation.

2. EBIT (is non-IFRS measure); Earnings Before Interest (including interest and finance charges amortised through cost of sales) and Tax.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## 5. REVENUE

|                                           | 2022<br>\$'000 | 2021<br>\$'000 |
|-------------------------------------------|----------------|----------------|
| Revenue from contracts with customers     |                |                |
| – Sales of land and built form            | 213,331        | 162,490        |
| – Project management and selling services | 47,923         | 50,848         |
| Other income                              | 5,354          | 6,929          |
|                                           | <b>266,608</b> | <b>220,267</b> |

### RECOGNITION AND MEASUREMENT

The main streams of revenue recognised by the Group relate to the sale of land and built form, and the provision of management and selling services. Revenue from contracts with customers is recognised when or as the Group transfers control of the goods and services to a customer at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for those goods and services. Revenue is recognised when or as each performance obligation is satisfied at the amount of the transaction price allocated to that performance obligation. If the consideration in the contract includes a variable amount, the Group estimates the amount of the consideration to which it is entitled in exchange for transferring the goods and services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal of the amount of the cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, the Group presents the revenue as a contract asset, unless the Group's rights to the amount of consideration are unconditional, in which case the Group recognises a receivable.

The Group recognises contract fulfilment costs as an asset only if the costs relate directly to a contract, the costs generate or enhance resources of the Group that will be used to satisfy future performance obligations and the costs are expected to be recovered. If not capitalised, contract fulfilment costs are expensed as incurred.

### SALE OF LAND AND BUILT FORM

Revenue from the sale of land and built form is recognised on settlement of the sale. This represents the point when control (title) has passed to the customer.

### PROJECT MANAGEMENT

Project management represents a single performance obligation that is satisfied over time for the oversight and management of the development. The consideration receivable under the contract allocated to project management is variable and is measured using an expected value approach subject to a constraint. The transaction price is based on the relative standalone selling price. Revenue is recognised using an output method based on development milestones reached. Payment is received on settlement.

### SELLING SERVICES

This service represents a performance obligation to facilitate the sale of an individual lot which is satisfied over the short period of time relating to the procedural steps of finalising the sale of the property to a purchaser. The consideration receivable under the contract allocated to selling services is considered to be variable consideration and is measured on a portfolio basis using an expected value approach subject to a constraint. The transaction price is based on the relative standalone selling price of the service. Payment is received on settlement.

### KEY ESTIMATES

#### Constraints on project management & selling fees

An analysis of sales fall over rates and minimum selling prices is performed for all business segments by location. This analysis, on a portfolio basis, is used to determine an appropriate constraint for revenue recognised against project management and selling fees.

#### Percentage completion

An analysis of development milestones is performed to determine an appropriate percentage of completion for completed lots.

Revenue from related parties included above:

|                                                 | 2022<br>\$'000 | 2021<br>\$'000 |
|-------------------------------------------------|----------------|----------------|
| <b>Revenue from related parties<sup>1</sup></b> |                |                |
| <b>Associates</b>                               |                |                |
| Project management and selling services         | 32,949         | 32,498         |
| Syndicate administration services               | 1,174          | 1,429          |
| <b>Joint arrangements</b>                       |                |                |
| Project management and selling services         | 3,786          | 4,967          |
|                                                 | <b>37,909</b>  | <b>38,894</b>  |

1. Refer to note 3 for how information on related party transactions is disclosed.

## 6. EXPENSES

|                                                                           | 2022<br>\$'000 | 2021<br>\$'000 |
|---------------------------------------------------------------------------|----------------|----------------|
| <b>Profit before income tax includes the following specific expenses:</b> |                |                |
| Land and development costs                                                | 141,275        | 121,770        |
| Net realisable value adjustments                                          | 1,941          | –              |
| Amortised interest and finance expense                                    | 8,499          | 9,480          |
| <b>Total land and development cost</b>                                    | <b>151,715</b> | <b>131,250</b> |
| <b>Depreciation<sup>1</sup></b>                                           |                |                |
| – Right-of-use assets                                                     | 1,341          | 1,341          |
| – Property, plant and equipment                                           | 956            | 849            |
| Amortisation                                                              | 167            | 806            |
| <b>Total depreciation and amortisation</b>                                | <b>2,464</b>   | <b>2,996</b>   |
| <b>Employee benefits expense<sup>2</sup></b>                              | <b>30,887</b>  | <b>25,482</b>  |
| Project management, selling and other operating costs                     | 15,294         | 15,909         |
| Other expenses                                                            | 15,264         | 13,083         |
| <b>Total other expenses</b>                                               | <b>61,445</b>  | <b>54,474</b>  |
| <b>Total expenses</b>                                                     | <b>215,624</b> | <b>188,720</b> |
| <b>Finance costs</b>                                                      |                |                |
| Interest and finance charges                                              |                |                |
| – Bank borrowings                                                         | 7,814          | 5,418          |
| – Lease liabilities                                                       | 318            | 432            |
| Interest on corporate bonds                                               | 11,790         | 15,700         |
| Amount capitalised                                                        | (16,837)       | (16,208)       |
| <b>Total finance costs</b>                                                | <b>3,085</b>   | <b>5,342</b>   |

1. Refer to note 27 (b), (c) and (d) for accounting policies.

2. Refer to note 27 (e) for accounting policies.

## Related party expenses

|                                     | 2022<br>\$'000 | 2021<br>\$'000 |
|-------------------------------------|----------------|----------------|
| <b>KMP remuneration<sup>1</sup></b> |                |                |
| Short-term employee benefits        | 4,441          | 4,126          |
| Post-employment benefits            | 165            | 157            |
| Share-based payments                | 2,211          | 1,107          |
|                                     | <b>6,817</b>   | <b>5,390</b>   |

1. Refer to note 3 for information about related party transactions.

## LAND AND DEVELOPMENT COSTS

Land and development costs represent the portion of the land and development costs associated with the lots sold during the year (cost of sales).

## BORROWING COSTS

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period they are incurred. The capitalisation rate used to determine the amount of finance costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year (refer note 17).

## 7. EARNINGS PER SHARE

|                                                                                                            | 2022        | 2021        |
|------------------------------------------------------------------------------------------------------------|-------------|-------------|
| Profit attributable to the ordinary equity holders of the Company (\$'000)                                 | 52,316      | 28,500      |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share | 483,029,946 | 483,300,489 |
| Basic and diluted earnings per share (cents)                                                               | 10.83       | 5.90        |

There are 1,200,000 options excluded from the calculation of diluted earnings per share as they are anti-dilutive. They could potentially dilute basic earnings per share in the future.

Refer note 25 for the number of Performance Rights (PRs) outstanding at 30 June 2022. These PRs are contingently issuable shares and accordingly not included in diluted earnings per share.



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## 8. TAXES

### A. INCOME TAX EXPENSE

|                                                                              | 2022<br>\$'000 | 2021<br>\$'000 |
|------------------------------------------------------------------------------|----------------|----------------|
| <b>Major components of tax expense</b>                                       |                |                |
| <i>Current income tax expense</i>                                            |                |                |
| Current tax                                                                  | 17,566         | 10,031         |
| Adjustments for prior periods                                                | (32)           | 1,399          |
|                                                                              | <b>17,534</b>  | <b>11,430</b>  |
| <i>Deferred income tax expense</i>                                           |                |                |
| Deferred tax                                                                 | 2,322          | 2,135          |
| Adjustments for prior periods                                                | 57             | (1,412)        |
|                                                                              | <b>2,379</b>   | <b>723</b>     |
|                                                                              | <b>19,913</b>  | <b>12,153</b>  |
| <b>Deferred income tax expense included in income tax expense comprises:</b> |                |                |
| Increase in deferred tax assets                                              | (516)          | (1,262)        |
| Increase in deferred tax liabilities                                         | 2,895          | 1,985          |
|                                                                              | <b>2,379</b>   | <b>723</b>     |
| <b>Tax reconciliation</b>                                                    |                |                |
| Profit before income tax                                                     | 71,994         | 40,238         |
| Tax at Australian tax rate of 30%                                            | 21,598         | 12,071         |
| <b>Tax effect of amounts which are not assessable or deductible:</b>         |                |                |
| Share of net profit of associates                                            | (1,608)        | 116            |
| Employee benefits                                                            | 806            | 332            |
| Franking credits                                                             | (692)          | (1,492)        |
| Deferred tax assets not recognised                                           | 232            | 371            |
| Sundry items                                                                 | (448)          | 768            |
| Under/(over) provision in prior periods                                      | 25             | (13)           |
|                                                                              | <b>19,913</b>  | <b>12,153</b>  |

### RECOGNITION AND MEASUREMENT

#### Current taxes

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Deferred taxes

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply, when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction by the end of the reporting period. The relevant tax rates are applied to the amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arise in a transaction other than a business combination that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### KEY ESTIMATES

#### Deferred tax assets

The Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority against which the unused tax losses can be utilised. Utilisation of the tax losses also depends on the ability of the entity, to satisfy certain tests at the time the losses are recouped.

## B. DEFERRED TAX ASSETS

|                                                                         | Inventory<br>\$'000 | Cash flow<br>hedges<br>\$'000 | Receivables<br>\$'000 | Tax losses<br>\$'000 | Property,<br>plant and<br>equipment<br>(including<br>leases)<br>\$'000 | Other<br>\$'000 | Total<br>\$'000 |
|-------------------------------------------------------------------------|---------------------|-------------------------------|-----------------------|----------------------|------------------------------------------------------------------------|-----------------|-----------------|
| At 1 July 2020                                                          | 3,727               | 1,322                         | 12,070                | 1,063                | 3,806                                                                  | 302             | 22,290          |
| Credited/(charged):                                                     |                     |                               |                       |                      |                                                                        |                 |                 |
| – to profit or loss                                                     | 189                 | (863)                         | 1,461                 | 346                  | 189                                                                    | (60)            | 1,262           |
| <b>Total deferred tax assets</b>                                        | <b>3,916</b>        | <b>459</b>                    | <b>13,531</b>         | <b>1,409</b>         | <b>3,995</b>                                                           | <b>242</b>      | <b>23,552</b>   |
| Set off against deferred tax liabilities pursuant to set off provisions |                     |                               |                       |                      |                                                                        |                 | (23,552)        |
| <b>At 30 June 2021</b>                                                  |                     |                               |                       |                      |                                                                        |                 | <b>–</b>        |
| At 1 July 2021                                                          | 3,916               | 459                           | 13,531                | 1,409                | 3,995                                                                  | 242             | 23,552          |
| Credited/(charged):                                                     |                     |                               |                       |                      |                                                                        |                 |                 |
| – to profit or loss                                                     | 201                 | (459)                         | 1,658                 | 338                  | (1,038)                                                                | (184)           | 516             |
| – to equity                                                             | –                   | –                             | –                     | –                    | –                                                                      | 35              | 35              |
| <b>Total deferred tax assets</b>                                        | <b>4,117</b>        | <b>–</b>                      | <b>15,189</b>         | <b>1,747</b>         | <b>2,957</b>                                                           | <b>93</b>       | <b>24,103</b>   |
| Set off against deferred tax liabilities pursuant to set off provisions |                     |                               |                       |                      |                                                                        |                 | (24,103)        |
| <b>At 30 June 2022</b>                                                  |                     |                               |                       |                      |                                                                        |                 | <b>–</b>        |

## C. DEFERRED TAX LIABILITIES

| Movements                                                               | Finance<br>charges<br>\$'000 | Accrued<br>income<br>\$'000 | Inventory<br>\$'000 | Share of joint<br>arrangements<br>\$'000 | Other<br>\$'000 | Total<br>\$'000 |
|-------------------------------------------------------------------------|------------------------------|-----------------------------|---------------------|------------------------------------------|-----------------|-----------------|
| At 1 July 2020                                                          | 25,825                       | 4,189                       | 1,463               | 5,221                                    | 155             | 36,853          |
| Charged/(credited):                                                     |                              |                             |                     |                                          |                 |                 |
| – to profit or loss                                                     | 2,289                        | 405                         | 1,048               | (1,757)                                  | –               | 1,985           |
| <b>Total deferred tax liabilities</b>                                   | <b>28,114</b>                | <b>4,594</b>                | <b>2,511</b>        | <b>3,464</b>                             | <b>155</b>      | <b>38,838</b>   |
| Set off against deferred tax liabilities pursuant to set off provisions |                              |                             |                     |                                          |                 | (23,552)        |
| <b>At 30 June 2021</b>                                                  |                              |                             |                     |                                          |                 | <b>15,286</b>   |
| At 1 July 2021                                                          | 28,114                       | 4,594                       | 2,511               | 3,464                                    | 155             | 38,838          |
| Charged/(credited):                                                     |                              |                             |                     |                                          |                 |                 |
| – to profit or loss                                                     | 2,450                        | 272                         | (635)               | 808                                      | –               | 2,895           |
| <b>Total deferred tax liabilities</b>                                   | <b>30,564</b>                | <b>4,866</b>                | <b>1,876</b>        | <b>4,272</b>                             | <b>155</b>      | <b>41,733</b>   |
| Set off against deferred tax liabilities pursuant to set off provisions |                              |                             |                     |                                          |                 | (24,103)        |
| <b>At 30 June 2022</b>                                                  |                              |                             |                     |                                          |                 | <b>17,630</b>   |

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## OPERATING ASSETS AND LIABILITIES

This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in the capital management section.

