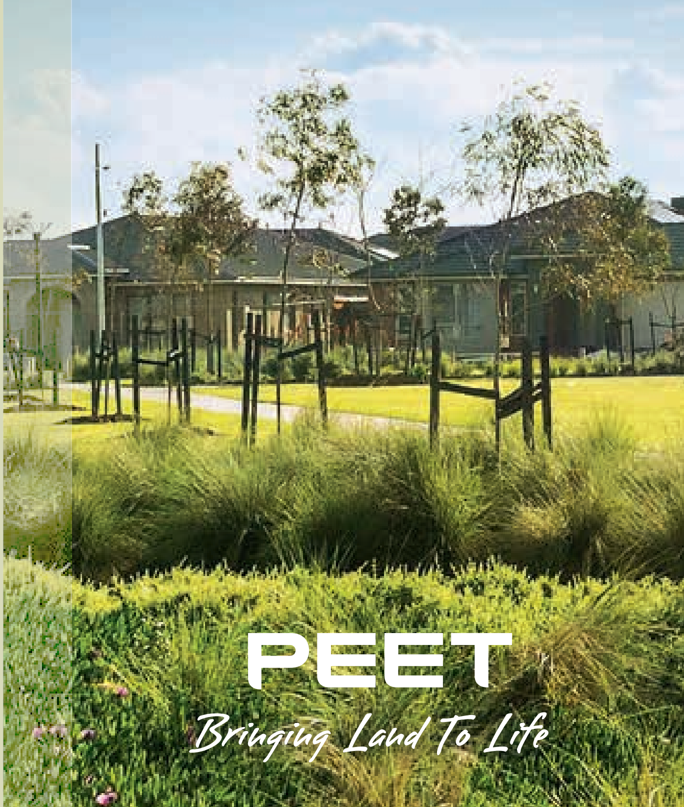
2014
ANNUAL REPORT



PEET

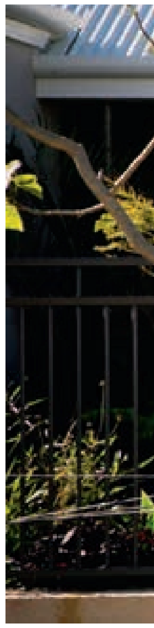
Bringing Land To Life

“Group performance has improved, driven by improving market conditions across the country, and we are well positioned for future growth.”

Kingsford, VIC

Contents


Warner Lakes, QLD



Peet Values

INTEGRITY
We act with high integrity through open, honest and professional conduct.

RESPECT
We treat our team, customers and the environment with respect, dignity and equality.

TEAMWORK
We recognise the strength of working together and encourage the development of our people and the sharing of knowledge.

ADAPTABILITY
We embrace change and foster creativity, initiative, innovation and embrace progressive thinking.

ACCOUNTABILITY
We respect the responsibility invested in us and have ownership and the freedom to act to deliver constant improvements.

CUSTOMER SERVICE
We strive to deliver a high standard of prompt, efficient and courteous service to our customers, both internal and external.

Burns Beach, WA

Business Overview

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

Our activities also include the delivery of affordable, medium-density housing in some communities, and significant investment in community infrastructure.

Our joint venture and co-investment partners include State and Federal Government agencies and major Australian institutions. These are in addition to our syndicate and company investors.

The Group's focus is on delivering high-quality, master-planned communities that attract and inspire homebuyers across Australia – and, in turn, deliver the best possible results for our shareholders, investors and partners.

Our development and marketing activities are underpinned by a sound governance framework, strong management, a breadth of business skills and project management systems and procedures, and quality infrastructure.

The Peet Group, including CIC, employs approximately 230 people in offices throughout Australia and, as at 30 June 2014, managed and marketed a land bank of more than 48,000 lots in the growth corridors of major mainland Australian cities.

The Group has specialist in-house expertise in a range of relevant disciplines and also draws on the specialist expertise of the very best consultants as required for each project.

Our projects reflect the skills and experience of the Group and demonstrate innovation, creativity and a strong connection to our core markets.

The Group achieved a significant increase in sales activity in the 2014 financial year and has moved into the 2015 financial year with good momentum, a strong balance sheet and a sound strategy for future growth.

Shorehaven at Alkimos, WA

Performance at a Glance

- Operating profit after tax of $31.6 million.
- Statutory profit after tax of $30.3 million.
- Dividend reinstated with payment of 3.5 cents per share unfranked.
- Revenue[1] of $296.7 million.
- Earnings per share of 7.0 cents.
- 3,491 lots settled.
- 1,990 contracts on hand as at 30 June 2014 with a gross value of $467.9 million.
- Net EBITDA margin[2] of 25%.
- Gearing[3] of 29.8% as at 30 June 2014.

	30 June 2014 $'000	**30 June 2013[4] $'000**
Statutory profit for the year attributable to the owners of Peet Limited	30,291	880
Adjusting items		
Write-down in carrying value of inventories and development costs	1,806	22,545
CIC acquisition-related costs	-	2,407
Tax effect of adjusting items	(542)	(7,486)
Operating profit after tax	31,555	18,346

OPERATING PROFIT is a non-IFRS measure that is determined to present the ongoing activities of the Group in a way that reflects its operating performance. Operating profit includes the effects of non-cash movements in investments in associates and joint ventures totalling $20.6 million in FY14. It excludes unrealised fair value gains/(losses) arising from the effect of revaluing assets and liabilities and adjustments for realised transactions outside the core ongoing business activities.

STATUTORY PROFIT measures profit in accordance with Australian Accounting Standards.

1. Includes share of net profits from associates and joint ventures.
2. Pre-write-downs of $1.8 million (before tax) and includes effects of non-cash movements in investments in associates and joint ventures totalling $20.6 million in FY14.
3. Includes CIC (Total interest bearing liabilities (including land vendor liabilities) less cash / (Total assets adjusted for market value of inventory less cash, less intangible assets), excluding syndicates consolidated under AASB10.
4. The comparitive period has been restated to reflect the adoption of new Accounting Standards, refer to note 2(a) to the financial statements.

Quarters, VIC

Chairman's Review

On behalf of the Peet Limited Board, I am pleased to present the Peet 2014 Annual Report.

The past year has seen significant improvement in the property market around Australia and we have been able to take good advantage of it.

The Group recorded a 73% increase in its operating profit[5] after tax to $31.6 million, and the statutory profit after tax for the full year was $30.3 million, up from $0.9 million in 2013. The 2014 statutory result includes a write-down after tax of $1.3 million on the disposal of a non-core and non-developing asset in Victoria.

The sound performance of the past year includes the first full year in which Peet held a controlling interest in CIC Australia Limited. The markets in which CIC's projects are located ideally complement Peet's traditional markets of Western Australia, Victoria and Queensland, giving the Group coverage in every mainland Australian state and territory.

The geographical diversification of the Group's land bank provides it with opportunities to maximise what is an uneven recovery in the Australian property market. The rate and timing of improvement in each of our core markets has varied but we have been flexible in our strategic approach and management so as to maximise opportunities accordingly.

We have performed very well across our various markets, including the Melbourne market where we have a significant portfolio of syndicated and managed projects. This includes the new community of Aspect which is being developed and managed on behalf of our newest syndicate, Peet Greenvale Syndicate.

5. Refer to explanation on page 6.

We continue to benefit from low interest rates for housing and continued population growth but note that demand is stabilising.

Your Directors believe that the Peet Group is well positioned to manage the variations in the Australian property market throughout the years ahead and deliver a range of high-quality product attractive to the affordable and middle segments of the market in particular.

Our business strategy is fully focussed on maximising opportunities for us in our land bank and we are currently completing residential apartments and commercial projects, which are presold, and also commencing new ones.

I also draw to your attention the prospects for our significant project at Flagstone, Queensland which we have been progressing over the past few years. It is now at the stage when we see development commencing in the 2015 calendar year.

> "The rate and timing of improvement in each of our core markets has varied and I believe we have been flexible in our strategic approach and management so as to maximise opportunities accordingly."


Yanchep Golf Estate, WA

The Directors are pleased to reinstate a dividend payment and have declared a final unfranked dividend of 3.5 cents per share in respect to the 2014 financial year. The Company's Dividend Reinvestment Plan, which provides shareholders with an opportunity to acquire shares in the Company, remains in place.

I take this opportunity to commend the leadership of Peet's Managing Director and Chief Executive Officer, Brendan Gore and his Executive Team who have demonstrated their talent and commitment in responding so effectively to new opportunities.

It is important to recognise and thank Graeme Sinclair and Stephen Higgs who retired from the Peet Board in August 2014, after each serving 10 years. During that time the Company has weathered the recent tough years the Australian property industry has seen. The value of the strategic decisions taken during that period is now being realised. We thank them for their significant contribution to Peet.

This year, Peet also welcomed two new Non-executive Directors in Vicki Krause and Bob McKinnon in April and May 2014 respectively.

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.

Mr McKinnon had a career spanning over 40 years in senior financial and general management positions. His other current directorships include Non-executive Chairman of Toxfree Solutions Limited and of the Esperance Port Authority and Non-executive Director of Programmed Maintenance Services Limited.

Our Board succession management has been such that of our present five non-executive Directors three were appointed to the Board during the past two years.

We have a good level of confidence in the year ahead and the long-term prospects of the Peet Group. That confidence is based not only on our proven ability to manage through various property market cycles, but on the strength of our business relationships and the quality of our company culture.

Home ownership remains a keen aspiration for Australians at all stages of life. Peet remains focussed on delivering high-quality, master-planned communities to suit a wide range of lifestyles and budgets.

The Peet Group is well positioned for growth in the year ahead and we look forward to achieving the best possible results for our residents and purchasers – and our shareholders, syndicate investors, and co-investment partners.

Tony Lennon

Tony Lennon
Chairman

13 October 2014

Golden Bay, WA

Managing Director and Chief Executive Officer's Review

The Peet Group moved into a new growth phase in the 2014 financial year building on solid foundations and, in line with the strategic direction set in recent years, has positioned itself to maximise the opportunities presented by more positive trends evident in a number of key markets.

During the 2014 financial year, Peet continued to reweight its business to funds management and higher performing projects; continued the repair and stabilisation of its balance sheet; and further developed its business and co-investor relationships.

The disciplined execution of Peet's capital management strategy and the rebalancing of the land bank such that almost 75% is now in funds management or more capital-efficient joint venture structures has positioned the Group to expand and leverage off a market recovery.

As well as achieving an operating profit[6] after tax of $31.6 million (a 73% increase on 2013), Peet has continued to reduce debt, in part via the completion of its non-core asset divestment program. Four properties were sold during the year, three of which had settled by 30 June 2014, with the fourth due to settle before the end of the calendar year. This brings the total asset divestment program to $93.5 million.

At the same time as reducing its debt, Peet continued to invest in the development of new lots and related infrastructure to meet improving market demand during the year.

The Group's cash flow was solid during the year, and is expected to continue to improve as recently commenced projects mature and the full portfolio of projects benefit from improved market conditions.

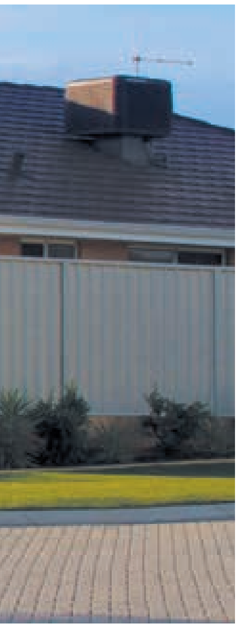
As at 30 June 2014, the Group's covenant gearing[7] was in line with the target of 30% and is expected to decrease further in the year ahead.

The Group will maintain a disciplined approach in every aspect of its operations, while at the same time continuing to leverage off its wholesale and retail investor relationships to pursue and assess syndication and other growth opportunities.

The Group develops quality residential communities targeted mainly at the affordable and middle market segments and, as part of this, has developed a medium density strategy which is already delivering positive results.

A pipeline of some 1,500 units has been identified within the existing national portfolio and this extension of the current offering to new homebuyers will continue to be rolled out in the year ahead. In September 2014, Stage One of the Invita Apartments (developed in partnership with BGC Development at The Village at Wellard) took out the Affordable Developments category of the Western Australian Urban Development Institute of Australia's Awards for Excellence – a fillip for Peet's work in this sector. Invita Stage One is sold out and, along with Stage Two settlements, is expected to contribute to earnings in the 2015 financial year.

6. Refer to explanation on page 6.
7. Includes CIC (Total interest bearing liabilities (including land vendor liabilities) less cash / (Total assets adjusted for market value of inventory less cash, less intangible assets), excluding syndicates consolidated under AASB10.

Kingsford, VIC

While awards are not an end in themselves, benchmarking Peet's standards against the best in the industry is important and they provide obvious marketing benefits. We are pleased to report two well-established projects also earned UDIA Awards in 2014 – the joint venture with the WA Department of Housing, The Village at Wellard, was named Best Development Over 250 Lots and the Company-owned over 55s community, Lattitude Lakelands, took out the Senior Living award.

Driven by improving market conditions around the country and the first full year in which Peet held a controlling interest in CIC Australia Limited, the Group achieved a 53% increase in sales, with 3,525 lots worth $835.2 million sold during the year. Settlements were also up strongly by 67% with almost 3,500 lots settled. Importantly, there were almost 2,000 contracts on hand as at 30 June 2014, with a gross value of $467.9 million. The contracts on hand provided good momentum moving into the first quarter of the 2015 financial year, and sales and interest in Peet communities have remained solid.

There was some price growth during the 2014 financial year, contributing to improved margins with the Group's EBITDA margin[8] improving from 22% to 25%.

The Group's current portfolio sits at more than 48,000 lots with an on-completion value of approximately $11.4 billion in today's dollars.

GROUP STRATEGY

Peet's proven strategy will continue through the 2015 financial year and beyond, with the flexibility to adapt to different rates of recovery and variable market conditions around Australia.

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

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

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

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

Aston, Craigieburn, VIC

Peet remains well positioned to leverage its funds management platform and high-quality partnerships to optimise growth opportunities.

OUTLOOK

Homebuyer activity and demand in the Australian property market both lifted during the 2014 financial year as a result of a sustained low interest rate environment and continued population growth. However, affordability, softening labour market conditions and consumer caution are likely to make for a subdued uplift.

Sales volumes have remained solid in Peet's key corridors across the country with the Western Australian market seeing moderate price growth but continuing to be underpinned by positive economic fundamentals. The Victorian market has improved off the back of low interest rates and increased investor interest, though price sensitivity is a key factor. In Queensland the market is also lifting, albeit off a low base, as affordability has improved relative to other major cities.

Markets in the Australian Capital Territory and New South Wales are expected to remain solid due to a shortage of land supply. In South Australia the market is showing tentative signs of improvement with infill development in city locations seeing strong demand, while in the Northern Territory the market is expected to remain strong on the back of growing investment in major resource (LNG) projects.

At year-end, the Group is well positioned for continued growth with:

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

I commend the work of our hard-working executive team and management group – and the entire national team whose diligence is reflected in the past year's results and, we trust, future success. We will also continue to work collaboratively with the very best consultants and contractors in the industry, adding value to our projects and performance.

I also offer my personal thanks and appreciation to the board members of Peet Limited during a very significant year for the Group.

With the ongoing confidence of our shareholders, wholesale investors, joint venture partners and our retail syndicate investors, we will continue to strive for excellence in every aspect of our work, and look forward to sharing the rewards with all our stakeholders.

Brendan Gore
Managing Director and Chief Executive Officer

13 October 2014

Avon Ridge, WA

Operating and Financial Review

Peet Limited's results in the 2014 financial year reflect improved performance across the Group's business divisions, the first full year in which Peet held a controlling interest in CIC Australia Limited and general improvements in key Australian property market sectors.

The Peet Group delivers quality residential communities, mainly for the affordable and middle segments of the market, in Australia's major urban growth corridors.

There were 3,525 sales achieved for the full year (with a gross value of $835.2 million), representing an increase of 53% compared with the previous year.

The lift in demand, which contributed to moderate price growth in key corridors, reflected a stronger Australian residential property market, particularly in Western Australia and Victoria, the Group's diversified portfolio, a sustained period of low interest rates, continued robust population growth, and a relatively stable employment market.

Almost 3,500 lots were settled, (with a gross value of $827.8 million) compared with approximately 2,100 lots in the previous year – an increase of 67%.

The Group's EBITDA margin[9] increased to 25% as a result of net price growth and the greater impact of higher-margin projects. The majority of the Group's portfolio is within the Funds Management business where sales increased by 32% and settlements by 44%. Importantly, the EBITDA margin was maintained at a sound 69%. The EBITDA contribution from this business segment is expected to trend upwards over the coming years, as more syndicated and managed projects move into production and mature.

There was also a significant improvement in the performance of the Group's joint ventures, including The Village at Wellard in Western Australia and other projects in the Northern Territory and South Australia.

During 2014, Peet responded to improving market demand by continuing to invest in the development of new lots and related infrastructure, while at the same time reducing its bank debt by 10% to $247.9 million. Three new projects commenced in the key markets of Western Australia, Victoria and Queensland. A further three projects are scheduled to commence development in FY15.

The Group entered the 2015 financial year with 1,990 contracts on hand, with a gross value of $467.9 million, providing good momentum for the new financial year, and is well positioned for continued growth.

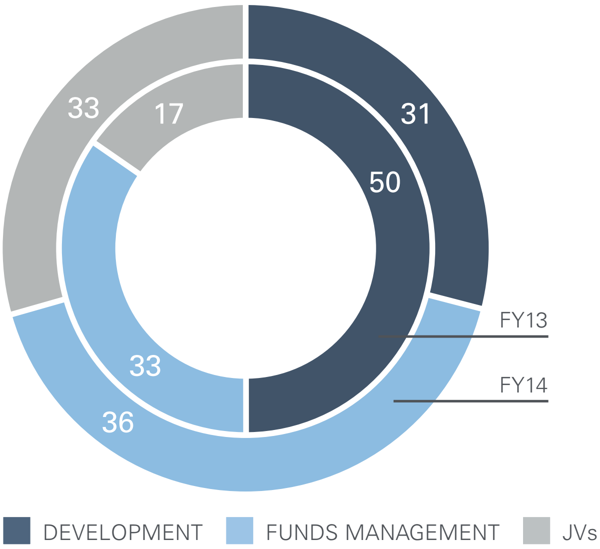
RISK MANAGEMENT

The Group recognises and has systems, skills and processes in place to manage key risks to its activities. Operating and financial performance is influenced by a number of risks impacting the property sector. These include general economic conditions; government policy influencing a range of matters including population growth; household income and consumer confidence; the employment market; and land development conditions and requirements, particularly in relation to infrastructure and environmental management.

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

GROUP PERFORMANCE

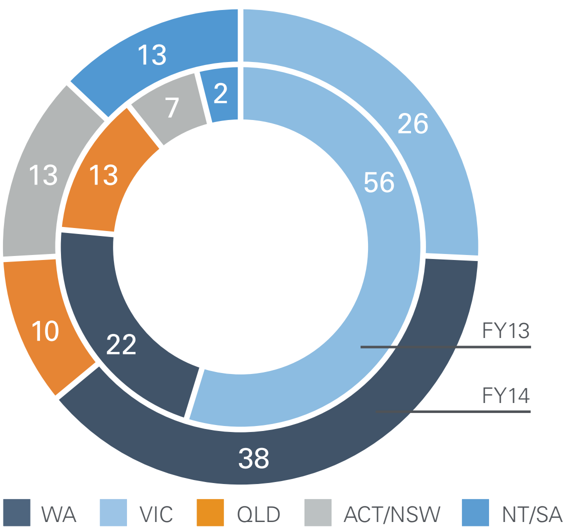
Group EBITDA[10] composition by business type (%)



HIGHLIGHTS

- Group revenue[11] of $296.7 million.
- Operating EBITDA[10] of $73.7 million.
- More than 3,500 owned and managed lots sold with a gross value of $835.2 million.
- Almost 3,500 owned and managed lots settled with a gross value of $827.8 million.
- 1,990 contracts on hand as at 30 June 2014 with a gross value of $467.9 million.
- Total land bank of more than 48,000 lots with an on-completion value of $11.4 billion.

Group EBITDA[10] composition by geography (%)

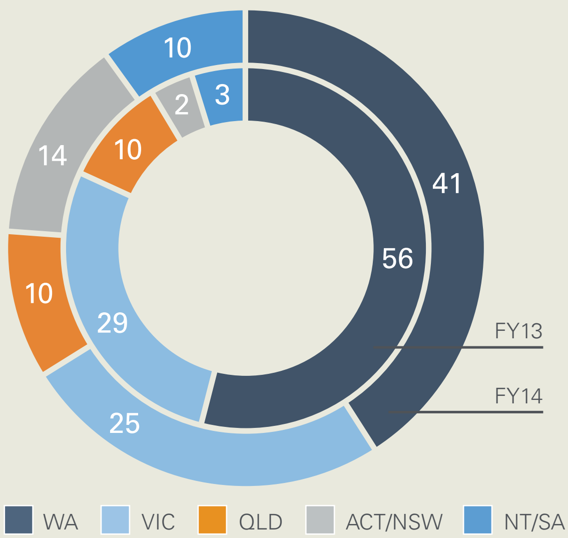


Global and domestic economic factors which may influence capital markets and the movement of interest rates are also risks faced by the Group.

The property market is cyclical and, while impacted by fluctuations in the market, the Group has also proved its capacity to manage through various cycles over a very significant period of time.

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. Peet has a long history of managing these risks at an individual project and portfolio level.

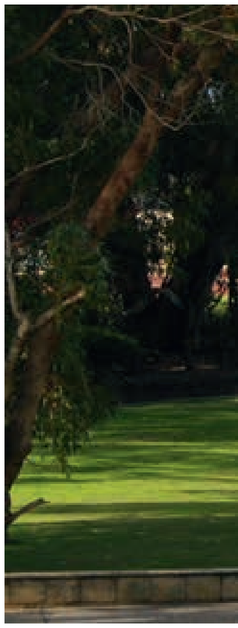
Group FY14 sales by geography (%)



"Good sales momentum has built throughout the year, broadened across the portfolio and continued into the new financial year."

10. Pre-write-downs of $1.8 million (before tax) and includes effects of non-cash movements in investments in associates and joint ventures totalling $20.6 million in FY14.
11. Includes share of net profits from associates and joint ventures.

Livingston, VIC



PROJECT PORTFOLIO

The Peet Group's markets include the growth corridors of all Australian mainland capital cities and, as at 30 June 2014, the Group's total land bank was 48,187 lot equivalents with an estimated on-completion value of approximately $11.4 billion.

It manages and markets high-quality residential projects, often on behalf of syndicate, joint venture or co-investment partners. The Group's emphasis is on larger, master-planned community projects, underpinning future cash flows and performance.

Almost three-quarters of Peet's land bank sits within the Funds Management and Joint Venture businesses, which accounted for around 69% of the Group's EBITDA for 2014.

In line with its ongoing strategy, the Group ended the year with sound wholesale investor relationships in place, providing capacity to pursue further growth opportunities as they arise and as conditions warrant.

CARRYING VALUE OF INVENTORIES AND OTHER ADJUSTMENTS

Peet recorded write-downs after tax of $1.3 million on the disposal of a non-core and non-developing landholding in Victoria.

CAPITAL MANAGEMENT

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

The targeted non-core asset divestment program of $100 million was essentially achieved with the sale of four properties during the year, three of which settled prior to 30 June 2014 while the fourth is due to settle before the end of the 2014 calendar year.

While this brings the total asset divestment program to $93.5 million, the review and assessment of the Group's development property portfolio will continue with a view to optimising the portfolio.

At the same time, Peet also continued to invest appropriately in delivering new homesites in existing and new projects to meet market demand for a broad range of high-quality affordable land and housing.

During the year, the Group reduced debt levels by 9% to $295.5 million and Peet Limited's $200 million corporate bank debt facility was extended until 31 October 2017.

The Group's gearing[12] ratio of 29.8% as at 30 June 2014 was in line with its targeted ratio of 30%.

DIVIDEND PAYMENTS

Subsequent to year end, the Directors of Peet Limited declared a final unfranked dividend of 3.5 cents per share in respect to FY14 that will be paid on Friday 31 October 2014, with a record date of Wednesday 1 October 2014.

The Company's Dividend Reinvestment Plan (DRP), which provides shareholders with an opportunity to acquire shares in the Company, remains in place.

Further details of the dividend and DRP were announced to the market on 28 August 2014.

12. Includes CIC (Total interest bearing liabilities (including land vendor liabilities) less cash) / (Total assets adjusted for market value of inventory less cash, less intangible assets), excluding syndicates consolidated under AASB10.

Lakelands Private Estate, WA

FUNDS MANAGEMENT

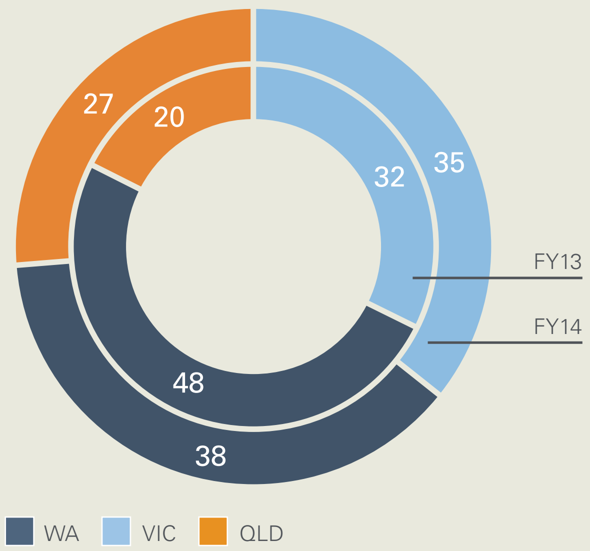
The Peet Group manages and markets residential developments on behalf of land syndicates and under project management and co-investment arrangements.

There were 1,834 syndicated and managed lots sold during the year for a gross value of $412.1 million. This compares to 1,389 sales for a gross value of $341.2 million in 2013. Sales included a good response to the first land release at Aspect, a new residential community on 40 hectares of land in Greenvale in Melbourne's northern corridor, and at Warner Lakes The Reserve around 20 kilometres from Brisbane. The Reserve neighbours Peet's award-winning Warner Lakes project and is managed on behalf of Defence Housing Australia.

There were 1,763 lots that settled for a gross value of $403.6 million, compared to 1,225 for a gross value of $322.2 million in 2013. At 30 June 2014, there were 968 contracts on hand for a gross value of $195.1 million.

The Peet Group's Funds Management portfolio makes up more than 60% of the total land bank. Several new projects in Peet's Funds Management business are expected to start development over the next three financial years, including two in the 2015 financial year.

Funds Management revenue composition by geography (%)



HIGHLIGHTS

- EBITDA of $29.7 million.
- 1,834 lots sold at a gross value of $412.1 million.
- 1,763 lots settled at a gross value of $403.6 million.
- 968 contracts on hand as at 30 June 2014 with a total value of $195.1 million.
- Net EBITDA margin of 69%.

The Village at Wellard, WA

JOINT VENTURES

The Peet Group's joint venture projects performed well during the year with a strong increase in sales, settlements and revenue.

There were 1,190 lots sold at a gross value of $281.7 million and 1,268 settlements with a gross value of $308.9 million. These compare to 503 sales at a gross value of $98.3 million and 451 settlements at a gross value of $87.0 million in 2013.

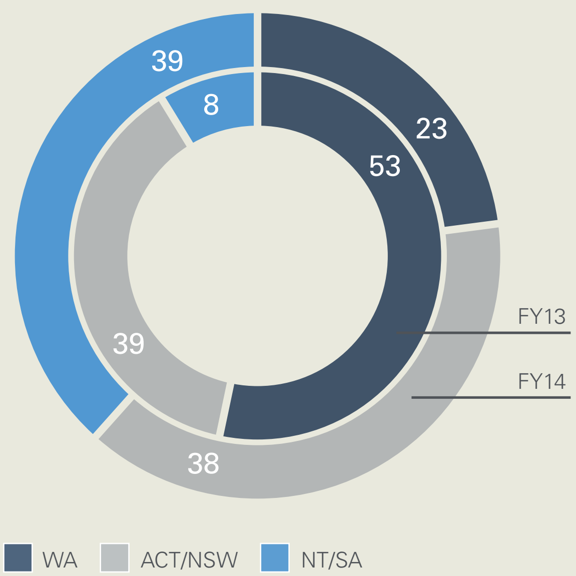
EBITDA of $27.4 million was achieved from projects in this business segment spread across New South Wales, the Australian Capital Territory, South Australia, Western Australia and the Northern Territory. The EBITDA margin increased to 25%.

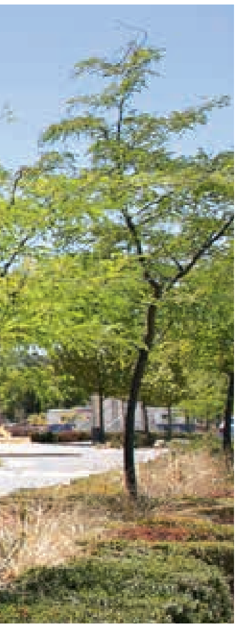
At 30 June 2014, there were 753 contracts on hand with a gross value of $181.2 million.

HIGHLIGHTS

- EBITDA of $27.4 million.
- 1,190 lots sold at a gross value of $281.7 million.
- 1,268 lots settled for a gross value of $308.9 million.
- 753 contracts on hand as at 30 June 2014 with a total value of $181.2 million.
- Net EBITDA margin of 25%.

Joint venture EBITDA composition by geography (%)





Vantage, QLD

COMPANY-OWNED PROJECTS

During the 2014 financial year the Group achieved more than 500 sales, including three super lots, at Company-owned projects, at a gross value of $141.4 million. This compares to 416 sales at a gross value of $113.0 million in 2013.

A total of 460 lots were settled during the year, including the super lots, for a gross value of $115.3 million. This compared with 415 settlements, including three super lots, for a gross value of $138.7 million in 2013.

The EBITDA[13] for the year was $25.0 million and the net EBITDA margin[13] increased from 22% in 2013 to 24%.

In June 2014, the first registrations of interest in homesites at Peet's fourth project in Melbourne's northern growth corridor – Arena – were opened. Aston, Craigieburn in Victoria again performed well during the year and a vibrant master-planned community is fast being established there.

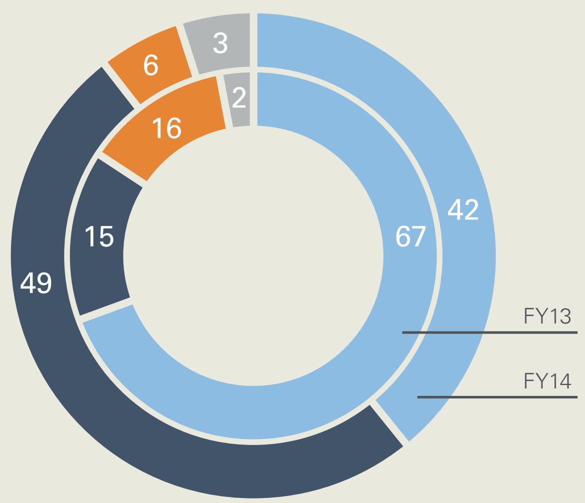
A number of other Company-owned projects are earmarked to commence development over the next three financial years, including two in Victoria and another two in Western Australia's south-eastern corridor.

At year-end, Company-owned projects totalled the equivalent of more than 12,100 lots, with an estimated on-completion value of approximately $2.6 billion.

HIGHLIGHTS

- Revenue of $104.2 million from the settlement of 460 lots.
- EBITDA[13] of $25.0 million.
- Pre-tax write down in inventory of $1.8 million.
- 501 lots sold at a gross value of $141.4 million.
- 269 contracts on hand as at 30 June 2014 with a total value of $91.6 million.
- Net EBITDA[13] margin of 24%.

Company-owned revenue composition by geography (%)



13. Pre-write-downs of $1.8 million (before tax).

Flagstone Rise, QLD

SUSTAINABILITY

Peet is driven to deliver vibrant communities that reflect the values of Australia's diverse society and appeal to a wide range of homebuyers.

Our commitment to sound standards in economic, social and environmental performance underpins all our activities and is reflected in the growth and development of our communities across Australia.

Peet's projects are delivered through a multi-pronged development strategy involving creative urban design; innovative engineering and environmental management; proactive stakeholder and community engagement; and responsive business processes.

Achievements during the 2014 financial year include:

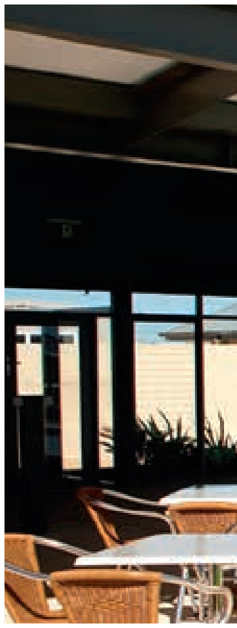
- **Warner Lakes The Reserve** in Brisbane's northern suburbs was awarded the highest level of green certification through the UDIA EnviroDevelopment program. The former quarry achieved an outstanding six 'leaves' (accreditation categories) for ecosystems, waste, community, materials, energy and water. Significant steps have been taken to protect local species in the development area and a Conservation Corridor has been created to preserve flora and fauna habitat. Design guidelines are in place to achieve sustainable building outcomes and a lifestyle guide is also being created to educate residents about the natural and built environment.
- At **The Village at Wellard** in Perth's southern suburbs, the estate's integrated network of footpaths and cycleways, CALICO fitness system and open spaces, combined with exceptional public transport and growing Village Centre facilities, were cited by the Heart Foundation as a superb example of how healthy living can be supported in our built environment. The community's clever, thoughtful design was featured as a high-quality case study on the Healthy Active by Design website and will be used as a tool to help inform the design of other communities.
- **Kingsford at Point Cook** added a further 1.14 hectares of parkland to the community with the opening of Hargrave Park. The new park features an impressive children's playground, interlined pathways, a picnic shelter and an expansive grassed area. The new addition joins the 800sqm Kingsford Common which has become a recreational and social hub for residents with a 30-metre flying fox, elaborate climbing frame, sports oval, picnic and barbecue facilities.
- **Flagstone Rise** was pleased to support the Flagstone Phoenix Brothers Rugby League Club which works in the growing community of Logan, south of Brisbane, to nurture and develop young people through sport. It's part of a broader program of investment in community infrastructure in the Flagstone region, and the results on the field and off the field have been very positive.

A number of Peet projects across the country have earned UDIA EnviroDevelopment accreditation:

- Avon Ridge, Brigadoon (WA) – Ecosystems and Water.
- Shorehaven at Alkimos (WA) – Water.
- Aston, Craigieburn (VIC) – Community, Ecosystem and Water.
- Cardinia Lakes, Pakenham (VIC) – Community and Ecosystem.
- Quarters, Cranbourne West (VIC) – Community, Ecosystem and Water.
- Riverbank, Caboolture (QLD) – Community, Ecosystem, Energy and Water.
- Warner Lakes The Reserve (QLD) – Ecosystem, Waste, Community, Materials, Energy and Water.

Warner Lakes The Reserve, QLD

Golden Bay, WA



COMMUNITY

Building community capacity, and supporting the communities in which we operate, is an important part of Peet's work around Australia. Through our annual community partnerships, for example, Peet fosters local networks assisting schools, clubs and not-for-profit organisations to deliver activities and resources across education, the arts, sport, environment and community service. In the 2014 financial year, Peet communities were proud to sponsor more than 30 local organisations.

Our communities often incorporate a program of engagement, bringing residents together for events and celebrations and encouraging residents and local groups to organise their own activities which build social cohesion.

In the 2014 financial year, Peet communities have contributed to successful weekend markets, family fun days, Christmas and Easter holiday activities, morning teas and sundowners for new purchasers and residents, movie nights and other community-related activities.

> "The Two Rocks Yanchep Assisted Cancer Travel (TRYACT) committee is delighted that Yanchep Golf Estate is partnering with us – its support will help us continue to deliver our services. We look forward to working with them as we expand our services too."
>
> Sue Dash, TRYACT

To encourage sustainability, Peet has also facilitated gardening workshops, Clean-up Australia Day activities and planting days. We have also been pleased to encourage participation in Neighbour Day and National Tree Day.

Direct input and consultation builds local ownership and informs development strategy. At Golden Bay, south of Perth, a 'pop-up dialogue café' encouraged residents to provide input into new parks within the estate. Community input was also encouraged at The Village at Wellard where residents and locals were invited to share their vision for the future of the community and particularly the Village Centre.

The success of our approach to community-building at Lattitude Lakelands – an over 55s community south of Perth – was evidenced in the results of the McCrindle Baynes Villages Census 2013. The survey of residents in 23 retirement villages produced a glowing report for Lattitude Lakelands where almost three-quarters of residents felt their social life had improved since making the move to the community. An overwhelming 98% also revealed they were involved in organised activities within the Lattitude community.

The Peet Group has a proud tradition of support for charities and community groups of all sizes who, in turn, engage with and assist tens of thousands of Australians every year.

For the eighth year, Peet was proud to support the 2014 Peet Op Shop Ball for Anglicare, which has helped raise a total of more than $1.55 million for "suitcases of hope" and Anglicare WA's ongoing community services.

Other community groups include Surf Lifesaving clubs, sporting clubs, residents' associations, wildlife carers and Neighbourhood Watch.


Lattitude Lakelands, WA

AWARDS

Peet Limited has been proud to earn prestigious industry awards and recognition for excellence in the planning, design, environmental management and development of vibrant, sustainable communities.

Peet was honoured to win three awards at the 2014 UDIA (WA) Awards for Excellence:

- Affordable Development – Invita Apartments (Stage One), joint venture with BGC Residential located at The Village at Wellard. The 36 apartments are affordably priced from $280,000 – 30% lower than Perth's median unit price – and built to impressive standards, with 95% selling off-plan within three months.
- Residential Development Over 250 Lots – The Village at Wellard, joint venture with the Department of Housing. Perth's first purpose-built greenfields transit-oriented development on the southern suburbs railway, offering affordable housing and affordable living in a highly-connected community.
- Seniors' Living – Lattitude Lakelands. 194-villa master-planned estate offering a new generation of contemporary over 55s living through innovative design, high-quality facilities and a close-knit sense of community.

Theses accolades add to other awards Peet has received in recent years, including:

- Urban Development Institute of Australia (QLD) Awards for Excellence, Residential Subdivision – Warner Lakes;
- Urban Development Institute of Australia (WA) Awards for Excellence, Sustainable Urban Development – Quattro at Queens Park; and
- Urban Development Institute of Australia (VIC) Awards for Excellence, Residential Subdivision 250 Lots or Fewer – Skye Valley.

"We set out to build award-winning communities that are attractive to Defence members, investors and the wider community — both now and in the future. With the support of Peet (at Warner Lakes, The Reserve), we are continuing to push the boundaries on quality, innovation and efficiency."

Peter Howman, DHA Managing Director.

"Lattitude Lakelands is a development which exudes quality, with attractive residential housing, excellent communal facilities and outstanding attention to detail."

UDIA (WA) 2014 Awards for Excellence, Judges' Comments

Corporate Calendar

24 OCTOBER 2014

Annual Report and notice of AGM dispatched to shareholders.

31 OCTOBER 2014

Payment of final unfranked FY14 dividend of 3.5c per share.

26 NOVEMBER 2014

AGM at the Parmelia Hilton Perth Hotel, Mill Street, Perth WA at 10.00am (AWST).

FEBRUARY 2015

Release of results for the half-year ending 31 December 2014.

Burns Beach, WA

Contents

Directors' Report

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 2014 ('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:

TONY LENNON
FAICD
Non-executive Chairman

Tony Lennon has extensive commercial experience 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. A former President of the Real Estate Institute of Western Australia, he has also served as a Councillor of the national body, the Real Estate Institute of Australia.

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 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.

BRENDAN GORE
BComm, FCPA, FCIS, FGIA, FAICD
Managing Director and Chief Executive Officer

Brendan Gore has been Managing Director and Chief Executive Officer of Peet Limited since 2007 – successfully leading the company through the global financial crisis, expanding its land bank 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.

In January 2007 he was appointed inaugural Chief Operating Officer, taking on responsibility for developing Peet's integrated operational strategy and managing the day-to-day safety and performance of its business divisions. Mr Gore took up his current position later that same year.

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 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.

Mr Gore is also a Non-executive Director of CIC Australia Limited, where he is a member of its Audit Committee and Remuneration Committee.

1. DIRECTORS (CONTINUED)

STEPHEN HIGGS

BEc (Syd)

Independent Non-executive Director

Stephen Higgs has held a series of board roles including with listed Australian companies such as Rural Press Limited, Primary Healthcare Limited and Freedom Nutritional Products and other leading roles including Chairman of Orlando Wines, and Director of Leigh Mardon, IPAC Securities and Ausoft Limited.

In addition, Mr Higgs worked for 20 years with UBS and its predecessors to cement a leadership position in corporate finance advice and the private equity market.

He recently resigned as Chairman of the Juvenile Diabetes Research Foundation Australia after 12 years in the role. He remains Chairman of the Glycemic Index Foundation.

Mr Higgs' commitment to the community has extended to include positions working as a Councillor at St Andrew's College at Sydney University and Trustee of Redkite (formerly the Malcolm Sargent Cancer Fund for Children in Australia).

Mr Higgs joined the Board in June 2004 and will retire with effect from the date of announcement of the Group's FY14 results.

GRAEME SINCLAIR

BComm, CA, ACIS, ACSA, FAICD

Independent Non-executive Director

A qualified Chartered Accountant with more than 40 years accumulated experience in investment and wealth management services, Graeme Sinclair joined the Peet Limited Board in June 2004.

Mr Sinclair gained his accounting qualifications with an international accounting firm including a term in the firm's London office.

Two years later, he returned to Australia and joined the Myer Family Group, an actively managed long-term investment group, eventually becoming the Group's Chief Executive Officer and Managing Director of the Myer Family Company Pty Ltd. Mr Sinclair served in this role for 13 years before retiring in mid 2009.

Mr Sinclair is also a Non-executive Director of Mirrabooka Investments Limited, a listed investment company specialising in investing in small and medium-sized companies and a Director of several private companies.

He is also a Trustee of the William Buckland Foundation, one of Australia's largest philanthropic foundations, a Director of Habitat for Humanity Australia (Victoria) Inc. and the Executive Officer of the MCG Trust.

Mr Sinclair will retire with effect from the date of announcement of the Group's FY14 results.

ANTHONY LENNON

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 over a decade ago 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, where he completed his post-graduate Diploma in Business Administration while on a Graduate Management Training Scheme with 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.

1. DIRECTORS (CONTINUED)

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 on 27 August 2012, Mr Lennon was Peet Limited's National Business Development Director.

He is also a board member of the Urban Development Institute of Australia (Victoria).

TREVOR ALLEN
BComm (Hons), CA, FF, MAICD
Independent Non-Executive Director

Trevor Allen joined the Peet Board in April 2012 after his retirement from KPMG at the end of 2011.

Mr Allen was a partner of KPMG and, at the time of his retirement, was the National Head of its Mergers and Acquisitions business. He has over thirty years' experience in the corporate advisory sector, including direct involvement in a number of major transactions and market developments over that time, through director/partner positions at SBC Warburg (now part of UBS), Baring Brothers and KPMG.

Mr Allen is an independent Non-executive Director of Freedom Foods Group Limited, where he chairs its Audit & Risk Management Committee and is a member of its Remuneration Committee.

He is a Non-executive Director and Honorary Treasurer of the Juvenile Diabetes Research Foundation where he also chairs its Finance, Audit and Risk Committee.

He also is a consultant to PPB Advisory and Shaw ICS Advisory.

Mr Allen was appointed as a Director of Australian Childcare Projects Limited on 25 July 2014.

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.

ROBERT MCKINNON
FCPA, FGIA, MAICD
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 was also a Non executive Director of Bankwest until November 2012 and of Brierty Limited until September 2011.

His other current directorships include Chairman of the Esperance Port Authority and Toxfree Solutions Limited and Non-executive Director of Programmed Maintenance Services Limited.

2. PRINCIPAL ACTIVITIES

The Peet 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 focussed on creating high-quality master-planned residential communities for homebuyers across Australia, and achieving the best possible results for our shareholders, investors and partners who include State and Federal Government agencies and major Australian institutions.

The Peet Group, including CIC, employs approximately 230 people in offices throughout Australia. As at 30 June 2014, the Peet Group managed and marketed a land bank of more than 48,000 lots in the growth corridors of major mainland Australian cities.

There was no significant change in the nature of the activities during the year.

3. REVIEW OF OPERATIONS AND CONSOLIDATED RESULTS

OPERATING AND FINANCIAL REVIEW

KEY RESULTS[1]

- Operating profit[2] after tax of $31.6 million, up 73%.
- Statutory profit[3] after tax of $30.3 million, up from $0.9 million.
- Dividend reinstated with payment of 3.5 cents per share unfranked.
- Earnings per share of 7.0 cents, up from 0.3 cents.
- Revenue[4] of $296.7 million, up 23%.
- 3,491 lots settled compared with 2,091 in FY13, up 67%.
- 1,990 contracts on hand with a value of $467.9 million as at 30 June 2014.
- Net EBITDA margin[5] of 25%, compared with 22% in FY13.
- Gearing[6] of 29.8%.

1. The comparative period has been restated to reflect the adoption of new accounting standards, refer note 2 (a) to the Financial Statements.
2. Operating profit is a non-IFRS measure that is determined to present the ongoing activities of the Group in a way that reflects its operating performance. Operating profit includes the effects of non-cash movements in investments in associates and joint ventures totalling $20.6 million. Operating profit excludes unrealised fair value gains/(losses) arising from the effect of revaluing assets and liabilities and adjustments for realised transactions outside the core ongoing business activities. For the year ended 30 June 2014, operating profit of $31.6 million is calculated as statutory profit attributable to the owners of Peet of $30.3 million, adjusted for write-downs in inventory, after tax, of $1.3 million.
3. Statutory profit after tax means net profit measured in accordance with Australian Accounting Standards, attributable to the owners of Peet Limited.
4. Includes share of net profits from associates and joint ventures
5. Pre-write downs of $1.8 million (before tax) and includes effects of non-cash movements in investments in associates and joint ventures totalling $20.6 million in FY14
6. Includes CIC (Total interest bearing liabilities (including land vendor liabilities) less cash) / (Total assets adjusted for market value of inventory less cash, less intangible assets), excluding syndicates consolidated under AASB10

3. REVIEW OF OPERATIONS AND CONSOLIDATED RESULTS (CONTINUED)

FINANCIAL COMMENTARY

The Group's operating profit after tax for the year ended 30 June 2014 was $31.6 million, which represents an increase of 73% on FY13. It reflects an overall improved performance across the Group's business divisions, the first full financial year of a controlling interest in CIC and general improvements in key Australian property market sectors.

The Group's statutory profit after tax was $30.3 million (FY13: $0.9 million) and includes a write-down after tax of $1.3 million on the disposal of a non-core and non-developing asset in Victoria.

The full-year result was achieved on the back of strong sales and improved operating margins. This improvement was evident across all Peet's business divisions resulting in an uplift of 14% in the FY14 net EBITDA margin to 25%.

Peet has also maintained its disciplined approach to cost management, and continued its asset divestment program. Four properties sold during the year, three of which have settled and the fourth due to settle before the end of CY14. This brings the total asset divestment program to $93.5 million.

Peet continued to invest in the development of new lots and related infrastructure to meet improving market demand during the year, while at the same time reducing its bank debt by 10% to $248 million.

OPERATIONAL COMMENTARY

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

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

The lift in sales and settlements reflects a stronger Australian residential property market, particularly in Western Australia and Victoria. The Group's diversified portfolio together with a sustained period of low interest rates, continued robust population growth, and a relatively stable employment market lifted demand and contributed to moderate price growth in key corridors.