### 9. INVENTORIES

|                                                                | 2022<br>\$'000 | 2021<br>\$'000 |
|----------------------------------------------------------------|----------------|----------------|
| Cost of acquisition                                            | 466,388        | 309,269        |
| Capitalised development costs                                  | 141,688        | 144,306        |
| Capitalised finance costs                                      | 76,490         | 87,947         |
| <b>Total inventory at cost</b>                                 | <b>684,566</b> | <b>541,522</b> |
| Provision for write-downs to net realisable value <sup>1</sup> | (27,473)       | (51,597)       |
| <b>Total inventory<sup>2,3</sup></b>                           | <b>657,093</b> | <b>489,925</b> |
| Current                                                        | 205,400        | 114,898        |
| Non-current                                                    | 451,693        | 375,027        |
| <b>Total inventory</b>                                         | <b>657,093</b> | <b>489,925</b> |

1. The write-downs are from several non-core projects that are to be divested. The estimated net realisable values used to calculate the write-down provisions are based on the latest valuations and management's assessment of the market for each project.
2. Total inventory includes the acquired inventory of Peet Flagstone City Pty Ltd. Refer to note 24 (b) on asset acquisition.
3. Total current inventory includes the land in New Beith, QLD sold in January 2022 which is expected to settle in the first half of FY23.

### RECOGNITION AND MEASUREMENT

Land held for development and resale is stated at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Land is initially classified as non-current. It is subsequently reclassified to current if the development/subdivided lots are expected to be sold within the next 12 months.

### KEY ESTIMATES

#### Net realisable value

The Group is required to carry inventory at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise and the estimate of costs to complete. The key assumptions require the use of management judgement and are reviewed annually.

In June 2021, IFRIC published an agenda decision in relation to the accounting treatment when determining net realisable value (NRV) of inventories, in particular what costs are necessary to sell inventories under AASB 2 Inventories. The Group has adopted the IFRIC agenda decision with no impact on the current period profit/(loss).

### 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates and joint ventures are accounted for using the equity method of accounting.

#### A. MOVEMENTS IN CARRYING AMOUNTS OF INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

|                                                                          | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------------------------------------------------------|----------------|----------------|
| <b>Carrying amount at 1 July</b>                                         | <b>232,622</b> | <b>232,061</b> |
| Acquisitions                                                             | 16,927         | –              |
| Dividends                                                                | (16,210)       | (11,210)       |
| Capital returns                                                          | (4,663)        | (2,262)        |
| Share of profit after income tax                                         | 24,095         | 14,033         |
| Derecognition of investment in Peet Flagstone City Pty Ltd (note 24 (b)) | (64,765)       | –              |
| <b>Carrying amount at 30 June</b>                                        | <b>188,006</b> | <b>232,622</b> |

The Group assesses, at each balance date, the carrying value of investments in associates and joint ventures to ensure the assets are not impaired.

## B. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (JVs) INCLUDING SUMMARISED FINANCIAL INFORMATION

|                                        | Ownership | Current assets | Non-current assets | Current liabilities | Non-current liabilities | Net assets | Carrying value of interest in associate or joint venture | Revenue | Net profit/(loss) after tax | Share of profit/(loss) |
|----------------------------------------|-----------|----------------|--------------------|---------------------|-------------------------|------------|----------------------------------------------------------|---------|-----------------------------|------------------------|
| As at 30 June 2022                     | %         | \$'000         | \$'000             | \$'000              | \$'000                  | \$'000     | \$'000                                                   | \$'000  | \$'000                      | \$'000                 |
| <b>Associates</b>                      |           |                |                    |                     |                         |            |                                                          |         |                             |                        |
| Peet Alkimos Pty Limited, WA           | 45        | 8,479          | 296,495            | 79,267              | 34,986                  | 190,721    | 84,971                                                   | 19,349  | (2,514)                     | (1,093)                |
| Peet Caboolture Syndicate Limited, QLD | 20        | 7,445          | 28,380             | 12,643              | 696                     | 22,486     | 4,870                                                    | 21,271  | 1,346                       | 269                    |
| Peet Werribee Land Syndicate, VIC      | 17        | 11,249         | 14,460             | 10,318              | 1,157                   | 14,234     | 2,700                                                    | 47,330  | 8,082                       | 1,387                  |
| <b>Joint Ventures*</b>                 |           |                |                    |                     |                         |            |                                                          |         |                             |                        |
| Peet No.1895 Pty Limited, VIC          | 50        | 21,931         | 149,947            | 83,100              | 64,420                  | 24,358     | 14,500                                                   | 52,174  | 7,291                       | 3,653                  |
| Peet Golden Bay Pty Limited, WA        | 50        | 5,771          | 15,520             | 1,731               | —                       | 19,560     | 9,780                                                    | 10,262  | 1,151                       | 576                    |
| Peet Mt Barker Pty Limited, SA         | 50        | 6,998          | 15,497             | 3,121               | 476                     | 18,898     | 9,449                                                    | 22,164  | 1,647                       | 824                    |
| Googong Township Unit Trust, NSW       | 50        | 6,536          | 175,897            | 6,869               | 54,000                  | 121,564    | 60,782                                                   | 96,485  | 27,587                      | 13,794                 |
| Peet Brabham Pty Ltd, WA               | 50        | 16,720         | 43,660             | 197                 | 59,472                  | 711        | 355                                                      | 4,262   | 431                         | 216                    |
| Other associates and JVs               |           |                |                    |                     |                         |            | 599                                                      |         |                             | 4,469                  |
| <b>Total</b>                           |           |                |                    |                     |                         |            | <b>188,006</b>                                           |         |                             | <b>24,095</b>          |
| <b>As at 30 June 2021</b>              |           |                |                    |                     |                         |            |                                                          |         |                             |                        |
| <b>Associates</b>                      |           |                |                    |                     |                         |            |                                                          |         |                             |                        |
| Peet Alkimos Pty Limited, WA           | 33        | 8,065          | 390,154            | 112,227             | 35,759                  | 250,233    | 69,125                                                   | 34,493  | (4,028)                     | (1,344)                |
| Peet Caboolture Syndicate Limited, QLD | 20        | 8,191          | 35,274             | 1,819               | 20,717                  | 20,929     | 6,023                                                    | 31,112  | 3,014                       | 603                    |
| Peet Werribee Land Syndicate, VIC      | 17        | 2,175          | 27,006             | 3,520               | 8,002                   | 17,659     | 3,030                                                    | 24,758  | 3,586                       | 615                    |
| <b>Joint Ventures*</b>                 |           |                |                    |                     |                         |            |                                                          |         |                             |                        |
| Peet Flagstone City Pty Limited, QLD   | 50        | 4,225          | 181,174            | 54,454              | 5,317                   | 125,628    | 62,814                                                   | 30,451  | 4,963                       | 2,482                  |
| Peet No.1895 Pty Limited, VIC          | 50        | 2,759          | 90,256             | 21,767              | 54,181                  | 17,067     | 8,584                                                    | 32,892  | 2,152                       | 1,078                  |
| Peet Golden Bay Pty Limited, WA        | 50        | 3,397          | 21,202             | 990                 | —                       | 23,609     | 11,804                                                   | 11,373  | 900                         | 450                    |
| Peet Mt Barker Pty Limited, SA         | 50        | 1,740          | 21,506             | 4,419               | 526                     | 18,301     | 9,150                                                    | 17,426  | 1,815                       | 908                    |
| Googong Township Unit Trust, NSW       | 50        | 6,029          | 153,700            | 4,756               | 33,000                  | 121,973    | 60,987                                                   | 54,024  | 13,896                      | 6,948                  |
| Peet Brabham Pty Ltd, WA               | 50        | 10,943         | 39,873             | 49,468              | 1,068                   | 280        | 140                                                      | 5,402   | 942                         | 471                    |
| Other associates and JVs               |           |                |                    |                     |                         |            | 965                                                      |         |                             | 1,822                  |
| <b>Total</b>                           |           |                |                    |                     |                         |            | <b>232,622</b>                                           |         |                             | <b>14,033</b>          |

\* Refer to note 10(c) for further breakdown of financial information of joint ventures

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD continued

### B. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (JVs) INCLUDING SUMMARISED FINANCIAL INFORMATION continued

Peet Flagstone City Pty Ltd became a wholly owned subsidiary of Peet Limited. Refer to note 24 (b) for details.

The associates and joint ventures finance their operations through unitholder/shareholder contributions and also through external banking facilities. The Group also provides a loan facility to some of these entities as disclosed in note 11.

During the year, Peet Limited has provided a cash advance facility to a shareholder of Peet Alkimos Pty Ltd. The cash advance facility is measured at fair value on recognition date. Fair value of \$3.2 million is measured as the net present value of all estimated cash inflows and outflows over the term of the facility. The Group has no further contractual obligations to provide ongoing financial support.

### C. ADDITIONAL SUMMARISED INFORMATION IN RELATION TO AMOUNTS INCLUDED IN ASSETS, LIABILITIES AND PROFIT/(LOSS) OF JOINT VENTURES

|                                 | Cash and cash equivalents<br>\$'000 | Current financial liabilities <sup>1</sup><br>\$'000 | Non-current financial liabilities <sup>1</sup><br>\$'000 | Interest expense<br>\$'000 | Income tax expense/<br>(benefit)<br>\$'000 |
|---------------------------------|-------------------------------------|------------------------------------------------------|----------------------------------------------------------|----------------------------|--------------------------------------------|
| <b>As at 30 June 2022</b>       |                                     |                                                      |                                                          |                            |                                            |
| Googong Township Unit Trust     | 6,230                               | 338                                                  | 54,000                                                   | —                          | 134                                        |
| Peet Golden Bay Pty Limited     | 5,664                               | —                                                    | —                                                        | —                          | 491                                        |
| Peet Mt Barker Pty Limited      | 6,660                               | 628                                                  | —                                                        | —                          | 706                                        |
| Peet No. 1895 Pty Limited       | 21,835                              | 21,500                                               | 61,290                                                   | —                          | 3,137                                      |
| Peet Brabham Pty Limited        | 313                                 | —                                                    | 56,789                                                   | 57                         | 299                                        |
| <b>As at 30 June 2021</b>       |                                     |                                                      |                                                          |                            |                                            |
| Peet Flagstone City Pty Limited | 3,625                               | —                                                    | 48,757                                                   | —                          | 2,128                                      |
| Googong Township Unit Trust     | 5,525                               | —                                                    | 33,000                                                   | —                          | 8                                          |
| Peet Golden Bay Pty Limited     | 4,450                               | —                                                    | —                                                        | —                          | 386                                        |
| Peet Mt Barker Pty Limited      | 1,614                               | —                                                    | —                                                        | —                          | 778                                        |
| Peet No. 1895 Pty Limited       | 2,597                               | —                                                    | 67,328                                                   | —                          | 922                                        |
| Peet Brabham Pty Limited        | 407                                 | —                                                    | 49,431                                                   | 26                         | 157                                        |

<sup>1</sup> Excluding trade and other payables and provisions



## 11. RECEIVABLES

|                                                     | 2022<br>\$'000 | 2021<br>\$'000 |
|-----------------------------------------------------|----------------|----------------|
| <b>Current</b>                                      |                |                |
| Trade receivables at amortised cost <sup>1</sup>    | 7,314          | 7,728          |
| Other receivables at amortised cost <sup>1</sup>    | 105            | 1,276          |
| Loans to associates and joint ventures <sup>2</sup> |                |                |
| – At amortised cost                                 | 8,022          | 12,708         |
| – ECL allowance                                     | (3,434)        | (3,143)        |
| – At fair value <sup>2</sup>                        | 11,039         | 7,356          |
|                                                     | <b>23,046</b>  | <b>25,925</b>  |
| <b>Non-current</b>                                  |                |                |
| Loans to associates and joint ventures <sup>2</sup> |                |                |
| – At amortised cost                                 | 19,124         | 17,157         |
| – ECL allowance                                     | (1,971)        | (91)           |
| – At fair value <sup>2</sup>                        | 24,824         | 30,312         |
| Other receivables                                   | –              | 5,430          |
|                                                     | <b>41,977</b>  | <b>52,809</b>  |
| <b>Total receivables</b>                            | <b>65,023</b>  | <b>78,734</b>  |

1. Trade and other receivables are non-interest bearing and generally have 30-60 day terms. There were no past due or impaired trade receivables at the end of the year (2021: \$Nil).
2. The Group has entered into financing arrangements (including loans and equity contributions in cash) with certain associates and JVs of the Group on commercial terms. The loans provided to associates and JVs are unsecured with interest rates based on Bank Bill Swap Bid Rate (BBSY) plus a margin up to 8%.