Funds management projects

- 1,834 lots sold for a gross value of $412.1 million, compared with 1,389 lots ($341.2 million) in FY13.
- 1,763 lots settled for a gross value of $403.6 million, compared with 1,225 lots ($322.2 million) in FY13.
- 968 contracts on hand as at 30 June 2014 with a total value of $195.1 million, compared with 897 lots ($186.8 million) as at 30 June 2013.
- EBITDA of $29.7 million compared with $18.8 million in FY13.
- Net EBITDA margin of 69%, the same as in FY13.

Company owned projects

- 501 lots sold for a gross value of $141.4 million, compared with 416 lots ($113.0 million) in FY13.
- 460 lots settled for a gross value of $115.3 million, compared with 415 lots ($138.7 million) in FY13.
- 269 contracts on hand as at 30 June 2014 with a total value of $91.6 million, compared with 228 lots ($65.5 million) as at 30 June 2013.
- Pre-tax write down in inventory of $1.8 million.
- EBITDA of $25.0 million compared with $28.8 million in FY13.
- Net EBITDA margin of 24%, compared with 22% in FY13.

3. REVIEW OF OPERATIONS AND CONSOLIDATED RESULTS (CONTINUED)

Joint venture projects

- 1,190 lots sold for a gross value of $281.7 million, compared with 503 lots ($98.3 million) in FY13.
- 1,268 lots settled for a gross value of $308.9 million, compared with 451 lots ($87.0 million) in FY13.
- 753 contracts on hand as at 30 June 2014 with a total value of $181.2 million, compared with 831 lots ($209.5 million) as at 30 June 2013.
- EBITDA of $27.4 million compared with $9.5 million in FY13.
- Net EBITDA margin of 25%, compared with 22% in FY13.

LAND PORTFOLIO METRICS

	FY14	FY13	Change
Lot sales	3,525	2,308	53%
- Retail sales	3,521	2,300	
- Super lots	4	8	
Lot settlements	3,491	2,091	67%
- Retail sales	3,488	2,081	
- Super lots	3	10	
Contracts on hand as at 30 June			
- Number	1,990	1,956	2%
- Value	$467.9 million	$461.8 million	1%

CAPITAL MANAGEMENT

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

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

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

In FY14, the Group's total debt decreased from $320.9 million to $295.5 million (down 9%) and Peet Limited's $200 million corporate debt facility was extended until 31 October 2017.

The Group's gearing[7] ratio of 29.8% as at 30 June 2014 was in line with its targeted ratio of 30%.

7 Includes CIC (Total interest bearing liabilities (including land vendor liabilities) less cash) / (Total assets adjusted for market value of inventory less cash, less intangible assets), excluding syndicates consolidated under AASB10

3. REVIEW OF OPERATIONS AND CONSOLIDATED RESULTS (CONTINUED)

DIVIDEND PAYMENTS

Subsequent to year-end, the Directors have declared a final unfranked dividend of 3.5 cents per share in respect to the year ended 30 June 2014. The dividend is to be paid on Friday, 31 October 2014, with a record date of Wednesday, 1 October 2014.

The Company's Dividend Reinvestment Plan (DRP), which provides shareholders with an opportunity to acquire shares in the Company, is activated and further details are included in a separate announcement to the market.

GROUP STRATEGY

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

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

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

During the year, Peet continued to invest in the development of new communities, with three new projects commenced in our key markets of Western Australia, Victoria and Queensland.

RISKS

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

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

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.

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. Peet 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 21 to the Financial Report.

3. REVIEW OF OPERATIONS AND CONSOLIDATED RESULTS (CONTINUED)

OUTLOOK

The Australian property market continued to improve during the second half of FY14 with homebuyer activity and demand both lifting as a result of a sustained low interest rate environment and continued population growth. However, affordability, softening labour market conditions and consumer caution is likely to make for a subdued uplift.

Sales volumes have remained solid in our key corridors across the country:

- the Western Australian market has seen moderate price growth but continues to be underpinned by positive economic fundamentals;
- the Victorian market has improved off the back of low interest rates and increased investor interest though it remains price sensitive;
- the Queensland market is also lifting, albeit off a low base, as affordability has improved relative to other major cities;
- the Australian Capital Territory and adjoining New South Wales markets are expected to remain solid due to a shortage of land supply;
- the South Australian market is showing tentative signs of improvements with infill development in city locations seeing strong demand; and
- the Northern Territory market is expected to remain strong on the back of growing investment in major resource (LNG) projects.

At year-end, the Group is well positioned for continued growth with:

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

4. EARNINGS PER SHARE

	2014 CENTS	2013 CENTS (RESTATED)
Basic earnings per share	7.00	0.26
Diluted earnings per share	6.98	0.26

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 2014. The weighted average number of shares on issue used to calculate earnings per share is discussed at note 8 to the Consolidated 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 financial year.

6. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

Subsequent to year-end, the Directors have declared a final unfranked dividend of 3.5 cents per share in respect to the year ended 30 June 2014. The dividend is to be paid on Friday, 31 October 2014, with a record date of Wednesday, 1 October 2014.

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 passes operational control for each of its projects to the relevant contractor undertaking the works, and the remainder of the Group's activities fall below the reporting thresholds for the FY14 reporting period.

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 qualified Chartered Accountant who has worked with Peet Limited since 1998.

Mr Scafetta began his career with major accounting firm Coopers & Lybrand (now PricewaterhouseCoopers) 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	
	ENTITLED TO ATTEND	ATTENDED	ENTITLED TO ATTEND	ATTENDED	ENTITLED TO ATTEND	ATTENDED
A W Lennon	13	13	-	-	-	-
B D Gore	13	13	-	-	-	-
S F Higgs	13	11	3	1	4	3
G W Sinclair	13	13	4	4	4	4
A J Lennon	13	13	1	1	-	-
T J Allen	13	13	4	4	4	4
V Krause	3	3	-	-	-	-
R J McKinnon	2	2	-	-	-	-

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.

During the year, the Company announced that both Mr S F Higgs and Mr G W Sinclair intended to retire from the Board with effect from the date the Company's results for the year ended 30 June 2014 are announced. Additionally, the Board appointed Ms V Krause and Mr R J McKinnon to the Board during the year.

At this year's AGM, both Ms V Krause and Mr R J McKinnon will retire and put themselves up for election by members and both Mr A W Lennon and Mr T J Allen will retire by rotation and offer themselves for re-election. The balance of your Board of Directors recommends the election of both Ms V Krause and Mr R J McKinnon and the re-election of Mr A W Lennon and Mr T J Allen.

12. REMUNERATION REPORT

Dear Shareholder,

Peet is pleased to present its Remuneration Report for the year ended 30 June 2014. This report sets out remuneration information for Non-executive Directors, the Managing Director and Chief Executive Officer (MD) and the Executive Team.

The 2014 financial year represented a year of significant financial improvement as Peet achieved an operating net profit after tax of $31.6 million, up from $0.9 million – while continuing to deliver on its strategy for growth.

In considering remuneration outcomes, the Board Remuneration Committee (Committee) balances Peet's financial performance with the development and implementation of strategies for the long-term benefit of the Group.

Central to Peet's growth strategy is having the right people to lead the Group over the long term and a competitive remuneration framework that encourages our Executive Team to continue to make decisions with a view to creating long-term value for shareholders and all stakeholders.

Further consideration by the Committee 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.

While the statutory financial statements show total revenue of $276.1 million and earnings before interest, tax, depreciation and amortisation (EBITDA) of $71.9 million, Peet management remains responsible for a greater scale of business.

In addition to its own land development properties, Peet is also responsible for the management of a significant portfolio of land development properties held within its Funds Management business.

If these properties were combined with those of Peet, total Group revenues increase to $827.8 million and total EBITDA increases to $185.0 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 of the Committee's deliberations are as follows:

- The base pay of the Executive Team for the 2014 financial year remained in line with the base pay for the 2013 financial year.
- The MD received no increase in base pay during the year ended 30 June 2014. His base pay was last increased with effect from 1 July 2011.
- Short–term incentives will be paid to the Executive Team in respect of the year ended 30 June 2014 and represents the first time since 2011 that short-term incentives have been paid to the Executive Team. This follows a positive assessment of the Executive Team's performance against a balanced scorecard, which includes consideration of both Group financial and individual targets.
- During the year long-term incentive performance conditions were tested as at 30 June 2013 resulting in the partial vesting of performance rights and the subsequent issue of ordinary shares during the 2014 financial year to participants in Peet's long-term incentive plan.
- There was no increase in the base fee of Non-executive Directors during the year. Their base pay was last increased with effect from 1 July 2006.

12. REMUNERATION REPORT (CONTINUED)

The Remuneration Report focuses on the remuneration decisions made by the Board and the pay outcomes that resulted.

We encourage our shareholders to use the actual remuneration outcomes table on page 42 as a tool to assess the remuneration outcomes for executives in the year ended 30 June 2014 and the alignment of these outcomes with the Group's performance.

The key difference between the actual remuneration outcomes 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 actual remuneration outcomes table represents the value of shares actually issued to executives following the vesting of performance rights.

The Board is satisfied that these remuneration outcomes for the year ended 30 June 2014 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

12. 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*.

A. SERVICE AGREEMENTS

The key management personnel of the Group include the following 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
D J Cooper	Chief Operating Officer (resigned 27 June 2014)
P J Dumas	Chief Investment Officer
D Scafetta	Group Company Secretary
B C Fullarton	Chief Financial Officer (commenced 21 October 2013)
N Barker	Acting Chief Financial Officer (contract commenced 4 September 2012 and contract completed 15 February 2013)

12. REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration and other terms of employment for key management personnel 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[1]	TERMINATION BENEFIT[2,3]
B D Gore	On-going renewed 5 August 2011	$910,000	Refer below[4]
D J Cooper[5]	On-going commenced 4 February 2008	$485,000	3 months base pay inclusive of superannuation
P J Dumas	On-going commenced 4 February 2008	$460,000	3 months base pay inclusive of superannuation
D Scafetta	On-going commenced 10 June 1998	$300,000	3 months base pay inclusive of superannuation
B C Fullarton	On-going commenced 21 October 2013	$425,000	3 months base pay inclusive of superannuation

1. Base pays, inclusive of superannuation, for the year ended 30 June 2014. 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.
5. Resigned 27 June 2014.

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 focused on building Peet's Funds Management business;
- focuses the executive on other key financial and non-financial drivers of long-term value; and
- attracts and retains high-calibre executives.

12. REMUNERATION REPORT (AUDITED) (CONTINUED)

During the last two years the Remuneration Committee of the Board has been giving consideration to the most appropriate financial measure to align the creation of shareholder value with incentive arrangements for senior management. Consideration was given to relative performance against comparable listed companies, measuring growth in Earnings before Interest Tax Depreciation and Amortisation, relative performance in measures such as Return on Equity (ROE) and Return on Average Funds Employed (ROAFE) and absolute performance in measures such as ROE and ROAFE.

After due consideration the Remuneration Committee recommended to the Board, and it agreed, to assess financial performance for the purposes of FY14 long-term incentive awards against ROAFE, together with funds under management growth which has been applied for several years.

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.

NON-EXECUTIVE DIRECTORS' FEES (INCLUDING THE CHAIRMAN'S FEES)

Fees and payments to Non-executive Directors reflect the demands, which are made on, and the responsibilities of, the Directors. Non-executive Directors' 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 Non-executive Directors' fees and payments are appropriate and in line with the market. Non-executive Directors do not receive share options or performance rights.

The current base remuneration was last set with effect from 1 July 2006. The Non-executive Directors' remuneration is inclusive of committee fees and for their membership on any subsidiary Boards. From 1 July 2012 the fees payable to the Chairman of the Remuneration Committee and the Chairman of the Audit and Risk Management Committee have been increased by $15,000 each. Non-executive Directors may also be entitled to fees where they represent Peet on the Board of Syndicates.

Non-executive Directors' 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 Non-executive Directors' fees pool to $900,000.

The base fees for each Non-executive Directors for the year ended 30 June 2014 was the same as for the year ended 30 June 2013.

The Non-executive Directors do not receive any form of retirement allowance.

12. REMUNERATION REPORT (AUDITED) (CONTINUED)

KEY MANAGEMENT PERSONNEL PAY

The Company's pay and reward framework for an Executive Director and other (non-director) key management personnel (together, the KMP) has the following components:

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

The combination of these comprises the total remuneration for the KMP.

i. Base pay and benefits

The base pay for KMP 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.

KMP 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.

The Company notes that despite being contractually entitled to an increase in his fixed remuneration of at least the rate of the Consumer Price Index (CPI), Mr B D Gore (Managing Director and Chief Executive Officer) agreed to forego this entitlement. Accordingly, his base pay and superannuation for the year ended 30 June 2014 was the same as for the 2013 and 2012 financial years.

ii. Short-term performance incentives (STI)

KMP 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 KMP for the years ended 30 June 2014 and 2013 ranged between 100% and 25% of the relevant KMP's base pay. However, the Board of Directors has the discretion to pay over and above 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 set the STI key performance indicators (KPIs) to apply to his direct reports (being the non-director KMP).

KPIs are set by reference to the following criteria:

- financial targets;
- business growth targets;
- stakeholder engagement;
- people and process improvements; and
- maintenance and enhancement of health, safety and environmental platforms within the Group.

12. REMUNERATION REPORT (AUDITED) (CONTINUED)

For the year ended 30 June 2014, the MD and other KMPs were assessed as follows against the KPIs for the year ended 30 June 2014:

	WEIGHTING		% ACHIEVED		% FORFEITED	
CATEGORY	MD	OTHER KMPS	MD	OTHER KMPS	MD	OTHER KMPS
Financial targets	42.5%	42.5% to 52.5%	42.5%	42.5% to 52.5%	0.0%	0.0%
Business growth targets	35.0%	35.0% to 40.0%	30.0%	30.0% to 35.0%	5.0%	5.0%
Stakeholder engagement	10.0%	0.0% to 5.0%	10.0%	0.0% to 5.0%	0.0%	0.0%
People and process improvements	10.0%	5.0% to 10%	10.0%	5.0% to 10.0%	0.0%	0.0%
Health, safety and environment	2.5%	2.5% to 12.5%	2.5%	2.5% to 12.5%	0.0%	0.0%
	100.0%	100.0%	95.0%	95.0%	5.0%	5.0%

For the years ended 30 June 2013 and 2012, the KPIs linked to STI plans were based on very similar criteria. No STIs were paid to, or accrued for KMP, including the Managing Director and Chief Executive Officer, in respect of these years, despite the KMP being partially entitled to STI based on assessment against KPIs. The entitlement to STIs for 2012 and 2013 was foregone by the KMP.

iii. Long-term incentives (LTI)

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

KMP 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 KMP for the years ended 30 June 2014 and 2013 ranged between 100% and 50% of the relevant KMP'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 KMP. 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'.

12. REMUNERATION REPORT (AUDITED) (CONTINUED)

C. DETAILS OF REMUNERATION

Details of the remuneration of each Director and the other KMP of the Group, as defined in AASB 124 *Related Party Disclosures*, are set out in the tables following.

The table below sets out the total actual remuneration outcomes realised for the Directors and other KMPs and provides shareholders with details of the "take-home" pay executives received during the year. These earnings include cash salary and fees, superannuation, non-cash benefits received during the year and the value of shares issued to KMPs following the vesting of Performance Rights (PRs) during the financial year.

The table does not include the accounting value of share based payments consisting of performance rights 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.

12. REMUNERATION REPORT (AUDITED) (CONTINUED)

		CASH SALARY AND FEES[1]	BONUS[2]	VALUE OF PRS VESTED[3]	OTHER[4]	SUPER-ANNUATION	TOTAL
Directors							
A W Lennon	2014	**192,460**	**-**	**-**	**-**	**17,796**	**210,256**
	2013	217,623	-	-	-	23,763	241,386
S F Higgs	2014	**75,000**	**-**	**-**	**-**	**6,938**	**81,938**
	2013	75,000	-	-	-	6,750	81,750
G W Sinclair	2014	**88,730**	**-**	**-**	**-**	**8,208**	**96,938**
	2013	119,602	-	-	-	10,764	130,366
T J Allen	2014	**116,190**	**-**	**-**	**-**	**10,748**	**126,938**
	2013	112,967	-	-	-	10,167	123,134
V Krause[5]	2014	**18,750**	**-**	**-**	**-**	**1,734**	**20,484**
	2013	-	-	-	-	-	-
R J McKinnon[6]	2014	**8,981**	**-**	**-**	**-**	**831**	**9,812**
	2013	-	-	-	-	-	-
B D Gore	2014	**892,225**	**911,375**	**954,082**	**10,000**	**17,775**	**2,785,457**
	2013	893,530	-	-	10,000	16,470	920,000
A J Lennon[7]	2014	**115,000**	**-**	**129,643**	**-**	**6,938**	**251,581**
	2013	196,756	-	-	501,686	9,742	708,184
Total	2014	**1,507,336**	**911,375**	**1,083,725**	**10,000**	**70,968**	**3,583,404**
	2013	1,615,478	-	-	511,686	77,656	2,204,820
Other key management personnel							
D J Cooper[8]	2014	**482,699**	**-**	**282,857**	**-**	**17,775**	**783,331**
	2013	468,530	-	-	-	16,470	485,000
P J Dumas	2014	**435,000**	**309,075**	**276,122**	**-**	**25,000**	**1,045,197**
	2013	435,000	-	-	9,128	25,000	469,128
D Scafetta	2014	**282,225**	**99,375**	**134,694**	**-**	**17,775**	**534,069**
	2013	263,530	-	-	-	16,470	280,000
B C Fullarton[9]	2014	**266,758**	**135,340**	**-**	**-**	**18,168**	**420,266**
	2013	-	-	-	-	-	-
L Troncone[10]	2014	-	-	-	-	-	-
	2013	29,596	-	-	-	2,038	31,634
N Barker[11]	2014	-	-	-	-	-	-
	2013	119,483	-	-	-	10,016	129,499
Total	2014	**1,466,682**	**543,790**	**693,673**	**-**	**78,718**	**2,782,863**
	2013	1,316,139	-	-	9,128	69,994	1,395,261

1. Cash salary and fees include accrued annual leave liability paid out on retirement or resignation, 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. Calculated as the closing price of Peet shares as at 4 October 2013 ($1.40), being the date the Board confirmed the partial vesting of FY11 Performance Rights (PRs).
4. Other includes termination benefits, long service payments, motor vehicle costs, car-parking and other benefits and are inclusive of related fringe benefits tax.
5. Appointed 4 April 2014.
6. Appointed 19 May 2014.
7. AJ Lennon resigned from his executive role and took up a role as a Non-executive Director on 27 August 2012. In respect to FY13: (a) he was paid an amount in accordance with his service agreement; (b) subsequent to shareholders' approval at the 2012 AGM he was also paid an amount of $192,500 in respect of past services over a career spanning more than 20 years; and (c) he was also entitled to fees of $66,667 under a consultancy agreement.
8. Resigned 27 June 2014.
9. Commenced 21 October 2013.
10. Contract commenced 29 February 2012 and contract completed 20 July 2012.
11. Contract commenced 4 September 2012 and contract completed 15 February 2013.

12. REMUNERATION REPORT (AUDITED) (CONTINUED)

The table below is calculated in accordance with statutory obligations and Australian Accounting Standards. The amounts in "Shares/Options/Performance Rights" 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	LONG-TERM BENEFITS			
		CASH SALARY AND FEES[1]	BONUS[2]	OTHER[3]	SUPER-ANNUATION	SHARES/ OPTION/ PERFORMANCE RIGHTS[4,5]	LONG SERVICE LEAVE	TERMINATION BENEFITS	TOTAL
		$	$	$	$	$	$	$	$
Directors									
AW Lennon	2014	**192,460**	**-**	**-**	**17,796**	**-**	**-**	**-**	**210,256**
	2013	217,623	-	-	23,763	-	-	-	241,386
S F Higgs	2014	**75,000**	**-**	**-**	**6,938**	**-**	**-**	**-**	**81,938**
	2013	75,000	-	-	6,750	-	-	-	81,750
G W Sinclair	2014	**88,730**	**-**	**-**	**8,208**	**-**	**-**	**-**	**96,938**
	2013	119,602	-	-	10,764	-	-	-	130,366
T J Allen	2014	**116,190**	**-**	**-**	**10,748**	**-**	**-**	**-**	**126,938**
	2013	112,967	-	-	10,167	-	-	-	123,134
V Krause[6]	2014	**18,750**	**-**	**-**	**1,734**	**-**	**-**	**-**	**20,484**
	2013	-	-	-	-	-	-	-	-
R J McKinnon[7]	2014	**8,981**	**-**	**-**	**831**	**-**	**-**	**-**	**9,812**
	2013	-	-	-	-	-	-	-	-
B D Gore	2014	**892,225**	**911,375**	**10,000**	**17,775**	**1,452,108**	**-**	**-**	**3,283,483**
	2013	893,530	-	10,000	16,470	799,450	-	-	1,719,450
A J Lennon[8]	2014	**115,000**	**-**	**-**	**6,938**	**63,116**	**-**	**-**	**185,054**
	2013	196,756	-	2,000	9,742	27,662	116,206	383,480	735,846
Total	2014	**1,507,336**	**911,375**	**10,000**	**70,968**	**1,515,224**	**-**	**-**	**4,014,903**
	2013	1,615,478	-	12,000	77,656	827,112	116,206	383,480	3,031,932
Other key management personnel									
D J Cooper[9]	2014	**482,699**	**-**	**-**	**17,775**	**65,996**	**-**	**-**	**566,470**
	2013	468,530	-	-	16,470	263,487	-	-	748,487
P J Dumas	2014	**435,000**	**309,075**	**-**	**25,000**	**450,876**	**-**	**-**	**1,219,951**
	2013	435,000	-	9,128	25,000	252,372	-	-	721,500
D Scafetta	2014	**282,225**	**99,375**	**-**	**17,775**	**230,989**	**-**	**-**	**630,364**
	2013	263,530	-	-	16,470	127,722	-	-	407,722
B C Fullarton[10]	2014	**266,758**	**135,340**	**-**	**18,168**	**-**	**-**	**-**	**420,266**
	2013	-	-	-	-	-	-	-	-
L Troncone[11]	2014	-	-	-	-	-	-	-	-
	2013	29,596	-	-	2,038	-	-	-	31,634
N Barker[12]	2014	-	-	-	-	-	-	-	-
	2013	119,483	-	-	10,016	-	-	-	129,499
Total	2014	**1,466,682**	**543,790**	**-**	**78,718**	**747,861**	**-**	**-**	**2,837,051**
	2013	1,316,139	-	9,128	69,994	643,581	-	-	2,038,842

12. REMUNERATION REPORT (AUDITED) (CONTINUED)

1. Cash salary and fees include accrued annual leave liability paid out on retirement or resignation, 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 and are inclusive of related fringe benefits tax.
4. Options and performance rights granted under the PESOP and PPRP as disclosed in note 27 to the financial statements. 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 (PRs), 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. Remuneration in the form of options and/or PRs may include negative amounts as a result of changes made to vesting probability assumptions and as a result of options and/or PRs forfeited during the year.
6. Appointed 4 April 2014.
7. Appointed 19 May 2014.
8. AJ Lennon resigned from his executive role and took up a role as a Non-executive Director on 27 August 2012. In respect to FY13: (a) he was paid an amount in accordance with his service agreement; (b) subsequent to shareholders' approval at the 2012 AGM he was also paid an amount of $192,500 in respect of past services over a career spanning more than 20 years; and (c) he was also entitled to fees of $66,667 under a consultancy agreement.
9. Resigned 27 June 2014.
10. Commenced 21 October 2013.
11. Contract commenced 29 February 2012 and contract completed 20 July 2012.
12. Contract commenced 4 September 2012 and contract completed 15 February 2013.