Refer note 27(a) for accounting policy on financial assets and note 21 for fair value disclosures.

### KEY ESTIMATES

#### ECL allowance

ECL allowance is determined on a probability of default on a loan by loan basis.

Related party balances with associates and joint ventures included above:

|                                            | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------------------------|----------------|----------------|
| <b>Current</b>                             |                |                |
| Trade receivables                          | 648            | 3,021          |
| Loans to associates and joint ventures     |                |                |
| – At amortised cost (net of ECL allowance) | 4,588          | 9,565          |
| – At fair value                            | 11,039         | 7,356          |
| <b>Non-current</b>                         |                |                |
| Loans to associates and joint ventures     |                |                |
| – At amortised cost (net of ECL allowance) | 17,153         | 17,067         |
| – At fair value                            | 24,824         | 30,312         |
| Other receivables                          | –              | 5,430          |
| <b>Total</b>                               | <b>58,252</b>  | <b>72,751</b>  |

Movements in loans to associates and joint ventures:

|                                   | 2022<br>\$'000 | 2021<br>\$'000 |
|-----------------------------------|----------------|----------------|
| <b>Carrying amount at 1 July</b>  | <b>64,300</b>  | <b>91,753</b>  |
| Loans advanced                    | 650            | 5,452          |
| Loan repayments                   | (4,975)        | (32,849)       |
| Other                             | (2,371)        | (56)           |
| <b>Carrying amount at 30 June</b> | <b>57,604</b>  | <b>64,300</b>  |

## 12. CONTRACT ASSETS

|                                       | 2022<br>\$'000 | 2021<br>\$'000 |
|---------------------------------------|----------------|----------------|
| <b>Current</b>                        |                |                |
| Accrued income <sup>1</sup>           | 19,871         | 11,528         |
| <b>Non-current</b>                    |                |                |
| Deferred management fees <sup>2</sup> | –              | 3,726          |
| <b>Total contract assets</b>          | <b>19,871</b>  | <b>15,254</b>  |

1. These amounts represent project management and performance fees payable from associates and other managed entities for services provided. They are recognised for the earned consideration that is conditional under AASB 15. Refer note 5 for revenue related accounting policies.
2. The deferred management fees were receivable from residents in the Latitude Lakelands retirement village, who entered into an agreement to pay the fee upon their departure. In June 2022, Peet sold this business and the right to receive these deferred management fees.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## 13. PAYABLES

|                              | 2022<br>\$'000 | 2021<br>\$'000 |
|------------------------------|----------------|----------------|
| <b>Current</b>               |                |                |
| Trade payables and accruals  | 24,936         | 29,726         |
| Advance from joint operators | 2,743          | 4,823          |
| <b>Total payables</b>        | <b>27,679</b>  | <b>34,549</b>  |

## RECOGNITION AND MEASUREMENT

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. These amounts are unsecured and usually paid within 30 days of recognition.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

In some joint arrangement contracts, costs are reimbursed as incurred during development. As revenue is only recognised on settlements, reimbursements received are recognised as advance from joint operators until settlement.

Refer note 21 for fair value disclosures.

## 14. LAND VENDOR LIABILITIES

|                                                            | 2022<br>\$'000 | 2021<br>\$'000 |
|------------------------------------------------------------|----------------|----------------|
| <b>Current</b>                                             |                |                |
| Instalments for purchase of development property           | 14,808         | –              |
|                                                            | <b>14,808</b>  | <b>–</b>       |
| <b>Non-current</b>                                         |                |                |
| Instalments for purchase of development property           | 23,075         | –              |
| Future interest component of deferred payment <sup>1</sup> | (3,521)        | –              |
|                                                            | <b>19,554</b>  | <b>–</b>       |
| <b>Total land vendor liabilities</b>                       | <b>34,362</b>  | <b>–</b>       |

1. Relating to the asset acquisition of Peet Flagstone City Pty Ltd during the year. Refer to Note 24 (b).

## RECOGNITION AND MEASUREMENT

Where the Group enters into unconditional contracts with land vendors to purchase properties for future development that contain deferred payment terms, these borrowings are initially measured at fair value and subsequently carried at amortised cost. The unwinding of the discount applied to the acquisition price is included in finance costs. Generally, the land vendor holds the title over the property until settlement has occurred.

Refer note 21 for fair value disclosures.

The below table analyses the maturity of the Group's land vendor liability obligation:

|                                       | 2022<br>\$'000 | 2021<br>\$'000 |
|---------------------------------------|----------------|----------------|
| 0 – 1 years                           | 15,197         | –              |
| 1 – 2 years                           | 9,230          | –              |
| 2 – 5 years                           | 13,845         | –              |
| <b>Total contractual cash flows</b>   | <b>38,272</b>  | <b>–</b>       |
| <b>Carrying amount of liabilities</b> | <b>34,362</b>  | <b>–</b>       |

## 15. PROVISIONS

|                                             | 2022<br>\$'000 | 2021<br>\$'000 |
|---------------------------------------------|----------------|----------------|
| <b>Current</b>                              |                |                |
| Rebates                                     | 3,165          | 2,455          |
| Employee entitlements                       | 3,947          | 3,295          |
| Provision for development costs to complete | 10,285         | 6,980          |
|                                             | <b>17,397</b>  | <b>12,730</b>  |
| <b>Non-current</b>                          |                |                |
| Employee entitlements                       | 149            | 158            |
| Provision for development costs to complete | 12,882         | 13,075         |
|                                             | <b>13,031</b>  | <b>13,233</b>  |
| <b>Total provisions</b>                     | <b>30,428</b>  | <b>25,963</b>  |

Movements in provisions during the financial year are set out below:

|                                   | 2022<br>\$'000 | 2021<br>\$'000 |
|-----------------------------------|----------------|----------------|
| <b>Carrying amount at 1 July</b>  | <b>25,963</b>  | <b>26,882</b>  |
| – Additional provision recognised | 13,730         | 4,488          |
| – Paid during year                | (7,888)        | (3,431)        |
| – Expired during the year         | (1,377)        | (1,976)        |
| <b>Carrying amount at 30 June</b> | <b>30,428</b>  | <b>25,963</b>  |

## RECOGNITION AND MEASUREMENT

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

## REBATES

The Group may be required under the terms of certain sale contracts to provide rebates for expenditures undertaken by land holders in respect of developments. These expenditures relate to landscaping and fencing and are generally payable where the land purchaser completes the construction of their dwelling within a specified period of time. This period is generally 12 to 18 months from the date of settlement. A liability is recorded for rebates at settlement and is measured at the amount of consideration receivable under the sales contract for which the Group does not expect to be entitled. The provision is updated at the end of each reporting period for changes in circumstances.

## EMPLOYEE ENTITLEMENTS

The liability for long service leave and annual leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of the employee, departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave expected to be settled within 12 months of the balance date are measured at the amounts expected to be paid when the liabilities are settled.

## DEVELOPMENT COSTS TO COMPLETE

Provisions for development costs not yet incurred for lots settled are recognised at each reporting date based on the estimated costs to complete.

## 16. INTERESTS IN JOINT OPERATIONS

Details of aggregate share of assets, liabilities, revenue, expenses and results of joint operations

Group's share of:

|                                   | Total<br>assets<br>\$'000 | Total<br>liabilities<br>\$'000 | Revenue<br>\$'000 | Expenses<br>\$'000 |
|-----------------------------------|---------------------------|--------------------------------|-------------------|--------------------|
| <b>As at 30 June 2022</b>         |                           |                                |                   |                    |
| The Village at Wellard, WA        | 7,615                     | 2,176                          | 7,815             | 6,659              |
| Lightsview Joint Venture, SA      | 590                       | 372                            | 4,396             | 1,350              |
| Redbank Plains Joint Venture, QLD | 22,567                    | 4,099                          | 7,269             | 6,516              |
| <b>As at 30 June 2021</b>         |                           |                                |                   |                    |
| The Village at Wellard, WA        | 7,966                     | 3,526                          | 5,341             | 3,613              |
| Lightsview Joint Venture, SA      | 4,197                     | 2,126                          | 9,360             | 7,742              |
| Redbank Plains Joint Venture, QLD | 22,391                    | 4,675                          | 10,748            | 9,374              |

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## CAPITAL MANAGEMENT

This section outlines how the Group manages its capital and related financing costs.

For the purpose of the Group's capital management, capital includes:

- issued capital;
- debt facilities; and
- other equity reserves attributable to the equity holders of the parent.

The Group's objectives when managing capital are to:

- safeguard its ability to continue as a going concern;
- continue to provide returns to shareholders and benefits for other stakeholders;
- maintain an efficient capital structure to reduce the cost of capital; and
- ensure all covenants are complied with.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total interest-bearing liabilities (including deferred payment obligations) less cash, divided by total assets adjusted for market value, net of cash and cash equivalents less intangible assets. The market value is based on the latest independent mortgage valuations, adjusted for settlements, development costs and titled stock between the date of valuation and 30 June 2022. At 30 June 2022, the bank covenant gearing ratio was 28.6% (2021: 25.7%).

## 17. FINANCIAL LIABILITIES

### NET DEBT

|                           | 2022<br>\$'000 | 2021<br>\$'000 |
|---------------------------|----------------|----------------|
| Borrowings – Current      | 49,935         | 3,555          |
| Borrowings – Non-current  | 250,683        | 264,430        |
| Total borrowings*         | 300,618        | 267,985        |
| Cash and cash equivalents | (55,380)       | (64,125)       |
| Net debt                  | 245,238        | 203,860        |

\* Excludes vendor financing. Refer note 14 for vendor financing on deferred payment terms.

### RECOGNITION AND MEASUREMENT

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Refer note 21 for fair value disclosures.

### DEBT FACILITIES

The following provides details of the loans and borrowings utilised as at 30 June 2022:

|                     | Facility<br>amount<br>\$'000 | Utilised<br>amount <sup>1</sup><br>\$'000 | Effective<br>interest<br>rate<br>% |
|---------------------|------------------------------|-------------------------------------------|------------------------------------|
| Bank loans – note a | 264,000                      | 102,355                                   | 5.9                                |

|                               | Face<br>value<br>\$'000 | Carrying<br>amount <sup>2</sup><br>\$'000 | Effective<br>interest<br>rate<br>% |
|-------------------------------|-------------------------|-------------------------------------------|------------------------------------|
| Peet bonds and notes – note b |                         |                                           |                                    |
| Series 2, Tranche 1           | 50,000                  | 49,935                                    | 5.4                                |
| Peet notes 2019               | 75,000                  | 74,213                                    | 7.2                                |
| Peet notes 2021               | 75,000                  | 74,115                                    | 5.4                                |
|                               | 200,000                 | 198,263                                   |                                    |

1. Excludes bank guarantees. Refer note 23 for bank guarantees information.

2. Net of transaction and finance costs.

## A. BANK LOANS

The bank facilities are secured by a first registered fixed and floating charge over the assets and undertakings of the Group with a carrying amount of \$807 million (2021: \$655 million). Under these facilities the Group is required to meet bank covenants relating to interest cover, gearing ratio, real property ratio and minimum shareholders' equity. All bank covenants have been met during the reporting period and as at 30 June 2022.