The relative proportions of remuneration that are linked to performance and those that are fixed based on the table on page 43 are as follows:

	FIXED REMUNERATION		AT RISK STI		AT RISK LTI	
	2014	2013	2014	2013	2014[1]	2013[1]
Directors						
A W Lennon	100%	100%	-	-	-	-
S F Higgs	100%	100%	-	-	-	-
G W Sinclair	100%	100%	-	-	-	-
T J Allen	100%	100%	-	-	-	-
V Krause[2]	100%	-	-	-	-	-
R J McKinnon[3]	100%	-	-	-	-	-
B D Gore	28%	53%	28%	-	44%	47%
A J Lennon[4]	66%	96%	-	-	34%	4%
Other key management personnel						
D J Cooper	88%	65%	-	-	12%	35%
P J Dumas	38%	65%	25%	-	37%	35%
D Scafetta	47%	69%	16%	-	37%	31%
B C Fullarton[5]	68%	-	32%	-	-	-
L Troncone[6]	-	100%	-	-	-	-
N Barker[7]	-	100%	-	-	-	-

1. Since LTIs 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.
2. Appointed 4 April 2014.
3. Appointed 19 May 2014.
4. AJ Lennon resigned from his executive role and took up a role as a Non-executive Director on 27 August 2012.
5. Commenced 21 October 2013.
6. Contract commenced 29 February 2012 and contract completed 20 July 2012.
7. Contract commenced 4 September 2012 and contract completed 15 February 2013.

12. REMUNERATION REPORT (AUDITED) (CONTINUED)

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. Performance rights over shares in Peet Limited are granted under the PPRP, which was approved by shareholders at the 2008 AGM. 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 executives 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 date and time 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, 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 PRS

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.

12. REMUNERATION REPORT (AUDITED) (CONTINUED)

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

KMP	DATE OF GRANT	PERFORMANCE / SERVICE PERIOD	EXPIRY	EXERCISE PRICE	VALUE PER OPTION/ PR AT GRANT DATE	VESTING CONDITIONS	BALANCE AS AT 1 JULY 13	GRANTED SINCE 1 JULY 13	EXERCISED / VESTED SINCE 1 JULY 13	LAPSED/ FORFEITED SINCE 1 JULY 13	BALANCE AT DATE OF REPORT	NOTES
Options												
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	2
Performance Rights												
B D Gore	24 Dec 2010	3 yrs ended	24 Dec 2015	$0.00	$1.58[1]	FUM Growth	826,045	-	(681,487)	(144,558)	-	3
		30 June 2013				Relative ROE						4
	16 Jan 2012	3 yrs ended	16 Jan 2017	$0.00	$0.81[1]	FUM Growth	1,137,500	-	-	-	1,137,500	3
		30 June 2014				Relative ROE						4
	28 Nov 2012	3 yrs ended	28 Nov 2017	$0.00	$0.95[1]	FUM Growth	2,086,677	-	-	-	2,086,677	5
		30 June 2015				EBITDA Growth						6
	20 Dec 2013	3 yrs ended	20 Dec 2018	$0.00	$1.27[1]	FUM Growth	-	1,023,622	-	-	1,023,622	5
		30 June 2016				ROAFE						7
A J Lennon	24 Dec 2010	3 yrs ended	24 Dec 2015	$0.00	$1.58[1]	FUM Growth	112,245	-	(92,602)	(19,643)	-	3
		30 June 2013				Relative ROE						4
	16 Jan 2012	3 yrs ended	16 Jan 2017	$0.00	$0.81[1]	FUM Growth	144,375	-	-	-	144,375	3
		30 June 2014				Relative ROE						4
Other KMPs	24 Dec 2010	3 yrs ended	24 Dec 2015	$0.00	$1.75	FUM Growth	600,583	-	(495,481)	(105,102)	-	3
		30 June 2013				Relative ROE						4
	16 Jan 2012	3 yrs ended	16 Jan 2017	$0.00	$0.64	FUM Growth	1,113,438	-	-	(227,344)	886,094	3
		30 June 2014				Relative ROE						4
	28 Nov 2012	3 yrs ended	28 Nov 2017	$0.00	$0.95	FUM Growth	1,621,187	-	-	(667,278)	953,909	5
		30 June 2015				EBITDA Growth						6
	20 Dec 2013	3 yrs ended	20 Dec 2018	$0.00	$1.27	FUM Growth	-	806,524	-	(327,334)	479,190	5
		30 June 2016				ROAFE						7
							7,642,050	1,830,146	(1,269,570)	(1,491,259)	6,711,367	
Total							8,842,050	1,830,146	(1,269,570)	(1,491,259)	7,911,367	

12. REMUNERATION REPORT (AUDITED) (CONTINUED)

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 performance rights is based on 16 November 2010, 15 November 2011, 28 November 2012 and 26 November 2013, being the dates of Peet Limited's 2010, 2011, 2012 and 2013 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 B D 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

These PRs are convertible to ordinary shares on a 1:1 basis, with 50% subject to the Funds under Management (FUM) growth vesting condition.

FUM growth is measured as the cumulative value of properties:

- acquired by Peet on balance sheet and subsequently sold into a Peet syndicate; or
- funded by way of a Peet syndicate; or
- for which Peet has been appointed a joint venture partner; or
- for which Peet has been appointed development manager during the performance period.

The aggregate of the FUM growth during the performance period is then compared to the FUM growth target set by the Board.

Of the performance rights subject to FUM growth, the proportion to vest 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 – maximum	$60 million to $100 million	Pro-rata between 50% and 100%
Maximum	Greater than $100 million	100%

The FUM Growth performance condition was met for the performance period ended 30 June 2013 and on 4 October 2013 the Directors resolved that the PRs relating thereto vested.

As at the date of the report, the Directors had not finalised their consideration of the assessment of the FUM Growth performance condition attaching to the PRs for the performance period ended 30 June 2014. Accordingly, these PRs remain unvested.

12. REMUNERATION REPORT (AUDITED) (CONTINUED)

NOTE 4

These PRs are convertible to ordinary shares on a 1:1 basis, with 50% subject to the Relative Return on Equity (ROE) vesting condition.

Relative ROE is measured as the average net operating profit after tax (NOPAT) over the three-year vesting period divided by the average starting and ending equity, compared to the S&P/ASX 200 Industrials. The ROE hurdle operates as follows:

PERFORMANCE LEVEL	ROE RESULT COMPARED TO S&P/ASX 200 INDUSTRIALS	PROPORTION OF PERFORMANCE RIGHTS THAT MAY BE ELIGIBLE TO VEST
Less than the target	Below 50th percentile	0%
Target	Equal to 50th percentile	50%
Target – maximum	Between 50th and 70th percentile	Pro-rata between 50% and 100%
Maximum	Greater than 70th percentile	100%

The Board has the discretion to amend the calculation of ROE to take account of capital raisings, approved by the Board for the long-term benefit of the Company, but which have short-term implications on the calculation of ROE.

The Relative ROE performance condition was partially met for the performance period ended 30 June 2013 and on 4 October 2013 the Directors resolved that the proportionate number of PRs relating thereto vested.

As at the date of the report, the Directors had not finalised their consideration of the assessment of the Relative ROE performance condition attaching to the PRs for the performance period ended 30 June 2014. Accordingly, these PRs remain unvested.

NOTE 5

These PRs are convertible to ordinary shares on a 1:1 basis, with 40% subject to the FUM growth vesting condition.

FUM growth is measured as detailed in note 3 above.

Of the PRs subject to FUM growth, the proportion to vest 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%

These PRs remain unvested.

NOTE 6

These PRs are convertible to ordinary shares on a 1:1 basis, with 60% subject to the Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) growth vesting condition, measured over a three-year period from 1 July 2013 to 30 June 2015 (FY13 Performance Period).

12. REMUNERATION REPORT (AUDITED) (CONTINUED)

EBITDA growth is measured as the aggregate EBITDA achieved over the FY13 Performance Period, compared to the Board's internal EBITDA target for the FY13 Performance Period. The calculation of EBITDA is based on "underlying" EBITDA. That is, it does not include either write-downs of inventories and/or development costs or increases in the carrying value of inventories.

Of the performance rights subject to EBITDA growth, the proportion to vest will be as follows:

PERFORMANCE LEVEL	PROPORTION OF PERFORMANCE RIGHTS THAT MAY BE ELIGIBLE TO VEST
Less than 85% of the target	0%
85% of the target	30%
85% to 90% of the target	Pro-rata between 30% and 50%
90% to 100% of the target	Pro-rata between 50% and 70%
100% to 120% of the target	Pro-rata between 70% and 100%
Greater than 120% of the target	100%

These PRs remain unvested.

NOTE 7

These PRs are convertible to ordinary shares on a 1:1 basis, with 60% subject to the Return on Average Funds Employed ("ROAFE") vesting condition, measured over a three-year period from 1 July 2013 to 30 June 2016 (FY14 Performance Period). ROAFE is measured as the average of the Earnings before interest, tax and write-downs of inventories and/or development costs or increases in the carrying value of inventories (EBIT) divided by the average of the sum of net debt, convertible notes, contributed equity, non-controlling interests and retained earnings.

The ROAFE is compared to the Board's internal target ROAFE for the FY14 Performance Period.

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

PERFORMANCE LEVEL	PROPORTION OF PERFORMANCE RIGHTS THAT MAY BE ELIGIBLE TO VEST
Less than 75% of the target	0%
75% of the target	30%
75% to 85% of the target	Pro-rata between 30% and 50%
85% to 100% of the target	Pro-rata between 50% and 70%
100% to 110% of the target	Pro-rata between 70% and 100%
Greater than 110% of the target	100%

These 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 Directors and each of the other key management personnel 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. Further information on the options and PRs is set out in note 27 to the financial statements.

12. REMUNERATION REPORT (AUDITED) (CONTINUED)

		BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	LAPSED/ FORFEITED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR
Directors							
A W Lennon	2014	-	-	-	-	-	-
	2013	-	-	-	-	-	-
S F Higgs	2014	-	-	-	-	-	-
	2013	-	-	-	-	-	-
G W Sinclair	2014	-	-	-	-	-	-
	2013	-	-	-	-	-	-
T J Allen	2014	-	-	-	-	-	-
	2013	-	-	-	-	-	-
V Krause[1]	2014	-	-	-	-	-	-
	2013	-	-	-	-	-	-
R J McKinnon[2]	2014	-	-	-	-	-	-
	2013	-	-	-	-	-	-
B D Gore	2014	**5,250,222**	**1,023,622**	**(681,487)**	**(144,558)**	**5,447,799**	**1,200,000**
	2013	3,598,106	2,086,677	(434,561)	-	5,250,222	1,200,000
A J Lennon[3]	2014	**256,620**	**-**	**(92,602)**	**(19,643)**	**144,375**	**-**
	2013	315,669	-	(59,049)	-	256,620	-
Other key management personnel							
D J Cooper[4]	2014	**1,366,864**	**327,334**	**(202,041)**	**(1,264,813)**	**227,344**	**-**
	2013	828,421	667,278	(128,835)	-	1,366,864	-
P J Dumas	2014	**1,303,199**	**310,461**	**(197,230)**	**(41,837)**	**1,374,593**	**-**
	2013	794,550	632,882	(124,233)	-	1,303,199	-
D Scafetta	2014	**665,145**	**168,729**	**(96,210)**	**(20,408)**	**717,256**	**-**
	2013	405,468	321,027	(61,350)	-	665,145	-
B C Fullarton[5]	2014	-	-	-	-	-	-
	2013	-	-	-	-	-	-

1. Appointed 4 April 2014.
2. Appointed 19 May 2014.
3. A J Lennon resigned from his executive role and took up a role as a Non-executive Director on 27 August 2012.
4. Resigned 27 June 2014.
5. Commenced 21 October 2013.

There were no changes in the interests in options and PRs since year-end to the date of this report.

During the financial year 1,269,570 PRs (2013:808,028) were exercised by KMPs at $Nil exercise price.

12. 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 over the past year. Comparison to the previous five years' performance is tabulated below:

		2010	2011	2012	2013 (RESTATED)	2014
Net profit after tax (NPAT)	$'000	42,111	22,147	5,437	880	**30,291**
NPAT growth	Growth%	250.4%	(47.4%)	(75.5%)	(83.8%)	**3,342.2%**
Net operating profit after tax (NOPAT)	$'000	42,803	44,023	20,310	18,346	**31,555**
NOPAT growth	Growth%	37.3%	2.8%	(53.9%)	(9.7%)	**72.0%**
Basic EPS	cents per share	14.1	7.3	1.7	0.3	**7.0**
Basic EPS growth	Growth%	176.5%	(48.2%)	(76.7%)	(84.7%)	**2,592.3%**
Operating EPS	cents per share	14.3	14.6	6.3	5.4	**7.3**
Operating EPS growth	Growth%	8.3%	2.1%	(56.8%)	(14.3%)	**35.2%**
Dividends paid/payable	cents per share	8.5	8.5	0.0	0.0	**3.5**
Dividend paid growth	Growth%	21.4%	0.0%	(100%)	0.0%	**100%**
Share price 30 June	$	2.11	1.47	0.67	1.12	**1.35**
Share price growth	Growth%	32.7%	(30.3%)	(54.4%)	67.2%	**20.5%**

DETAILS OF REMUNERATION: CASH BONUSES, OPTIONS AND PRS

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 in the financial year, 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, 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.

12. REMUNERATION REPORT (AUDITED) (CONTINUED)

	CASH BONUS		OPTIONS & PERFORMANCE RIGHTS				
	PAID/ PAYABLE %	FORFEITED/ DEFERRED %	FINANCIAL YEAR GRANTED	VESTED %	FORFEITED %	FINANCIAL YEARS IN WHICH OPTIONS/ PRS MAY VEST	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST $
Directors							
A W Lennon	-	-	-	-	-	-	-
S F Higgs	-	-	-	-	-	-	-
G W Sinclair	-	-	-	-	-	-	-
T J Allen	-	-	-	-	-	-	-
V Krause[1]	-	-	-	-	-	-	-
R J McKinnon[2]	-	-	-	-	-	-	-
A J Lennon[3]	-	-	2012	-	-	2015	44,412
			2011	82.5%	17.5%	2014	-
B D Gore	95%	5%	2014	-	-	2017	997,498
			2013	-	-	2016	1,119,079
			2012	-	-	2015	349,909
			2011	82.5%	17.5%	2014	-
			2008	-	-	2012	-
Other key management personnel							
D J Cooper[4]	0%	100%	2014	-	100%	2017	-
			2013	-	100%	2016	-
			2012	-	50%	2015	-
			2011	82.5%	17.5%	2014	-
P J Dumas	95%	5%	2014	-	-	2017	302,537
			2013	-	-	2016	339,413
			2012	-	-	2015	106,508
			2011	82.5%	17.5%	2014	-
D Scafetta	95%	5%	2014	-	-	2017	164,423
			2013	-	-	2016	172,166
			2012	-	-	2015	56,186
			2011	82.5%	17.5%	2014	-
B C Fullarton[5]	95%	5%	-	-	-	-	-

1. Appointed 4 April 2014.
2. Appointed 19 May 2014.
3. A J Lennon resigned from his executive role and took up a role as a Non-executive Director on 27 August 2012.
4. Resigned 27 June 2014.
5. Commenced 21 October 2013.

12. REMUNERATION REPORT (AUDITED) (CONTINUED)

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. The KMPs exercised 1,269,570 PRs over shares in the Company and received shares in the Company during the year. Please refer to previous pages of the Remuneration Report for commentary on vesting conditions met during the performance period ended 30 June 2014.

	REMUNERATION CONSISTING OF OPTIONS & PERFORMANCE RIGHTS[1]	VALUE AT GRANT DATE[2]	VALUE AT EXERCISE DATE[3]	VALUE AT LAPSE DATE[4]
Directors				
B D Gore	44%	1,300,000	1,076,273	228,300
A J Lennon[5]	34%	-	146,247	31,022
Other key management personnel				
D J Cooper[6]	12%	415,714	352,581	1,269,554
P J Dumas	37%	394,285	344,186	73,009
D Scafetta	37%	214,286	167,896	35,614
B C Fullarton[7]	-	-	-	-

1. The percentage of the value of remuneration consisting of options and performance rights, based on the value of options and performance rights expensed during the current year.
2. The value at grant date calculated in accordance with AASB 2 Share-based payments of options and/or performance rights 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.
4. The value at lapse date of options and/or PRs that were granted as part of remuneration and that lapsed during the year.
5. A J Lennon resigned from his executive role and took up a role as a Non-executive Director on 27 August 2012.
6. Resigned 27 June 2014.
7. Commenced 21 October 2013.

LOANS TO DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

There were no loans made to any Director or other key management personnel, or their personally-related entities, during the financial year.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2013 ANNUAL GENERAL MEETING

The instructions given to validly appointed proxies in respect of the resolution pertaining to the Company's 2013 Remuneration Report were as follows:

FOR	AGAINST	PROXY'S DISCRETION	ABSTAIN
226,287,207	1,233,909	859,988	16,918,620
99.1%	0.5%	0.4%	

The motion was carried as an ordinary resolution on show of hands.

12. REMUNERATION REPORT (AUDITED) (CONTINUED)

INTERESTS IN THE SHARES AND CONVERTIBLE NOTES OF THE COMPANY

	SHARES				CONVERTIBLE NOTES		
Director	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
A W Lennon	90,101,639	-	52,176	90,153,815	600	-	600
S F Higgs	400,000	-	-	400,000	-	-	-
G W Sinclair	79,000	-	13,044	92,044	-	-	-
T J Allen	70,000	-	13,044	83,044	3,834	280	4,114
V Krause	-	-	-	-	-	-	-
R J McKinnon	-	-	-	-	-	-	-
B D Gore	489,561	681,487	-	1,171,048	-	-	-
A J Lennon[1]	1,105,567	92,602	26,088	1,224,257	-	-	-
D J Cooper	162,835	202,041	(72,835)	292,041	-	-	-
P J Dumas	124,233	197,230	-	321,463	-	-	-
D Scafetta	345,350	96,210	-	441,560	-	-	-

1. Interest in Performance Rights obtained while AJ Lennon was an Executive Director

There were no changes in the interests in shares or convertible notes since year-end to the date of this report.

END OF REMUNERATION REPORT (AUDITED)

13. 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.

The Company has not during, or since the beginning of the financial year, in respect of any person who is or has been an auditor of the Company, paid, or agreed to pay, a premium in respect of a contract, that insures against any liability, including liability for costs or expenses to defend legal proceedings.

14. 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 25 of the Financial Report.

15. AUDITOR

During the year, the Group changed its external auditor from PricewaterhouseCoopers to Ernst and Young.

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 56.

17. ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/0100, 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 Class Order 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
28 August 2014

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's Independence Declaration to the Directors of Peet Limited

In relation to our audit of the financial report of Peet Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Peter McIver
Partner
28 August 2014

PM:EH:PEET:0

Corporate Governance Statement

Outlined below are the main corporate governance policies and practices in place during the financial year ended 30 June 2014 ("FY14"). Unless otherwise stated, these are consistent with the ASX Corporate Governance Council's Principles and Recommendations with 2010 Amendments (ASXCGC Recommendations) and copies of relevant charters and policies are available at www.peet.com.au.

1 BOARD OF DIRECTORS

1.1 ROLE OF THE BOARD

ASXCGC RECOMMENDATIONS 1.1, 1.3

The Board of Directors is responsible for the corporate governance structures and practices of the Group.

Under the Board charter, the Board's responsibilities include:

- setting strategic direction of the Group and monitoring management's performance within that framework;
- ensuring there are adequate resources available to meet the Group's objectives;
- appointing and removing the Managing Director and Chief Executive Officer and overseeing succession plans for the senior executive team;
- approving and monitoring financial reporting and capital management;
- approving and monitoring the progress of business objectives;
- ensuring that any necessary statutory licences (for example, Australian Financial Services Licence) are held and compliance measures are maintained to ensure compliance with the law and licence(s);
- ensuring that adequate risk management procedures are in place;
- ensuring that the Group has appropriate corporate governance structures in place, including standards of ethical behaviour; and
- ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Group.

1.2 COMPOSITION OF THE BOARD

ASXCGC RECOMMENDATIONS 2.1, 2.2, 2.3, 2.6

Under the Constitution, the minimum number of directors is three. The maximum number of directors is to be fixed by the directors, but may not be more than fourteen, unless the Company in a general meeting resolves otherwise.

As at the date of this report the Board comprised of seven non-executive directors (including five independent directors) and one executive director.

The Company has previously announced to the market that two independent non-executive directors would be retiring on the announcement of the Group's FY14 results.

Once these retirements come into effect, the Board will comprise five non-executive directors (including three independent directors) and one executive director.

1.3 BOARD MEMBERS

ASXCGC RECOMMENDATIONS 2.1, 2.2, 2.3, 2.6

Details of the members of the Board, their experience, expertise, qualifications and independent status are set out below and in the Board of Directors section of this report.

The composition of the Board as at the date of this report meets the ASXCGC Recommendation to consist of a majority of independent non-executive directors.

However, on the retirement of two independent non-executive directors post the announcement of the Group's FY14 results, the Board will not comprise a majority of independent non-executive directors.

Mr Tony Lennon who is (indirectly) the largest shareholder in the Company and the Non-executive Chairman, is not independent. However, the Board continues to believe that due to the wealth of experience in the Group's business sector and knowledge of the Group's business that he brings to the Board, he is currently the most suitable person to occupy the position of Chairman.

Mr Brendan Gore as the Managing Director and Chief Executive Officer of Peet is an Executive Director.

Mr Stephen Higgs, who will retire on the announcement of the Group's results, is deemed to be independent under the principles set out in section 1.4.

Mr Graeme Sinclair, who will retire on the announcement of the Group's results, is deemed to be independent under the principles set out in section 1.4.

Mr Trevor Allen is deemed to be independent under the principles set out in section 1.4.

Ms Vicki Krause, who was appointed to the Board on 4 April 2014, is deemed to be independent under the principles set out in section 1.4.

Mr Robert McKinnon, who was appointed to the Board on 19 May 2014, is deemed to be independent under the principles set out in section 1.4.

Mr Anthony Lennon is not considered independent under the principles set out in section 1.4.

1.4 DIRECTORS' INDEPENDENCE

ASXCGC RECOMMENDATIONS 2.1, 2.6

The Board defines an independent director as a non-executive director and who:

- is not a substantial (as defined by Corporations Act 2001) shareholder of the Company or an officer of a substantial shareholder who has a financial interest in the substantial shareholder;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provider;
- is not a material supplier or customer of the Company or other group member, or an officer of a material supplier or customer who has a financial interest in the material supplier or customer;
- has no material contractual relationship with the Company or another group member other than as a director of the Company or other group member;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of more than 5% of annual turnover of the Company or Group or 5% of the individual director's net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it may impact a shareholder's understanding of the director's performance.

1.5 TERM OF OFFICE

ASXCGC RECOMMENDATION 2.6

Apart from the Managing Director, all directors are appointed for a term (maximum of three years) retiring in rotation.

1.6 CHAIRMAN AND MANAGING DIRECTOR

ASXCGC RECOMMENDATION 2.3

The roles of Chairman and Managing Director are separated.

The Chairman is responsible for:

- leading the Board in its duties to the Group;
- ensuring there are processes and procedures in place to evaluate the performance of the Board, its committees and individual directors;
- facilitating effective discussions at Board meetings; and
- ensuring effective communication with shareholders.

The Managing Director is responsible for:

- strategy and policy direction of the operations of the Group;
- the efficient and effective operation of the Group;
- ensuring the Board is provided with accurate and clear information in a timely manner to promote effective decision-making; and
- ensuring all material matters affecting the Group are brought to the Board's attention.

1.7 INDEPENDENT PROFESSIONAL ADVICE

ASXCGC RECOMMENDATION 2.6

In fulfilling their duties, each director may obtain independent professional advice at the Company's expense, subject to prior approval of the Chairman, whose approval will not be unreasonably withheld.

1.8 PERFORMANCE ASSESSMENT

ASXCGC RECOMMENDATIONS 1.3, 2.5, 2.6

The Board undergoes periodic formal assessments as and when considered appropriate, and informal self assessment on an ongoing basis.

The formal assessment process generally involves the appointment of an independent, third party consultant to facilitate the process and typically includes the requirement for each director to complete a questionnaire and to be interviewed by the third party consultant. Matters assessed may include the role, composition, procedures, practices and behaviour of the Board, its committees and their members.

This is then generally followed by a facilitated workshop at which the directors discuss the findings from the questionnaires and interviews and agree on a program of actions.

The final part of the process may involve individual feedback sessions facilitated by the independent third party consultant.

The Board undertook its most recent formal performance assessment during the second half of the 2013 calendar year.

2 BOARD COMMITTEES

The following committees serve the Board:

2.1 REMUNERATION COMMITTEE

ASXCGC RECOMMENDATIONS 1.2, 8.1, 8.2, 8.3, 8.4

The Remuneration Committee meets as frequently as required and during the year held four meetings.
The Committee operates in accordance with its charter, which is available on the Company's website. Its primary function is to make recommendations to the Board on:

- executive remuneration and incentive policies;
- the remuneration packages of senior management;
- recruitment, retention and termination policies for senior management;
- incentive schemes;
- superannuation arrangements;
- board and senior management succession plans; and
- the remuneration framework for directors, including non-executive directors.

The Remuneration Committee's membership comprises of independent directors.

The chairperson of the Remuneration Committee is the person appointed by the Board.

The members of the Committee from 1 July 2013 to 31 May 2014 were:

- Mr T J Allen (Chairman);
- Mr S F Higgs; and
- Mr G W Sinclair.

The members of the Committee from 1 June 2014 up to the date of this report were:

- Mr R J McKinnon (Chairman);
- Mr T J Allen;
- Mr S F Higgs; and
- Ms V Krause.

Mr Higgs's membership of the Committee will automatically lapse on his retirement from the Board.

Details of the above Directors' attendance at Remuneration Committee meetings are set out at item 10 in the Directors' Report.

At the discretion of the Committee, the other members of the Board, including the Managing Director and Chief Executive Officer are invited to Committee meetings as and when considered appropriate.

The Group Company Secretary acts as a secretary to the Committee and attends its meetings.

Details of key management personnel remuneration is set out at item 12 in the Directors' Report.

As at 30 June 2014, the Company's key management personnel comprised the Directors and the Executive Team, whose members report directly to the Managing Director and Chief Executive Officer.

The process for evaluating the performance of the Executive Team members (not including the Managing Director and Chief Executive Officer) generally involves an analysis of:

- a summary of the executives' highlights for the previous 12 months;
- an assessment against the Company's values and behaviours, which is considered a mandatory aspect of the day-to-day performance and an integral part of the Company's culture;
- an assessment against personal objectives and key performance indicators; and
- an assessment of personal skills and attributes.

This performance evaluation is undertaken by the Managing Director and Chief Executive Officer.

A performance evaluation for each member of the Executive Team in respect of the year ended 30 June 2014 is currently in progress.

The Managing Director and Chief Executive Officer has his performance assessed by the Remuneration Committee and the Board based, primarily, on various Group financial and non-financial performance criteria. The criteria are outlined in a Balanced Scorecard agreed between the Managing Director and Chief Executive Officer and the Board.

The Managing Director and Chief Executive Officer will generally also receive feedback on his performance as part of the Board's formal performance assessment process.

2.2 AUDIT AND RISK MANAGEMENT COMMITTEE

ASXCGC RECOMMENDATIONS 4.1, 4.2, 4.3, 4.4

The purpose of the Audit and Risk Management Committee is to review and monitor the financial affairs of the Company and to ensure there are adequate policies in place in relation to risk management, compliance and internal control systems.

The Committee's primary responsibilities include the following:

- review the integrity of the Group's financial and external reporting;
- review and assess the external auditors' activities, scope and independence;
- review the management processes for the identification of significant business risks and exposures and review and assess the adequacy of management information and internal control structures; and
- provide assurance that the Group is adequately managing risk relating to corporate governance and is maintaining appropriate controls against conflicts of interest and fraud.

Under its charter, the Audit and Risk Management Committee consists of a minimum of three directors with a majority of independent directors. The Board selects the chairperson of the Audit and Risk Management Committee.

The Audit and Risk Management Committee will consider any matters relating to the financial affairs of Peet and any other matter referred to it by the Board.

The Audit and Risk Management Committee charter requires the committee to meet at least three times a year and it held four meetings during the year.

The members of the Committee from 1 July 2013 to 31 May 2014 were:

- Mr G W Sinclair (Chairman);
- Mr S F Higgs (resigned from the Committee with effect from 18 December 2013);
- Mr T J Allen; and
- Mr A J Lennon (appointed with effect from 18 December 2013).

The members of the Committee from 1 June 2014 up to the date of this report were:

- Mr T J Allen (Chairman);
- Mr G W Sinclair;
- Mr A J Lennon; and
- Mr R J McKinnon.

Mr Sinclair's membership of the Committee will automatically lapse on his retirement from the Board.

At the discretion of the Committee, the external auditor and other members of the Board and management are invited to Committee meetings as and when considered appropriate.

The external auditors were invited to attend all meetings held during the year.

The Group Company Secretary acts as secretary to the Committee and attends its meetings.

Details of the above Directors' attendance at Audit and Risk Management Committee meetings are set out at item 10 in the Directors' Report.

2.3 NOMINATION COMMITTEE

ASXCGC RECOMMENDATIONS 2.4, 2.6

No separate nomination committee currently exists.

Given the current size of the Board, any changes to directorships will continue to be considered by the Remuneration Committee and the Board.

When a new director is to be appointed, the Board, together with the Remuneration Committee, will review the range of skills, experience and expertise on the Board, identify its needs and prepare a short-list of candidates with appropriate skills and experience. Where necessary, advice will be sought from independent search consultants.

The Board will then appoint the most suitable candidate who must stand for election at the next annual general meeting of the Company. The Board's nomination of existing directors for reappointment is contingent on their past performance, contribution to the Company and the current and future needs of the Board and the Company.

3 DIVERSITY

ASXCGC RECOMMENDATIONS 3.2, 3.3, 3.4, 3.5

The Board recognises the benefits that arise from employee and board diversity and, as required by the ASXCGC Recommendations, has adopted a Diversity Policy (the Policy).

In the Policy, "Diversity" includes, but is not limited to, gender, age, ethnicity, sexual orientation, disability and cultural background. The Policy also requires that the Board seek to develop measurable objectives for the Company to achieve greater gender diversity at board, executive and at a whole of company level.

In addition to adopting the Policy, the ASXCGC Recommendations recommend that companies disclose annually their measurable objectives for achieving gender diversity, their progress towards achieving those objectives and the proportion of women in the whole organisation, in senior management, and on the board.

The Company's gender diversity objectives and progress towards achieving those objectives are detailed below.

OBJECTIVE	PROGRESS
Increase the percentage of women in people management roles to 45-50% by 2015.	As at 30 June 2014, this percentage had decreased from 43% to 36.5%. The Company remains committed to meeting the objective by 2015
Pay equality to be reviewed annually.	Undertaken in accordance with annual objective.
Annual resource planning sessions with divisional managers to discuss succession planning and staff resourcing.	Undertaken in accordance with annual objective.
During each director and executive selection and appointment process, the Board will aim to consider a diverse pool of candidates.	The Company meets the objective.
Continue to assess and provide for flexible working arrangements and family support programs that balance the needs of employees with families and those of the Company.	The Company meets the objective.
Establish a program which requires senior employees to continue to stay in touch with employees on parental leave on a regular basis and provide assistance to help them successfully transition back to work.	The Company meets the objective.

As at 30 June 2014, the proportion of women at various levels of the Company was:

Level of role	% Female
Director	12.5%*
Senior Executives	0%
People Managers	36.5%
Company	60%

*On the retirement of Messrs Sinclair and Higgs from the Board following the release of the Group's FY14 results, the percentage of females on the Board will be 17%.

The Company recognises that a continuing key challenge for the Group will be increasing female representation at the senior executive level.

In addition to the organisation monitoring progress against the Diversity objectives, Peet also complies with the annual reporting requirements set by the Workplace Gender Equality Agency which requires the annual submission of a workplace profile covering six gender equality indicators. The workplace profile gives a granular view of gender diversity performance and assists organisations to develop strategies to improve gender equality.

Submission of the annual compliance report for the April 2013 – March 2014 reporting period resulted in Peet being declared compliant with the *Workplace Gender Equality Act* (2012).

The Company's recruitment processes provide that selection of employees is merit based and focused on selecting the best person for the job. However, in accordance with the Board's objective, when board and senior executive level opportunities become available, the Board will ensure adherence to the Company's recruitment and selection processes, and that the professional search firm presents a diverse pool of candidates.

4 RISK MANAGEMENT

ASXCGC RECOMMENDATIONS 7.1, 7.2

The Board recognises the importance of managing the risks associated with Peet's business operations and has adopted a formal Risk Management Plan in keeping with its Risk Management Policy Statement, a copy of which is available on the Corporate Governance section of the Company's website (www.peet.com.au).

Management is responsible for the design and implementation of the risk management framework and internal control systems to manage the Company's material business risks and to report to the Board on whether those risks are being managed effectively.

Individual business units are responsible for integrating the risk management framework within their business processes and systems.

The Audit and Risk Management Committee assists the Board in its risk management oversight function, receives reports from management on the Company's material business risks and monitors the effectiveness of risk management and internal control policies.

While the identification, monitoring and reporting of risks occurs continually, management reviews the Risk Management Plan periodically to ensure its ongoing relevance.

The Risk Management Plan represents a component of the overall internal controls of Peet to assist in risk management. Other internal controls include:

- establishing a company-wide code of conduct;
- the adoption of written policies and procedures;
- the delegation of authority across the various levels of the Company;
- establishment of reporting systems to monitor compliance;
- appointment of a compliance officer; and
- a network disaster recovery plan.

During the year, the Audit and Risk Management Committee and the Board received periodic reports on management's ongoing monitoring of, and action plans for, material business risks.

5 EXTERNAL AUDITORS

ASXCGC RECOMMENDATION 4.4

The Board and Audit and Risk Management Committee policy is to appoint external auditors who demonstrate quality and independence. The performance of the external auditor is reviewed periodically and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

During the year, and following a formal review process, the Group changed its external auditor from PricewaterhouseCoopers to Ernst and Young.

An analysis of fees paid to the external auditors, including a breakdown of fees for non-audit services, is provided in note 25 to the Financial Report.

The external auditor is requested to attend the Annual General Meeting and be available to answer shareholders' questions about the conduct of the audit and the preparation and content of the audit report.

6 CORPORATE REPORTING

ASXCGC RECOMMENDATION 7.3

The following certifications required by the Corporations Act 2001 have been made to the Board by the Chief Executive Officer and Chief Financial Officer:

- that the Group's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Group and are in accordance with relevant accounting standards; and
- that the above statement is founded on a sound system of risk management and internal compliance and control and which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

7 PROMOTION OF ETHICAL AND RESPONSIBLE DECISION MAKING

ASXCGC RECOMMENDATIONS 3.1

7.1 CODE OF CONDUCT AND ETHICS

The Board believes that the success of the Group has been, and will continue to be, enhanced by a strong ethical culture within the organisation.

To reinforce the importance of ethical standards, the Board has embraced policies to ensure that all directors, executives and employees act with the utmost integrity and objectivity in their dealings with all people that they come in contact with during their employment with the Group.

The Company has documented the requirements to ensure that all legal and other compliance obligations to legitimate stakeholders are met.

The various charters and policies are periodically reviewed and updated as necessary to ensure they reflect the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

Employees are required to report violations of the Code to their immediate supervisor, or to the Group Company Secretary or Compliance Officer. The procedures provide for a staged escalation and ultimately for the Managing Director and the Chairman of the Audit and Risk Management Committee to become involved, if applicable. The policy underlying the procedure is to ensure employees are not disadvantaged in any way for reporting violations of the Code or other unethical conduct and that the matter is dealt with promptly.

7.2 WHISTLEBLOWER POLICY

The Company has adopted a Whistleblower Policy which supports the commitment of the Company in creating and maintaining a culture of proper conduct and fair and honest dealing in all of its business activities.

The purpose of the Whistleblower Policy is to:

- maintain a working environment in which employees are able to raise concerns regarding instances of improper conduct (where there are reasonable grounds to suspect such conduct) without fear of intimidation, disadvantage or reprisal;
- outline the procedures for reporting and investigating reported matters; and
- outline the measures in place to protect whistleblowers.

A copy of the Whistleblower Policy is available on the Corporate Governance section of the Company's website (www.peet.com.au).

8 SECURITY TRADING GUIDELINES

ASXCGC RECOMMENDATION 8.4

8.1 EMPLOYEES

Employees, other than directors or senior management, may buy or sell Peet securities on the ASX in the period of 60 days commencing immediately following:

- the announcement of half-yearly results;
- the announcement of annual results; or
- the holding of the Annual General Meeting,

except where an employee is in possession of price sensitive information or where the Company is in possession of price sensitive information and has, during the 'window' set out above, notified the employee that they may not buy or sell securities during all or part of any such period.

Employees, other than directors or senior management, may also buy or sell Peet's securities during the period that Peet has a current prospectus or other form of disclosure document on issue pursuant to which persons may subscribe for securities.

8.2 DURING OTHER PERIODS

Outside of the 'window' period, all employees, other than directors or senior management, must receive clearance for any proposed dealing in Peet's securities on the ASX by informing and receiving approval from the Managing Director prior to undertaking a transaction.

8.3 DIRECTORS AND SENIOR MANAGEMENT

Unless there are unusual circumstances, as determined by the Board, approval will not be given to enable directors and senior management to trade in Peet's securities outside the 'windows' discussed above.

Additionally, before directors and senior management can deal in Peet's securities during the windows previously mentioned, they must follow these procedures:

- a director of Peet (including the Managing Director) must notify the Chairman and Group Company Secretary prior to undertaking a transaction;
- the Chairman must notify the Board or the next most senior director, prior to undertaking a transaction; and
- senior management must notify the Managing Director and Group Company Secretary prior to undertaking a transaction.

ASX Listing Rule 3.19A requires a listed company to advise ASX of a change in a notifiable interest of a director no more than five business days after the change occurs. A director of Peet is required to complete a standard memorandum and pass it on to the Group Company Secretary when they either buy or sell securities in Peet. The standard memorandum includes confirmation as to whether or not the trade occurred outside the specified 'windows' where prior clearance was required, whether that clearance was granted, the date that clearance was granted and for what period.

Members of senior management are required to complete a standard memorandum if they seek approval to trade in Peet's securities.

8.4 SHORT-TERM DEALING

Employees may not deal in Peet's securities on a 'short-swing' basis, except in circumstances of special hardship, with the Managing Director's approval. That is, employees may not buy and then sell securities within a three-month period. In addition, employees may not enter into any other short-term dealings (for example, forward contracts) except with the approval of the Managing Director.

8.5 HEDGING OF UNVESTED SECURITIES

The Company's Guidelines for Dealing in Securities prohibit the entering into of schemes by directors and employees to protect the value of unvested entitlements under any equity-based remuneration scheme.

9 CONTINUOUS DISCLOSURE POLICIES AND SHAREHOLDER COMMUNICATION

ASXCGC RECOMMENDATIONS 5.1, 5.2, 6.1, 6.2

The Company places a high priority on communication with shareholders and is aware of the obligations it has under the Corporations Act 2001 and the ASX Listing Rules, to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the Company's securities.

The Company has adopted policies, which establish procedures to ensure that directors and management are aware of and fulfill their obligations in relation to the timely disclosure of material price sensitive information.

The Group Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

Information is communicated to shareholders as follows:

- the Annual and Half-yearly Financial Reports are lodged with the ASX, with the Annual Report made available for distribution to shareholders;
- announcements of annual and interim results, results presentations and other price sensitive information are made to the ASX; and
- addresses made by the Chairman and Managing Director to the Annual General Meeting (AGM).

Shareholders are entitled to attend the AGM and receive a notice of such meeting together with an explanatory memorandum of proposed resolutions (as appropriate). If shareholders cannot attend the AGM they are entitled to lodge a proxy in accordance with the Corporations Act 2001 and Peet's Constitution.

A transcript of the addresses made by the Chairman and the Managing Director to the AGM is released to the ASX prior to the commencement of the AGM.

Additionally, all ASX announcements and other media releases are accessible via the Company's website (www.peet.com.au).

Financial Report

CONTENTS

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 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 28 August 2014. 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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	2014 $'000	2013 $'000 (Restated)
Revenue	5	276,054	238,991
Expenses	6	(244,640)	(208,756)
Finance costs	6	(8,758)	(8,075)
Share of net profit of associates and joint ventures	16	20,620	1,788
Acquisition-related costs		-	(2,407)
Write-down in carrying value of inventories and development costs	6	(1,806)	(22,545)
Profit/(loss) before income tax		**41,470**	**(1,004)**
Income tax (expense)/benefit	7	(9,884)	237
Profit/(loss) for the year		**31,586**	**(767)**
Attributable to:			
Owners of Peet Limited		30,291	880
Non-controlling interests		1,295	(1,647)
		31,586	**(767)**
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Changes in the fair value of cash flow hedges		2,807	2,280
Share of other comprehensive income of associates		12	147
Income tax relating to components of other comprehensive income		(842)	(684)
Other comprehensive income for the year, net of tax		**1,977**	**1,743**
Total comprehensive income for the year		**33,563**	**976**
Attributable to:			
Owners of Peet Limited		32,107	2,494
Non-controlling interests		1,456	(1,518)
		33,563	**976**

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

	Notes	Cents	Cents
Basic earnings per share	8	7.00	0.26
Diluted earnings per share	8	6.98	0.26

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

Consolidated Balance Sheet

	Notes	2014 $'000	2013 $'000 (Restated)	1 July 2012 $'000 (Restated)
Current assets				
Cash and cash equivalents	18	38,783	36,420	23,978
Receivables	11	43,014	46,779	9,227
Inventories	12	143,112	139,016	132,111
Current tax receivable		1,189	-	7,797
Assets classified as held for sale		-	-	74,890
Total current assets		**226,098**	**222,215**	**248,003**
Non-current assets				
Receivables	11	28,585	21,713	39,449
Inventories	12	397,485	403,128	342,345
Investments accounted for using the equity method	16	162,214	147,112	87,961
Available-for-sale financial assets	21	25	429	462
Property, plant and equipment	22	11,360	12,437	10,691
Deferred tax assets	23	18,509	20,453	-
Intangible assets		2,856	2,805	2,276
Total non-current assets		**621,034**	**608,077**	**483,184**
Total assets		**847,132**	**830,292**	**731,187**
Current liabilities				
Payables	13	55,365	49,416	40,807
Land vendor liabilities	14	7,500	16,737	12,109
Borrowings	18	50,639	85,933	73,089
Derivative financial instruments	18	-	1,575	327
Current tax liabilities		-	4,489	-
Provisions	15	11,124	9,914	2,606
Liabilities associated with assets classified as held for sale		-	-	23,894
Total current liabilities		**124,628**	**168,064**	**152,832**
Non-current liabilities				
Payables	13	168	219	-
Land vendor liabilities	14	16,949	14,999	20,244
Borrowings	18	244,907	235,054	277,443
Derivative financial instruments	18	3,285	4,517	7,435
Deferred tax liabilities	23	36,512	26,524	27,426
Provisions	15	637	584	44
Total non-current liabilities		**302,458**	**281,897**	**332,592**
Total liabilities		**427,086**	**449,961**	**485,424**
Net assets		**420,046**	**380,331**	**245,763**
Equity				
Contributed equity	19	328,609	325,193	203,713
Reserves	20	8,791	4,239	1,127
Retained profits		66,291	36,000	35,120
Capital and reserves attributable to owners of Peet Limited		**403,691**	**365,432**	**239,960**
Non-controlling interests		16,355	14,899	5,803
Total equity		**420,046**	**380,331**	**245,763**

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

Consolidated Statement of Changes in Equity

	Notes	Contributed equity $'000	Reserves $'000	Retained Profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2012 (as previously reported)		**203,713**	**1,127**	**43,143**	**247,983**	**17,353**	**265,336**
Changes in accounting policies	2	-	-	(8,023)	(8,023)	(11,550)	(19,573)
Balance at 1 July 2012 (Restated)		**203,713**	**1,127**	**35,120**	**239,960**	**5,803**	**245,763**
Profit/(loss) for the year (Restated)		-	-	880	880	(1,647)	(767)
Other comprehensive income (Restated)		-	1,614	-	1,614	129	1,743
Total comprehensive income for the year		**-**	**1,614**	**880**	**2,494**	**(1,518)**	**976**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	19	121,480	-	-	121,480	-	121,480
Non-controlling interests on part disposal of subsidiary	29	-	-	-	-	12,712	12,712
Transactions with non-controlling entities	20	-	(173)	-	(173)	(2,098)	(2,271)
Share based payments	20, 27	-	1,671	-	1,671	-	1,671
Balance at 30 June 2013 (Restated)		**325,193**	**4,239**	**36,000**	**365,432**	**14,899**	**380,331**
Balance at 1 July 2013 (Restated)		**325,193**	**4,239**	**36,000**	**365,432**	**14,899**	**380,331**
Profit for the year		-	-	30,291	30,291	1,295	31,586
Other comprehensive income		-	1,816	-	1,816	161	1,977
Total comprehensive income for the year		**-**	**1,816**	**30,291**	**32,107**	**1,456**	**33,563**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	19	3,416	-	-	3,416	-	3,416
Share based payments	20, 27	-	2,736	-	2,736	-	2,736
Balance at 30 June 2014		**328,609**	**8,791**	**66,291**	**403,691**	**16,355**	**420,046**

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

Consolidated Statement of Cash Flows

	Notes	2014 $'000	2013 $'000 (Restated)
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		297,704	259,155
Payments to suppliers and employees (inclusive of GST)		(234,375)	(163,103)
Payments for purchase of land		(12,811)	(3,466)
Interest and other finance costs paid		(26,967)	(30,973)
Distributions and dividends received from associates and joint ventures		18,119	2,641
Income tax (paid)/refund		(4,468)	5,484
Net cash inflow from operating activities	**10**	**37,202**	**69,738**
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired	29(b)	-	(57,018)
Payment for acquisition of non-controlling interests		-	(2,790)
Payments for property, plant and equipment		(1,435)	(1,428)
Payment for intangibles		(480)	(524)
Payments for investment in associates		(29,399)	(2,425)
Proceeds from capital returns from associates		24,559	10,605
Loans to related parties		(2,793)	(5,145)
Repayment of loans by related parties		320	600
Interest received		610	890
Net cash outflow from investing activities		**(8,618)**	**(57,235)**
Cash flows from financing activities			
Dividends paid to Group's shareholders		-	(3,773)
Repayment of borrowings		(147,122)	(141,493)
Proceeds from borrowings		117,489	24,165
Proceeds from issue of equity securities (net of equity raising costs)		3,412	120,316
Proceeds from exercise of CIC share options		-	542
Net cash outflow from financing activities		**(26,221)**	**(243)**
Net increase in cash and cash equivalents		2,363	12,260
Cash and cash equivalents at the beginning of the financial year		36,420	24,160
Cash and cash equivalents at end of year	**18**	**38,783**	**36,420**

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

Notes to the Consolidated Financial Statements

CONTENTS

Basis of reporting

This section of the Financial Report sets out the basis of preparation of the financial statements. Where an accounting policy is specific to one note, the policy is described in the note to which it relates. This section also sets out information related to critical accounting estimates and judgements applied to these financial statements.

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. It's 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.

2. Basis of preparation

This general purpose Financial Report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Peet Limited is a for-profit entity.

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These financial statements have been prepared under the historical cost convention, except for derivative instruments and available for sale financial assets which have been measured at fair value.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional balance sheet at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional balance sheet as at 1 July 2012 is presented in these consolidated financial statements due to the retrospective application of certain accounting policies, refer note 2(a).