The Group's main bank facility of \$175 million expires on 1 October 2024. The Group also has bank facilities associated with Peet Flagstone City Pty Ltd (\$64 million, expires on 28 February 2024), Peet Yanchep Land Syndicate (\$17 million, expires on 31 October 2024) and Peet R B Plains Pty Ltd (\$8 million, expires on 30 June 2024). The table below analyses the maturity of the Group's bank loans based on the remaining period at reporting date to the contractual maturity date:

|                                       | 2022<br>\$'000 | 2021<br>\$'000 |
|---------------------------------------|----------------|----------------|
| 0 – 1 years                           | 6,011          | 7,433          |
| 1 – 2 years                           | 32,414         | 20,171         |
| 2 – 5 years                           | 76,725         | 54,018         |
| <b>Total contractual cash flows</b>   | <b>115,150</b> | <b>81,622</b>  |
| <b>Carrying amount of liabilities</b> | <b>102,355</b> | <b>70,330</b>  |

## B. PEET BONDS AND NOTES

### Peet bonds Series 2, Tranche 1

On 5 July 2017, Peet issued 500,000 Bonds at a face value of \$100 per bond with a maturity date of 5 October 2022. These bonds are unsecured and carry a floating interest rate of BBSW+4.65% margin. Refer to note 2 (a) for the repayment of these bonds.

### Peet Notes 2019

On 4 April 2019, Peet issued 75,000 notes to eligible professional and sophisticated investors at a face value of \$1,000 per bond with a maturity date of 7 June 2024. These bonds are unsecured and carry a fixed interest rate of 6.75%.

### Peet Notes 2021

On 4 June 2021, Peet issued 75,000 notes to eligible professional and sophisticated investors at a face value of \$1,000 per bond with a maturity date of 30 September 2026. These bonds are unsecured and carry a floating interest rate of BBSW+4.85% margin.

The bonds and notes are presented in the balance sheet as follows:

|                                        | 2022<br>\$'000 | 2021<br>\$'000 |
|----------------------------------------|----------------|----------------|
| Face value of bonds and notes issued   | 200,000        | 200,000        |
| Transaction costs                      | (3,499)        | (3,499)        |
|                                        | 196,501        | 196,501        |
| Cumulative interest expense            | 36,179         | 24,392         |
| Cumulative coupon payable              | (34,417)       | (23,238)       |
|                                        | 1,762          | 1,154          |
| <b>Total bonds and notes liability</b> | <b>198,263</b> | <b>197,655</b> |

The bonds and notes are repayable as follows:

|                                       | 2022<br>\$'000 | 2021<br>\$'000 |
|---------------------------------------|----------------|----------------|
| 0 – 1 years                           | 59,523         | 11,069         |
| 1 – 2 years                           | 83,579         | 59,349         |
| 2 – 5 years                           | 83,583         | 166,682        |
| <b>Total contractual cash flows</b>   | <b>226,685</b> | <b>237,100</b> |
| <b>Carrying amount of liabilities</b> | <b>198,263</b> | <b>197,655</b> |

## C. LEASE LIABILITIES

|                                | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------------|----------------|----------------|
| <b>Current</b>                 |                |                |
| Office space leases            | 1,958          | 1,797          |
| <b>Non-current</b>             |                |                |
| Office space leases            | 1,766          | 3,723          |
| <b>Total lease liabilities</b> | <b>3,724</b>   | <b>5,520</b>   |

During the year, total cash outflows for these leases is \$2.1 million (2021: \$2.0 million).

The below table analyses the maturity of the Group's lease liabilities based on the remaining period at reporting date to the contractual maturity date:

|                                       | 2022<br>\$'000 | 2021<br>\$'000 |
|---------------------------------------|----------------|----------------|
| 0 – 1 years                           | 2,149          | 2,115          |
| 1 – 2 years                           | 1,465          | 2,149          |
| 2 – 5 years                           | 385            | 1,850          |
| > 5 years                             | –              | –              |
| <b>Total contractual cash flows</b>   | <b>3,999</b>   | <b>6,114</b>   |
| <b>Carrying amount of liabilities</b> | <b>3,724</b>   | <b>5,520</b>   |



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## 17. FINANCIAL LIABILITIES continued

### DEBT FACILITIES continued

#### D. DERIVATIVE FINANCIAL INSTRUMENTS

|                                               | 2022<br>\$'000 | 2021<br>\$'000 |
|-----------------------------------------------|----------------|----------------|
| <b>Current</b>                                |                |                |
| Interest rate swap contracts                  | –              | 1,529          |
| <b>Total derivative financial instruments</b> | <b>–</b>       | <b>1,529</b>   |

In December 2021, all remaining interest rate swap contracts expired.

#### CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

|                                        | Borrowings<br>\$'000 | Lease<br>liabilities<br>\$'000 | Derivative<br>financial<br>instruments<br>\$'000 |
|----------------------------------------|----------------------|--------------------------------|--------------------------------------------------|
| <b>1 July 2021</b>                     | <b>267,985</b>       | <b>5,521</b>                   | <b>1,529</b>                                     |
| Cash flows                             | (10,135)             | (1,797)                        | –                                                |
| Acquisition of Flagstone (note 24 (b)) | 42,000               | –                              | –                                                |
| Changes in fair value                  | –                    | –                              | (1,529)                                          |
| Others                                 | 768                  | –                              | –                                                |
| <b>30 June 2022</b>                    | <b>300,618</b>       | <b>3,724</b>                   | <b>–</b>                                         |

#### INTEREST RATE SWAP CONTRACTS

##### Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value at each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents how it will assess hedge effectiveness (including the analysis of sources of hedge ineffectiveness). Hedge accounting is only applied where there is an economic relationship between the hedged item and hedging instrument.

The gain or loss from remeasuring the hedging instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedge reserve, to the extent that the hedge is effective. It is reclassified into profit or loss when the hedged interest expense is recognised. The ineffective portion is recognised in the statement of profit or loss immediately.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to the statement of profit or loss.

The Group's policy is to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates. In FY20, the Group has determined the interest rate swap contracts no longer meet the Group's risk management objective. As a result, the Group has discontinued hedge accounting.

During the year, the fixed interest rate on the interest rate swap contracts was 3.11% (2021: 3.11%). The variable base rates are between 0.56% and 1.50% (2021: 0.01% and 0.09%).

The contracts require settlement of net interest receivable or payable monthly. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

The notional principal amounts and periods of expiry of the interest rate swap contracts were as follows. In December 2021, all remaining interest rate swap contracts expired.

|             | 2022<br>\$'000 | 2021<br>\$'000 |
|-------------|----------------|----------------|
| 0 – 1 years | –              | 100,000        |
|             | <b>–</b>       | <b>100,000</b> |

The full fair value of interest rate swap is classified as a non-current asset or liability when the remaining maturity is more than 12 months, otherwise current.

## LIQUIDITY RISK

Liquidity risk includes the risk that the Group, as a result of their operations:

- will not have sufficient funds to settle a transaction on its due date;
- will be forced to sell financial assets at a value which is less than what they are worth; or
- may be unable to settle or recover a financial asset at all.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities to meet obligations when due, and the ability to close-out market positions. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available, and regularly updating and reviewing its cash flow forecasts to assist in managing its liquidity. The maturity analysis of the Group's derivative and non-derivative financial instruments can be located in their respective notes.

The Group has unused borrowing facilities which can further reduce liquidity risk (refer to note 17 for analysis of maturities on borrowing facilities).

## CREDIT RISK

The cash component of financial assets is considered to have low credit risk as the counterparties are banks with high credit ratings assigned by international credit-rating agencies. An expected credit loss provision of \$5.4 million (2021: \$3.2 million) has been recognised for loans measured at amortised cost of \$27.1 million (2021: \$29.9 million) (refer to note 11 and 27).

## INTEREST RATE RISK

The Group's main interest rate risk arises from cash, loans to associates and joint ventures measured at fair value and long-term borrowings.

Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group manages its interest rate risk by both variable and fixed rate debt instruments.

The Group's fixed rate borrowings and certain loans to associates and joint ventures at fixed rate are not subject to interest rate risk.

## INTEREST RATE SENSITIVITY

The sensitivity analysis below has been determined based on the exposure to interest rates in existence at balance date, and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase and 50 basis point decrease used in the interest rate sensitivity analysis were determined based on the level of debt that was renewed and forecasters' economic expectations and represents management's assessment of the possible change in interest rates.

At 30 June 2022, the Group had the following mix of financial assets and liabilities exposed to variable interest rates:

|                                                               | 2022<br>\$'000 | 2021<br>\$'000 |
|---------------------------------------------------------------|----------------|----------------|
| <b>Financial assets</b>                                       |                |                |
| Cash and cash equivalents (floating)                          | 55,380         | 64,125         |
| Loans to associates and joint ventures measured at fair value | 35,863         | 37,669         |
| <b>Financial liabilities</b>                                  |                |                |
| Borrowings (floating, unhedged)                               | (226,405)      | (94,263)       |
| Interest rate swap                                            | –              | (1,529)        |

The potential impact of a change in interest rates by +100/-50 basis points on profit and equity has been tabulated below:

|                   | Post-tax profits<br>Increase/<br>(decrease) |                | Equity<br>Increase/<br>(decrease) |                |
|-------------------|---------------------------------------------|----------------|-----------------------------------|----------------|
|                   | 2022<br>\$'000                              | 2021<br>\$'000 | 2022<br>\$'000                    | 2021<br>\$'000 |
| -50 basis points  | 476                                         | (283)          | 476                               | (283)          |
| +100 basis points | (953)                                       | 566            | (953)                             | 566            |

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## 18. CONTRIBUTED EQUITY AND RESERVES

### A. MOVEMENTS IN ORDINARY SHARE CAPITAL

| Date         | Details               | Number of shares | \$'000  |
|--------------|-----------------------|------------------|---------|
| 30 June 2020 | Closing balance       | 483,300,489      | 378,916 |
|              | Movement for the year | –                | –       |
| 30 June 2021 | Closing balance       | 483,300,489      | 378,916 |
|              | Share buyback         | (4,167,796)      | (4,183) |
| 30 June 2022 | Closing balance       | 479,132,693      | 374,733 |

### THE NATURE OF THE GROUP'S CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares of options and/or performance rights are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares, options and/or performance rights for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share held is entitled to one vote.

### B. RESERVES

|                                                       | Share-based payments reserve <sup>1</sup><br>\$'000 | Non-controlling interest reserve <sup>2</sup><br>\$'000 | Total<br>\$'000 |
|-------------------------------------------------------|-----------------------------------------------------|---------------------------------------------------------|-----------------|
| At 1 July 2020                                        | 12,890                                              | (15,447)                                                | (2,557)         |
| Share based payment                                   | 1,600                                               | –                                                       | 1,600           |
| Buyback on vesting of performance rights <sup>3</sup> | (492)                                               | –                                                       | (492)           |
| At 30 June 2021                                       | 13,998                                              | (15,447)                                                | (1,449)         |
| At 1 July 2021                                        | 13,998                                              | (15,447)                                                | (1,449)         |
| Share based payment                                   | 3,323                                               | –                                                       | 3,323           |
| Buyback on vesting of performance rights <sup>4</sup> | (635)                                               | –                                                       | (635)           |
| Transactions with non-controlling interest            | –                                                   | (655)                                                   | (655)           |
| At 30 June 2022                                       | 16,686                                              | (16,102)                                                | 584             |

1. The share-based payments reserve is used to recognise the fair value of options and performance rights granted.

2. The non-controlling interest reserve is used to record the differences described in note 2(e) which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

3. In FY21, the Company purchased 456,174 shares to settle the vesting of FY17 and FY18 Performance Rights.

4. During the year, the Company purchased 540,660 shares to settle the vesting of FY16, FY18 and FY19 Performance Rights.