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

a. Changes in accounting policy, disclosures, standards and interpretations

Except as disclosed below, accounting policies have been consistently applied over all periods presented. The Group has adopted all new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2013; including:

- AASB 10 *Consolidated Financial Statements*, AASB 127 *Separate Financial Statements (Revised).*
- AASB 11 *Joint Arrangements*, AASB 128 *Investments in Associates and Joint Ventures (Revised).*
- AASB 12 *Disclosure of Interests in Other Entities.*
- AASB 13 *Fair Value Measurement.*
- AASB 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to AASB 7.*
- AASB 119 *Employee Benefits (Revised 2011).*
- *Improvements to AASBs 2009-2011 Cycle* .

2. Basis of preparation (continued)

The adoption of the standards or interpretations is described below:

The Group applied, for the first time, the following standards that require restatement of previous financial statements. These are AASB 10 *Consolidated Financial Statements* (AASB 10) and AASB 11 *Joint Arrangements* (AASB 11). The application of AASB 119 *Employee Benefits (revised 2011)* resulted in a change in the accounting policy but did not have a material impact on the financial statements. In addition, the application of AASB 12 *Disclosure of Interests in Other Entities* (AASB 12) and AASB 13 *Fair Value Measurement* (AASB 13) has resulted in additional disclosures in the consolidated financial statements for the year ended 30 June 2014. The nature and the impact of the new standards and amendments is described below:

AASB 10 *Consolidated Financial Statements* and AASB 127 *Separate Financial Statements (Revised)*

The Group adopted AASB 10 in the current year. The application of AASB 10 affected the accounting for the Group's interests in certain property syndicates. For all financial years up to 30 June 2013, these entities were considered to be associates under the previously existing AASB 128 *Investments in Associates* and were accounted for using the equity method. At the date of initial application of AASB 10 (1 July 2013), the Group assessed that it controls these entities based on the factors explained in note 2(b) below which also details the new accounting policy.

The Group has consolidated the financial statements of these entities based on its equity interest and accounted for the balance as non-controlling interests. The assets, liabilities and equity of these entities have been retrospectively consolidated in the financial statements of the Group. Non-controlling interests have been recognised at a proportionate share of the net assets of the subsidiary. The opening balances at 1 July 2012 and comparative information for the year ended 30 June 2013 have been restated in the consolidated financial statements.

AASB 11 *Joint Arrangements* and AASB 128 *Investments in Associates and Joint Ventures (Revised)*

The application of AASB 11 affected the Group's accounting of its interest in one joint venture. The Group has a 50% interest in Lightsview Joint Venture via the acquisition of CIC Australia Limited in May 2013. Prior to the transition to AASB 11, Lightsview Joint Venture was classified as a jointly controlled entity and was accounted for using the equity method. Upon adoption of AASB 11, the Group determined its interest in Lightsview Joint Venture to be classified as a joint operation under AASB 11 and discontinued equity accounting. The Group now accounts for its share of the assets, liabilities, expenses and revenues, including its share of those held or incurred jointly in relation to the Lightsview Joint Venture. The transition from equity method to accounting for assets and liabilities has been applied from the acquisition date and accordingly, the comparative information in respect of the previous period has been restated. The new policy is detailed in note 2(d) below.

The following tables summarises the material impacts resulting from the changes in the accounting policies on adoption of AASB 10 and AASB 11 on the Group's assets, liabilities and equity as at 1 July 2012 and 30 June 2013 and net profit after tax for the year ended 30 June 2013.

The impact on the Group's assets, liabilities and equity (decrease in net assets) as at 30 June 2013 and 1 July 2012 is as follows:

	30 June 2013 $'000	1 July 2012 $'000
Current assets	1,181	713
Non-current assets	5,512	16,286
Total assets	**6,693**	**16,999**
Current liabilities	26,361	37,489
Non-current liabilities	1,222	(917)
Total liabilities	**27,583**	**36,572**
Net assets	**(20,890)**	**(19,573)**
Owners of Peet Limited	(7,333)	(8,023)
Non-controlling interests	(13,557)	(11,550)
Total equity	**(20,890)**	**(19,573)**

Increase/(decrease) of net profit after tax for the year ended 30 June 2013:

	30 June 2013 $'000
Decrease in profit before tax	(1,092)
Decrease in profit after tax	(1,364)
Attributable to:	
Increase in profit attributable to owners of Peet Limited	690
Decrease in profit attributable to non-controlling interests	(2,054)
	(1,364)
Impact on earnings per share for profit attributable to the ordinary equity holders of the company:	
Increase in basic earnings per share (cents)	0.20
Increase in diluted earnings per share (cents)	0.20

AASB 13 *Fair Value Measurements*

AASB 13 provides guidance on how to measure fair value under AASB. AASB 13 defines fair value as an exit price. Application of AASB 13 has not materially affected the fair value measurements of the Group. Additional disclosures, where required, are included in the consolidated financial statements.

AASB 119 *Employee Benefits (Revised)*

The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. This standard resulted in a change in the accounting policy but did not have a material impact on the financial statements.

b. Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, 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.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

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.

2. Basis of preparation (continued)

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. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. 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, after initially being recognised at cost.

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. Investment 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 of the arrangement 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 the 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 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.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The material estimates and assumptions in these financial statements include:

Estimate of sales fall-over rates on project management and selling fees

An analysis of sales fall-overs is performed on a monthly basis for all business segments by location, and updated at each reporting date to determine the appropriateness of the accruals of sales fall-overs recognised in the value of project management and selling fees (refer note 5).

Inventories

The Group is required to carry inventory at lower of cost or net realisable value. The 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.

These estimates take into consideration fluctuations of price or costs directly related to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. The key assumptions require the use of management judgement and are reviewed annually. The Group has expensed $1,806,000 (2013: $22,545,000) in relation to inventory that was carried in excess of the estimated net realisable value and development costs.

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 and the same subsidiary against which the unused tax losses can be utilised. However, utilisation of the tax losses also depends on the ability of the entity, to satisfy certain tests at the time the losses are recouped.

Performance for the year

This section focuses on the results and performance of the Group. This covers both profitability and the resultant return to shareholders via earnings per share combined with cash generation and the return of cash to shareholders via dividends.

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.

On 17 May 2013, the Company acquired a controlling interest in CIC Australia Limited ("CIC"). The performance of CIC is included in the reportable segments described below and assessed by the executive management group in the same manner as the Group's reportable segments.

The Group operates only in Australia.

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

Funds management

External equity capital raisings are undertaken to fund the acquisition of land across Australia. The Group derives fees from underwriting and capital raising coordination services, as well as asset identification fees from this activity. Ongoing project related fees are then derived by the Group for the duration of a particular project.

Company-owned projects

The Group undertakes the purchase and development of various parcels of land in Australia, primarily for residential purposes. However, 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 joint venturer/operator will normally contribute the land and the Group funds the development costs. The Group is typically entitled to ongoing fees for management of the development project and also a share of the profits.

Inter-segment eliminations 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.

The adoption of AASB 10 *Consolidated Financial Statements*, from 1 July 2013 resulted in certain property syndicates being consolidated. 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 Eliminations and Other Unallocated" to reconcile reportable business segment information to the Group's consolidated statement of profit or loss. The comparative information has been restated accordingly.

4. Segment information (continued)

	Funds Management		Asset Management Company Owned Projects		Asset Management Joint Arrangement		Inter-segment Eliminations and Other Unallocated		Consolidated	
	2014 $'000	2013 $'000 (Restated)	2014 $'000	2013 $'000 (Restated)	2014 $'000	2013 $'000 (Restated)	2014 $'000	2013 $'000 (Restated)	2014 $'000	2013 $'000 (Restated)
Sales to external customers	32,500	25,144	103,047	126,543	93,405	39,385	40,627	41,584	269,579	232,656
Other revenue	3,649	5,143	1,195	1,999	2,220	-	(589)	(807)	6,475	6,335
Share of net profit/(loss) of associates and JVs	7,141	(2,807)	-	-	14,229	4,427	(750)	168	20,620	1,788
Total	**43,290**	**27,480**	**104,242**	**128,542**	**109,854**	**43,812**	**39,288**	**40,945**	**296,674**	**240,779**
Corporate overheads							(11,332)	(9,192)	(11,332)	(9,192)
EBITDA excluding acquisition-related costs and write-down in inventories	29,718	18,834	24,955	28,840	27,440	9,513	(8,415)	(4,134)	73,698	53,053
Acquisition-related costs	-	-	-	-	-	-	-	(2,407)	-	(2,407)
Write-down of inventories	-	-	(1,806)	(18,977)	-	-	-	(3,568)	(1,806)	(22,545)
EBITDA[1]	**29,718**	**18,834**	**23,149**	**9,863**	**27,440**	**9,513**	**(8,415)**	**(10,109)**	**71,892**	**28,101**
Depreciation and amortisation	(55)	(44)	(1,024)	(1,220)	(876)	(155)	(858)	(1,338)	(2,813)	(2,757)
EBIT[2]	**29,663**	**18,790**	**22,125**	**8,643**	**26,564**	**9,358**	**(9,273)**	**(11,447)**	**69,079**	**25,344**
Financing costs (includes interest and finance costs expensed through cost of sales)									(27,609)	(26,348)
Profit/(loss) before income tax									**41,470**	**(1,004)**
Income tax (expense)/benefit									(9,884)	237
Profit/(loss) for the year									**31,586**	**(767)**

1. EBITDA: Earnings Before Interest (including interest and finance charges amortised through cost of sales) Tax, Depreciation and Amortisation.
2. EBIT: Earnings Before Interest (including interest and finance charges amortised through cost of sales) and Tax.

5. Revenue

	2014 $'000	2013 $'000 (Restated)
Revenue from sales of land	146,645	170,173
Project management and performance fees	41,797	21,436
Revenue from joint operations	79,701	38,422
Revenue from other trading activities		
- Syndicate administration fees	1,436	1,462
- Syndicate underwriting and capital raising fees	-	1,163
	269,579	**232,656**
Other revenue		
- Interest income	3,450	3,302
- Other	3,025	3,033
	6,475	**6,335**
	276,054	**238,991**

Recognition and measurement

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances, and duties and taxes paid. The following special recognition criteria must also be met before revenue is recognised:

Sale of land

Revenue and profits from the sale of blocks from completed stages of land subdivision are recognised on settlement of the sale. This represents the point when risks and rewards have passed to the buyer.

Project management and selling fees

Project management and selling fees are recognised where there is a signed contract as this is the point at which revenue has been earned, adjusted for estimates of sales fall-over rates (refer note 3).

Manager's performance fees

Manager's performance fee revenue is recognised at the end of each reporting period and is based on a profitability measurement in accordance with the relevant Management Agreement.

Other trading activities

Revenue from other trading activities is recognised as the service required under the contract is performed.

Interest income

Interest revenue is brought to account when earned, taking into account the effective yield on the financial asset.

Dividend income

Dividends are recognised as revenue when the right to receive payment is established.

6. Expenses

	2014 $'000	2013 $'000 (Restated)
Profit before income tax includes the following specific expenses:		
Expenses		
Land and development cost	149,074	139,008
Capitalised interest and finance expense	18,851	18,273
Total land and development cost	**167,925**	**157,281**
Depreciation	2,612	2,535
Amortisation	201	222
Total depreciation and amortisation	**2,813**	**2,757**
Employee benefits expense	35,886	19,285
Project management, selling and other operating costs	20,738	15,096
Office costs	6,579	5,425
Other expenses	10,699	8,912
Total other expenses	**73,902**	**48,718**
Total expenses	**244,640**	**208,756**
Finance costs		
Interest and finance charges paid/payable	25,915	24,180
Interest on convertible notes	5,755	5,642
Amount capitalised	(22,912)	(21,747)
	8,758	**8,075**
Write-down in carrying value of inventories and development costs		
Write-down of inventory to net realisable value	1,806	22,457
Write-off of development expenditure	-	88
	1,806	**22,545**

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.

Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

For the accounting policy on depreciation refer note 22, and employee benefits expense refer note 31(viii).

7. Income tax expense/(benefit)

	Notes	2014 $'000	2013 $'000 (Restated)
Major components of tax expense			
Current tax		-	7,610
Adjustments for current tax of prior periods		(1,210)	(808)
		(1,210)	**6,802**
Deferred tax		9,166	(7,392)
Adjustments for deferred tax of prior periods		1,928	353
		11,094	**(7,039)**
		9,884	**(237)**
Deferred income tax expense included in income tax expense comprises:			
Decrease/(Increase) in deferred tax assets	23	4,692	(7,883)
Increase in deferred tax liabilities	23	6,402	844
		11,094	**(7,039)**
Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable			
Profit/(loss) before income tax expense/(benefit)		41,470	(1,004)
Tax at Australian tax rate of 30% (2013: 30%)		12,441	(301)
Tax effect of amounts which are not deductible			
Entertainment		56	24
Share of net profit of associates		(4,482)	(554)
Employee benefits		821	488
Dividend franking		29	107
Franking rebate		(96)	(356)
Sundry items		397	810
Under/(over) provision in prior years		718	(455)
		9,884	**(237)**

Recognition and measurement

The income tax expense or revenue 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, and to unused tax losses.

Tax consolidation

Peet Limited and its wholly owned controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in note 31(xiii) (a).

On adoption of the tax consolidation legislation, 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.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Peet Limited for any current tax payable assumed and are not compensated by Peet Limited for any unused tax losses or unused tax credits that are transferred to the Parent Entity under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

8. Earnings per share

a. Basic and diluted earnings per share

	2014 Cents	2013 Cents (Restated)
Basic earnings per share	7.00	0.26
Diluted earnings per share	6.98	0.26

Basic earnings per share

Basic earnings per share is determined by dividing the profit attributable to owners of the Parent Entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

b. Reconciliation of earnings used in calculating earnings per share

	2014 $'000	2013 $'000 (Restated)
Basic and diluted earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	30,291	880

c. Weighted average number of shares used as the denominator

	2014 Shares	2013 Shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	432,997,427	337,658,388
Adjustments for calculation of diluted earnings per share:		
Options	1,200,000	1,200,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	434,197,427	338,858,388

Refer note 27 for the number of PRs outstanding at 30 June 2014. These PRs are contingently issuable shares and accordingly not included in diluted earnings per share.

9. Dividends

a. Dividends paid

No dividends were provided or paid during the year ended 30 June 2014 (30 June 2013: Nil).

On 24 May 2013, CIC Australia Limited paid franked dividends amounting to $3,773,000 (3 cents per share) to its former shareholders. The dividends paid during the period were fully franked at the tax rate of 30%.

b. Dividends not recognised at year end

The Directors have declared a final unfranked dividend of 3.5 cents per share in respect to the year ended 30 June 2014. The dividend is to be paid on Friday, 31 October 2014, with a record date of Wednesday, 1 October 2014. 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.

c. Dividend Reinvestment Plan (DRP)

The Company's Dividend Reinvestment Plan (DRP), which provides shareholders with an opportunity to acquire shares in the Company, is activated and further details are included in a separate announcement to the market.

d. Dividend franking account

	2014 $'000	2013 $'000
The amount of franking (debits)/credits available to the Peet tax consolidated group for the subsequent financial year are:		
(a) Franking account balance as at the end of the financial year at 30% (2013: 30%)	(560)	(5,124)
(b) Franking (debits)/credits that will arise from the (receipt)/payment of income tax (receivable)/payable	(1,189)	4,489
	(1,749)	**(635)**

Recognition and measurement

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period, but not distributed at the end of the reporting period.

10. Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	2014 $'000	2013 $'000 (Restated)
Profit/(loss) after income tax	31,586	(767)
Add/(deduct) non cash items:		
Depreciation	2,612	2,535
Amortisation of intangible assets	201	222
Write-down of inventories and development costs	1,806	22,545
Employee share-based payments	2,736	1,671
Equity accounting for investments in associates and joint ventures	(20,620)	(1,788)
Convertible notes effective interest	996	876
Write-down/loss on sale investments	262	58
Add/(deduct) other items:		
Interest received	(610)	(890)
Distributions and dividends from associates and joint ventures	18,119	2,641
Interest paid	3,264	-
Change in operating assets and liabilities during the financial year		
Decrease in asset classified as held for sale	-	73,785
(Increase)/decrease in receivables	(8,386)	9,562
Increase in inventories	(259)	(51,749)
(Decrease)/increase in tax liabilities	(5,678)	12,286
(Decrease)/increase in payables	(1,184)	2,047
Increase in provisions	1,263	4,129
Increase/(decrease) in deferred tax liabilities	11,094	(7,039)
Decrease in liabilities directly associated with assets classified as held for sale	-	(386)
Net cash inflow from operating activities	**37,202**	**69,738**

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 Structure section.

11. Receivables

	Notes	2014 $'000	2013 $'000 (Restated)
Current			
Trade receivables - note (a)		10,142	6,970
Accrued income - note (b)		15,065	12,006
Prepayments		1,193	994
Loans to associates and joint ventures	24(e)	14,446	18,335
Other debtors		2,168	8,474
		43,014	**46,779**
Non-current			
Deferred facilities fee		4,324	3,650
Loans to associates and joint ventures	24(e)	18,235	14,193
Accrued Income		-	86
Other debtors		6,026	3,784
		28,585	**21,713**

a. Trade receivables

Trade receivables are non-interest bearing and generally have 30-60 day terms. There were no impaired trade receivables at the end of the year for the Group (2013: $Nil).

b. Accrued income

These amounts represent project management and performance fees from associates.

c. Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. The fair value of securities held for certain trade receivables is insignificant as is the fair value of any collateral sold or pledged. Refer to note 21 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

Recognition and measurement

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date. Other receivables are recognised on an accrual basis as the services to which they relate are performed.

Collectability of trade receivables is reviewed on an ongoing basis. Receivables that are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

12. Inventories

	2014 $'000	2013 $'000 (Restated)
Current		
Cost of acquisition	24,862	38,672
Capitalised development costs	96,592	78,970
Capitalised finance costs	21,658	21,374
	143,112	**139,016**
Non-current		
Cost of acquisition	221,830	227,339
Capitalised development costs	92,955	98,980
Capitalised finance costs	82,700	76,809
	397,485	**403,128**

Write-down in carrying value of inventories and development costs

Write-down of inventories and development expenditure to net realisable value recognised as an expense during the year ended 30 June 2014 amounted to $1,806,000 (2013: $22,545,000) for the Group (note 6).

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.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

Land purchased for residential subdivision is classified as non-current. It is reclassified as current when lots within the subdivision are expected to be sold within 12 months.

13. Payables

	2014 $'000	2013 $'000 (Restated)
Current		
Trade payables	12,029	11,489
Unearned income	2,911	12,471
GST payable	6,594	4,190
Accruals	16,450	12,777
Other payables	17,381	8,489
	55,365	**49,416**
Non-current		
Unearned income	168	219
	168	**219**

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.

14. Land vendor liabilities

	2014 $'000	2013 $'000
Current		
Instalment for purchase of development property	7,500	16,737
	7,500	**16,737**
Non-current		
Instalment for purchase of development property	20,200	20,364
Future interest component of deferred payment	(3,251)	(5,365)
	16,949	**14,999**

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 disclosed at their present value. 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.

15. Provisions

	2014 $'000	2013 $'000
Current		
Rebates - note (a)	7,639	4,547
Provision for development costs	-	2,713
Employee entitlements - note (b)	3,485	2,654
	11,124	**9,914**
Non-current		
Employee entitlements - note (b)	499	485
Other	138	99
	637	**584**

Movements in the provision for rebates during the financial year are set out below:

	2014 $'000	2013 $'000
Current		
Carrying amount at 1 July	**4,547**	**2,112**
Charged/(credited) to the statement of profit or loss:		
- Additional provision recognised	5,129	3,604
- Paid during year	(1,991)	(1,122)
- Expired during the year	(46)	(47)
Carrying amount at 30 June	**7,639**	**4,547**

Recognition and measurement

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 at settlement and a related adjustment to revenue is recorded upon the expiration of the time limit if the rebate has not been paid.

Employee entitlements

The liability for long service 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 reporting date using the projected unit credit valuation method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash out flows.

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

16. 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

	2014 $'000	2013 $'000 (Restated)
Carrying amount at 1 July	147,112	87,961
Acquired through CIC acquisition	-	67,146
Acquisitions	36,949	2,425
Dividends	(18,119)	(2,641)
Disposals/capital returns	(24,360)	(9,714)
Share of profit after income tax	20,620	1,788
Share of other comprehensive income	12	147
Carrying amount at 30 June	162,214	147,112

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

16. Investments accounted for using the equity method (continued)

b. Investments in associates and joint ventures (JVs) including summarised financial information

As at 30 June 2014		Ownership %	Current assets $'000	Non-current assets $'000	Current liabilities $'000	Non-current liabilities $'000	Net assets $'000	Carrying value of interest in associate or joint venture $'000	Revenues $'000	Profit/(loss) after tax $'000	Share of profit/ (loss) after income tax $'000
Peet Alkimos Pty Limited, WA	Associate	26.17	73,216	283,813	17,903	110,570	228,556	59,813	56,801	(5,713)	6,952*
Peet Caboolture Syndicate Limited, Qld	Associate	20	9,093	40,710	12,340	23,998	13,465	2,693	4,720	(1,016)	(203)
Peet Flagstone City Pty Limited, Qld (c)	JV	50	319	105,915	14,241	-	91,993	45,997	4	(993)	(497)
Crace Developments Pty Limited, ACT (c)	JV	80	14,565	907	3,603	-	11,869	9,495	20,005	12,113	9,690
Googong Township Unit Trust, NSW (c)	JV	50	31,941	103,417	33,319	39,002	63,037	30,776	72,787	11,088	5,544
Peet Stratton Pty Ltd, WA (c)	JV	50	-	19,146	-	-	19,146	9,573	-	-	-
Forde Developments Pty Ltd, ACT (c)	JV	50	2,020	-	422	-	1,598	799	738	(2,114)	(1,057)
Other associates								2,786			139
Other JVs								282			52
Total								**162,214**			**20,620**

As at 30 June 2013		Ownership %	Current assets $'000	Non-current assets $'000	Current liabilities $'000	Non-current liabilities $'000	Net assets $'000	Carrying value of interest in associate or joint venture $'000	Revenues $'000	Profit/(loss) after tax $'000	Share of profit/ (loss) after income tax $'000
Peet Alkimos Pty Limited, WA	Associate	13.81	58,356	360,982	42,773	189,902	186,663	25,778	26,670	(3,497)	(483)
Peet Caboolture Syndicate Limited, Qld	Associate	20	6,710	41,732	12,406	21,554	14,482	2,896	3,180	(570)	(114)
Peet Flagstone City Pty Limited, Qld (c)	JV	50	137	104,149	11,295	-	92,991	46,496	4	(1,018)	(509)
Crace Developments Pty Limited, ACT((c)	JV	80	46,955	15,559	5,938	5,393	51,183	40,946	1,164	1,764	1,411
Googong Township Unit Trust, NSW (c)	JV	50	29,119	84,439	31,370	30,238	51,950	25,231	14	(134)	(67)
Forde Developments Pty Ltd, ACT (c)	JV	50	2,549	4,904	2,067	2	5,384	2,692	6,312	4,552	2,276
Other associates								2,923			(732)
Other JVs								150			6
Total								**147,112**			**1,788**

* Includes the effect of fair value adjustments of $7.5 million on acquisition of the additional interest in the Syndicate.

16. Investments accounted for using the equity method (continued)

c. Additional summarised information in relation to amounts included in assets, liabilities and profit/(loss) of joint ventures

Additional summarised information in relation to amounts included in assets, liabilities and profit/(loss) of joint ventures

As at 30 June 2014	Cash and cash equivalents $'000	Current financial liabilities[1] $'000	Non-current financial liabilities[1] $'000	Interest expense $'000	Income tax expense/ (benefit) $'000
Peet Flagstone City Pty Limited	206	13,935	-	-	(418)
Crace Developments Pty Limited	4,423	-	-	-	5,109
Googong Township Unit Trust	10,162	21,656	39,000	636	30
Peet Stratton Pty Ltd	-	-	-	-	-
Forde Developments Pty Ltd	82	400	-	-	220
As at 30 June 2013					
Peet Flagstone City Pty Limited	66	10,894	-	-	(429)
Crace Developments Pty Limited	6,329	-	466	-	5,548
Googong Township Unit Trust	7,736	20,343	29,600	-	(140)
Forde Developments Pty Ltd	1,856	-	-	-	(3,489)

1. Excluding trade and other payables and provisions

As at 30 June 2014, an equity accounted investee Forde Joint Venture (through Forde Developments Pty Limited) has a contingent liability to the Land Development Agency (LDA) for development services rendered. At this stage the timing is not known and the amount is unquantifable, however, it could be in the range of $0 to $3.5 million. This liability relates to a dispute with the Australian Taxation Office for GST with whom the LDA transacts. The outcome of this dispute may impact the Joint Venture and the amount of development services that it has charged. The LDA intends to defend the matter vigorously.