## 19. DIVIDENDS

|                                                                                                                                                                      | 2022<br>\$'000 | 2021<br>\$'000 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Declared and paid during the period</b>                                                                                                                           |                |                |
| Prior year fully franked dividend 2.5 cents, paid on 11 October 2021 (2021: 1.0 cent)                                                                                | 12,083         | 4,833          |
| 2.25 cents, paid on 14 April 2022 (2021: 1.0 cent)                                                                                                                   | 10,874         | 4,833          |
|                                                                                                                                                                      | <b>22,957</b>  | <b>9,666</b>   |
| <b>Dividend not recognised at year end</b>                                                                                                                           |                |                |
| Final dividend 4.0 cents per share to be paid on 14 October 2022 (2021: 2.5 cents per share)                                                                         | 19,165         | 12,083         |
| <b>Franking credit balance</b>                                                                                                                                       |                |                |
| Franking account balance as at the end of the financial year at 30% (2021: 30%)                                                                                      | 63,239         | 58,514         |
| Franking credits that will arise from the payment of income tax                                                                                                      | 10,028         | 6,371          |
| Impact on the franking account of dividends proposed before the financial report was issued but not recognised as a distribution to equity holders during the period | (8,214)        | (5,178)        |
|                                                                                                                                                                      | <b>65,053</b>  | <b>59,707</b>  |

## 20. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

|                                                                               | 2022<br>\$'000 | 2021<br>\$'000 |
|-------------------------------------------------------------------------------|----------------|----------------|
| Profit after income tax                                                       | 52,081         | 28,085         |
| <b>Adjustments to reconcile profit after tax to net operating cash flows:</b> |                |                |
| Depreciation                                                                  | 2,297          | 2,190          |
| Amortisation of intangible assets                                             | 167            | 806            |
| Net realisable value adjustments                                              | 1,941          | –              |
| Employee share-based payments                                                 | 2,688          | 1,108          |
| Equity accounting for investments in associates and joint ventures            | (24,095)       | (14,033)       |
| Derivative instrument fair value adjustment                                   | (1,529)        | (2,878)        |
| Interest received                                                             | 160            | 239            |
| Peet bonds and notes effective interest rate adjustment                       | 608            | 922            |
| Distributions and dividends from associates and joint ventures                | 16,210         | 11,210         |
| Fair value adjustments an ECL provision                                       | (67)           | 57             |
| Loss on disposal of property, plant and equipment                             | 721            | –              |
| Other                                                                         | (57)           | –              |
| <b>Change in operating assets and liabilities during the financial year</b>   | <b>–</b>       | <b>–</b>       |
| Decrease/(increase) in receivables                                            | 3,913          | (2,053)        |
| Increase in inventories                                                       | (7,538)        | (11,466)       |
| Increase in tax liabilities                                                   | 3,657          | 5,684          |
| Decrease in payables                                                          | (9,677)        | (5,244)        |
| Increase/(decrease) in provisions                                             | 2,337          | (919)          |
| Increase in deferred tax liabilities                                          | 2,379          | 723            |
| <b>Net cash inflow from operating activities</b>                              | <b>46,196</b>  | <b>14,431</b>  |

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## 21. FAIR VALUE MEASUREMENT

### VALUATION OF FINANCIAL INSTRUMENTS

For financial assets and liabilities, the Group uses the following fair value measurement hierarchy:

- Level 1: the fair value is calculated using quoted prices in active markets for identical assets and liabilities.
- Level 2: the fair value is determined using inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).
- Level 3: the fair value is based on inputs for the asset or liability that are not based on observable market data.

There have been no transfers between levels during the period.

### FINANCIAL ASSETS

Certain loans to associates and joint ventures are carried at fair value through profit or loss. The fair values of these financial assets have been estimated using discounted cashflows with significant unobservable inputs at each reporting date (level 3 of the fair value hierarchy).

At 30 June 2022, the fair value of these loans to associates and joint ventures is \$35.9 million (30 June 2021: \$37.7 million).

### LAND VENDOR LIABILITIES

The Group measures its land vendor liabilities at fair value at each reporting date. The land vendor liability resulting from the acquisition of the remaining share of Peet Flagstone City Pty Ltd (refer to note 24 (b)) is measured as the net present value of remaining contracted instalments with significant unobservable inputs (level 3 of the fair value hierarchy). The fair value as at 30 June 2022 for this liability is \$28.4 million.

### PEET BONDS AND NOTES

The fair value of Peet bonds and notes as at 30 June 2022 is detailed below.

|                                | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------------|----------------|----------------|
| Peet bonds Series 2, Tranche 1 | 49,000         | 50,000         |
| Peet Notes 2019                | 74,777         | 76,620         |
| Peet Notes 2021                | 75,295         | 76,260         |
| <b>Total fair value</b>        | <b>199,072</b> | <b>202,880</b> |
| <b>Total carrying value</b>    | <b>198,263</b> | <b>197,655</b> |

For the above table, the fair value of Peet bonds is measured using quoted market value on ASX (level 1) and the fair value of Peet notes is measured using significant observable inputs (level 2).

### OTHER FINANCIAL LIABILITIES

The financial liabilities are measured at fair value through profit or loss using discounted cashflows with significant unobservable inputs at each reporting date (level 3).

## KEY ESTIMATES

### Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading and available for sale securities) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. Fair value of the Peet bonds is based on price quotations at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

- Interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs such as forward pricing and swap models.
- Receivables/borrowings are evaluated by the Group based on parameters such as interest rates and individual creditworthiness of the counter party. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

The carrying amount of trade receivables and payables less impairment provision of trade receivables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.



## OTHER NOTES

### 22. REMUNERATION OF AUDITORS

|                                                                                                                                                           | 2022<br>\$     | 2021<br>\$     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Fees to Ernst &amp; Young (Australia)</b>                                                                                                              |                |                |
| Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities | 389,250        | 338,065        |
| Fees for assurance services that are required by legislation to be provided by the auditor                                                                |                |                |
| – Compliance Plan & AFSL audits                                                                                                                           | 7,800          | 7,500          |
| Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements                                          | 52,225         | 56,350         |
| Fees for other services                                                                                                                                   |                |                |
| – Tax compliance                                                                                                                                          | 97,479         | 168,792        |
| – Tax advice                                                                                                                                              | 51,173         | 69,030         |
| <b>Total Fees to Ernst &amp; Young (Australia)</b>                                                                                                        | <b>597,927</b> | <b>688,186</b> |

### 23. CONTINGENCIES AND COMMITMENTS

Details of the estimated maximum amounts of contingent liabilities (for which no amounts are recognised in the financial statements) are as follows:

|                             | 2022<br>\$'000 | 2021<br>\$'000 |
|-----------------------------|----------------|----------------|
| Bank guarantees outstanding | 33,713         | 21,905         |
| Insurance bonds outstanding | 20,082         | 14,539         |
|                             | <b>53,795</b>  | <b>36,444</b>  |

All contingent liabilities are expected to mature within 1 year.

The Directors are not aware of any circumstances or information, which would lead them to believe that these contingent liabilities will eventuate and consequently no provisions are included in the accounts in respect of these matters.

### COMMITMENTS

On 30 June 2022, the Group had a commitment of \$67.1 million to pay for the acquisition of approximately 15 hectares of land from the University of Canberra in ACT. The purchase price is expected to be paid in instalments over seven years commencing in 2022. A further \$5.5 million collaboration payment is to be paid by the Group to the University of Canberra in equal instalments between 2022 and 2029. These payments are subject to settlement, which remains conditional at balance date, therefore no liability has been recognised at 30 June 2022.

### 24. PARENT ENTITY FINANCIAL INFORMATION AND SUBSIDIARIES

#### A. PARENT ENTITY FINANCIAL INFORMATION

##### SUMMARY FINANCIAL INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

|                                   | 2022<br>\$'000 | 2021<br>\$'000  |
|-----------------------------------|----------------|-----------------|
| <b>Balance sheet</b>              |                |                 |
| Current assets                    | 61,691         | 63,565          |
| Total assets                      | 557,384        | 574,610         |
| Current liabilities               | 59,260         | 20,414          |
| Total liabilities                 | 121,785        | 125,345         |
| <b>Shareholders' equity</b>       |                |                 |
| Issued capital                    | 374,732        | 378,917         |
| <b>Reserves</b>                   |                |                 |
| Share-based payments reserve      | 16,686         | 13,998          |
| Retained profits                  | 44,181         | 56,350          |
| <b>Total equity</b>               | <b>435,599</b> | <b>449,265</b>  |
| Profit/(loss) for the year        | 10,788         | (20,151)        |
| <b>Total comprehensive income</b> | <b>10,788</b>  | <b>(20,151)</b> |

#### GUARANTEES ENTERED INTO BY THE PARENT ENTITY

Details of the estimated maximum amounts of contingent liabilities (for which no amounts are recognised in the financial statements) are as follows:

|                             | 2022<br>\$'000 | 2021<br>\$'000 |
|-----------------------------|----------------|----------------|
| Bank guarantees outstanding | 923            | 689            |

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## 24. PARENT ENTITY FINANCIAL INFORMATION AND SUBSIDIARIES

continued

### B. SUBSIDIARIES

#### SIGNIFICANT INVESTMENTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following significant subsidiaries in accordance with the accounting policy described in note 2(a):

| Name of Subsidiary                                           | Holding   |           |
|--------------------------------------------------------------|-----------|-----------|
|                                                              | 2022<br>% | 2021<br>% |
| CIC Australia Pty Limited <sup>1</sup>                       | 100       | 100       |
| Peet Craigieburn Pty Limited <sup>2</sup>                    | 100       | 100       |
| Peet Greenvale No. 2 Pty Limited <sup>2</sup>                | 100       | 100       |
| Peet Cranbourne (51A Craig Rd) Pty Limited <sup>2</sup>      | 100       | 100       |
| Peet Southern JV Pty Limited <sup>2</sup>                    | 100       | 100       |
| Peet Brigadoon Pty Limited <sup>2</sup>                      | 100       | 100       |
| Peet No. 108 Pty Limited <sup>2</sup>                        | 100       | 100       |
| Peet No. 112 Pty Limited <sup>2</sup>                        | 100       | 100       |
| Peet Treasury Pty Limited <sup>2</sup>                       | 100       | 100       |
| Peet Estates (VIC) Pty Limited <sup>2</sup>                  | 100       | 100       |
| Peet Development Management Pty Limited <sup>2</sup>         | 100       | 100       |
| Peet Estates (QLD) Pty Limited <sup>2</sup>                  | 100       | 100       |
| Peet Estates (WA) Pty Limited <sup>2</sup>                   | 100       | 100       |
| Peet Estates (SA) Pty Limited <sup>1</sup>                   | 100       | 100       |
| Peet Funds Management Limited <sup>2</sup>                   | 100       | 100       |
| Peet R B Plains Pty Limited <sup>2</sup>                     | 100       | 100       |
| Peet No. 73 Pty Limited <sup>2</sup>                         | 100       | 100       |
| Lakelands Retail Centre Development Pty Limited <sup>2</sup> | 100       | 100       |
| Peet Mt. Pleasant Pty Limited <sup>2</sup>                   | 100       | 100       |
| Peet No. 127 Pty Limited <sup>2</sup>                        | 100       | 100       |
| Lightsview Apartments Pty Limited <sup>1</sup>               | 100       | 100       |
| Peet Tonsley Pty Limited <sup>2</sup>                        | 100       | 100       |
| JTP Homes Pty Limited <sup>2</sup>                           | 100       | 100       |
| Peet Tonsley Apartments Pty Limited <sup>2</sup>             | 100       | 100       |
| Peet Keysborough Pty Limited <sup>2</sup>                    | 100       | 100       |
| Peet Jumping Creek Pty Limited <sup>2</sup>                  | 100       | 100       |
| Peet 2018 No.2 Pty Limited <sup>2</sup>                      | 100       | 100       |
| Peet FL Pty Ltd <sup>2</sup>                                 | 100       | 100       |
| Peet Flagstone City Pty Ltd <sup>2,3</sup>                   | 100       | 50        |
| Peet Yanchep Land Syndicate <sup>2</sup>                     | 66.4      | 66.4      |

1. Incorporated in ACT.

2. Incorporated in WA.

3. Became a subsidiary during the year. However, it was accounted for as an associate in 2021 per note 10.

#### ACQUISITION

On 20 January 2022, Peet Limited acquired the remaining 50% shareholding in Peet Flagstone City Pty Ltd for \$46.2 million from Spirit Super. The first instalment of \$13.8 million was paid in January 2022. The remaining purchase price is to be paid in three instalments over three years to 2025.