17. Interests in joint operations

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

Group's share of: As at 30 June 2014	Total assets $'000	Total liabilities $'000	Revenues $'000	Expense $'000
The Village at Wellard, WA	39,665	20,606	34,308	27,800
Lightsview Joint Venture, SA	10,191	4,427	14,071	10,743
The Heights Durack, NT	15,793	6,674	31,345	26,915
As at 30 June 2013				
The Village at Wellard, WA	39,778	25,275	29,757	24,913
Lightsview Joint Venture, SA	11,296	4,359	7,983	6,841
The Heights Durack, NT	12,901	6,803	383	402

Capital structure

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 all 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, so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an efficient capital structure to reduce the cost of capital.

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. At 30 June 2014, the bank covenant gearing ratio was 29.8% (2013: 28.7%)

18. Net debt

Debt facilities

30 June 2014		Facility Amount $'000	Utilised Amount $'000	Effective interest %	Maturity
Bank loans – note (a)	Secured	328,466	239,928	6.84%	2014-2017
Convertible notes – note (b)	Unsecured	50,000	47,639	12.23%	2016
Loan facilities from equity accounted investee	Unsecured	7,129	7,129	7.00%	2014
Fixed rate loan – note (c)	Unsecured	850	850	5.39%	2016
		386,445	**295,546**		

Details of fair value, liquidity, credit and interest rate risks are disclosed in note 21.

The borrowings are disclosed as follows in the balance sheet:

	2014 $'000	2013 $'000 (Restated)
Borrowings – Current	50,639	85,933
Borrowings – Non-current	244,907	235,054
Total borrowings	**295,546**	**320,987**
Cash and cash equivalents	(38,783)	(36,420)
Net debt	**256,763**	**284,567**

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.

18. Net debt (continued)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent, there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. Subsequent to initial recognition the liability is carried on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in reserves, net of income tax effects.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

a. Bank loans

The bank facilities are secured by a first registered fixed and floating charge over the assets and undertakings of the Group being inventories with a carrying amount of $541 million (2013: $542 million) (note 12), Cash and cash equivalents of $39 million (2013: $36 million), receivables of $72 million (2013: $68 million) (note 11) and Property, plant and equipment of $11 million (2013: $12 million) (note 22). 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 2014.

The Group's main bank facility of $230 million was extended to October 2017. This facility steps down to $200 million during the financial year ending 30 June 2015.

b. Convertible notes

The Parent Entity issued 500,000 convertible notes for $50 million on 16 June 2011. The notes are convertible into ordinary shares of Peet Limited, at the option of the holder, or repayable on 16 June 2016. The conversion rate is 44.44 shares for each note held, which is based on a fixed conversion price of $2.25 (subject to adjustment for certain dilutionary and other capital transactions).

18. Net debt (continued)

The convertible notes are presented in the balance sheet as follows:

	2014 $'000	2013 $'000
Face value of notes issued	50,000	50,000
Transaction cost of notes issue	(2,316)	(2,316)
Other equity securities (net of transaction costs) - value of conversion rights	(2,761)	(2,761)
	44,923	**44,923**
Cumulative interest expense[1]	17,148	11,393
Cumulative interest payable	(14,432)	(9,673)
	2,716	1,720
Non-current liability	**47,639**	**46,643**

1. Interest expense is calculated by applying the effective interest rate of 12.23% to the liability component.

c. Other loans

On 30 April 2009, Peet Limited entered into an agreement with the National Australia Bank for the payment of $5.9 million for the close out of three interest rate swap contracts with a total notional value of $100 million. The carrying value of the fixed rate loan at 30 June 2014 was $850,000.

d. Other facilities

Following are the details of other facilities of the Group:

30 June 2014	Facility Amount $'000	Utilised Amount $'000	Maturity
Bank guarantees	36,725	19,450	2014-2017
Surety bond	35,000	13,079	2014-2015
Other	102	23	2015

e. Derivative Financial Instruments

	2014 $'000	2013 $'000 (Restated)
Current Liabilities		
Interest rate swap contracts - cash flow hedges	-	1,575
Non-current Liabilities		
Interest rate swap contracts - cash flow hedges	3,285	4,517
Total derivative financial instruments	**3,285**	**6,092**

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies (note 21).

18. Net debt (continued)

Interest rate swap contracts - cash flow hedges

Recognition and measurement

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. There was no ineffectiveness in the current or prior year.

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.

Bank loans of the Group currently bear a weighted average variable interest rate before hedges of 2.96% (2013: 3.52%) It is the Group's policy 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.

Swaps currently cover approximately 35% (2013: 74%) of the variable loan principal outstanding and are timed to expire as each loan repayment falls due. The fixed interest rate swaps range between 4.54% to 5.69% (2013: 4.54% and 5.69%) and the variable rates are between 2.56% and 3.30% (2013: 2.77% and 3.67%).

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 contracts are settled on a net basis.

The notional principal amounts and periods of expiry of the interest rate swap contracts were as follows:

	2014 $'000	**2013** $'000 (Restated)
0-1 years	10,000	90,000
1-2 years	75,000	10,000
2-3 years	-	75,000
	85,000	**175,000**

Credit risk and interest rate risk

Information about the Group's exposure to credit risk and interest rate risk is provided in note 21.

19. Contributed equity

Share capital

	2014 Shares	2013 Shares	2014 $'000	2013 $'000
Paid up capital				
Ordinary Shares - fully paid	433,389,348	429,008,507	328,609	325,193

Movements in ordinary share capital

Date	Details	Notes	Number of Shares	$'000
30 June 2012	**Opening balance**		**320,170,604**	**203,713**
21 August 2012	Vested Performance rights less transactions costs	(a)	842,537	(3)
17 April 2013	Institutional placement	(b)	43,579,627	50,117
	Less: Transaction costs arising on placement		-	(1,551)
17 May 2013	Institutional placement	(b)	57,459,217	66,078
	Less: Transaction costs arising on placement		-	(2,325)
24 May 2013	Conditional Placement	(c)	6,956,522	8,000
	Deferred tax credit recognised in equity (note 23)		-	1,164
30 June 2013	**Opening balance**		**429,008,507**	**325,193**
1 July 2013	Capital raising	(d)	2,978,261	3,425
11 October 2013	Vested Performance rights less transactions costs	(a)	1,402,580	(13)
	Deferred tax credit recognised in equity (note 23)		-	4
30 June 2014	**Closing balance**		**433,389,348**	**328,609**

19. Contributed equity (continued)

Recognition and measurement

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or 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.

Options

Information relating to the Peet Limited Employee Share Option Plan, including details of the options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 27.

a. Transaction costs

The transaction costs represent the costs of issuing the shares under the Share Purchase Plan.

b. Institutional placement

In May 2013, the Company completed an institutional placement of 101,038,844 ordinary shares at an issue price of $1.15 per share.

c. Conditional placement

In May 2013, the Company issued 6,956,522 ordinary shares at an issue price of $1.15 per share under a conditional placement to Golden Years Pty Limited as Trustee for Peet Superannuation Fund (a company and trust associated with the Chairman of Peet Limited).

d. Share purchase plan

In July 2013, the Company issued 2,978,261 shares to participating eligible shareholders under the Peet Share Purchase Plan (SPP).

20. Reserves

	2014 $'000	2013 $'000 (Restated)
Reserves		
Cash flow hedges reserve	(2,427)	(4,243)
Share-based payments reserve	8,745	6,009
Convertible notes reserve	1,933	1,933
Non-controlling interest reserve	540	540
	8,791	**4,239**
Movements		
Cash flow hedges reserve		
Balance 1 July	(4,243)	(5,857)
Gains and losses – cash flow hedges (gross)	2,577	2,096
Associates - cash flow hedge reserve	12	147
Deferred tax	(773)	(629)
Balance 30 June	**(2,427)**	**(4,243)**
Share-based payments reserve		
Balance 1 July	6,009	4,338
Option expense	2,736	1,671
Balance 30 June	**8,745**	**6,009**
Convertible notes reserve		
Balance 1 July	1,933	1,933
Balance 30 June	**1,933**	**1,933**
Non-controlling interest reserve		
Balance 1 July	540	713
Acquisition of additional ownership in CIC Australia Limited	-	(173)
Balance 30 June	**540**	**540**

Recognition and measurement

Cash flow hedges reserve

The cash flow hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that is recognised directly in equity, as described in note 18(e). Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

Share-based payments reserve

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

Convertible notes reserve

The convertible notes reserve is used to recognise the value of the conversion rights relating to the 9.5% convertible notes, details of which are shown in note 18(b).

Non-controlling interest reserve

This 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.

Other notes

21. Financial instruments and risk management

a. Financial instruments

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 30 June 2014:

	Loans and Receivables		Available for Sale		Fair Value through Other Comprehensive Income	
	2014 $'000	2013 $'000 (Restated)	2014 $'000	2013 $'000	2014 $'000	2013 $'000 (Restated)
Financial assets						
Receivables (excluding prepayments)	41,821	45,785	-	-	-	-
Total current	**41,821**	**45,785**	**-**	**-**	**-**	**-**
Other receivables (excluding prepayments)	28,585	21,713	-	-	-	-
Equity instruments	-	-	25	429	-	-
Total non-current	**28,585**	**21,713**	**25**	**429**	**-**	**-**
Total financial assets	**70,406**	**67,498**	**25**	**429**	**-**	**-**
Financial liabilities						
Interest bearing loans and borrowings	50,639	85,933	-	-	-	-
Land vendor liabilities	7,500	16,737	-	-	-	-
Payables	55,365	49,416	-	-	-	-
Derivative financial instruments	-	-	-	-	-	1,575
Total current	**113,504**	**152,086**	**-**	**-**	**-**	**1,575**
Interest bearing loans and borrowings	244,907	235,054	-	-	-	-
Land vendor liabilities	16,949	14,999	-	-	-	-
Payables	168	219	-	-	-	-
Derivative financial instruments	-	-	-	-	3,285	4,517
Total non-current	**262,024**	**250,272**	**-**	**-**	**3,285**	**4,517**
Total financial liabilities	**375,528**	**402,358**	**-**	**-**	**3,285**	**6,092**

i. Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

21. Financial instruments and risk management (continued)

The following tables present the Group's assets and liabilities measured and recognised at fair value at 30 June 2014 and 30 June 2013.

	Level 2		Level 3		Total	
	2014 $'000	2013 $'000 (Restated)	2014 $'000	2013 $'000	2014 $'000	2013 $'000 (Restated)
Assets						
Available for sale financial assets	-	-	25	429	25	429
Total assets	**-**	**-**	**25**	**429**	**25**	**429**
Liabilities						
Derivative financial instruments	3,285	6,092	-	-	3,285	6,092
Total liabilities	**3,285**	**6,092**	**-**	**-**	**3,285**	**6,092**

Any change in level 3 instruments relating to fair value adjustments would be recognised in the statement of comprehensive income.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable market inputs. These instruments are included in level 2.

The fair value of available for sale assets (included in level 3) have been estimated using valuation techniques based on assumptions, which are not supported by observable market prices or rates.

There have been no transfers between levels during the year.

ii. Fair value disclosures

Except for the convertible notes, the carrying value of financial assets and liabilities is considered to approximate fair values.

The quoted market value (on ASX) of a convertible note as at 30 June 2014 is $104.99. At 30 June 2014, the carrying value of the Convertible note debt is $47.6 million.

b. Financial risk management

The Group's activities expose it to a variety of financial risks; credit risk, price risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments.

Financial risk management is carried out by the accounting and finance department under policies approved by the Board of Directors and the Audit and Risk Management Committee. The department identifies, evaluates and mitigates financial risks in close co-operation with the Group's operating units. The Board and Audit and Risk Management Committee provide written principles for overall risk management, as well as written policies covering specific areas, such as mitigating interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

i. Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and derivative financial instruments.

Credit risk further arises in relation to financial guarantees given to parties as set out in note 26.

21. Financial instruments and risk management (continued)

The Group manages this risk by:

- transacting with credit worthy counterparties that have an appropriate credit history;
- utilising International Swaps and Derivatives Association (ISDA) agreements with derivative counterparties in order to limit exposure to credit risk through the netting of amounts receivable from and amounts payable to individual counterparties;
- providing loans as an investment into joint ventures and associates where it is comfortable with the underlying property exposure within that entity;
- performing ongoing checks to ensure that settlement terms detailed in individual contracts are adhered to;
- regularly monitoring the performance of its associates, joint ventures and third parties; and
- obtaining collateral as security (where appropriate).

The maximum exposure to credit risk as at 30 June 2014 is the carrying amount of the financial assets as summarised in the table below:

	Notes	2014 $'000	2013 $'000 (Restated)
Financial assets			
Cash and cash equivalents	18	38,783	36,420
Trade receivables	11	10,142	6,970
Other receivables (excluding prepayments)	11	60,264	60,528
Total maximum credit exposure		**109,189**	**103,918**

Cash

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. The National Australia Bank (NAB), St George Bank and ANZ are the only concentration of credit risk for the Group.

Receivables

The credit risk arising on trade and other receivables is monitored on an ongoing basis which results in the exposure to bad debts for the Group not being significant. There are no significant financial assets that have had renegotiated terms that would otherwise have been past due or impaired.

Based on the credit history of these classes, it is expected that these amounts will be received. The Group does not hold any collateral in relation to these receivables. There is no significant concentration of credit risk with respect to receivables as the Group have a large number of balances with related parties and the remaining with other parties that have a good credit history with the Group.

ii. Price risk

The Group is not materially exposed to equity securities price risk.

iii. 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 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.

21. Financial instruments and risk management (continued)

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities (note 18) 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.

Financing arrangements

Included in note 18 is a listing of unused borrowing facilities that the Group has at its disposal to further reduce liquidity risk.

Derivative financial instruments

The Group limits its exposure to credit risk associated with future payments from interest rate swaps by contracting with reputable major financial institutions subject to regulation in Australia.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities and derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows updated for the renegotiated debt facilities as detailed in note 18, except for interest rate swaps where the cash flows have been estimated using forward interest rates applicable at the reporting date.

	Notes	Within 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount of liabilities $'000
At 30 June 2014							
Non-derivatives							
Financial guarantees	26	32,529	-	-	-	32,529	-
Non-interest bearing liabilities	13	55,365	168	-	-	55,533	55,533
Fixed rate borrowings	14,18	19,832	75,149	-	-	94,981	80,067
Variable rate borrowings	18	46,323	27,064	214,661	-	288,048	239,928
Total non-derivatives		**154,049**	**102,381**	**214,661**	**-**	**471,091**	**375,528**
Derivatives							
Net settled (interest rate swaps)	**18**	**-**	**3,285**	**-**	**-**	**3,285**	**3,285**
At 30 June 2013							
Non-derivatives							
Financial guarantees	26	29,673	-	-	-	29,673	-
Non-interest bearing liabilities	13	49,416	219	-	-	49,635	49,635
Fixed rate borrowings	14,18	57,477	5,203	75,511	-	138,191	115,219
Variable rate borrowings	18	121,791	138,249	-	-	260,040	237,504
Total non-derivatives		**258,357**	**143,671**	**75,511**	**-**	**477,539**	**402,358**
Derivatives							
Net settled (interest rate swaps)	**18**	**1,575**	**237**	**4,280**	**-**	**6,092**	**6,092**

21. Financial instruments and risk management (continued)

Interest rate risk

The Group's main interest rate risks arise from cash and long-term borrowings.

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

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly monthly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The Group's fixed rate borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB 7.

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 50 basis point increase or decrease used in the interest rate sensitivity analysis was determined based on the Group's relationship with financial institutions, the level of debt that was renewed and forecasters' economic expectations and represents management's assessment of the possible change in interest rates.

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

		-50 basis points		+50 basis points	
	Carrying amount	Post tax profit/(loss) $'000	Equity $'000	Post tax profit/(loss) $'000	Equity $'000
At 30 June 2014					
Financial assets					
Cash and cash equivalents (floating)	38,783	(136)	(136)	136	136
Financial liabilities					
Borrowings (floating)	(154,928)	542	542	(542)	(542)
Interest rate swap	(3,285)	-	(11)	-	11
Total (decrease)/increase	**(119,430)**	**406**	**395**	**(406)**	**(395)**
At 30 June 2013					
Financial assets					
Cash and cash equivalents (floating)	36,420	(127)	(127)	127	127
Financial liabilities					
Borrowings (floating)	(62,504)	219	219	(219)	(219)
Interest rate swap	(6,092)	-	(21)	-	21
Total (decrease)/increase	**(32,176)**	**92**	**71**	**(92)**	**(71)**

21. Financial instruments and risk management (continued)

The Group presents its assets and liabilities on a gross basis. Derivative financial instruments entered into by the Group are subject to enforceable master netting arrangements such as International Swaps and Derivatives Associations (ISDA) master netting agreement. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under an ISDA agreement are terminated. The termination value is assessed and only a single net amount is payable in settlement of all transactions.

22. Property, plant and equipment

	2014 $'000	2013 $'000 (Restated)
Cost	24,508	23,344
Accumulated depreciation	(13,148)	(10,907)
	11,360	**12,437**
Movement in property, plant and equipment		
Property, plant and equipment		
Cost	23,344	16,118
Accumulated depreciation	(10,907)	(8,357)
Carrying amount at 1 July	**12,437**	**7,761**
Acquisition of subsidiary	-	2,724
Additions	1,581	1,406
Transfer from 'property under construction'	-	2,930
Disposals	(46)	-
Depreciation	(2,612)	(2,535)
Transfer from asset held for sale		
- Cost	-	166
- Accumulated depreciation	-	(15)
Carrying amount at 30 June	**11,360**	**12,437**
Property under construction		
Cost	-	2,930
Carrying amount at 1 July	**-**	**2,930**
Transfer to 'property, plant and equipment'	-	(2,930)
Carrying amount at 30 June	**-**	**-**

Refer to note 18(a) for information on non-current assets pledged as security by the Group.

22. Property, plant and equipment (continued)

Recognition and measurement

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.
- Property – 40 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.

Property under construction

Property under construction is carried at cost and is not depreciated until the asset is available and ready for use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred.

Impairment of non-financial assets

Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

23. Deferred taxes

a. Deferred tax assets

	Notes	2014 $'000	2013 $'000 (Restated)
The balance comprises temporary differences attributable to			
Inventory		3,793	9,594
Cashflow hedges		986	1,828
Capital raising costs		743	1,029
Tax losses		19,868	20,526
		25,390	**32,977**
Other			
Accrued expenses and provisions		1,436	281
Staff provisions		1,484	971
Rebates provision		1,283	694
Convertible notes		20	24
Depreciation		241	300
Sundry items		1,692	1,829
		6,156	4,099
Total deferred tax assets		**31,546**	**37,076**
Set off against deferred tax liabilities pursuant to set off provisions	23(b)	(13,037)	(16,623)
Net deferred tax assets		**18,509**	**20,453**

23. Deferred taxes (continued)

	Inventory $'000	Cashflow hedges $'000	Capital raising costs $'000	Tax losses $'000	Other $'000	Total $'000
At 1 July 2012 (Restated)	**593**	**2,329**	**307**	**4,126**	**1,757**	**9,112**
Credited/(charged)						
- to profit or loss	6,027	-	(442)	1,157	1,141	7,883
- to other comprehensive income	-	(684)	-	-	-	(684)
- directly to equity	-	-	1,164	-	-	1,164
Acquired through CIC acquisition	2,974	-	-	13,765	1,753	18,492
Transfer from asset held for sale	-	183	-	1,478	(552)	1,109
At 30 June 2013 (Restated)	**9,594**	**1,828**	**1,029**	**20,526**	**4,099**	**37,076**
Credited/(charged)						
- to profit or loss	(5,801)	-	(290)	(658)	2,057	(4,692)
- to other comprehensive income	-	(842)	-	-	-	(842)
- directly to equity	-	-	4	-	-	4
At 30 June 2014	**3,793**	**986**	**743**	**19,868**	**6,156**	**31,546**

b. Deferred tax liabilities

	Notes	2014 $'000	2013 $'000 (Restated)
The balance comprises temporary differences attributable to			
Borrowing and interest costs		32,233	30,183
Accrued income		10,712	8,654
Inventory		5,637	2,244
Share of joint arrangements deferred tax liabilities		186	1,541
Others		781	525
Total deferred tax liabilities		**49,549**	**43,147**
Set off against deferred tax liabilities pursuant to set off provisions	23(a)	(13,037)	(16,623)
Net deferred tax liabilities		**36,512**	**26,524**

23. Deferred taxes (continued)

Movements	Borrowing and interest costs $'000	Accrued income $'000	Inventory $'000	Share of joint arrangements deferred tax liabilities $'000	Others $'000	Total $'000
At 1 July 2012 (Restated)	**25,891**	**9,171**	**-**	**-**	**704**	**35,766**
Credited/(charged)						
- to profit or loss	1,745	(517)	-	(205)	(179)	844
Acquired through CIC acquisition	1,438	-	2,244	1,746	-	5,428
Transfer from asset held for sale	1,109	-	-	-	-	1,109
At 30 June 2013 (Restated)	**30,183**	**8,654**	**2,244**	**1,541**	**525**	**43,147**
Credited/(charged)						
- to profit or loss	2,050	2,058	3,393	(1,355)	256	6,402
At 30 June 2014	**32,233**	**10,712**	**5,637**	**186**	**781**	**49,549**

Recognition and measurement

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 arose 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 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.

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.

24. Related parties

a. Parent entity

Peet Limited is the ultimate Australian Parent Entity.

b. Controlled entities

Interests in significant controlled entities are set out in note 28. Interests held in associates and joint ventures are set out in note 16.

c. Key management personnel

Details relating to the key management personnel, including remuneration paid, are included in item 12 of the Directors' report.

d. Transactions with related parties

Transactions with associates and joint ventures

The Group derived the following revenue and expenses from associates and JVs:

	2014 $	2013 $ (Restated)
Revenue		
Revenue from sale of land	-	18,000,000
Project management and performance fees	38,734,031	21,365,000
Syndicate underwriting and capital raising fees	-	1,162,947
Syndicate administration fees	1,436,195	1,460,889
Dividends	18,119,000	2,641,000
Interest	2,611,081	2,404,203
Other	4,348,354	738,185
Expenses		
Interest paid by CIC on shareholder loan	655,994	273,797

24. Related parties (continued)

e. Outstanding balances

Aggregate amounts receivable from associates and joint ventures at balance date are as follows:

	Notes	2014 $	2013 $ (Restated)
Current			
Trade and other receivables		16,083,997	17,088,650
Loans to associates and JVs	11	14,446,317	18,334,927
Non-current			
Trade and other receivables		5,964,216	-
Loans to associates and JVs	11	18,235,133	14,193,114
Total amount owing by associates and JVs		**54,729,663**	**49,616,691**
Movements in loans to associates and JVs:			
Beginning of the year		**32,528,041**	**15,359,110**
Acquired through CIC acquisition		-	10,095,160
Loans advanced to associates		2,793,316	5,144,945
Loan repayments from associates		(320,000)	(600,020)
Other		(2,319,907)	2,528,846
End of year		**32,681,450**	**32,528,041**

The Group has provided certain associates and JVs of the Group with short-term working capital loan facilities on commercial terms. The loans provided to associates and JVs are unsecured with interest rates based on Bank Bill Swap Bid Rate (BBSY) plus margin up to 4%.