This acquisition has given Peet a 100% ownership of Peet Flagstone City Pty Ltd.

This is an asset acquisition as the transaction did not meet the definition of a business combination in accordance with AASB 3 *Business Combinations*.

Details of the carrying values of identifiable assets and liabilities as at the date of acquisition are:

|                                                  | Purchase price allocation<br>\$'000 |
|--------------------------------------------------|-------------------------------------|
| <b>Assets</b>                                    |                                     |
| Cash                                             | 6,537                               |
| Trade and other receivables                      | 518                                 |
| Inventory                                        | 161,571                             |
| Plant and equipment                              | 225                                 |
|                                                  | <b>168,851</b>                      |
| <b>Liabilities</b>                               |                                     |
| Trade and other payables                         | 5,855                               |
| Borrowings <sup>1</sup>                          | 48,959                              |
| Provision                                        | 1,285                               |
|                                                  | <b>56,099</b>                       |
| <b>Carrying value of identifiable net assets</b> | <b>112,752</b>                      |

1. Included intercompany loan of \$6.9 million.

Details of the purchase price are as follows:

|                                                        | \$'000         |
|--------------------------------------------------------|----------------|
| Equity accounted investment at the date of acquisition | 64,765         |
| First instalment paid                                  | 13,845         |
| Land vendor liability                                  | 27,512         |
| Stamp duty and other costs                             | 6,630          |
| <b>Total purchase price</b>                            | <b>112,752</b> |

## MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below. This information is based on amounts before inter-company eliminations.

|                                               | Peet Yanchep Land Syndicate |                |
|-----------------------------------------------|-----------------------------|----------------|
|                                               | 2022<br>\$'000              | 2021<br>\$'000 |
| Current assets                                | 1,802                       | 2,879          |
| Non-current assets                            | 85,210                      | 81,673         |
| Current liabilities                           | 1,423                       | 2,704          |
| Non-current liabilities                       | 21,243                      | 31,727         |
| Non-controlling interest                      | 21,619                      | 16,840         |
| Revenue                                       | 1,343                       | 4,101          |
| Loss after tax                                | (699)                       | (1,238)        |
| Loss attributable to non-controlling interest | 235                         | 415            |

Summarised cash flow information:

|                             | Peet Yanchep Land Syndicate |                |
|-----------------------------|-----------------------------|----------------|
|                             | 2022<br>\$'000              | 2021<br>\$'000 |
| Operating                   | (3,710)                     | (153)          |
| Financing                   | 3,656                       | 200            |
| <b>Net (outflow)/inflow</b> | <b>(54)</b>                 | <b>47</b>      |

Peet Limited has provided a \$2.4 million loan to Peet Yanchep Land Syndicate as at 30 June 2022 (30 June 2021: \$2.4 million) and no loans to other partly-owned subsidiaries. Peet has granted a guarantee of \$6.0 million to Peet Yanchep Land Syndicate as at 30 June 2022 (30 June 2021: \$6.0 million). The Group has no further contractual obligations to provide ongoing financial support.

## DEED OF CROSS GUARANTEE

Peet Limited and certain wholly-owned subsidiaries are parties to a deed of cross guarantee under which each company guarantees the debts of the other. By entering into the deed, the wholly-owned entities have been relieved from the requirements to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The companies represent a 'closed group' for the purposes of the Class Order.

|                                                                         | 2022<br>\$'000 | 2021<br>\$'000 |
|-------------------------------------------------------------------------|----------------|----------------|
| <b>Consolidated statement of profit or loss</b>                         |                |                |
| Revenue                                                                 | 235,507        | 216,632        |
| Expenses                                                                | (192,398)      | (183,845)      |
| Finance costs                                                           | (3,085)        | (5,342)        |
| Share of net profit of associates accounted for using the equity method | 23,579         | 13,211         |
| Net realisable value adjustments                                        | (4,129)        | –              |
| <b>Profit before income tax</b>                                         | <b>59,474</b>  | <b>40,656</b>  |
| Income tax expense                                                      | (19,852)       | (12,154)       |
| <b>Profit for the year</b>                                              | <b>39,622</b>  | <b>28,502</b>  |
| <b>Total comprehensive income for the year</b>                          | <b>39,622</b>  | <b>28,502</b>  |

### Summary of movement in consolidated retained profits

|                                                          |                |                |
|----------------------------------------------------------|----------------|----------------|
| Retained profits at the beginning of the financial year  | 138,141        | 119,305        |
| Profit for the year                                      | 39,622         | 28,502         |
| Dividends paid                                           | (22,957)       | (9,666)        |
| <b>Retained profits at the end of the financial year</b> | <b>154,806</b> | <b>138,141</b> |

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## 24. PARENT ENTITY FINANCIAL INFORMATION AND SUBSIDIARIES

continued

### CONSOLIDATED BALANCE SHEET

Set out below is a consolidated balance sheet at 30 June 2022 of the closed group consisting of Peet Limited and certain wholly owned subsidiaries.

|                                      | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------------------|----------------|----------------|
| <b>Current assets</b>                |                |                |
| Cash and cash equivalents            | 51,887         | 63,958         |
| Receivables                          | 44,587         | 37,379         |
| Inventories                          | 182,366        | 114,898        |
| <b>Total current assets</b>          | <b>278,840</b> | <b>216,235</b> |
| <b>Non-current assets</b>            |                |                |
| Receivables                          | 51,355         | 59,800         |
| Inventories                          | 227,200        | 290,701        |
| Investments                          | 343,484        | 265,904        |
| Right-of-use assets                  | 2,507          | 3,848          |
| Property, plant and equipment        | 2,734          | 3,092          |
| Intangible assets                    | 1,922          | 2,193          |
| <b>Total non-current assets</b>      | <b>629,202</b> | <b>625,538</b> |
| <b>Total assets</b>                  | <b>908,042</b> | <b>841,773</b> |
| <b>Current liabilities</b>           |                |                |
| Payables                             | 24,076         | 33,492         |
| Land vendor liabilities              | 14,808         | –              |
| Borrowings                           | 49,935         | 3,555          |
| Lease liabilities                    | 1,958          | 1,797          |
| Derivative financial instruments     | –              | 1,529          |
| Current tax liabilities              | 9,220          | 6,371          |
| Provisions                           | 13,378         | 12,437         |
| <b>Total current liabilities</b>     | <b>113,375</b> | <b>59,181</b>  |
| <b>Non-current liabilities</b>       |                |                |
| Land vendor liabilities              | 19,554         | –              |
| Borrowings                           | 221,143        | 3,723          |
| Lease liabilities                    | 1,766          | 247,655        |
| Other financial instruments          | 3,161          | –              |
| Deferred tax liabilities             | 17,990         | 15,314         |
| Provisions                           | 150            | 158            |
| <b>Total non-current liabilities</b> | <b>263,764</b> | <b>266,850</b> |
| <b>Total liabilities</b>             | <b>377,139</b> | <b>326,031</b> |
| <b>Net assets</b>                    | <b>530,903</b> | <b>515,742</b> |
| <b>Equity</b>                        |                |                |
| Contributed equity                   | 374,733        | 378,916        |
| Reserves                             | 1,364          | (1,315)        |
| Retained profits                     | 154,806        | 138,141        |
| <b>Total equity</b>                  | <b>530,903</b> | <b>515,742</b> |

## 25. SHARE-BASED PAYMENTS

### PEET EMPLOYEE SHARE OPTION PLAN (PESOP) AND PEET PERFORMANCE RIGHTS PLAN (PPRP)

The establishment of the PESOP was approved by the Board and shareholders during the 2004 financial year and the Peet Limited PPRP was approved by shareholders at the 2008 AGM. Employees of any Group Company (including Executive Directors) will be eligible to participate in the PESOP and/or PPRP at the discretion of the Board.

### INVITATIONS TO APPLY FOR OPTIONS AND/OR PERFORMANCE RIGHTS

Eligible employees, at the discretion of the Board, may be invited to apply for options and/or performance rights on terms and conditions to be determined by the Board including as to:

- the method of calculation of the exercise price of each option;
- the number of options and/or performance rights being offered and the maximum number of shares over which each option and/or performance rights is granted;
- the period or periods during which any of the options and/or performance rights may be exercised;
- the dates and times when the options and/or performance rights lapse;
- the date and time by which the application for options and/or performance rights must be received by Peet;
- any applicable conditions which must be satisfied or circumstances which must exist before the options and/or performance rights may be exercised.

Eligible employees may apply for part of the options and/or performance rights offered to them, but only in specified multiples.

### CONSIDERATION

Unless the Board determines otherwise, no payment will be required for a grant of options and/or performance rights under the PESOP and/or PPRP.

## VESTING AND EXERCISE CONDITIONS

Under the plans, options and/or PRs only vest if the employees are still employed by the Group at the end of the vesting period, subject to the Board's discretion, and any set performance hurdles have been met.

Generally, as a pre-condition to exercise, any exercise conditions in respect of an option and/or performance right must be satisfied. However, the Board has the discretion to enable an option and/or performance right holder to exercise options and/or performance rights where the exercise conditions have not been met, including, for example, where a court orders a meeting to be held in relation to a proposed compromise or arrangement in respect of the Company, or a resolution is passed or an

order is made for winding up the Company. Options granted under the PESOP and performance rights under the PPRP carry no dividend or voting rights.

## LAPSE OF OPTIONS AND PERFORMANCE RIGHTS

Unexercised options and/or performance rights will lapse upon the earlier to occur of a variety of events specified in the rules of the PESOP and PPRP including, on the date or in circumstances specified by the Board in the invitation, failure to meet the options' or performance rights' exercise conditions in the prescribed period or on the expiry date of options and/or performance rights, as determined by the Board.

## FAIR VALUE OF OPTIONS AND PERFORMANCE RIGHTS GRANTED

The fair value of an option and PRs at grant date is determined using a Black-Scholes option pricing model and the value of a performance right at grant date is determined using a Binomial pricing model. The models take into account the exercise price, the term of the option and/or performance right, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option or performance right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option and/or performance right.

The inputs for assessing the fair value of the performance rights issued during the year under the PPRP were:

| Grant Date | Exercise Price | Expiry date | Share price at grant date | Risk free interest rate | Assessed fair value |
|------------|----------------|-------------|---------------------------|-------------------------|---------------------|
| 16 Nov 21  | \$0.00         | 16 Nov 36   | \$1.08                    | 0.16%                   | \$0.99              |

The expected price volatility is based on the historic volatility (based on the remaining life of the options and/or performance rights), adjusted for any expected changes to future volatility due to publicly available information.

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefits expense is \$3,322,585 (2021: \$1,600,218).