25. Remuneration of auditors

	2014 $	2013 $ (Restated)
Audit Services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*		
Ernst & Young Australian firm	319,650	94,252
Non-Ernst & Young audit firms	142,806	395,594
Total remuneration for audit services	**462,456**	**489,846**
Other assurance services		
Ernst & Young Australian firm	-	29,389
Non-Ernst & Young audit firms	11,550	139,270
Total remuneration for other assurance services	**11,550**	**168,659**
Total remuneration for audit and other assurance services	**474,006**	**658,505**
Other services		
Ernst & Young Australian firm	29,870	-
Non-Ernst & Young audit firms	6,500	146,070
Total other services	**36,370**	**146,070**
Taxation services		
Tax compliance services including review of Company income tax returns		
Ernst & Young Australian firm	117,908	41,139
Non-Ernst & Young tax firms	136,109	251,304
Total remuneration for taxation services	**254,017**	**292,443**

During the year, the Group changed its external auditor from PricewaterhouseCoopers to Ernst and Young.

26. Contingencies and commitments

a. Contingent liabilities

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

	2014 $ '000	2013 $ '000 (Restated)
Underwriting obligations outstanding	-	197
Bank guarantees outstanding	19,450	20,340
Insurance bonds outstanding	13,079	9,136
	32,529	**29,673**

Other than the matter disclosed in note 16(c), 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.

b. Contingent assets

The Directors are not aware of any circumstances or information pertaining to the existence or possible existence of any contingent assets.

27. 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; and
- 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.

Exercise conditions

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.

27. Share based payments (continued)

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

Grant date	Expiry date	Exercise Price $	Assessed fair value $	Balance at start of year	Granted during the year	Exercised during the year	Lapsed/ forfeited during the year	Balance at end of year	Exercisable at end of the year
30 June 2014									
Options									
30 Nov 07	30 Nov 13	$4.10	$1.12	1,200,000	-	-	-	1,200,000	1,200,000
Performance rights									
24 Dec 10	24 Dec 15	$0.00	$1.58	1,699,952	-	(1,402,461)	(297,491)	-	-
16 Jan 12	16 Jan 17	$0.00	$0.81	2,709,063	-	-	(227,344)	2,481,719	-
28 Nov 12	30 Jun 17	$0.00	$0.95	4,299,471	-	-	(667,278)	3,632,193	-
20 Dec 13	30 Jun 18	$0.00	$1.27	-	2,223,847	-	(327,334)	1,896,513	-
				8,708,486	**2,223,847**	**(1,402,461)**	**(1,519,447)**	**8,010,425**	**-**
Total				**9,908,486**	**2,223,847**	**(1,402,461)**	**(1,519,447)**	**9,210,425**	**1,200,000**
30 June 2013									
Options									
30 Nov 07	30 Nov 13	$4.10	$1.12	1,200,000	-	-	-	1,200,000	1,200,000
Performance rights									
11 Feb 10	11 Feb 15	$0.00	$2.08	434,561	-	(434,561)	-	-	-
28 Jun 10	28 Jun 15	$0.00	$1.86	348,927	-	(348,927)	-	-	-
24 Dec 10	24 Dec 15	$0.00	$1.58	1,837,718	-	(59,049)	(78,717)	1,699,952	-
16 Jan 12	16 Jan 17	$0.00	$0.81	2,857,813	-	-	(148,750)	2,709,063	-
28 Nov 12	30 Jun 17	$0.00	$0.95	-	4,572,344	-	(272,873)	4,299,471	-
				5,479,019	**4,572,344**	**(842,537)**	**(500,340)**	**8,708,486**	**-**
Total				**6,679,019**	**4,572,344**	**(842,537)**	**(500,340)**	**9,908,486**	**1,200,000**

27. Share based payments (continued)

Fair value of options and performance rights granted

The fair value of an option 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 PRP were:

Grant Date	Exercise Price	Expiry date	Share price at grant date	Expected price volatility of shares	Risk free interest rate	Assessed fair value
20 Dec 13	$0.00	30 Jun 18	$1.33	45%	2.70%	$1.27

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 benefit expense is $2,736,000 (2013: $1,671,000).

28. 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:

	2014 $ '000	2013 $ '000
Balance sheet		
Current assets	62,107	43,927
Total assets	475,076	458,492
Current liabilities	9,482	11,755
Total liabilities	59,043	61,421
Shareholders' equity		
Issued capital	328,609	325,193
Reserves		
Share-based payments reserve	8,746	6,009
Convertible Notes reserve	1,933	1,933
Retained profits	76,745	63,936
Total equity	**416,033**	**397,071**
Profit for the year	12,810	32,509
Total comprehensive income	**12,810**	**32,509**

Guarantees entered into by the Parent entity

Contingent liabilities

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

	2014 $ '000	2013 $ '000
Underwriting obligations outstanding	-	197
Bank guarantees outstanding	203	128

28. 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(b):

Name of Subsidiary	Place of Incorporation	Class of Shares	Holding 2014 %	Holding 2013 %
Peet Craigieburn Pty Limited	WA	Ordinary	100	100
Peet Greenvale No 2 Pty Limited	WA	Ordinary	100	100
Peet Southern JV Pty Limited	WA	Ordinary	100	100
Peet Brigadoon Pty Limited	WA	Ordinary	100	100
Secure Living Pty Limited	WA	Ordinary	100	100
Peet No 85 Pty Limited	WA	Ordinary	100	100
Peet No 108 Pty Limited	WA	Ordinary	100	100
Peet No 112 Pty Ltd	WA	Ordinary	100	100
Peet No 113 Pty Ltd	WA	Ordinary	100	100
Peet Treasury Pty Limited	WA	Ordinary	100	100
Peet Estates (VIC) Pty Ltd	WA	Ordinary	100	100
Peet Development Management Pty Limited	WA	Ordinary	100	100
Peet Estates (QLD) Pty Ltd	WA	Ordinary	100	100
Peet No 130 Pty Limited	WA	Ordinary	100	100
Peet Estates (WA) Pty Ltd	WA	Ordinary	100	100
Peet Funds Management Limited	WA	Ordinary	100	100
CIC Australia Limited	ACT	Ordinary	86.03	86.03
Peet Yanchep Land Syndicate	WA	Trust Unit	66.4	66.4
Peet Tri-State Syndicate Limited[1]	WA	Ordinary	24.43	24.43

1. Peet has a direct interest of more than 20% and has decision making authority in its capacity as manager and earns remuneration for development and management activities. The combination of the investment, together with its remuneration, creates exposure to variability of returns from the activities of the fund that is of such a magnitude that it indicates that Peet is deemed as principal.

Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests are provided below:

	Non-controlling interest	Accumulative Non-controlling interest		Profit/(loss) attributable to Non-controlling interest	
	%	2014 $'000	2013 $'000	2014 $'000	2013 $'000
CIC Australia Limited	13.97%	13,160	11,241	1,919	626
Peet Yanchep Land Syndicate	33.6%	17,636	17,215	360	(220)
Peet Tri-State Syndicate Limited	75.57%	(8,300)	(8,554)	154	(2,338)

These entities develop and market quality residential land.

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

28. Parent entity financial information and subsidiaries (continued)

Summarised balance sheet and statement of profit or loss

	CIC Australia Limited		Peet Yanchep Land Syndicate		Peet Tri-State Syndicate Limited	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Current assets	92,891	55,096	19,576	15,498	6,100	10,286
Non-current assets	72,729	124,854	59,947	65,398	14,309	15,320
Current liabilities	53,862	78,747	10,189	5,661	8,640	36,685
Non-current liabilities	6,889	10,065	16,839	24,000	22,751	237
Revenue	62,473	9,651	26,630	13,373	15,999	12,945
Profit or loss after tax	13,731	4,743	1,078	(658)	201	(3,093)
Total comprehensive income	-	-	182	245	133	62

Summarised cashflow information

	CIC Australia Limited		Peet Yanchep Land Syndicate		Peet Tri-State Syndicate Limited	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Operating	(1,335)	1,528	9,350	(223)	7,383	1,791
Investing	(1,078)	(48)	(13)	(144)	-	(91)
Financing	3,513	1,171	(10,349)	4,291	(7,574)	(2,422)
Net increase/(decrease)	**1,100**	**2,651**	**(1,012)**	**3,924**	**(191)**	**(722)**

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 Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

28. Parent entity financial information and subsidiaries (continued)

Consolidated statement of profit or loss, consolidated statement of comprehensive income and summary of movements in consolidated retained profits

The companies represent a 'closed group' for the purposes of the Class Order. Set out below is a consolidated statement of profit or loss, a consolidated statement of comprehensive income and a summary of movements in consolidated retained profits for the year ended 30 June 2014 of the closed group consisting of Peet Limited and its wholly owned subsidiaries.

	2014 $'000	2013 $'000
Consolidated statement of profit or loss		
Revenue	174,600	190,933
Expenses	(149,203)	(163,539)
Finance costs	(5,124)	(7,101)
Share of net profit/(loss) of associates accounted for using the equity method	2,390	(2,580)
Write-down in carrying value of inventories	(1,806)	(18,977)
Profit/(loss) before income tax	**20,857**	**(1,264)**
Income tax expense	(7,143)	(375)
Profit/(loss) for the year	**13,714**	**(1,639)**
Other comprehensive income		
Items that may be reclassified to profit or loss		
Changes in the fair value of cash flow hedges	2,357	1,840
Share of other comprehensive income of associates	44	162
Income tax relating to components of other comprehensive income	(707)	(552)
Other comprehensive income for the year, net of tax	**1,694**	**1,450**
Total comprehensive income for the year	**15,408**	**(189)**
Summary of movement in consolidated retained profits		
Retained profits at the beginning of the financial year	43,925	45,564
Profit/(loss) for the year	13,714	(1,639)
Retained profits at the end of the financial year	**57,639**	**43,925**

28. Parent entity financial information and subsidiaries (continued)

Consolidated balance sheet

Set out below is a consolidated balance sheet at 30 June 2014 of the closed group consisting of Peet Limited and its wholly owned subsidiaries.

	2014 $'000	2013 $'000
Current assets		
Cash and cash equivalents	25,512	23,160
Receivables	29,823	47,348
Inventories	81,401	91,249
Current tax receivable	1,123	-
Total current assets	**137,859**	**161,757**
Non-current assets		
Receivables	50,469	23,953
Inventories	297,911	300,486
Investments accounted for using the equity method	120,000	81,201
Available-for-sale financial assets	-	404
Investments in Subsidiaries and Associates	102,068	102,068
Property, plant and equipment	8,052	9,497
Intangible assets	2,856	2,805
Total non-current assets	**581,356**	**520,414**
Total assets	**719,215**	**682,171**
Current liabilities		
Payables	28,475	33,347
Land vendor liabilities	7,500	16,737
Borrowings	453	826
Derivative financial instruments	-	1,315
Current tax liabilities	-	4,559
Provisions	5,557	8,085
Total current liabilities	**41,985**	**64,869**
Non-current liabilities		
Land vendor liabilities	16,949	14,999
Borrowings	232,119	203,766
Derivative financial instruments	3,238	4,280
Deferred tax liabilities	30,296	21,250
Provisions	129	69
Total non-current liabilities	**282,731**	**244,364**
Total liabilities	**324,716**	**309,233**
Net assets	**394,499**	**372,938**
Equity		
Contributed equity	328,609	325,193
Reserves	8,251	3,820
Retained earnings	57,639	43,925
Total equity	**394,499**	**372,938**

29. Acquisition of CIC Australia Limited

a. Summary of acquisition

On 10 April 2013, Peet Limited (ASX: PPC) ("Peet" or the "Company") had announced a $76 million all cash takeover offer for ASX listed residential property developer, CIC Australia Limited (ASX: CNB) ("CIC"). CIC is a listed residential property developer with seven active projects across the ACT, NSW, SA and NT.

This acquisition will provide Peet with diversification into Australian Capital Territory, South Australia and Northern Territory markets, with projects that will contribute to cash flow and future earnings growth.

On 17 May 2013, Peet acquired an 83.15% equity interest in CIC, at 30 June 2014, Peet's interest was 86.03%. Details of the purchase consideration and the net assets acquired are as follows:

	$ '000
Purchase consideration (refer to (b) below):	
Cash paid	62,757

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $ '000
Cash and cash equivalents	5,739
Trade and other receivables	18,214
Inventories	38,480
Prepayments and accrued income	1,627
Investments in equity accounted investees	73,280
Other investments	25
Deferred tax asset	13,062
Property, plant and equipment	2,127
Trade and other payables	(6,871)
Trade and Employee benefits	(2,677)
Loans and borrowings	(63,666)
Provisions	(3,871)
Net identifiable assets acquired	**75,469**
Less: Non-controlling interests	(12,712)
Net assets acquired	**62,757**

At 30 June 2013, the purchase price allocation was based on a provisional assessment of their fair value. In the current year, the assessment was finalised and no changes were required to be made to the provisional purchase price allocation calculated in May 2013.

Non-controlling interests

In accordance with the accounting policy set out in note 2(b), the Group elected to recognise the non-controlling interests in CIC Australia at their proportionate share of the acquired net identifiable assets.

29. Acquisition of CIC Australia Limited (continued)

b. Purchase consideration – cash outflow

	$ '000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	62,757
Less: Cash acquired	(5,739)
Outflow of cash – investing activities	**57,018**

c. Acquisition-related costs

Acquisition-related costs of $2.4 million are disclosed as a separate line on the face of the consolidated statement of profit or loss and in operating cash flows in the consolidated statement of cash flows.

Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a discount.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently premeasured to fair value with changes in fair value recognised in profit or loss.

30. Matters subsequent to the end of the financial year

Subsequent to the year-end, the Directors have declared a final unfranked dividend of 3.5 cents per share in respect to the year ended 30 June 2014. The dividend is to be paid on Friday, 31 October 2014, with a record date of Wednesday, 1 October 2014. 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.

No other 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.

31. Other accounting policies

i. Cash and cash equivalents

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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

ii. Current assets classified as held for sale

Current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the current asset (or disposal group) is recognised at the date of derecognition.

Current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets on the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities on the balance sheet.

iii. Investments and other financial assets

Classification

The Group classifies its investments in the following categories: loans and receivables, and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at the end of each reporting date.

31. Other accounting policies (continued)

a. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets. Loans and receivables are included in receivables on the balance sheet.

b. Available for sale financial assets

Available for sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

Recognition and derecognition

Regular purchases and sales of investments are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to the statement of profit or loss as gains and losses from investment securities.

Measurement

At initial recognition, the Group 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables are carried at amortised cost using the effective interest method.

Available for sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss' category are presented in the statement of profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established.

Fair value

Details on how the fair value of financial instruments is determined are disclosed in note 21.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the statement of profit or loss. Impairment losses recognised in the statement of profit or loss on equity instruments classified as available for sale are not reversed through the statement of profit or loss.

31. Other accounting policies (continued)

iv. Intangible assets

Intangible assets primarily consist of management rights. The management rights acquired by the Group are initially carried at cost. Amortisation is calculated based on the timing of projected cash flows of the management rights over their estimated useful lives.

Management rights – 10 to 25 years

v. Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently premeasured to their 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 designates certain derivatives as hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

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 its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair value of the derivative financial instruments used for hedging purposes is disclosed in note 11. Movements in the hedging reserve in shareholders' equity are shown in note 20. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. It is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the statement of profit or loss in the period in which they occur.

vi. Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

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.

The fair value of financial instruments that are not traded in an active market (for example, unlisted securities) 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. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The carrying amount less impairment provision of trade receivables and payables 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.

31. Other accounting policies (continued)

vii. Provisions

Provisions for legal and other claims 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. Refer to note 6 for provisions for rebates.

Where there are a number of similar obligations, the likelihood that an outflow will be required at settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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.

viii. Share-based payments

Share-based compensation benefits are provided to employees via the Employee Share Option Plan, Performance Rights Plan and Deferred Employee Share Plan. Information relating to these plans is set out in note 27.

The fair value of options granted under the Employee Share Option Plan and Performance Rights Plan are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options and/or performance right.

The fair value at grant date is independently 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 model takes 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-traceable 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 rights.

The fair value of the options and/or performance rights granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the entity revises its estimate of the number of options and/or performance rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to the original estimates, if any, is recognised in the statement of profit or loss with a corresponding adjustment to equity.

Upon the exercise of options and/or performance rights, the balance of the share based payments reserve, and the proceeds received net of any directly attributable transaction costs, are transferred to share capital.

ix. Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

31. Other accounting policies (continued)

x. 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.

xi. Retirement benefit obligations

Contributions to defined contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

xii. 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 on 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.

xiii. Parent entity financial information

a. Tax consolidation legislation

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

The head entity, Peet Limited, and the controlled entities in the tax-consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Peet Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

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. Details about the tax funding agreement are disclosed in note 7.

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.

31. Other accounting policies (continued)

b. Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the individual 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.

xiv. New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

There are no other 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.

Reference	Title	Summary	Impact on Group Financial Report	Application date for Group year ending
AASB 9	Financial Instruments (application date: 1 January 2018)	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.	The Group is in the process of determining the extent of the impact of the amendment, if any.	1 July 2018
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (application date: 1 January 2014)	AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	Amendments are not expected to have significant impact on the Group.	1 July 2014
IFRS 15	Revenue from Contracts with Customers (application date: 1 January 2017)	IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.	The Group is in the process of determining the extent of the impact of the amendment, if any.	1 July 2017

Directors’ Declaration

In the Directors’ opinion:

a. the financial statements and notes set out on pages 66 to 128 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 2014 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 28 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 28.

Note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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
28 August 2014

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent auditor's report to the members of Peet Limited

Report on the financial report

We have audited the accompanying financial report of Peet Limited, which comprises consolidated balance sheet as at 30 June 2014, 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 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report,

PM:EH:PEET:088

EY
Building a better working world

Opinion

In our opinion:

a. the financial report of Peet Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 36 to 54 of the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion, the Remuneration Report of Peet Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst + Young

Ernst & Young

Peter McIver

Peter McIver
Partner
Perth
28 August 2014

PM:EH:PEET:088

Securityholder Information

Distribution of ordinary shares and unsecured convertible notes

As at 26 September 2014 there were 2,642 current holders of ordinary shares and 415 current holders of June 2016 9.5% unsecured redeemable convertible notes holders. These holdings were distributed in the following categories:

SIZE OF HOLDING	NUMBER OF SHAREHOLDERS	% OF ISSUED SHARES	NUMBER OF NOTEHOLDERS	% OF ISSUED NOTES
1 – 1,000	400	0.03	369	26.63
1,001 – 5,000	842	0.61	30	10.96
5,001 – 10,000	525	0.93	6	8.94
10,001 – 100,000	794	4.83	10	53.47
100,001 and over	81	93.60	0	0.00
	2,642	100.00	415	100.00

There were 265 shareholdings of less than a marketable parcel of $500 (421 shares).

There were nil noteholdings of less than a marketable parcel of $500 (five notes).

Securityholders

The names of the 20 largest holders of ordinary shares as at 26 September 2014 are listed below:

NAME	NUMBER OF SHARES HELD	% OF ISSUED SHARES
JP Morgan Nominees Australia Limited	90,111,468	20.73
Scorpio Nominees Pty Ltd <Gwenton A/c>	82,054,063	18.88
National Nominees Limited	61,442,209	14.13
Citicorp Nominees Pty Ltd	41,307,349	9.50
HSBC Custody Nominees (Australia) Limited	24,611,642	5.66
Mr WD Hemsley	20,605,000	4.74
Mr IMC Palmer & Mrs HC Palmer	18,707,352	4.30
Argo Investments Limited	11,090,988	2.55
Golden Years Holdings Pty Ltd	7,996,786	1.84
BNP Paribas Nominees Pty Ltd < DRP>	6,509,507	1.50
Brispot Nominees Pty Ltd <House Head Nominee No 1 A/C>	5,375,725	1.24
UBS Nominees Pty Ltd	3,693,036	0.85
HSBC Custody Nominees (Australia) Limited <NT Comnwlth Super Corp A/C>	3,372,821	0.78
Citicorp Nominees Pty Ltd <Colonial First State Inv A/C>	2,829,463	0.65
RBC Investor Services Australia Nominees Pty Limited <GSAM A/C>	1,891,070	0.44
Mr BD Gore <Gore Family A/C>	1,739,798	0.40
RBC Investor Services Australia Nominees Pty Limited < BKCust A/C >	1,666,338	0.38
Estate of the late Lindsay James Peet	1,519,334	0.35
Mrs GE Lennon	1,281,042	0.29
UBS Wealth Management Australia Nominees Pty Ltd	1,130,778	0.26
Total for 20 largest shareholders	388,935,769	89.47
Total other shareholders	45,746,236	10.53
Total ordinary shares on issue	434,682,005	100.00

Securityholder Information (continued)

The names of the 20 largest holders of unsecured convertible notes as at 26 September 2014 are listed below:

NAME	NUMBER OF NOTES HELD	% OF ISSUED NOTES
Citicorp Nominees Pty Limited	46,770	9.35
Argo Investments Limited	32,500	6.50
UBS Wealth Management Australia Nominees Pty Ltd	31,488	6.30
UBS Nominees Pty Ltd	28,612	5.72
Grizzly Holdings Pty Ltd	26,400	5.28
Australian Foundation Investment Company Limited	26,000	5.20
Djerriwarrh Investments Limited	26,000	5.20
Finot Pty Ltd	20,000	4.00
Contemplator Pty Ltd <ARG Pension Fund A/C>	15,286	3.06
JP Morgan Nominees Australia Limited	14,277	2.85
Atkone Pty Ltd	10,000	2.00
Mr R Ferguson, Ms J Ferguson & Ms R Ferguson <Torryburn S/F A/C>	8,000	1.60
Lily Investments Pty Ltd	7,500	1.50
Equitas Nominees Pty Limited <PB-600734 A/C>	7,000	1.40
Mirrabooka Investments Limited	6,500	1.30
Stitching Pty Ltd <SSG Superannuation Fund A/C>	5,696	1.14
Famtron Pty Limited <T J Allen Family A/C>	4,114	0.82
Aust Executor Trustees Ltd <DDH Preferred Income Fund>	3,281	0.66
BT Portfolio Services Limited <James Investment A/C>	3,000	0.60
BT Portfolio Services Limited <Maxwell Family A/C>	3,000	0.60
Total for 20 largest noteholders	325,424	65.08
Total other noteholders	174,576	34.92
	500,000	100.00

Securityholder Information (continued)

Substantial shareholders

As disclosed in substantial holding notices lodged with ASX (as applicable) at 26 September 2014:

NAME	DATE OF LAST NOTICE RECEIVED	NUMBER OF SHARES HELD	% OF ISSUED SHARES[1]
Scorpio Nominees Pty Ltd and its associates	24 May 2013	91,786,533	21.40
Challenger Limited (and various other entities)	8 September 2014	23,908,410	5.52
AustralianSuper Pty Ltd	18 February 2014	23,478,994	5.42
Commonwealth Bank of Australia and its related bodies corporate	8 September 2014	22,242,389	5.13

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:

(i) on a show of hands, one vote for each shareholder; and

(ii) on a poll, one vote for each fully paid ordinary share.

Voting rights of Convertible Notes

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

Securities Exchange Listing

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

Peet Limited's convertible notes are listed on the ASX, with the code being PPCG.

Options and Performance Rights

As at 26 September 2014, Peet Limited had 1,200,000 options on issue, held by one key management person, as disclosed elsewhere in the Annual Report.

As at 26 September 2014, Peet Limited had 5,980,915 performance rights on issue, held by nine key management personnel and other senior managers.

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

Website address

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

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, MAICD, Independent Non-executive Director

Vicki Krause, BJuris LLB W.Aust, GAICD, Independent Non-executive Director

Robert (Bob) McKinnon, FCPA, FGIA, MAICD, Independent Non-executive 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 2, 45 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

Notes

Notes

Peet Limited
ACN 008 665 834
Level 7, 200 St Georges Terrace Perth WA 6000
Telephone (08) 9420 1111 | Facsimile (08) 9481 4712
www.peet.com.au