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## 25. SHARE-BASED PAYMENTS continued

### FAIR VALUE OF OPTIONS AND PERFORMANCE RIGHTS GRANTED continued

Set out below are summaries of options and performance rights granted under the plans:

| Grant value date          | Expiry date | Exercise Price \$ | Assessed fair value \$ | Balance at 1 July | Granted during the year | Exercised during the year | Lapsed/ forfeited during the year | Balance at 30 June | Exercisable at 30 June |
|---------------------------|-------------|-------------------|------------------------|-------------------|-------------------------|---------------------------|-----------------------------------|--------------------|------------------------|
| <b>30 June 2022</b>       |             |                   |                        |                   |                         |                           |                                   |                    |                        |
| <b>Options</b>            |             |                   |                        |                   |                         |                           |                                   |                    |                        |
| 30 Nov 07                 | N/A         | \$4.10            | \$1.12                 | 1,200,000         | –                       | –                         | –                                 | 1,200,000          | 1,200,000              |
| <b>Performance rights</b> |             |                   |                        |                   |                         |                           |                                   |                    |                        |
| 21 Dec 15                 | 21 Dec 30   | –                 | \$0.957                | 269,103           | –                       | (178,067)                 | –                                 | 91,036             | 91,036                 |
| 23 Nov 16                 | 21 Dec 31   | –                 | \$0.801                | 1,065,114         | –                       | –                         | –                                 | 1,065,114          | 1,065,114              |
| 21 Dec 16                 | 21 Dec 31   | –                 | \$0.849                | 580,682           | –                       | –                         | –                                 | 580,682            | 580,682                |
| 29 Nov 17                 | 05 Dec 32   | –                 | \$1.328                | 349,739           | –                       | –                         | –                                 | 349,739            | 349,739                |
| 5 Dec 17                  | 05 Dec 32   | –                 | \$1.299                | 264,590           | –                       | (8,620)                   | –                                 | 255,970            | 255,970                |
| 21 Nov 18                 | 21 Nov 33   | –                 | \$0.940                | 2,097,201         | –                       | (353,974)                 | (838,883)                         | 904,344            | 904,344                |
| 21 Nov 19                 | 21 Nov 34   | –                 | \$1.044                | 2,253,147         | –                       | –                         | –                                 | 2,253,147          | –                      |
| 19 Nov 20                 | 19 Nov 35   | –                 | \$0.940                | 3,243,407         | –                       | –                         | –                                 | 3,243,407          | –                      |
| 16 Nov 21                 | 16 Nov 36   | –                 | \$0.990                | –                 | 2,325,987               | –                         | –                                 | 2,325,987          | –                      |
|                           |             |                   |                        | <b>10,122,983</b> | <b>2,325,987</b>        | <b>(540,661)</b>          | <b>(838,883)</b>                  | <b>11,069,426</b>  | <b>3,246,885</b>       |
|                           |             |                   |                        | <b>11,322,983</b> | <b>2,325,987</b>        | <b>(540,661)</b>          | <b>(838,883)</b>                  | <b>12,269,426</b>  | <b>4,446,885</b>       |
| <b>30 June 2021</b>       |             |                   |                        |                   |                         |                           |                                   |                    |                        |
| <b>Options</b>            |             |                   |                        |                   |                         |                           |                                   |                    |                        |
| 30 Nov 07                 | N/A         | \$4.10            | \$1.12                 | 1,200,000         | –                       | –                         | –                                 | 1,200,000          | 1,200,000              |
| <b>Performance rights</b> |             |                   |                        |                   |                         |                           |                                   |                    |                        |
| 21 Dec 15                 | 21 Dec 30   | –                 | \$0.957                | 269,103           | –                       | –                         | –                                 | 269,103            | 269,103                |
| 23 Nov 16                 | 21 Dec 31   | –                 | \$0.801                | 1,065,114         | –                       | –                         | –                                 | 1,065,114          | 1,065,114              |
| 21 Dec 16                 | 21 Dec 31   | –                 | \$0.849                | 808,392           | –                       | (227,710)                 | –                                 | 580,682            | 580,682                |
| 29 Nov 17                 | 05 Dec 32   | –                 | \$1.328                | 874,347           | –                       | –                         | (524,608)                         | 349,739            | 349,739                |
| 5 Dec 17                  | 05 Dec 32   | –                 | \$1.299                | 1,232,635         | –                       | (228,464)                 | (739,581)                         | 264,590            | 264,590                |
| 21 Nov 18                 | 21 Nov 33   | –                 | \$0.940                | 2,097,201         | –                       | –                         | –                                 | 2,097,201          | –                      |
| 21 Nov 19                 | 21 Nov 34   | –                 | \$1.044                | 2,333,607         | –                       | –                         | (80,460)                          | 2,253,147          | –                      |
| 19 Nov 20                 | 19 Nov 35   | –                 | \$0.940                | –                 | 3,243,407               | –                         | –                                 | 3,243,407          | –                      |
|                           |             |                   |                        | <b>8,680,399</b>  | <b>3,243,407</b>        | <b>(456,174)</b>          | <b>(1,344,649)</b>                | <b>10,122,983</b>  | <b>2,529,228</b>       |
|                           |             |                   |                        | <b>9,880,399</b>  | <b>3,243,407</b>        | <b>(456,174)</b>          | <b>(1,344,649)</b>                | <b>11,322,983</b>  | <b>3,729,228</b>       |

## 26. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Directors have declared a final fully franked dividend of 4.0 cents per share in respect to the year ended 30 June 2022. The dividend is to be paid on Friday, 14 October 2022, with a record date of Monday, 19 September 2022. No provision has been made for this dividend in the financial report as the dividend was not declared or determined by the directors on or before the end of the financial year.

## 27. OTHER ACCOUNTING POLICIES

### A. FINANCIAL ASSETS

#### INITIAL RECOGNITION AND MEASUREMENT

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

#### SUBSEQUENT MEASUREMENT

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

#### Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and loans to associates and JVs included under Receivables.

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes loans to associates and joint ventures and derivative instruments.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

## 27. OTHER ACCOUNTING POLICIES continued

### A. FINANCIAL ASSETS continued

#### IMPAIRMENT

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### B. LEASES

For leases with a lease term greater than 12 months that are not considered low value leases (see below), right-of-use assets and associated lease liabilities are recognised at the commencement of the lease.

Right-of-use assets are measured at cost initially and then depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are subject to impairment.

The lease liability is initially measured at net present value of future lease payments using the Group's incremental borrowing rate. The lease payments include fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate. The lease payments are allocated between repayment of lease liability and interest expense (charged to profit or loss over the lease period). In addition, the carrying amount of lease liabilities is remeasured if there is a modification or a change in the lease term.

For short-term leases and leases of low-value assets, lease payments are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 month or less. Low-value assets are generally small items of office equipment.

## C. INTANGIBLE ASSETS

Intangible assets primarily consist of software and are shown at historical costs less depreciation.

Depreciation on intangible assets is calculated using the straight-line method over their estimated useful lives as below.

- Software – 5 years

Where costs incurred to configure or customise Software-as-a Service (SaaS) arrangements result in the creation of a resource which is identifiable, and where the company has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates. Where costs incurred to configure or customise do not result in the recognition of an intangible software asset, then those costs that provide the Group with a distinct service (in addition to the SaaS access) are now recognised as expenses when the supplier provides the services.

## D. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are shown at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Fixtures and fittings – 3 to 10 years
- Leasehold improvements – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

## E. TERMINATION BENEFITS

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits because of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance date are discounted to present value.

## F. GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

## G. GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs are expensed.

## 27. OTHER ACCOUNTING POLICIES continued

### H. PARENT ENTITY FINANCIAL INFORMATION

#### TAX CONSOLIDATION LEGISLATION

Peet Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. Peet Limited is the head entity of the tax consolidated group. Members of the group are taxed as a single entity and the deferred tax assets and liabilities of the entities are set-off in the consolidated financial statements.

The entities in the tax consolidated group entered into a tax sharing agreement which limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Peet Limited. At the balance sheet date the possibilities of default were remote.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amount assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) the wholly-owned entity.

#### INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are accounted for at cost in the separate financial statements of Peet Limited. Such investments include both investments in shares issued by the subsidiary and other parent entity interests that in substance form part of the parent entity's investment in the subsidiary. These include investments in the form of interest-free loans which have no fixed repayment terms and which have been provided to subsidiaries as an additional source of long-term capital.

## I. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Other than below amendments, there are no new and amended accounting standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice. However, the Group does not expect a material impact based on current arrangements.



# Directors' Declaration

Year ended 30 June 2022

In the Directors' opinion:

- a. the financial statements and notes set out on pages 60 to 96 are in accordance with the *Corporations Act 2001*, including:
  - i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - ii. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- c. at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 24 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 24.

Note 2 discloses that the financial statements and notes also comply with International Financial Reporting Standards.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



**Brendan Gore**

Managing Director and Chief Executive Officer

Perth, Western Australia

24 August 2022

# Independent Auditor's Report



**Building a better  
working world**

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## Independent auditor's report to the members of Peet Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Peet Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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## 1. Recoverability of inventories

| Why significant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Land held for development and resale is treated by the Group as inventories and is valued at the lower of cost and net realisable value. As at 30 June 2022, total inventories amounted to \$657,093,000.</p> <p>The recoverability of inventory is considered a key audit matter as it represents approximately 66% of the Group's total assets and the determination of net realisable value is affected by subjective elements within the development models over the expected life of each development, or the estimated sales value. These values are sensitive to changes in the underlying economic environment and market forces.</p> <p>Disclosure of inventories including significant judgments is included in Note 9 of the financial report.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>▶ We assessed the effectiveness of controls over the Group's review process related to project monitoring, including the preparation and review of feasibility reports, independent property valuations and updates at the related executive and board level, including their assessment of recoverability. We also assessed controls over the process for the approval to commence or amend significant projects.</li> <li>▶ We evaluated a sample of independent property valuations and a selection of internal projections prepared by the Group.</li> <li>▶ We examined the qualifications, competence and objectivity of the independent valuation experts.</li> <li>▶ We examined the experience and industry expertise of management's internal experts.</li> <li>▶ We evaluated all projects we considered significant, to understand project costs to date and estimated costs to complete, the progress of the development, and contingency estimates for remaining development risks.</li> <li>▶ We assessed the development models prepared by the Group for a sample of developments currently in progress. This included an evaluation of the assumptions adopted by comparing project costs and sales to the most recent historical or comparable sales and costs and agreed relevant data to the current development application submissions and/or approvals.</li> <li>▶ We tested the mathematical accuracy of the development models.</li> <li>▶ We assessed the disclosure relating to inventories in accordance with Australian Accounting Standards.</li> </ul> |

# Independent Auditor's Report



## 2. Land and development costs expensed during the year

| Why significant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The Group has expensed as cost of sales, land and development costs of \$151,715,000 related to sold properties. Development costs includes estimates of infrastructure costs which are incurred over the life of the development.</p> <p>The allocation and measurement of land and development costs was considered a key audit matter as it involves significant judgment and is dependent on forecast development timing and future costs that are affected by expected performance and market conditions.</p> <p>Disclosure of land and development costs is included in Note 6 of the financial report.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>▶ We evaluated the basis of estimation and allocation of total development costs and the allocation of costs to complete to properties sold in accordance with Australian Accounting Standards.</li><li>▶ We assessed the effectiveness of controls over the review and approval of cost calculations.</li><li>▶ We selected a sample of cost calculations to assess whether they were mathematically accurate and appropriately allocated to specific property lots.</li><li>▶ We assessed the costs allocated to each property and the gross margin on the sales transactions. This included comparison to historical averages of similar projects, and to projections over the life of the project to identify and substantiate significant variations.</li><li>▶ We assessed the adequacy of the disclosures in the financial report in accordance with Australian Accounting Standards.</li></ul> |

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### 3. Investments in and loans to associates and joint ventures

| Why significant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The Group has interests in associates and joint ventures, involved in property investment or development, which are accounted for using the equity method, amounting to \$188,006,000 and loans to associates and joint ventures of \$57,604,000.</p> <p>Interests in associates and joint ventures comprise:</p> <ul style="list-style-type: none"> <li>(a) The Group's equity accounted investment in a number of associates and joint venture arrangements; and</li> <li>(b) Loan facilities provided by the Group to certain associates and joint ventures. These unsecured loans are either recognised at amortised cost using the effective interest rate method, less an allowance for expected credit loss or, where appropriate, at fair value through the profit and loss.</li> </ul> <p>This was considered a key audit matter due to the following:</p> <ul style="list-style-type: none"> <li>▶ The judgment involved in assessing whether the Group has control, joint control or significant influence over the investee. The Group's assessment is based on the relevant contractual agreements.</li> <li>▶ The assessment of the recoverability of the carrying value of investments is subject to significant judgment as to the performance of the underlying developments. Significant changes in assumptions impacting project cash flows may give rise to impairment.</li> <li>▶ The measurement of expected credit loss associated with the loans at amortised cost is subject to significant judgment with respect to the probability of default and credit rating applicable to each loan.</li> </ul> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>▶ For new arrangements entered into during the year, we assessed the arrangements to understand the ownership interest and rights of each party. This included considering the Group's assessment of whether an entity is jointly controlled and whether its application of the equity method accounting to the investment is appropriate.</li> <li>▶ For existing joint ventures and associates, we considered whether there had been any changes to the arrangements with respect to decision making power and exposure to variable returns.</li> <li>▶ We assessed the financial performance and financial position of the associates and joint ventures, and the Group's going concern assessment of the relevant entities as one of the indicators of potential impairment.</li> <li>▶ We evaluated the recoverability of interests in associates and joint ventures by assessing the feasibilities of the underlying development assets at the associate and joint venture level. We obtained an understanding of the status of the underlying developments, considered the historical accuracy of the forecast development outcomes and evaluated the assumptions adopted in light of current market evidence. We also evaluated a sample of independent property valuations.</li> <li>▶ We considered the Group's assessment of the recoverability of the loans to associates and joint ventures, carried at amortised cost, including the inputs used in the expected credit loss calculation.</li> <li>▶ With the assistance of our Capital &amp; Debt Advisory specialist, we assessed the interest rates used to value loans to associates and joint ventures measured at fair value through the profit and loss against prevailing market rates and external borrowings for similar debt.</li> </ul> |



# Independent Auditor's Report



- ▶ The measurement of loans at fair value through the profit and loss is subject to significant judgment with respect to the appropriate interest rate applicable to each loan.
- ▶ We assessed the adequacy of the disclosures in the financial report in accordance with Australian Accounting Standards.

Disclosure of investments in associates and joint ventures, including significant judgments is included in Notes 2, 10 and 11 of the financial report.

## Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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## Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

# Independent Auditor's Report



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Peet Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in dark blue ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in dark blue ink that reads 'Gavin Buckingham'.

Gavin Buckingham  
Partner  
Perth  
24 August 2022

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# Securityholder Information

## DISTRIBUTION OF ORDINARY SHARES AND PEET BONDS

As at 30 August 2022 there were 2,173 current holders of ordinary shares and 574 current holders of Series 2, Tranche 1 Peet Bonds ("PPCHB Bonds"). These holdings were distributed in the following categories:

| Size of Holding  | No of Shareholders | % of Issued Shares | No of PPCHB Bondholders | % of Issued PPCHB Bonds |
|------------------|--------------------|--------------------|-------------------------|-------------------------|
| 1 – 1,000        | 543                | 0.03               | 511                     | 33.21                   |
| 1,001 – 5,000    | 592                | 0.38               | 55                      | 25.56                   |
| 5,001 – 10,000   | 341                | 0.56               | 4                       | 5.69                    |
| 10,001 – 100,000 | 614                | 3.75               | 3                       | 8.56                    |
| 100,001 and over | 83                 | 95.28              | 1                       | 26.98                   |
| Total            | 2,173              | 100.00             | 574                     | 100.00                  |

There were 408 shareholdings of less than a marketable parcel of \$500 (455 shares).

There were nil holdings of PPCHB Bonds of less than a marketable parcel of \$500 (five PPCHB Bonds).

## SECURITYHOLDERS

The names of the 20 largest holders of ordinary shares as at 30 August 2022 are listed below.

| Name                                                         | Number of Shares Held | % of Shares Held |
|--------------------------------------------------------------|-----------------------|------------------|
| Scorpio Nominees Pty Ltd <Gwenton A/C>                       | 86,582,433            | 18.19            |
| Citicorp Nominees Pty Limited                                | 73,392,244            | 15.42            |
| HSBC Custody Nominees (Australia) Limited – A/C 2            | 53,762,137            | 11.29            |
| HSBC Custody Nominees (Australia) Limited                    | 46,171,084            | 9.70             |
| J P Morgan Nominees Australia Pty Limited                    | 42,577,969            | 8.94             |
| Hurose Pty Ltd                                               | 20,015,000            | 4.20             |
| Argo Investments Limited                                     | 18,152,705            | 3.81             |
| Mr Warwick Donald Hemsley                                    | 17,459,881            | 3.67             |
| National Nominees Limited                                    | 15,284,832            | 3.21             |
| Ian Murray Charles Palmer & Helen Christina Palmer           | 12,707,352            | 2.67             |
| Golden Years Holdings Pty Ltd <Peet Super Fund A/C>          | 8,656,230             | 1.82             |
| Mirrabooka Investments Limited                               | 7,850,000             | 1.65             |
| Mr Brendan David Gore <Gore Family A/C>                      | 7,240,842             | 1.52             |
| UBS Nominees Pty Ltd                                         | 5,578,355             | 1.17             |
| BNP Paribas Noms Pty Ltd <DRP>                               | 4,701,516             | 0.99             |
| Netwealth Investments Limited <Wrap Services A/C>            | 3,346,974             | 0.70             |
| Neweconomy Com Au Nominees Pty Limited <900 Account>         | 2,000,455             | 0.42             |
| BNP Paribas Nominees Pty Ltd <IB Au Noms Retail client DRP>  | 1,869,376             | 0.39             |
| CS Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C> | 1,647,732             | 0.35             |
| Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>               | 1,640,377             | 0.34             |
| Total for 20 largest shareholders                            | 430,637,494           | 90.45            |
| Total other shareholders                                     | 45,437,523            | 9.55             |
| Total ordinary shares on issue                               | 476,075,017           | 100.00           |



# Securityholder Information

The names of the 23 largest holders of PPCHB Bonds as at 30 August 2022 are listed below. These Bonds mature 5 October 2022.

| Name                                                                 | Number of PPCHB Bonds Held | % of PPCHB Bonds Held |
|----------------------------------------------------------------------|----------------------------|-----------------------|
| HSBC Custody Nominees (Australia) Limited                            | 134,904                    | 26.98                 |
| J P Morgan Nominees Australia Pty Limited                            | 18,197                     | 3.64                  |
| Grizzly Holdings Pty Limited                                         | 12,600                     | 2.52                  |
| Keppoch Pty Limited                                                  | 12,000                     | 2.40                  |
| Finot Pty Limited <The Sonnenschein Family A/C>                      | 8,000                      | 1.60                  |
| Citicorp Nominees Pty Limited                                        | 7,467                      | 1.49                  |
| BT Portfolio Services Limited <The Stone Super Fund A/C>             | 7,000                      | 1.40                  |
| Roni H Pty Ltd                                                       | 6,000                      | 1.20                  |
| National Nominees Limited                                            | 5,000                      | 1.00                  |
| Invia Custodian Pty Limited <SRP Green Pty Ltd A/C>                  | 4,690                      | 0.94                  |
| Netwealth Investments Limited <Super Services A/C>                   | 4,524                      | 0.90                  |
| Hamilton Industries (Victoria) Pty Limited                           | 4,000                      | 0.80                  |
| Trancape Pty Ltd <Atlantica No 2 A/C>                                | 4,000                      | 0.80                  |
| Mrs Deborah Mary Meagher                                             | 3,999                      | 0.80                  |
| Tobochin Pty Ltd <Tobochin A/C>                                      | 3,959                      | 0.79                  |
| Bennypete Pty Ltd <Meagher Super Fund A/C>                           | 3,911                      | 0.78                  |
| Trendmead Pty Ltd <Trendmead Pty Ltd Super A/C>                      | 3,500                      | 0.70                  |
| A Cameron Holdings Pty Limited <A Cameron Family A/C>                | 3,125                      | 0.63                  |
| Bentleigh Nominees Pty Ltd <BW Bergman A/C>                          | 3,000                      | 0.60                  |
| Invia Custodian Pty Limited <T & L Brorsen Family A/C>               | 3,000                      | 0.60                  |
| Mr Thomas Kiss & Mrs Amanda Aizenstros <Du Kiss Smt Fab P/L S/F A/C> | 3,000                      | 0.60                  |
| Mr Archibald John McKirdy                                            | 3,000                      | 0.60                  |
| Mr Jian Wang                                                         | 3,000                      | 0.60                  |
| Total for 20 largest PPCHB Bondholders                               | 261,876                    | 52.38                 |
| Total other PPCHB Bondholders                                        | 238,124                    | 47.62                 |
| Total PPCHB Bonds on issue                                           | 500,000                    | 100.00                |

## SUBSTANTIAL SHAREHOLDERS

As disclosed in substantial holding notices lodged with ASX (as applicable) as at 30 August 2022:

| Name                                              | Date of Last Notice Received | Number of Shares Held | % of Issued Shares Held <sup>1</sup> |
|---------------------------------------------------|------------------------------|-----------------------|--------------------------------------|
| Scorpio Nominees Pty Ltd and its associates       | 13 November 2018             | 99,156,523            | 20.50                                |
| Allan Gray Australia Pty Ltd and its associates   | 14 August 2020               | 88,722,096            | 18.36                                |
| L1 Capital Pty Ltd                                | 26 August 2022               | 56,044,349            | 11.77                                |
| Regal Funds Management Pty Ltd and its associates | 7 June 2022                  | 28,624,760            | 5.95                                 |

1. Percentage of issued shares held as at the date notice provided.



## VOTING RIGHTS OF ORDINARY SHARES

The constitution provides for votes to be cast:

- on a show of hands, one vote for each shareholder; and
- on a poll, one vote for each fully paid ordinary share.

## VOTING RIGHTS OF PEET BONDS

Bondholders have certain rights to vote at meetings of bondholders but are not entitled to vote at general meetings, unless provided for by the ASX Listing Rules or the Corporations Act.

## SECURITIES EXCHANGE LISTINGS

Peet Limited's ordinary shares are listed on the Australian Securities Exchange ("ASX"). The Company's ASX code is PPC.

Peet Limited's Series 2, Tranche 1 Peet Bonds are listed on the ASX, with the code being PPCHB. These bonds mature 5 October 2022.

## OPTIONS AND PERFORMANCE RIGHTS

As at 30 August 2022, Peet Limited had 1,200,000 options on issue, held by one key management person, as disclosed elsewhere in the Annual Report.

As at 30 August 2022, Peet Limited had 7,822,541 performance rights on issue, held by a total of 10 KMP and other senior managers.

These options and performance rights, which are not listed, were issued under the PESOP and PPRP, respectively.

## PEET NOTES

As at 30 August 2022, Peet Limited had 75,000 unsecured and unsubordinated, 6.75% fixed-rate notes on issue, with a maturity date of 7 June 2024 and 75,000 unsecured and unsubordinated floating rate notes on issue, with a maturity date of 30 September 2026. Noteholders are not entitled to vote at general meetings, however, are entitled to vote on certain matters that affect their rights under the notes' Trust Deed. The notes were issued to professional and sophisticated investors and are not listed.

## WEBSITE ADDRESS

[www.peet.com.au](http://www.peet.com.au)

The Peet Limited website offers the following features:

- investor relations page with the latest Company announcements;
- news service providing up to date information on the Company's activities and projects; and
- access to annual and half year reports.

# Corporate Directory

## PEET LIMITED

A.B.N. 56 008 665 834

Website Address – [www.peet.com.au](http://www.peet.com.au)

## DIRECTORS

Tony Lennon, FAICD, Non-executive Chairman

Brendan Gore, BComm, FCPA, FCIS, FGIA, FAICD, Managing Director and Chief Executive Officer

Anthony Lennon, BA, Grad Dip Bus Admin, MAICD, Non-executive Director

Trevor Allen, BComm (Hons), CA, FF, FAICD, Independent Director

Vicki Krause, BJuris LLB W.Aust, GAICD, Independent Director

Robert McKinnon, FCPA, FCIS, FGIA, MAICD, Lead Independent Director

## GROUP COMPANY SECRETARY

Dom Scafetta, BComm, CA

## REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

7th Floor, 200 St Georges Terrace

Perth, Western Australia 6000

Tel. (08) 9420 1111

## SHARE REGISTER

Computershare Investor Services Pty Limited

Level 11, 172 St Georges Terrace

Perth, Western Australia 6000

Tel: (08) 9323 2000

## AUDITOR

Ernst & Young

Ernst & Young Building

11 Mounts Bay Road

Perth, Western Australia 6000



“Community for us is super important.  
We want to have a really good  
relationship with our neighbours  
and we want to become friends.”

## Paula and George

at the New Resident Welcome Event  
at Bluestone, Mt Barker

For personal use only





For personal use only

**Peet Limited**

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Level 7, 200 St Georges Terrace Perth WA 6000

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**PEET**